

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
AUDIT REPORT
JUNE 30, 2013**

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
JUNE 30, 2013**

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VILLAGE OF CHAMA
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INTRODUCTORY SECTION

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**STATE OF NEW MEXICO
VILLAGE OF CHAMA
JUNE 30, 2013**

OFFICIAL ROSTER

<u>Name</u>	<u>Title</u>
Darren DeYapp	Mayor
Billy Elbrock	Councilor
Jennifer Gallegos	Councilor
Milnor Manzanares	Councilor
Ron Russom	Councilor

ADMINISTRATIVE OFFICIALS

Mary Jo Piña	Municipal Judge
Victoria Gonzales	Village Clerk
Kenneth C. Downes & Assoc. P.C.	Attorney

CHAMA HOUSING AUTHORITY

Tommy Baeza	Chairman
Mary Jo Piña	Vice Chairman
Miranda Holm	Commissioner
Francis DeYapp	Commissioner
Mike Trujillo	Executive Director

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FINANCIAL STATEMENTS SECTION

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INDEPENDENT AUDITORS' REPORT

Darren DeYapp, Mayor
and the
Village Council
Village of Chama, New Mexico
and
Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue fund of the Village of Chama, New Mexico, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village's nonmajor governmental funds and the budgetary comparisons for the major capital project funds and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Chama, New Mexico, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the general fund and major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Village as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital project funds and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the MD&A which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the Village's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The additional schedules listed as "Other Supplementary Information" in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2014 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Pattillo, Brown & Hill LLP

Pattillo, Brown and Hill, LLP
Albuquerque, New Mexico
January 14, 2014

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF NET POSITION
JUNE 30, 2013**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 530,657	\$ 30,886	\$ 561,543	\$ 12,736
Investments	148,877	52,666	201,543	93,943
Accounts receivable (net of allowance for uncollectible)	213,563	51,920	265,483	2,246
Prepaid expense	-	-	-	9,394
Total current assets	<u>893,097</u>	<u>135,472</u>	<u>1,028,569</u>	<u>118,319</u>
Noncurrent assets				
Restricted cash	-	23,149	23,149	5,812
Restricted investments	-	109,263	109,263	-
Capital assets				
Land	64,190	3,333	67,523	32,200
Construction in progress	42,800	16,766	59,566	-
Intangible assets - water rights	-	61,100	61,100	-
Capital assets being depreciated, net	<u>1,988,713</u>	<u>4,685,413</u>	<u>6,674,126</u>	<u>1,829,860</u>
Total noncurrent assets	<u>2,095,703</u>	<u>4,899,024</u>	<u>6,994,727</u>	<u>1,867,872</u>
 Total assets	 <u>2,988,800</u>	 <u>5,034,496</u>	 <u>8,023,296</u>	 <u>1,986,191</u>

The notes to the financial statements are an integral part of this statement.

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Current liabilities				
Accounts payable	55,325	6,382	61,707	10,613
Accrued payroll liabilities	-	-	-	1,814
Accrued sales tax expense	-	1,871	1,871	-
Accrued interest expense	-	2,250	2,250	-
Current portion long term debt	-	35,668	35,668	-
Current portion landfill closure costs	-	3,550	3,550	-
Customer deposits	-	48,388	48,388	6,095
Total current liabilities	55,325	98,109	153,434	18,522
Noncurrent liabilities				
Compensated absences	7,448	-	7,448	-
Note payable	42,800	-	42,800	-
Capital lease obligation (less current portion)	-	12,517	12,517	-
Revenue bonds (less current portion)	-	80,000	80,000	-
Landfill (less current portion)	-	63,900	63,900	-
Total noncurrent liabilities	50,248	156,417	206,665	-
Total liabilities	105,573	254,526	360,099	18,522
NET POSITION				
Net investment in capital assets	2,052,903	4,638,427	6,691,330	1,862,060
Restricted for				
Capital projects	255,010	-	255,010	-
Debt service	-	132,412	132,412	-
Unrestricted	575,314	9,131	584,445	105,609
Total net position	\$ 2,883,227	\$ 4,779,970	\$ 7,663,197	\$ 1,967,669

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government				
Governmental activities				
General government	\$ 664,881	\$ 48,530	\$ 35,000	\$ -
Public safety	295,853	4,871	97,151	-
Public works	182,906	-	-	-
Culture and recreation	<u>143,049</u>	<u>26,771</u>	<u>16,812</u>	<u>-</u>
Total governmental activities	<u>1,286,689</u>	<u>80,172</u>	<u>148,963</u>	<u>-</u>
Business-type activities				
Sewer	288,502	122,492	-	27,112
Solid waste	125,436	95,474	-	-
Water	<u>284,671</u>	<u>189,798</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>698,609</u>	<u>407,764</u>	<u>-</u>	<u>27,112</u>
Total primary government	<u>\$ 1,985,298</u>	<u>\$ 487,936</u>	<u>\$ 148,963</u>	<u>\$ 27,112</u>
Component Unit				
Village of Chama Housing Authority	<u>\$ 252,971</u>	<u>\$ 50,766</u>	<u>\$ 63,937</u>	<u>\$ 88,397</u>

General revenues:

Taxes:

Property taxes, levied for general purposes

Sales

Franchise

Lodgers

Other

Investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning

Net position, ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and
Changes in Net Position

Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$(581,351)	\$ -	\$(581,351)	\$ -
(193,831)	-	(193,831)	-
(182,906)	-	(182,906)	-
<u>(99,466)</u>	<u>-</u>	<u>(99,466)</u>	<u>-</u>
<u>(1,057,554)</u>	<u>-</u>	<u>(1,057,554)</u>	<u>-</u>
-	(138,898)	(138,898)	-
-	(29,962)	(29,962)	-
<u>-</u>	<u>(94,873)</u>	<u>(94,873)</u>	<u>-</u>
<u>-</u>	<u>(263,733)</u>	<u>(263,733)</u>	<u>-</u>
<u>(1,057,554)</u>	<u>(263,733)</u>	<u>(1,321,287)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(49,871)</u>
79,129	-	79,129	-
718,159	42,284	760,443	-
61,685	-	61,685	-
77,981	-	77,981	-
52,870	-	52,870	-
795	445	1,240	325
4,052	-	4,052	-
<u>(47,167)</u>	<u>47,167</u>	<u>-</u>	<u>-</u>
<u>947,504</u>	<u>89,896</u>	<u>1,037,400</u>	<u>325</u>
<u>(110,050)</u>	<u>(173,837)</u>	<u>(283,887)</u>	<u>(49,546)</u>
<u>2,993,277</u>	<u>4,953,807</u>	<u>7,947,084</u>	<u>2,017,215</u>
<u>\$ 2,883,227</u>	<u>\$ 4,779,970</u>	<u>\$ 7,663,197</u>	<u>\$ 1,967,669</u>

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

	<u>General Fund</u>	<u>Fire Fund</u>	<u>SAP Fund</u>
ASSETS			
Cash and cash equivalents	\$ 302,763	\$ 55,987	\$ 10,067
Investments	136	-	30,228
Accounts receivable (net of allowance for uncollectible)	<u>155,354</u>	<u>-</u>	<u>42,800</u>
Total assets	<u>\$ 458,253</u>	<u>\$ 55,987</u>	<u>\$ 83,095</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 3,504	\$ 3,000	\$ 42,800
Deferred revenue	<u>24,939</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>28,443</u>	<u>3,000</u>	<u>42,800</u>
Fund Balances			
Restricted for			
Special revenue	-	52,987	-
Capital projects	-	-	40,295
Unassigned	<u>429,810</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>429,810</u>	<u>52,987</u>	<u>40,295</u>
Total liabilities and fund balances	<u>\$ 458,253</u>	<u>\$ 55,987</u>	<u>\$ 83,095</u>

The notes to the financial statements are an integral part of this statement.

<u>Street Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 91,397	\$ 70,443	\$ 530,657
107,909	10,604	148,877
<u>15,409</u>	<u>-</u>	<u>213,563</u>
<u>\$ 214,715</u>	<u>\$ 81,047</u>	<u>\$ 893,097</u>
\$ -	\$ 6,021	\$ 55,325
<u>-</u>	<u>-</u>	<u>24,939</u>
<u>-</u>	<u>6,021</u>	<u>80,264</u>
-	75,026	128,013
214,715	-	255,010
<u>-</u>	<u>-</u>	<u>429,810</u>
<u>214,715</u>	<u>75,026</u>	<u>812,833</u>
<u>\$ 214,715</u>	<u>\$ 81,047</u>	<u>\$ 893,097</u>

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**STATE OF NEW MEXICO
VILLAGE OF CHAMA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013**

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

Fund Balances - Total Governmental Funds	\$	812,833
Long term liabilities, including loans payable, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(7,448)
Note payable	(42,800)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	3,766,916	
Less accumulated depreciation	(<u>1,671,213</u>)	2,095,703
A portion of property taxes receivable is not available to pay current period expenditures and, therefore, is deferred in the funds.		
		<u>24,939</u>
Net position of governmental activities	\$	<u><u>2,883,227</u></u>

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>General Fund</u>	<u>Fire Fund</u>	<u>SAP Fund</u>
REVENUES			
Taxes:			
Property	\$ 88,049	\$ -	\$ -
Gross receipts	628,867	-	-
Franchise	61,685	-	-
Lodgers' taxes	-	-	-
State shared	52,870	-	-
Licenses and permits	7,643	-	-
Intergovernmental			
State	35,000	68,885	25,782
Charges for services	38,087	-	-
Fines	3,551	-	-
Interest on investments	97	408	59
Miscellaneous	<u>26,396</u>	<u>-</u>	<u>-</u>
Total revenues	<u>942,245</u>	<u>69,293</u>	<u>25,841</u>
EXPENDITURES			
Current operations			
General government	578,220	-	-
Public safety	177,575	37,866	-
Public works	144,898	-	-
Culture and recreation	46,171	-	-
Capital outlay	<u>-</u>	<u>234,586</u>	<u>42,800</u>
Total expenditures	<u>946,864</u>	<u>272,452</u>	<u>42,800</u>
Excess (deficiency) of revenues over expenditures	<u>(4,619)</u>	<u>(203,159)</u>	<u>(16,959)</u>
OTHER FINANCING SOURCES (USES):			
Debt proceeds	-	-	42,800
Transfer in (out)	<u>64,648</u>	<u>550</u>	<u>(19,190)</u>
Total other financing sources (uses)	<u>64,648</u>	<u>550</u>	<u>23,610</u>
Net changes in fund balances	<u>60,029</u>	<u>(202,609)</u>	<u>6,651</u>
FUND BALANCES, BEGINNING OF YEAR	<u>369,781</u>	<u>255,596</u>	<u>33,644</u>
FUND BALANCES, END OF YEAR	<u>\$ 429,810</u>	<u>\$ 52,987</u>	<u>\$ 40,295</u>

The notes to the financial statements are an integral part of this statement

<u>Street Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 88,049
89,292	-	718,159
-	-	61,685
-	77,981	77,981
-	-	52,870
-	-	7,643
-	45,078	174,745
-	5,748	43,835
-	1,320	4,871
210	21	795
<u>-</u>	<u>1,479</u>	<u>27,875</u>
<u>89,502</u>	<u>131,627</u>	<u>1,258,508</u>
-	-	578,220
-	13,607	229,048
-	53	144,951
-	96,868	143,039
-	7,151	284,537
<u>-</u>	<u>117,679</u>	<u>1,379,795</u>
<u>89,502</u>	<u>13,948</u>	<u>(121,287)</u>
-	-	42,800
<u>(92,353)</u>	<u>(822)</u>	<u>(47,167)</u>
<u>(92,353)</u>	<u>(822)</u>	<u>(4,367)</u>
<u>(2,851)</u>	<u>13,126</u>	<u>(125,654)</u>
<u>217,566</u>	<u>61,900</u>	<u>938,487</u>
<u>\$ 214,715</u>	<u>\$ 75,026</u>	<u>\$ 812,833</u>

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**STATE OF NEW MEXICO
VILLAGE OF CHAMA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

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

Net change in fund balances - total governmental funds	\$(125,654)
A portion of property tax receivable is not available to pay current period expenditures and, therefore, is deferred in the funds.	(8,920)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense:	
Capital outlay	284,537
Depreciation expense	(197,241)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(25,782)
The issuance of long-term debt 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	
Issuance of long-term debt	(42,800)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:	
Compensated absences	5,810
Change in net position of governmental activities	\$(110,050)

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
GENERAL FUND
YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Taxes				
Property	\$ 72,250	\$ 88,850	\$ 88,821	\$(29)
Gross receipts	702,700	702,700	629,011	(73,689)
Franchise	50,000	61,505	61,501	(4)
State shared	76,000	76,400	52,421	(23,979)
Licenses and permits	9,500	9,500	7,643	(1,857)
Intergovernmental				
State	100,000	100,000	35,000	(65,000)
Charges for services	40,000	40,000	38,087	(1,913)
Fines	5,000	5,000	3,551	(1,449)
Interest on investments	1,200	1,200	97	(1,103)
Miscellaneous	<u>18,000</u>	<u>18,000</u>	<u>26,396</u>	<u>8,396</u>
Total revenues	<u>1,074,650</u>	<u>1,103,155</u>	<u>942,528</u>	<u>(160,627)</u>
EXPENDITURES				
Current operations				
General government	610,075	616,075	574,716	41,359
Public safety	188,834	189,194	177,575	11,619
Public works	207,089	207,089	144,898	62,191
Culture and recreation	<u>50,803</u>	<u>50,803</u>	<u>46,171</u>	<u>4,632</u>
	<u>1,056,801</u>	<u>1,063,161</u>	<u>943,360</u>	<u>119,801</u>
Excess (deficiency) of revenues over expenditures	<u>17,849</u>	<u>39,994</u>	<u>(832)</u>	<u>(40,826)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in (out)	<u>11,000</u>	<u>11,000</u>	<u>64,648</u>	<u>53,648</u>
Total other financing sources (uses)	<u>11,000</u>	<u>11,000</u>	<u>64,648</u>	<u>53,648</u>
Net change in fund balance	<u>\$ 28,849</u>	<u>\$ 50,994</u>	<u>\$ 63,816</u>	<u>\$ 12,822</u>
Beginning cash and investment balance	<u>\$ 301,930</u>	<u>\$ 301,930</u>		

The notes to the financial statements are an integral part of this statement.

RECONCILIATION TO GAAP BASIS

Net increase (decrease) in fund balances budget basis	\$ 63,816
Change in receivables	(9,203)
Change in payables	(3,504)
Change in deferred revenue	<u>8,920</u>
Net change in fund balances GAAP basis	<u>\$ 60,029</u>

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**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FIRE FUND
YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Intergovernmental				
State	\$ 68,885	\$ 69,435	\$ 68,885	\$(550)
Interest on investments	<u>3,000</u>	<u>3,000</u>	<u>408</u>	<u>(2,592)</u>
Total revenues	<u>71,885</u>	<u>72,435</u>	<u>69,293</u>	<u>(3,142)</u>
EXPENDITURES				
Current operations				
Public safety	50,000	50,000	34,866	15,134
Capital outlay				
	<u>-</u>	<u>250,000</u>	<u>234,586</u>	<u>15,414</u>
	<u>50,000</u>	<u>300,000</u>	<u>269,452</u>	<u>30,548</u>
Excess (deficiency) of revenues over expenditures	<u>21,885</u>	<u>(227,565)</u>	<u>(200,159)</u>	<u>27,406</u>
OTHER FINANCING SOURCES (USES)				
Transfer in (out)	<u>1,000</u>	<u>1,000</u>	<u>550</u>	<u>(450)</u>
Total other financing sources (uses)	<u>1,000</u>	<u>1,000</u>	<u>550</u>	<u>(450)</u>
Net change in fund balance	<u>\$ 22,885</u>	<u>\$(226,565)</u>	<u>\$(199,609)</u>	<u>\$ 26,956</u>
Beginning cash and investment balance	<u>\$ 255,596</u>	<u>\$ 255,596</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$(199,609)	
Change in payables			<u>(3,000)</u>	
Net change in fund balances GAAP basis			<u>\$(202,609)</u>	

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013**

	<u>Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Water Fund</u>	<u>Total Proprietary Funds</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 2,556	\$ 13,467	\$ 14,863	\$ 30,886
Investments	12,002	9,159	31,505	52,666
Accounts receivable (net of allowance for uncollectible)	<u>13,729</u>	<u>16,393</u>	<u>21,798</u>	<u>51,920</u>
Total current assets	<u>28,287</u>	<u>39,019</u>	<u>68,166</u>	<u>135,472</u>
Noncurrent assets				
Restricted cash	-	-	23,149	23,149
Restricted investments	-	-	109,263	109,263
Capital assets				
Land	2,500	-	833	3,333
Construction in progress	-	-	16,766	16,766
Intangible assets - water rights	-	-	61,100	61,100
Capital assets being depreciated, net	<u>3,427,958</u>	<u>57,865</u>	<u>1,199,590</u>	<u>4,685,413</u>
Total noncurrent assets	<u>3,430,458</u>	<u>57,865</u>	<u>1,410,701</u>	<u>4,899,024</u>
Total assets	<u>3,458,745</u>	<u>96,884</u>	<u>1,478,867</u>	<u>5,034,496</u>

The notes to the financial statements are an integral part of this statement.

	Sewer Fund	Solid Waste Fund	Water Fund	Total Proprietary Funds
LIABILITIES				
Current liabilities				
Accounts payable	-	6,382	-	6,382
Accrued sales tax expense	622	344	905	1,871
Accrued interest expense	-	-	2,250	2,250
Capital lease obligation	-	25,668	-	25,668
Landfill payable	-	3,550	-	3,550
Bonds payable	-	-	10,000	10,000
Total current liabilities	<u>622</u>	<u>35,944</u>	<u>13,155</u>	<u>49,721</u>
Current liabilities payable from restricted assets				
Customer deposits payable	<u>-</u>	<u>-</u>	<u>48,388</u>	<u>48,388</u>
Noncurrent liabilities				
Capital lease obligation (less current portion)	-	12,517	-	12,517
Landfill payable (less current portion)	-	63,900	-	63,900
Bonds payable (less current portion)	<u>-</u>	<u>-</u>	<u>80,000</u>	<u>80,000</u>
Total noncurrent liabilities	<u>-</u>	<u>76,417</u>	<u>80,000</u>	<u>156,417</u>
Total liabilities	<u>622</u>	<u>112,361</u>	<u>141,543</u>	<u>254,526</u>
NET POSITION				
Net investment in capital assets	3,430,458	19,680	1,188,289	4,638,427
Restricted for debt service	-	-	132,412	132,412
Unrestricted	<u>27,665</u>	<u>(35,157)</u>	<u>16,623</u>	<u>9,131</u>
Total net position	<u>\$ 3,458,123</u>	<u>\$ (15,477)</u>	<u>\$ 1,337,324</u>	<u>\$ 4,779,970</u>

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Water Fund</u>
OPERATING REVENUES			
Charges for sales and services:			
Charges for services	\$ 122,492	\$ 95,474	\$ 189,798
Total operating revenues	<u>122,492</u>	<u>95,474</u>	<u>189,798</u>
OPERATING EXPENSES			
Cost of sales and services	9,555	-	25,740
Administration	6,002	98,430	14,770
Other operating expenses	106,946	7,825	123,712
Depreciation	<u>165,999</u>	<u>16,436</u>	<u>115,949</u>
Total operating expenses	<u>288,502</u>	<u>122,691</u>	<u>280,171</u>
Operating income (loss)	<u>(166,010)</u>	<u>(27,217)</u>	<u>(90,373)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	15	18	412
Interest expense	-	(2,745)	(4,500)
Sales taxes	<u>-</u>	<u>42,284</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>15</u>	<u>39,557</u>	<u>(4,088)</u>
Income (loss) before transfers	<u>(165,995)</u>	<u>12,340</u>	<u>(94,461)</u>
OTHER FINANCING SOURCES (USES):			
Capital grants - federal	27,112	-	-
Transfers in (out)	<u>83,931</u>	<u>16,901</u>	<u>(53,665)</u>
Total other financing sources (uses):	<u>111,043</u>	<u>16,901</u>	<u>(53,665)</u>
Change in net position	<u>(54,952)</u>	<u>29,241</u>	<u>(148,126)</u>
NET POSITION, BEGINNING OF YEAR	<u>3,513,075</u>	<u>(44,718)</u>	<u>1,485,450</u>
NET POSITION, END OF YEAR	<u>\$ 3,458,123</u>	<u>\$ (15,477)</u>	<u>\$ 1,337,324</u>

The notes to the financial statements are an integral part of this statement.

**Total
Proprietary
Fund**

\$ 407,764

407,764

35,295

119,202

238,483

298,384

691,364

(283,600)

445

(7,245)

42,284

35,484

(248,116)

27,112

47,167

74,279

(173,837)

4,953,807

\$ 4,779,970

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Water Fund</u>	<u>Total Proprietary Funds</u>
Cash flows from operating activities				
Cash received from customers	\$ 122,453	\$ 96,755	\$ 194,543	\$ 413,751
Cash payments to employees for services	(9,919)	-	-	(9,919)
Cash payments to suppliers for goods and services	(115,075)	(123,994)	(102,856)	(341,925)
Net cash provided (used) by operating activities	<u>(2,541)</u>	<u>(27,239)</u>	<u>91,687</u>	<u>61,907</u>
Cash flows from noncapital financing activities				
Taxes received	-	42,284	-	42,284
Transfers from other funds	83,931	16,901	-	100,832
Transfers to other funds	-	-	(53,665)	(53,665)
Net cash provided (used) by noncapital financing activities	<u>83,931</u>	<u>59,185</u>	<u>(53,665)</u>	<u>89,451</u>
Cash flows from capital and related financing activities				
Capital grants - federal	27,112	-	-	27,112
(Acquisition) disposition of capital assets	(111,543)	-	(16,766)	(128,309)
Principal paid on debt	-	(24,425)	(15,000)	(39,425)
Interest paid on debt	-	(2,745)	(4,500)	(7,245)
Net cash provided (used) by capital financing activities	<u>(84,431)</u>	<u>(27,170)</u>	<u>(36,266)</u>	<u>(147,867)</u>
Cash flows from investing activities				
Purchase of investments	(15)	(18)	(275)	(308)
Interest on investments	15	18	412	445
Net cash provided (used) by noncapital investing activities	<u>-</u>	<u>-</u>	<u>137</u>	<u>137</u>
Net increase (decrease) in cash and cash equivalents	<u>(3,041)</u>	<u>4,776</u>	<u>1,893</u>	<u>3,628</u>
Unrestricted cash and equivalents beginning of year	5,597	8,691	14,911	29,199
Restricted cash beginning of year	-	-	21,208	21,208
Total cash and equivalents beginning of year	<u>5,597</u>	<u>8,691</u>	<u>36,119</u>	<u>50,407</u>
Cash and equivalents end of year	<u>\$ 2,556</u>	<u>\$ 13,467</u>	<u>\$ 38,012</u>	<u>\$ 54,035</u>

The notes to the financial statements are an integral part of this statement.

	<u>Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Water Fund</u>	<u>Total Proprietary Funds</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income	\$(166,010)	\$(27,217)	\$(90,373)	\$(283,600)
Adjustments to reconcile operating income to net cash provided (used) in operating activities:				
Depreciation expense	165,999	16,436	115,949	298,384
Decrease (increase) in customer receivable	(39)	1,281	571	1,813
Decrease (increase) in due from other funds	-	-	62,025	62,025
Increase (decrease) in accounts payable	-	(14,131)	-	(14,131)
Increase (decrease) in accrued liabilities	(2,491)	(58)	(659)	(3,208)
Increase (decrease) in customer deposits	-	-	4,174	4,174
Increase (decrease) in landfill closure costs	-	(3,550)	-	(3,550)
Net cash provided by operating activities	<u>\$(2,541)</u>	<u>\$(27,239)</u>	<u>\$ 91,687</u>	<u>\$ 61,907</u>
CASH PER FINANCIAL STATEMENTS				
Cash and cash equivalents	\$ 2,556	\$ 13,467	\$ 14,863	\$ 30,886
Restricted cash	<u>-</u>	<u>-</u>	<u>23,149</u>	<u>23,149</u>
Cash and equivalents end of year	<u>\$ 2,556</u>	<u>\$ 13,467</u>	<u>\$ 38,012</u>	<u>\$ 54,035</u>

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Chama (Village) was incorporated in 1961. The Village operates under a Mayor Council form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, health and social services, culture and recreation, planning and zoning, water, sewer, solid waste and general administrative services.

A. Reporting Entity

This summary of significant accounting policies of the Village of Chama is presented to assist in the understanding of the Village of Chama's financial statements. The financial statements and notes are the representation of the Village of Chama's management who is responsible for their integrity and objectivity. The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

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

The basic (but not the only) criteria for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.

The Village of Chama Housing Authority's Board of Directors is appointed by the Village Council and the Village has fiscal responsibility for the Housing Authority. Because of this relationship, the Housing Authority is a discretely presented component unit of the Village. Financial information for the Chama Housing Authority may be obtained from the Chama Housing Authority, 703 W 8th, Chama, New Mexico, 87520.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 nonfiduciary activities of the primary government and its component units. 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 revenue, are reported separately from *business-like activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* includes 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 revenue are reported instead as *general revenue*.

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Sales, franchise, lodgers', gas, cigarette and other similar taxes are recognized when the underlying exchange transaction takes place. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. 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 revenue to be available if 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Property, franchise, sales and lodgers' taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

The Village reports the following major governmental funds:

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

The **Fire Fund** is to account for the operations and maintenance of the fire department. Financing is provided by an allotment from the State of New Mexico Fire Marshal's Office. State Statute Section 59A-53-2, NMSA, 1978 compilation, requires the allotment be used only to operate fire departments.

The **Capital Projects – SAP Fund** is to account for State Appropriated funds for improvements to the water and sewer system, Senior Center and various paving projects throughout the Village.

The **Capital Projects – Street Fund** is to account for street maintenance, construction, reconstruction, etc., of public roads, streets, alleys, bridges, etc. Funding is provided by state gasoline taxes imposed pursuant to Chapter 7, Article 13 and remitted to the Village pursuant to Sections 7-1-6.9 and 7-1-6.27.

The Village reports the following major proprietary funds:

The **Sewer Fund** is used to account for the activities of the Village's sewer operations.

The **Solid Waste Fund** accounts for the provision of solid waste services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to administration, operations, maintenance, and billing and collection.

The **Water Fund** is used to account for the activities of the Village's water utility service.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Village's water, sewer and solid waste functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

The statement of activities demonstrates the degree to which the direct expenses of a given function or activity are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or activity. *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*.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

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

D. Assets, Liabilities, Net Position and Fund Balance

Cash and Investments

Cash and cash equivalents include amounts in demand deposits, certificates of deposit and investments with a maturity date within three months of the date acquired by the Village. Investments are certificates of deposit with maturity dates in excess of three months. For the purposes of the statement of cash flows, cash and cash equivalents include unrestricted amounts in demand deposits and certificates of deposit with a maturity date within three months of the acquisition date.

Receivables

Accounts receivable of the enterprise fund represents the amounts due from customer utility accounts. The governmental funds report taxes and other fees collected at the Village, County and State level as receivables. All trade and tax receivable are shown net of an allowance for uncollectible.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. Assets, Liabilities, Net Position and Fund Balance (continued)

Restricted Assets

Certain resources of the enterprise funds are set aside for revenue bond and note repayment and replacement reserves and are classified as restricted assets on the balance sheet because the use of these monies is limited by applicable bond covenants and loan documents. In addition, customers' meter deposit monies are classified as restricted assets.

Property Taxes

An enforceable legal claim to taxable property arises on January 1 in the year of levy. Taxes are due on November 10 and May 10 and are collected by the Rio Arriba County Treasurer. Taxes not paid within 30 days are declared delinquent. The Village records all delinquent property taxes not collected within 60 days of year-end as deferred revenue in the fund financial statements. All property taxes received after the 60-day period are accrued in the government-wide financial statements.

Capital Assets

Capital assets, which include property, plant, equipment, improvements, and water and sewer system, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Village defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of library books at conversion were determined to be fully depreciated. The Village has chosen the prospective reporting of general infrastructure assets.

Interest incurred during the construction phase of capital assets of business type activities is included as part of the capitalized value of the asset constructed. During the year the Village did not capitalize any interest costs.

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

Property, improvements, equipment, and water and sewer system are depreciated using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Improvements other than buildings	10 - 50
Building and improvements	10 - 45
Motor vehicles and motorized equipment	5 - 30
Furniture, machinery, equipment and software	10 - 50
Library books	3

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Net Position and Fund Balance (continued)

Compensated Absences

The Village's employees earn vacation leave, which may either be taken or accumulated, up to certain amounts, until paid upon resignation or retirement. All vacation leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. Sick leave accrues at the rate of eight hours per month. An employee may accumulate a maximum of 180 days sick leave. No employee shall receive compensation for unused sick leave at separation therefore; no liability is recorded for accrued, unused sick leave.

Long-term Obligations

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

Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Village council – the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Village council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Net Position and Fund Balance (continued)

Fund Balances (continued)

Assigned fund balance. This classification reflects the amounts constrained by the Village's "intent" to be used for specific purposes, but are neither restricted nor committed. The Village council has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on the use either through the enabling legislation adopted by the Village or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Estimates

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

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

1. Prior to June 1, the Village Treasurer submits to the Village Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them based on previous year's history. Public hearings are conducted at the Village Hall to obtain taxpayer comments. Prior to September 1, the budget is legally enacted through passage of an ordinance.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Budgetary Information (continued)

2. The Village Treasurer is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any funds must be approved by the Village Council and New Mexico Department of Finance, Division of Local Governments. Expenditures of the Village may not legally exceed appropriations at the level at which the budget is adopted. That is, expenditures in each fund may not exceed the budgeted appropriation for that fund.
3. Formal budgetary integration is employed as a management control device during the year for the Governmental and Enterprise Funds.
4. Encumbrances are not reported in the budgets or financial statements.
5. The level of classifications detail in which expenditures or expenses may not legally exceed appropriations for each budget is in fund total. Appropriations lapse at year end.
6. Budgets for the Governmental and Enterprise Funds are adopted on a basis not consistent with generally accepted accounting principles. Throughout the year the accounting records are maintained on the non-GAAP basis of cash receipts and disbursements. Accordingly, certain revenues and the related assets are recognized when paid rather than when the obligation is incurred. The financial statements are presented on the modified accrual basis of accounting. Budgetary comparisons presented for Governmental and Enterprise Funds in this report are on the non-GAAP budgetary basis and actual (cash basis).

Deposits

The Village invests its funds in accordance with state statutes which require that financial institutions pledge collateral consisting of approved federal or state securities whose market value is equal to at least 50% of the deposits in excess of FDIC insurance coverage. In accordance with state statutes, the Village may have deposits only in financial institutions, federal direct obligations, or the New Mexico State Treasurer's Local Government Pooled Investment Plan.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Cash, Cash Equivalents

	Balance Per Bank June 30	Add Deposits In Transit	Less Outstanding Checks	Balance Per Books June 30
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Bank of America				
Checking Accounts				
General	\$ 143,596	\$ 323	\$ 20,810	\$ 123,109
Cemetery	4,681	-	-	4,681
EMS	1,654	-	618	1,036
Fire	66,111	-	10,124	55,987
Law Enforcement	15,809	-	-	15,809
Library	20,990	-	402	20,588
Lodgers' Tax	22,606	-	204	22,402
Recreation	1,234	15	375	874
LGD	4,010	-	-	4,010
Sewer	2,604	1,149	1,197	2,556
Solid Waste	12,175	3,216	1,924	13,467
Water Fund - Int Sinking	4,083	-	-	4,083
Water Fund	17,053	1,191	3,381	14,863
Water Fund - Meter Deposit	19,472	-	406	19,066
Capital Projects - Street	512	815	1,093	234
Capital Projects - SAP	10,067	-	-	10,067
Chama Days	897	-	782	115
Infrastructure	91,300	-	137	91,163
Certificates of Deposit	219,163	-	-	219,163
Savings	179,539	-	-	179,539
Community Bank				
Certificates of Deposit	<u>91,643</u>	<u>-</u>	<u>-</u>	<u>91,643</u>
Total Cash in Banks	<u>\$ 929,199</u>	<u>\$ 6,709</u>	<u>\$ 41,453</u>	<u>\$ 894,455</u>
Petty Cash				<u>1,043</u>
Total Cash in Books				<u>\$ 895,498</u>
As Reported in Financial Statements:				
Equity in Cash:				
Cash				\$ 561,543
Restricted Cash				23,149
Investments				201,543
Restricted Investments				<u>109,263</u>
				<u>\$ 895,498</u>

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Cash, Cash Equivalents – Component Unit

	<u>Balance Per Bank June 30</u>	<u>Add Deposits In Transit</u>	<u>Less Outstanding Checks</u>	<u>Balance Per Books June 30</u>
Bank of America				
Checking Accounts				
General	\$ 7,325	\$ -	\$ 2,059	\$ 5,266
Security Deposits	5,812	-	-	5,812
CFP	7,425	-	-	7,425
Certificates of Deposit	<u>93,943</u>	<u>-</u>	<u>-</u>	<u>93,943</u>
 Total Cash in Banks	 <u>\$ 114,505</u>	 <u>\$ -</u>	 <u>\$ 2,059</u>	 \$ 112,446
 Petty Cash				 <u>45</u>
 Total Cash per Books				 <u>\$ 112,491</u>
 As Reported in Financial Statements:				
Equity in Cash				
				\$ 12,736
				5,812
				93,943
				<u>\$ 112,491</u>

Pledged Collateral

	<u>Bank of America</u>	<u>Community Bank</u>	<u>Total</u>
Deposits	\$ 837,556	\$ 91,643	\$ 929,199
FDIC	<u>500,000</u>	<u>91,643</u>	<u>591,643</u>
Total uninsured public funds	337,556	-	337,556
Collateral pledged:			
Bank of America NC			
FNCL Pool-AO0758;			
CUSIP 3138LQZY3; 4/01/2042	<u>763,792</u>	<u>-</u>	<u>763,792</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (50% of uninsured funds)	\$ 168,778	\$ -	\$ 168,778
Pledged collateral	<u>763,792</u>	<u>-</u>	<u>763,792</u>
Over (under) collateralized	<u>\$ 595,014</u>	<u>\$ -</u>	<u>\$ 595,014</u>

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Pledged Collateral – Component Unit

	Bank of America	Total
Deposits	\$ 114,505	\$ 114,505
FDIC	<u>114,505</u>	<u>114,505</u>
Total uninsured public funds	-	-
Collateral pledged:	<u>-</u>	<u>-</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Village’s deposits may not be returned. The Village does not have a deposit policy for custodial credit risk. As of June 30, 2013, \$337,556 of the Village’s bank balance of \$929,199 was exposed to custodial credit risk as follows:

	Bank of America	Community Bank	Total
Uninsured and collateral held by pledging bank's trust department in the Bank's name	\$ <u>763,792</u>	\$ <u>-</u>	\$ <u>763,792</u>
Total	<u>\$ 763,792</u>	<u>\$ -</u>	<u>\$ 763,792</u>

Custodial Credit Risk – Component Unit

Custodial credit risk is the risk that in the event of a bank failure, the Component Unit’s deposits may not be returned. The Component Unit does not have a deposit policy for custodial credit risk. As of June 30, 2013, none of the Component Unit’s bank balance of \$114,505 was exposed to custodial risk.

3. DETAILED NOTES ON ALL FUNDS

Receivables

Receivables as of year-end for the Village’s individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Funds</u>			<u>Proprietary Funds</u>			<u>Total</u>
	<u>General</u>	<u>Street</u>	<u>SAP</u>	<u>Sewer</u>	<u>Solid Waste</u>	<u>Water</u>	
Receivables:							
Customer	\$ -	\$ -	\$ -	\$ 19,613	\$ 14,347	\$ 31,138	\$ 65,098
Taxes							
Property	27,726	-	-	-	-	-	27,726
Franchise	9,125	-	-	-	-	-	9,125
Gross receipts	115,293	15,409	-	-	7,785	-	138,487
Motor vehicle fees	3,210	-	-	-	-	-	3,210
Other governments	-	-	42,800	-	-	-	42,800
	<u>-</u>	<u>-</u>	<u>42,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,800</u>
Gross receivables	155,354	15,409	42,800	19,613	22,132	31,138	286,446
Less: allowance for uncollectible	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,884</u>	<u>5,739</u>	<u>9,340</u>	<u>20,963</u>
Net receivables	<u>\$ 155,354</u>	<u>\$ 15,409</u>	<u>\$ 42,800</u>	<u>\$ 13,729</u>	<u>\$ 16,393</u>	<u>\$ 21,798</u>	<u>\$ 265,483</u>

Receivables – Component Unit

Receivables as of year-end for the Village’s individual component unit including the applicable allowances for uncollectible accounts are as follows:

Receivables:	
Customer accounts	\$ <u>5,754</u>
Gross receivables	5,754
Less: allowance for uncollectible	<u>3,508</u>
Net receivables	<u>\$ 2,246</u>

3. DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 64,190	\$ -	\$ -	\$ -	\$ 64,190
Construction in progress	<u>-</u>	<u>42,800</u>	<u>-</u>	<u>-</u>	<u>42,800</u>
Total capital assets not being depreciated	<u>64,190</u>	<u>42,800</u>	<u>-</u>	<u>-</u>	<u>106,990</u>
Capital assets, being depreciated:					
Buildings and improvements	1,936,927	-	-	-	1,936,927
Equipment and other	777,943	241,737	-	-	1,019,680
Infrastructure	<u>703,319</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>703,319</u>
Total capital assets being depreciated	<u>3,418,189</u>	<u>241,737</u>	<u>-</u>	<u>-</u>	<u>3,659,926</u>
Less accumulated depreciation:					
Buildings and improvements	582,090	75,012	-	-	657,102
Equipment and other	581,700	51,897	-	-	633,597
Infrastructure	<u>310,182</u>	<u>70,332</u>	<u>-</u>	<u>-</u>	<u>380,514</u>
Total accumulated depreciation	<u>1,473,972</u>	<u>197,241</u>	<u>-</u>	<u>-</u>	<u>1,671,213</u>
Total capital assets being depreciated, net	<u>1,944,217</u>	<u>44,496</u>	<u>-</u>	<u>-</u>	<u>1,988,713</u>
Governmental activities capital assets, net	<u>\$ 2,008,407</u>	<u>\$ 87,296</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,095,703</u>

3. DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Business-type Activities:					
Capital assets, not being depreciated:					
Land	\$ 3,333	\$ -	\$ -	\$ -	\$ 3,333
Construction in progress	181,496	16,766	-	(181,496)	16,766
Water rights	61,100	-	-	-	61,100
Total capital assets not being depreciated	<u>245,929</u>	<u>16,766</u>	<u>-</u>	<u>(181,496)</u>	<u>81,199</u>
Capital assets, being depreciated:					
Buildings and improvements	8,571,297	111,543	-	181,496	8,864,336
Equipment and other	467,317	-	-	-	467,317
Total capital assets being depreciated	<u>9,038,614</u>	<u>111,543</u>	<u>-</u>	<u>181,496</u>	<u>9,331,653</u>
Less accumulated depreciation:					
Buildings and improvements	4,016,032	269,798	-	-	4,285,830
Equipment and other	331,824	28,586	-	-	360,410
Total accumulated depreciation	<u>4,347,856</u>	<u>298,384</u>	<u>-</u>	<u>-</u>	<u>4,646,240</u>
Total capital assets being depreciated, net	<u>4,690,758</u>	<u>(186,841)</u>	<u>-</u>	<u>181,496</u>	<u>4,685,413</u>
Business-type activities capital assets, net	<u>\$ 4,936,687</u>	<u>\$(170,075)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,766,612</u>

Capital Assets – Component Unit

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Component unit					
Capital assets not being depreciated:					
Land and land rights	\$ 32,200	\$ -	\$ -	\$ -	\$ 32,200
Capital assets being depreciated:					
Buildings and improvements	2,835,024	84,396	-	-	2,919,420
Equipment and other	141,584	33,315	-	-	174,899
Total capital assets being depreciated	<u>2,976,608</u>	<u>117,711</u>	<u>-</u>	<u>-</u>	<u>3,094,319</u>
Less accumulated depreciation for:					
Buildings and improvements	1,088,145	70,018	-	-	1,158,163
Equipment and other	95,793	10,503	-	-	106,296
Total accumulated depreciation	<u>1,183,938</u>	<u>80,521</u>	<u>-</u>	<u>-</u>	<u>1,264,459</u>
Total capital assets being depreciated, net	<u>1,792,670</u>	<u>37,190</u>	<u>-</u>	<u>-</u>	<u>1,829,860</u>
Component unit capital assets, net	<u>\$ 1,824,870</u>	<u>\$ 37,190</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,862,060</u>

3. DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (continued)

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

Governmental Activities:	
General government	\$ 90,731
Public safety	67,062
Public works	<u>39,448</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 197,241</u>
Business-type Activities:	
Sewer	\$ 165,999
Solid waste	16,436
Water	<u>115,949</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 298,384</u>

Interfund Receivables, Payables and Transfers

The outstanding balances between funds result mainly from the time lag between the dates the (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Operating Transfers:

Transfers between funds are used to 1) move capital project outlay to the fund, which received the benefit from the outlay, and 2) to move the allocation of payments between funds.

Transfer In	Transfer Out								Total
	General	Fire	SAP	Streets	Non-Major	Sewer	Water	Solid Waste	
General	\$ -	\$ -	\$ -	\$ -	\$ 272	\$ 21,712	\$ 42,664	\$ -	\$ 64,648
Fire	-	-	-	-	550	-	-	-	550
Streets	-	-	19,190	-	-	-	-	-	19,190
Sewer	-	-	-	94,777	-	-	19,344	-	114,121
Water	-	-	-	16,766	-	-	-	-	16,766
Solid Waste	-	-	-	-	-	8,478	8,423	-	16,901
Transfers out	-	-	19,190	111,543	822	30,190	70,431	-	232,176
Less transfers in	<u>64,648</u>	<u>550</u>	<u>-</u>	<u>19,190</u>	<u>-</u>	<u>114,121</u>	<u>16,766</u>	<u>16,901</u>	<u>232,176</u>
Net transfer	<u>\$(64,648)</u>	<u>\$(550)</u>	<u>\$ 19,190</u>	<u>\$ 92,353</u>	<u>\$ 822</u>	<u>\$(83,931)</u>	<u>\$ 53,665</u>	<u>\$(16,901)</u>	<u>\$ -</u>

3. DETAILED NOTES ON ALL FUNDS (Continued)

SHORT TERM DEBT:

The Village does not have any short-term debt.

LONG TERM DEBT:

Description of Governmental-Type activities: Loans

In December 2011, the Village entered into an interim loan agreement with the New Mexico Environment Department (NMED). The loan of \$100,000 was approved by NMED to plan and design a new sewer treatment plant at an interest rate of 2% during construction. This loan is part of a grant-loan subsidy which is being funded from a federal grant to NMED from the Environmental Protection Agency (EPA). The Village has twenty-four months to initiate and achieve project completion. The first annual installment on the loan will be due within one year of the project completion date, but no later than one year after the date of the warrant of final distribution from NMED, and annually thereafter. Annual payments will be \$21,216 for 5 years. The Village has pledged the Municipal Infrastructure Gross Receipts Tax Revenues for the repayment of this agreement and note. Anticipated completion date of the project is during the fiscal year ended June 30, 2014.

Description of Business-Type activities: Bonds

Water & Sewer and Utility Revenue Bonds:

Water Revenue Bonds dated November 1973, Series 1973 were issued in the amount of \$92,000 to provide funds for financing improvements and extensions to the Village’s water utility system. Principal and interest are payable each January 1, through the year 2013. The bonds are secured by, and payable exclusively from, the net revenues of the water utility system.

Water Revenue Bonds dated June 9, 1982, Series 1982 were issued in the amount of \$211,000 to provide funds for improvements and extensions to the water utility system. Principal and interest are payable each February 15, through the year 2022. The bonds are secured by, and payable exclusively from, the net revenues of the water utility system.

<u>Series</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Outstanding</u>
Revenue Bonds:				
Series 1973 - Water	\$ 92,000	1/1/2013	5.00%	\$ -
Series 1982 - Water	211,000	6/6/2022	5.00%	<u>100,000</u>
				<u>\$ 100,000</u>

3. **DETAILED NOTES ON ALL FUNDS** (Continued)

LONG TERM DEBT: (continued)

Description of Business-Type activities: Bonds (continued)

The various bond issues require that certain reserve accounts be set up to help insure the successful retirement of the bonds and to provide additional funds for unexpected repairs and /or replacements to the system. The following schedule shows, by bond issue, the amounts calculated for each reserve required as of June 30, 2013.

<u>Bond Issue</u>	<u>Next Payment Due</u>	<u>Bond and Interest Sinking Reserve Required</u>	<u>Bond Reserve Factor</u>	<u>Maximum Bond Reserve Required</u>	<u>Repair and Replacement Reserve Required</u>
Series 1982 - Water	\$ 10,000	\$ 1,275	\$176/mo.	\$ 21,100	\$ 21,100

At June 30, 2013 the Village had the following amounts accumulated in various water reserve funds:

<u>Required Reserves</u>	<u>Amount</u>
Bond interest and sinking	\$ 1,275
Bond reserve	21,100
Repair and replacement	21,100
	<u>43,475</u>
Actual reserve	<u>83,724</u>
Excess reserve	<u>\$ 40,249</u>

Bond and Loan Payable

A summary of the terms of revenue bonds outstanding for the business-type activities at June 30, 2013 follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 10,000	\$ 4,500
2015	10,000	4,000
2016	10,000	3,500
2017	10,000	3,000
2018	10,000	2,500
2019-2022	<u>40,000</u>	<u>5,000</u>
	<u>\$ 90,000</u>	<u>\$ 22,500</u>

3. **DETAILED NOTES ON ALL FUNDS** (Continued)

LONG TERM DEBT: (continued)

Lease Purchase-Payable

In fiscal year 2011 the Solid Waste Fund renegotiated the Grader lease purchase agreement. The lease calls for monthly payments of \$1,398 and will be paid in full in fiscal year 2015. The Backhoe lease was also renegotiated in fiscal year 2011. The lease calls for monthly payments of \$857 and is expected to be paid in full in fiscal year 2015. The Village has included \$246,534 in capital assets, less accumulated depreciation of \$188,667, for the leases. Yearly payment requirements are as follows:

Payment Requirement	Principal	Interest	Total
FYE June 30,			
2014	\$ 25,668	\$ 1,389	\$ 27,057
2015	12,517	188	12,705
	<u>\$ 38,185</u>	<u>\$ 1,577</u>	<u>\$ 39,762</u>

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2013, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Notes payable	\$ -	\$ 42,800	\$ -	\$ 42,800	\$ -
Compensated absences	13,258	21,859	27,669	7,448	-
Governmental activities- long-term liabilities	<u>\$ 13,258</u>	<u>\$ 64,659</u>	<u>\$ 27,669</u>	<u>\$ 50,248</u>	<u>\$ -</u>
Business-type activities					
Revenue bonds	\$ 105,000	\$ -	\$ 15,000	\$ 90,000	\$ 10,000
Lease-purchase payable	62,610	-	24,425	38,185	25,668
Compensated absences	2,603	3,563	6,166	-	-
Business-type activities- long-term liabilities	<u>\$ 170,213</u>	<u>\$ 3,563</u>	<u>\$ 45,591</u>	<u>\$ 128,185</u>	<u>\$ 35,668</u>

The compensated absences liability attributable to the governmental activities will be liquidated primarily by the General Fund.

3. DETAILED NOTES ON ALL FUNDS (Continued)

Landfill Closure and Post Closure Costs

State and Federal Laws and regulations require that the Village place final covers on its landfills when closed and perform certain maintenance and monitoring functions at the landfill sites for thirty years after closure. The Village has a closed municipal landfill site as of June 30, 2002.

The estimated total cost of the landfill closure and post closure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of March 1999. The original total estimate of \$433,432 was based on an engineer's evaluation updated in March 1999. The amount included in long-term obligations has been reduced by cost paid to date and the purchase of equipment, which will be used to complete the closure and post closure care activities. The actual cost of closure and post closure care may be higher, of course, due to inflation, changes in technology, or changes in landfill laws and regulations. The Village is in the ninth year of monitoring and expects monitoring costs to approximate \$3,550 per year. Twenty years remain in the monitoring period. Total estimated balance at June 30, 2013 of current and long-term post closure costs are \$3,550 and \$63,900 respectively. The Village expects to defray a portion of these costs with grants from the State of New Mexico and other available sources.

Restricted Net Position/ Reserved Fund Balances

The debt agreements of the Village require restricted cash balances of \$ 43,475 . The Village has restricted cash balances of \$83,724. The cash balances for the meter deposit accounts are also restricted in the amount of \$48,688. Therefore, a total of cash balances of \$132,412 are reported as restricted in the government-wide financial statements. That same amount is reported as reserved in the proprietary statement of net position.

POST-EMPLOYMENT BENEFITS:

Public Employees Retirement Association

Plan Description. Substantially all of the Village's full-time employees participate in a public employee retirement system authorized under the Public Employees' Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at <http://www.pera.state.nm.us>.

Funding Policy. Plan members are required to contribute 9.15% of their gross salary. The Village is required to contribute 9.15% of the gross covered salary. The contribution requirements of plan members and the Village of Chama are established in State Statute under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of legislature. The Village of Chama's contributions to PERA for the years ending June 30, 2013, 2012 and 2011 were \$38,238, \$40,196, and \$38,112, respectively, which equal the amount of the required contributions for each fiscal year.

3. DETAILED NOTES ON ALL FUNDS (Continued)

POST-EMPLOYMENT BENEFITS: (continued)

State Retiree Health Care Plan

Plan Description. The Village contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA on the person's behalf, unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan and an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

3. **DETAILED NOTES ON ALL FUNDS** (Continued)

POST-EMPLOYMENT BENEFITS: (continued)

State Retiree Health Care Plan (continued)

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Village contributions to the RHCA for the years ended June 30, 2013, 2012 and 2011 were \$7,738, \$8,094, and \$7,659, respectively, which equal the required contributions for each year.

Risk Management

The Village is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Village has historically retained these risks, except where it has determined that commercial insurance is more cost beneficial or legally required. The Village has covered all claim settlements and judgments out of its General Fund resources, except where specifically identifiable to an enterprise fund. The Village currently reports substantially all of its risk management activities, except worker's compensation, in its General Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Current liabilities are reported when the liability has matured. These losses include an estimate of claims that have been incurred but not reported. No losses were reported or incurred during the year.

Deficit Fund Balance

The following funds had deficit fund balances at June 30, 2013:

Capital Project Funds	
SAP	2,505
Enterprise Funds	
Solid Waste	15,477

The deficit in the Solid Waste Enterprise Fund is due to the non-budgeted depreciation expense. The deficit will be funded by future increases in revenues and transfers from other proprietary funds. The deficit in the SAP fund will be eliminated by monitoring budgets and spending in the future.

3. DETAILED NOTES ON ALL FUNDS (Continued)

Joint Power Agreements

The Village entered into a joint powers agreement with the New Mexico State Police Division on December 7, 2000. The agreement is for the New Mexico State Police to assist the Village in providing sufficient police coverage within the municipality limits, pursuant to NMSA 1978, Section 3-12-4(A). The Village is responsible for all operations. The Village will provide New Mexico State Police with a secretary and be responsible for all utilities for the office space. The Village will also use the funds from the Law Enforcement Grant to purchase equipment that the New Mexico State Police may use. During the fiscal year ending June 30, 2009, a vehicle was purchased in the Local Corrections Fund. This vehicle will be used by the New Mexico State Police to transport prisoners. The equipment purchased is to be returned to the Village upon termination of the agreement. The cost for the agreement is indeterminate. The audit responsibility lies with the Village. The agreement has no termination date.

The Village entered into a joint powers agreement on June 23, 1999, with the Village of Espanola, Pueblo of San Juan, the Jicarilla Apache Tribe, the County of Rio Arriba and the County of Santa Fe, to provide an enhanced 911-response system. The Village of Espanola is responsible for all operations. The agreement is to improve public emergency and law enforcement services to the citizens. The cost is indeterminate. The audit responsibility lies with the Village of Espanola. The Village is required to contribute six percent (6%) of the total budget and purchase and maintain its own in-house E-911 equipment. The agreement has no termination date.

Commitments and Contingencies

On December 16, 2004 the United States Environmental Protection Agency (EPA) issued a Finding of Violation and Order for compliances to the Village in connection with the wastewater treatment plant. The order requires the Village to correct the violations at the site. The Village has been working with the EPA and several state agencies to correct the violations. Due to the Village's cooperation with the EPA, it is believed that any penalties imposed on the Village will be repaid through in-kind donations of training programs.

In December, 2011 the Village entered into an interim loan agreement with the New Mexico Environment Department (NMED) to accept loan and grant funds. The loan is \$100,000 and the grant is \$850,000 both of which are to be used for the planning and design of a new sewer treatment plant. The Village has expended \$42,800 of the loan funds during the fiscal year ending June 30, 2013.

3. DETAILED NOTES ON ALL FUNDS (Continued)

Capital Outlay Appropriations

The Village’s capital outlay appropriations are as follows:

<u>Capital Project</u>	<u>Project Appropriation</u>	<u>Expended in FYE 2013</u>	<u>Expenditures to Date</u>	<u>Outstanding Balance</u>
Sewer Treatment Construction	\$ <u>229,962</u>	\$ <u>74,619</u>	\$ <u>229,962</u>	\$ <u>-</u>
	\$ <u>229,962</u>	\$ <u>74,619</u>	\$ <u>229,962</u>	\$ <u>-</u>

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

Related Party Transactions

During the fiscal year ending June 30, 2013 the Village paid \$2,256 for trucking services to Russom Trucking. The business is owned by Ron Russom, a member of the Village Council. The Village also paid \$46,329 to La Clinica del Pueblo Community Health Center for services. Village of Chama Mayor, Darren DeYapp, is the CEO of La Clinica del Pueblo Community Health Center.

SUPPLEMENTARY INFORMATION

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

EMERGENCY MEDICAL SERVICE FUND – To account for funds received from the New Mexico Emergency Medical Services Fund, as authorized by Section 24-10A NMSA 1978, for use in the establishment and enhancement of local emergency medical services in order to reduce injury and loss of life.

LAW ENFORCEMENT FUND – To account for revenues received pursuant to the law enforcement protection fund as authorized by Section 29-13-7 NMSA 1978. Amounts distributed from this fund may only be expended for the following purpose: (1) the repair and purchase of law enforcement apparatus and equipment that meet nationally recognized standards; (2) expenses associated with advanced law enforcement planning and training; (3) complying with match or contribution requirements of federal funds for criminal justice programs; (4) no more than fifty percent (50%) of the replacement salaries of municipal and county law enforcement personnel while attending a specified advanced law enforcement planning and training.

LIBRARY FUND – To account for the resources donated to the Village for the specific benefit of the library. The Village of Chama operates a free library as authorized by Section 3-18-14 NMSA 1978.

LODGERS' TAX FUND – To account for the operations of tourist facilities, or for half of advertising, promoting and publicizing such facilities and tourist attractions. Financing is provided by a four percent (4%) tax on lodging gross receipts within the Village of Chama. Section 3-38-15 (A) NMSA 1978 authorizes the Village to impose this tax. Monies in the Lodgers' Tax Fund may be used to build, operate, and maintain tourism related facilities.

RECREATION FUND – To account for the operations and maintenance of recreational facilities in the Village as authorized by Section 7-12-15 NMSA 1978. Financing is provided by program revenue and by a 1-cent tax on cigarette sales, which is collected and distributed by the State of New Mexico.

LOCAL CORRECTIONS FUND – To account for the collection of a mandatory correction fee for violations of any municipal ordinance as authorized by Section 35-14-11(B)(1) NMSA 1978. Funds collected can only be used for jailer training, construction planning, construction, operation and maintenance of a municipal jail, and for paying for costs of housing.

CEMETERY FUND – To account for the operations and maintenance of the Village's cemetery as authorized by Section 3-40-1 NMSA 1978.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013**

	<u>Special Revenue Funds</u>		
	<u>EMS Fund</u>	<u>Law Enforcement Fund</u>	<u>Library Fund</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,036	\$ 15,809	\$ 20,588
Investments	<u>1,832</u>	<u>-</u>	<u>-</u>
Total current assets	<u>\$ 2,868</u>	<u>\$ 15,809</u>	<u>\$ 20,588</u>
LIABILITIES AND FUND BALANCES			
Current liabilities			
Accounts payable	\$ <u>-</u>	\$ <u>-</u>	\$ <u>3,490</u>
Total current liabilities	<u>-</u>	<u>-</u>	<u>3,490</u>
Fund balances			
Restricted for:			
Special revenue	<u>2,868</u>	<u>15,809</u>	<u>17,098</u>
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>2,868</u>	<u>15,809</u>	<u>17,098</u>
Total liabilities and fund balances	<u>\$ 2,868</u>	<u>\$ 15,809</u>	<u>\$ 20,588</u>

The notes to the financial statements are an integral part of this statement.

Special Revenue Funds				Total
<u>Lodgers' Tax Fund</u>	<u>Recreation Fund</u>	<u>Local Corrections Fund</u>	<u>Cemetery Fund</u>	<u>Nonmajor Governmental Total</u>
\$ 22,402	\$ 1,917	\$ 4,010	\$ 4,681	\$ 70,443
<u>-</u>	<u>540</u>	<u>4,133</u>	<u>4,099</u>	<u>10,604</u>
<u>\$ 22,402</u>	<u>\$ 2,457</u>	<u>\$ 8,143</u>	<u>\$ 8,780</u>	<u>\$ 81,047</u>
\$ <u>2,531</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>6,021</u>
<u>2,531</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,021</u>
<u>19,871</u>	<u>2,457</u>	<u>8,143</u>	<u>8,780</u>	<u>75,026</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>19,871</u>	<u>2,457</u>	<u>8,143</u>	<u>8,780</u>	<u>75,026</u>
<u>\$ 22,402</u>	<u>\$ 2,457</u>	<u>\$ 8,143</u>	<u>\$ 8,780</u>	<u>\$ 81,047</u>

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Special Revenue Funds</u>		
	EMS	Law	Library
	Fund	Enforcement Fund	Fund
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Taxes			
Lodgers' taxes	\$ -	\$ -	\$ -
Intergovernmental			
State	8,266	20,000	16,812
Charges for services	-	-	-
Fines	-	-	-
Interest on investments	4	-	-
Miscellaneous	-	-	809
	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>8,270</u>	<u>20,000</u>	<u>17,621</u>
EXPENDITURES			
Current operations			
Public safety	7,971	5,636	-
Public works	-	-	-
Culture and recreation	-	-	9,800
Capital outlay	-	-	7,151
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>7,971</u>	<u>5,636</u>	<u>16,951</u>
Excess (deficiency) of revenues over expenditures	<u>299</u>	<u>14,364</u>	<u>670</u>
OTHER FINANCING SOURCES (USES):			
Transfers in (out)	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Other financing sources (uses)	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Net changes in fund balances	<u>299</u>	<u>14,364</u>	<u>670</u>
FUND BALANCE, BEGINNING OF YEAR	<u>2,569</u>	<u>1,445</u>	<u>16,428</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,868</u>	<u>\$ 15,809</u>	<u>\$ 17,098</u>

The notes to the financial statements are an integral part of this statement.

Special Revenue Funds				Total
<u>Lodgers' Tax Fund</u>	<u>Recreation Fund</u>	<u>Local Corrections Fund</u>	<u>Cemetery Fund</u>	<u>Nonmajor Governmental Total</u>
\$ 77,981	\$ -	\$ -	\$ -	\$ 77,981
-	-	-	-	45,078
-	2,948	-	2,800	5,748
-	-	1,320	-	1,320
-	1	8	8	21
<u>400</u>	<u>20</u>	<u>-</u>	<u>250</u>	<u>1,479</u>
<u>78,381</u>	<u>2,969</u>	<u>1,328</u>	<u>3,058</u>	<u>131,627</u>
-	-	-	-	13,607
-	-	-	53	53
83,287	3,781	-	-	96,868
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,151</u>
<u>83,287</u>	<u>3,781</u>	<u>-</u>	<u>53</u>	<u>117,679</u>
<u>(4,906)</u>	<u>(812)</u>	<u>1,328</u>	<u>3,005</u>	<u>13,948</u>
<u>-</u>	<u>-</u>	<u>(822)</u>	<u>-</u>	<u>(822)</u>
<u>-</u>	<u>-</u>	<u>(822)</u>	<u>-</u>	<u>(822)</u>
<u>(4,906)</u>	<u>(812)</u>	<u>506</u>	<u>3,005</u>	<u>13,126</u>
<u>24,777</u>	<u>3,269</u>	<u>7,637</u>	<u>5,775</u>	<u>61,900</u>
<u>\$ 19,871</u>	<u>\$ 2,457</u>	<u>\$ 8,143</u>	<u>\$ 8,780</u>	<u>\$ 75,026</u>

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
EMS FUND
YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Intergovernmental				
State	\$ 8,226	\$ 8,326	\$ 8,266	\$(60)
Interest on investments	-	-	4	4
Miscellaneous	<u>250</u>	<u>250</u>	<u>-</u>	<u>(250)</u>
Total revenues	<u>8,476</u>	<u>8,576</u>	<u>8,270</u>	<u>(306)</u>
EXPENDITURES				
Current operations				
Public safety	<u>8,450</u>	<u>8,450</u>	<u>7,971</u>	<u>479</u>
	<u>8,450</u>	<u>8,450</u>	<u>7,971</u>	<u>479</u>
Excess (deficiency) of revenues over expenditures	<u>26</u>	<u>126</u>	<u>299</u>	<u>173</u>
Net change in fund balance	<u>\$ 26</u>	<u>\$ 126</u>	<u>\$ 299</u>	<u>\$ 173</u>
Beginning cash and investment balance	<u>\$ 2,569</u>	<u>\$ 2,569</u>		

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
LAW ENFORCEMENT FUND
YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Intergovernmental				
State	\$ 20,000	\$ 20,000	\$ 20,000	\$ -
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
EXPENDITURES				
Current operations				
Public safety	<u>21,445</u>	<u>21,445</u>	<u>5,636</u>	<u>15,809</u>
	<u>21,445</u>	<u>21,445</u>	<u>5,636</u>	<u>15,809</u>
Excess (deficiency) of revenues over expenditures	<u>(1,445)</u>	<u>(1,445)</u>	<u>14,364</u>	<u>15,809</u>
Net change in fund balance	<u><u>\$ (1,445)</u></u>	<u><u>\$ (1,445)</u></u>	<u><u>\$ 14,364</u></u>	<u><u>\$ 15,809</u></u>
Beginning cash and investment balance	<u><u>\$ 1,445</u></u>	<u><u>\$ 1,445</u></u>		

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
LIBRARY FUND
YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Intergovernmental				
State	\$ 24,000	\$ 24,000	\$ 16,812	\$(7,188)
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>809</u>	<u>(191)</u>
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>17,621</u>	<u>(7,379)</u>
EXPENDITURES				
Current operations				
Culture and recreation	12,000	12,000	6,310	5,690
Capital outlay	<u>8,000</u>	<u>8,000</u>	<u>7,460</u>	<u>540</u>
	<u>20,000</u>	<u>20,000</u>	<u>13,770</u>	<u>6,230</u>
Excess (deficiency) of revenues over expenditures	<u>5,000</u>	<u>5,000</u>	<u>3,851</u>	<u>(1,149)</u>
Net change in fund balance	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 3,851</u>	<u>\$(1,149)</u>
Beginning cash and investment balance	<u>\$ 16,737</u>	<u>\$ 16,737</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$ 3,851	
Change in payables			<u>(3,181)</u>	
Net change in fund balances GAAP basis			<u>\$ 670</u>	

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
LODGERS' TAX FUND
YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Taxes				
Lodgers' taxes	\$ 75,000	\$ 81,000	\$ 77,981	\$(3,019)
Miscellaneous	<u>3,000</u>	<u>3,000</u>	<u>400</u>	<u>(2,600)</u>
Total revenues	<u>78,000</u>	<u>84,000</u>	<u>78,381</u>	<u>(5,619)</u>
EXPENDITURES				
Current operations				
Culture and recreation	<u>77,000</u>	<u>92,500</u>	<u>92,378</u>	<u>122</u>
	<u>77,000</u>	<u>92,500</u>	<u>92,378</u>	<u>122</u>
Excess (deficiency) of revenues over expenditures	<u>1,000</u>	<u>(8,500)</u>	<u>(13,997)</u>	<u>(5,497)</u>
Net change in fund balance	<u>\$ 1,000</u>	<u>\$(8,500)</u>	<u>\$(13,997)</u>	<u>\$(5,497)</u>
Beginning cash and investment balance	<u>\$ 36,399</u>	<u>\$ 36,399</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$(13,997)	
Change in payables			<u>9,091</u>	
Net change in fund balances GAAP basis			<u>\$(4,906)</u>	

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
RECREATION FUND
YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Charges for services	\$ 3,000	\$ 6,000	\$ 2,948	\$(3,052)
Interest on investments	-	-	1	1
Miscellaneous	-	-	20	20
Total revenues	<u>3,000</u>	<u>6,000</u>	<u>2,969</u>	<u>(3,031)</u>
EXPENDITURES				
Current operations				
Culture and recreation	<u>3,000</u>	<u>6,030</u>	<u>4,028</u>	<u>2,002</u>
	<u>3,000</u>	<u>6,030</u>	<u>4,028</u>	<u>2,002</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(30)</u>	<u>(1,059)</u>	<u>(1,029)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$(30)</u>	<u>\$(1,059)</u>	<u>\$(1,029)</u>
Beginning cash and investment balance	<u>\$ 3,516</u>	<u>\$ 3,516</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$(1,059)	
Change in payables			<u>247</u>	
Net change in fund balances GAAP basis			<u>\$(812)</u>	

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
LOCAL CORRECTIONS FUND
YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Fines	\$ 1,500	\$ 1,500	\$ 1,320	\$(180)
Interest on investments	<u>100</u>	<u>100</u>	<u>8</u>	<u>(92)</u>
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>1,600</u>	<u>1,600</u>	<u>1,328</u>	<u>(272)</u>
Excess (deficiency) of revenues over expenditures	<u>1,600</u>	<u>1,600</u>	<u>1,328</u>	<u>(272)</u>
Net change in fund balance	<u>\$ 1,600</u>	<u>\$ 1,600</u>	<u>\$ 1,328</u>	<u>\$(272)</u>
Beginning cash and investment balance	<u>\$ 6,815</u>	<u>\$ 6,815</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$ 1,328	
Change in receivables			<u>(822)</u>	
Net change in fund balances GAAP basis			<u>\$ 506</u>	

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
CEMETERY FUND
YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Charges for services	\$ 1,600	\$ 2,800	\$ 2,800	\$ -
Interest on investments	50	50	8	(42)
Miscellaneous	<u>-</u>	<u>250</u>	<u>250</u>	<u>-</u>
Total revenues	<u>1,650</u>	<u>3,100</u>	<u>3,058</u>	<u>(42)</u>
EXPENDITURES				
Current operations				
Public works	<u>500</u>	<u>500</u>	<u>53</u>	<u>447</u>
	<u>500</u>	<u>500</u>	<u>53</u>	<u>447</u>
Excess (deficiency) of revenues over expenditures	<u>1,150</u>	<u>2,600</u>	<u>3,005</u>	<u>405</u>
Net change in fund balance	<u>\$ 1,150</u>	<u>\$ 2,600</u>	<u>\$ 3,005</u>	<u>\$ 405</u>
Beginning cash and investment balance	<u>\$ 5,775</u>	<u>\$ 5,775</u>		

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
SAP FUND
YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Intergovernmental				
State	\$ 100,000	\$ 100,000	\$ 25,782	\$(74,218)
Interest on investments	1,000	1,000	59	(941)
Miscellaneous	<u>75,000</u>	<u>75,000</u>	<u>-</u>	<u>(75,000)</u>
Total revenues	<u>176,000</u>	<u>176,000</u>	<u>25,841</u>	<u>(150,159)</u>
EXPENDITURES				
Current operations				
Public safety	1,000	1,000	-	1,000
Capital outlay	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>150,000</u>
	<u>151,000</u>	<u>151,000</u>	<u>-</u>	<u>151,000</u>
Excess (deficiency) of revenues over expenditures	<u>25,000</u>	<u>25,000</u>	<u>25,841</u>	<u>841</u>
OTHER FINANCING SOURCES (USES)				
Transfer in (out)	<u>(24,000)</u>	<u>(24,000)</u>	<u>(19,190)</u>	<u>4,810</u>
Total other financing sources (uses)	<u>(24,000)</u>	<u>(24,000)</u>	<u>(19,190)</u>	<u>4,810</u>
Net change in fund balance	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 6,651</u>	<u>\$ 5,651</u>
Beginning cash and investment balance	<u>\$ 33,644</u>	<u>\$ 33,644</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$ 6,651	
Change in receivables			17,018	
Change in payables			(42,800)	
Change in deferred revenue			<u>25,782</u>	
Net change in fund balances GAAP basis			<u>\$ 6,651</u>	

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
STREET FUND
YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Taxes				
Gross receipts	\$ 943,000	\$ 953,200	\$ 84,185	\$(869,015)
Interest on investments	<u>-</u>	<u>200</u>	<u>210</u>	<u>10</u>
Total revenues	<u>943,000</u>	<u>953,400</u>	<u>84,395</u>	<u>(869,005)</u>
EXPENDITURES				
Current operations				
Public works	1,000	1,000	-	1,000
Capital outlay				
	<u>329,000</u>	<u>329,000</u>	<u>-</u>	<u>329,000</u>
	<u>330,000</u>	<u>330,000</u>	<u>-</u>	<u>330,000</u>
Excess (deficiency) of revenues over expenditures	<u>613,000</u>	<u>623,400</u>	<u>84,395</u>	<u>(539,005)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in (out)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(92,353)</u>	<u>7,647</u>
Total other financing sources (uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(92,353)</u>	<u>7,647</u>
Net change in fund balance	<u>\$ 513,000</u>	<u>\$ 523,400</u>	<u>\$(7,958)</u>	<u>\$(531,358)</u>
Beginning cash and investment balance	<u>\$ 207,264</u>	<u>\$ 207,264</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$(7,958)	
Change in receivables			<u>5,107</u>	
Net change in fund balances GAAP basis			<u>\$(2,851)</u>	

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
BUDGET and ACTUAL
SEWER FUND
YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
OPERATING REVENUES				
Charges for services	\$ 129,900	\$ 129,900	\$ 122,492	\$(7,408)
Total operating revenues	<u>129,900</u>	<u>129,900</u>	<u>122,492</u>	<u>(7,408)</u>
OPERATING EXPENSES				
Cost of sales and services	8,500	9,950	9,555	395
Administration	6,500	6,500	6,002	498
Other operating expenses	<u>125,000</u>	<u>125,000</u>	<u>106,946</u>	<u>18,054</u>
Total operating expenses	<u>140,000</u>	<u>141,450</u>	<u>122,503</u>	<u>18,947</u>
Operating income (loss)	<u>(10,100)</u>	<u>(11,550)</u>	<u>(11)</u>	<u>11,539</u>
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	<u>100</u>	<u>100</u>	<u>15</u>	<u>(85)</u>
Nonoperating revenues (expenses)	<u>100</u>	<u>100</u>	<u>15</u>	<u>(85)</u>
OTHER FINANCING SOURCES (USES)				
Capital grants - federal	300,000	300,000	27,112	(272,888)
Transfers in (out)	<u>100,000</u>	<u>100,000</u>	<u>83,931</u>	<u>(16,069)</u>
Other financing sources (uses)	<u>400,000</u>	<u>400,000</u>	<u>111,043</u>	<u>(288,957)</u>
NON-BUDGETED ITEMS				
Depreciation	<u>-</u>	<u>-</u>	<u>(165,999)</u>	<u>(165,999)</u>
Total non-budgeted items	<u>-</u>	<u>-</u>	<u>(165,999)</u>	<u>(165,999)</u>
Net income (loss)	<u>\$ 390,000</u>	<u>\$ 388,550</u>	<u>\$(54,952)</u>	<u>\$(443,502)</u>

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
BUDGET and ACTUAL
SOLID WASTE FUND
YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	Final Budget
				Positive
				(Negative)
OPERATING REVENUES				
Charges for services	\$ <u>100,000</u>	\$ <u>101,650</u>	\$ <u>95,474</u>	\$(<u>6,176</u>)
Total operating revenues	<u>100,000</u>	<u>101,650</u>	<u>95,474</u>	<u>(6,176)</u>
OPERATING EXPENSES				
Administration	138,000	138,000	98,430	39,570
Other operating expenses	<u>8,500</u>	<u>8,500</u>	<u>7,825</u>	<u>675</u>
Total operating expenses	<u>146,500</u>	<u>146,500</u>	<u>106,255</u>	<u>40,245</u>
Operating income (loss)	<u>(46,500)</u>	<u>(44,850)</u>	<u>(10,781)</u>	<u>34,069</u>
NONOPERATING REVENUES (EXPENSES)				
Investment revenue	100	100	18	(82)
Interest expense	(3,000)	(3,000)	(2,745)	255
Sales taxes	<u>50,000</u>	<u>50,000</u>	<u>42,284</u>	<u>(7,716)</u>
Nonoperating revenues (expenses)	<u>47,100</u>	<u>47,100</u>	<u>39,557</u>	<u>(7,543)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>16,901</u>	<u>16,901</u>
Other financing sources (uses)	<u>-</u>	<u>-</u>	<u>16,901</u>	<u>16,901</u>
NON-BUDGETED ITEMS				
Depreciation	<u>-</u>	<u>-</u>	<u>(16,436)</u>	<u>(16,436)</u>
Total non-budgeted items	<u>-</u>	<u>-</u>	<u>(16,436)</u>	<u>(16,436)</u>
Net income (loss)	<u>\$ 600</u>	<u>\$ 2,250</u>	<u>\$ 29,241</u>	<u>\$ 26,991</u>

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
BUDGET and ACTUAL
WATER FUND
YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
OPERATING REVENUES				
Charges for services	\$ 227,000	\$ 232,000	\$ 189,798	\$(42,202)
Total operating revenues	<u>227,000</u>	<u>232,000</u>	<u>189,798</u>	<u>(42,202)</u>
OPERATING EXPENSES				
Cost of sales and services	26,000	26,000	25,740	260
Administration	15,000	15,000	14,770	230
Other operating expenses	<u>136,750</u>	<u>145,750</u>	<u>123,712</u>	<u>22,038</u>
Total operating expenses	<u>177,750</u>	<u>186,750</u>	<u>164,222</u>	<u>22,528</u>
Operating income (loss)	<u>49,250</u>	<u>45,250</u>	<u>25,576</u>	<u>(19,674)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment revenue	12,200	12,200	412	(11,788)
Interest expense	<u>(5,250)</u>	<u>(5,250)</u>	<u>(4,500)</u>	<u>750</u>
Nonoperating revenues (expenses)	<u>6,950</u>	<u>6,950</u>	<u>(4,088)</u>	<u>(11,038)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	<u>(54,250)</u>	<u>(54,250)</u>	<u>(53,665)</u>	<u>585</u>
Other financing sources (uses)	<u>(54,250)</u>	<u>(54,250)</u>	<u>(53,665)</u>	<u>585</u>
NON-BUDGETED ITEMS				
Depreciation	<u>-</u>	<u>-</u>	<u>(115,949)</u>	<u>(115,949)</u>
Total non-budgeted items	<u>-</u>	<u>-</u>	<u>(115,949)</u>	<u>(115,949)</u>
Net income (loss)	<u>\$ 1,950</u>	<u>\$(2,050)</u>	<u>\$(148,126)</u>	<u>\$(146,076)</u>

The notes to the financial statements are an integral part of this statement.

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COMPONENT UNIT

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**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF NET POSITION
COMPONENT UNIT - HOUSING AUTHORITY
JUNE 30, 2013**

ASSETS

Current assets

Cash and cash equivalents	\$ 12,736
Investments	93,943
Accounts receivable	2,246
Prepaid expense	<u>9,394</u>

Total current assets	<u>118,319</u>
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Noncurrent assets

Restricted cash	5,812
Capital assets	
Land	32,200
Capital assets being depreciated, net	<u>1,829,860</u>

Total noncurrent assets	<u>1,867,872</u>
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Total assets	<u>1,986,191</u>
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LIABILITIES

Current liabilities

Accounts payable	10,613
Accrued payroll liabilities	<u>1,814</u>

Total current liabilities	12,427
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Current liabilities payable from restricted assets

Customer deposits payable	<u>6,095</u>
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Total liabilities	<u>18,522</u>
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NET POSITION

Invested in capital assets, net of related debt	1,862,060
Unrestricted	<u>105,609</u>

Total net position	<u>\$ 1,967,669</u>
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**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND NET POSITION
COMPONENT UNIT - HOUSING AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2013**

OPERATING REVENUES

Charges for services	\$ 47,386
Operating grants	63,937
Other charges	<u>3,380</u>
 Total operating revenues	 <u>114,703</u>

OPERATING EXPENSES

Administration	142,616
Other operating expenses	29,834
Depreciation	<u>80,521</u>
 Total operating expenses	 <u>252,971</u>

Operating income (loss) (138,268)

NONOPERATING REVENUES (EXPENSES)

Interest revenue	325
Capital fund program grant - federal	<u>88,397</u>
 Nonoperating revenues (expenses)	 <u>88,722</u>

Change in net position (49,546)

NET POSITION, BEGINNING OF YEAR 2,017,215

NET POSITION, END OF YEAR \$ 1,967,669

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF CASH FLOWS
COMPONENT UNIT - HOUSING AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2013**

Cash flows from operating activities

Cash received from customers	\$ 66,807
Cash received from HUD operating grants	63,937
Cash payments to employees for services	(66,806)
Cash payments to supplies for goods and services	(114,536)
Net cash provided by operating activities	<u>(50,598)</u>

Cash flows from capital and related financing activities

Cash received from grants	88,397
(Acquisition) disposition of capital assets	(117,711)
Net cash provided (used) by capital financing activities	<u>(29,314)</u>

Cash flows from investing activities

Sale of investments	54,971
Interest on investments	<u>325</u>
Net cash provided (used) by noncapital investing activities	<u>55,296</u>

Net increase (decrease) in cash and cash equivalents (24,616)

Unrestricted cash and equivalents beginning of year 37,595

Restricted cash beginning of year 5,569

Total cash and equivalents beginning of year 43,164

Cash and equivalents end of year \$ 18,548

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED (USED) BY OPERATING ACTIVITIES:**

Operating income	\$(138,268)
Adjustments to reconcile operating income to net cash provided (used) in operating activities:	
Depreciation expense	80,521
Decrease (increase) in customer receivable	17,600
Increase (decrease) in accounts payable	(7,316)
Increase (decrease) in accrued liabilities	(520)
Increase (decrease) in customer deposits	(1,559)
Increase (decrease) in prepaid expense	<u>(1,056)</u>
Net cash provided by operating activities	<u><u>\$(50,598)</u></u>

CASH PER FINANCIAL STATEMENTS

Cash and cash equivalents	\$ 12,736
Restricted cash	<u>5,812</u>
Cash and equivalents end of year	<u><u>\$ 18,548</u></u>

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**STATE OF NEW MEXICO
VILLAGE OF CHAMA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND NET POSITION
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
COMPONENT UNIT - HOUSING AUTHORITY
YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 67,000	\$ 60,900	\$ 47,386	\$(13,514)
Operating grants	43,101	63,937	63,937	-
Other charges	<u>3,700</u>	<u>1,900</u>	<u>3,380</u>	<u>1,480</u>
Total operating revenues	<u>113,801</u>	<u>126,737</u>	<u>114,703</u>	<u>(12,034)</u>
OPERATING EXPENSE				
Administration	136,700	161,200	142,616	18,584
Other operating expenses	<u>30,000</u>	<u>30,000</u>	<u>29,834</u>	<u>166</u>
Total operating expenses	<u>166,700</u>	<u>191,200</u>	<u>172,450</u>	<u>18,750</u>
Operating income (loss)	<u>(52,899)</u>	<u>(64,463)</u>	<u>(57,747)</u>	<u>6,716</u>
NONOPERATING REVENUES (EXPENSES)				
Investment revenue	1,200	500	325	(175)
CFP grant	<u>-</u>	<u>-</u>	<u>88,397</u>	<u>88,397</u>
Nonoperating revenues (expenses)	<u>1,200</u>	<u>500</u>	<u>88,722</u>	<u>88,222</u>
NON-BUDGETED ITEMS				
Depreciation	<u>-</u>	<u>-</u>	<u>(80,521)</u>	<u>(80,521)</u>
Total non-budgeted items	<u>-</u>	<u>-</u>	<u>(80,521)</u>	<u>(80,521)</u>
Net income (loss)	<u><u>\$(51,699)</u></u>	<u><u>\$(63,963)</u></u>	<u><u>\$(49,546)</u></u>	<u><u>\$ 14,417</u></u>

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OTHER SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
FINANCIAL DATA SCHEDULE
HOUSING AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2013**

Line Item Number	Description	Low Rent Public Housing Program 14.850	Public Housing Capital Fund Program 14.872	Total
111	Cash - unrestricted	\$ 12,736	\$ -	\$ 12,736
100	Total cash	<u>12,736</u>	<u>-</u>	<u>12,736</u>
122	Accounts receivable - HUD other projects			
126	Accounts receivable - tenants - dwelling rents	5,754	-	5,754
126.1	Allowance for doubtful accounts - dwelling rents	<u>(3,508)</u>	<u>-</u>	<u>(3,508)</u>
120	Total receivables, net of allowance for doubtful accounts	<u>2,246</u>	<u>-</u>	<u>2,246</u>
131	Investments - unrestricted	93,943	-	93,943
142	Prepaid expense and other assets	<u>9,394</u>	<u>-</u>	<u>9,394</u>
150	Total current assets	<u>118,319</u>	<u>-</u>	<u>118,319</u>
114	Cash - tenant security deposits	5,812	-	5,812
161	Land	32,200	-	32,200
162	Buildings	2,070,233	-	2,070,233
163	Furniture, equipment and machinery - dwellings	108,587	-	108,587
164	Furniture, equipment and machinery - administration	66,312	-	66,312
165	Leasehold improvements	849,187	-	849,187
166	Accumulated depreciation	<u>(1,264,459)</u>	<u>-</u>	<u>(1,264,459)</u>
160	Total capital assets, net of accumulated depreciation	<u>1,862,060</u>	<u>-</u>	<u>1,862,060</u>
180	Total non-current assets	<u>1,867,872</u>	<u>-</u>	<u>1,867,872</u>
190	Total assets	<u>\$ 1,986,191</u>	<u>\$ -</u>	<u>\$ 1,986,191</u>

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
FINANCIAL DATA SCHEDULE
HOUSING AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2013**

Line Item Number	Description	Low Rent Public Housing Program 14.850	Public Housing Capital Fund Program 14.872	Total
312	Accounts Payable <=90 days	\$ 10,613	-	\$ 10,613
321	Accrued wage/payroll taxes payable	1,814	-	1,814
341	Tenant Security deposits	<u>6,095</u>	<u>-</u>	<u>6,095</u>
310	Total current liabilities	<u>18,522</u>	<u>-</u>	<u>18,522</u>
508.1	Net investment in capital assets	1,862,060	-	1,862,060
512.1	Unrestricted net position	<u>105,609</u>	<u>-</u>	<u>105,609</u>
513	Total equity/net position	<u>1,967,669</u>	<u>-</u>	<u>1,967,669</u>
600	Total liabilities and equity/net position	<u>\$ 1,986,191</u>	<u>\$ -</u>	<u>\$ 1,986,191</u>

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
FINANCIAL DATA SCHEDULE
HOUSING AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2013**

Line Item Number	Description	Low Rent Public Housing Program 14.850	Public Housing Capital Fund Program 14.872	Total
70300	Net tenant rental revenue	\$ 47,386	-	\$ 47,386
70400	Tenant revenue - other	<u>3,380</u>	<u>-</u>	<u>3,380</u>
70500	Total tenant revenue	<u>50,766</u>	<u>-</u>	<u>50,766</u>
70600	HUD PHA operating grants	63,937	4,000	67,937
70610	Capital Grants	-	84,397	84,397
72000	Investment income - restricted	<u>325</u>	<u>-</u>	<u>325</u>
70000	Total revenues	<u>115,028</u>	<u>88,397</u>	<u>203,425</u>
91100	Administrative salaries	29,834	-	29,834
91200	Auditing fees	2,000	-	2,000
91400	Advertising and marketing	378	-	378
91500	Employee benefit contributions - administrative	12,232	-	12,232
91600	Office expenses	20,787	-	20,787
91800	Travel	1,202	-	1,202
91900	Other operating - administrative	<u>8,859</u>	<u>-</u>	<u>8,859</u>
91000	Total operating - administrative	<u>75,292</u>	<u>-</u>	<u>75,292</u>
93100	Water	1,164	-	1,164
93200	Electricity	4,835	-	4,835
93300	Gas	<u>2,266</u>	<u>-</u>	<u>2,266</u>
93000	Total utilities	<u>8,265</u>	<u>-</u>	<u>8,265</u>
94100	Ordinary maintenance and operations - labor	20,615	-	20,615
94200	Ordinary maintenance and operations - materials and other	19,222	-	19,222
94300	Ordinary maintenance and operations - contract costs	16,992	-	16,992
94500	Employee benefit contributions - ordinary maintenance	<u>4,125</u>	<u>-</u>	<u>4,125</u>
94000	Total maintenance	<u>60,954</u>	<u>-</u>	<u>60,954</u>

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
FINANCIAL DATA SCHEDULE
HOUSING AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2013**

Line Item Number	Description	Low Rent Public Housing Program 14.850	Public Housing Capital Fund Program 14.872	Total
96110	Property insurance	12,206	-	12,206
96120	Liability insurance	2,406	-	2,406
96130	Workmen's compensation	1,490	-	1,490
96140	All other insurance	<u>101</u>	<u>-</u>	<u>101</u>
96100	Total insurance premiums	<u>16,203</u>	<u>-</u>	<u>16,203</u>
96200	Other general	<u>4,000</u>	<u>-</u>	<u>4,000</u>
96900	Total operating expenses	<u>164,714</u>	<u>-</u>	<u>164,714</u>
97000	Excess of operating revenue over operating expenses	<u>(49,686)</u>	<u>88,397</u>	<u>38,711</u>
97100	Extraordinary maintenance	<u>7,736</u>	<u>-</u>	<u>7,736</u>
97400	Depreciation expense	<u>75,832</u>	<u>4,689</u>	<u>80,521</u>
90000	Total expenses	<u>248,282</u>	<u>4,689</u>	<u>252,971</u>
10010	Operating transfer in	4,000	-	4,000
10020	Operating transfers out	<u>-</u>	<u>(4,000)</u>	<u>(4,000)</u>
10100	Total other financing sources (uses)	<u>4,000</u>	<u>(4,000)</u>	<u>-</u>
10000	Excess operating revenue over operating expenses	<u>(129,254)</u>	<u>79,708</u>	<u>(49,546)</u>
11030	Beginning Net Position	<u>2,017,215</u>	<u>-</u>	<u>2,017,215</u>
11040-070	Equity transfers - in (out) from (to) CFP grants	79,708	-	79,708
11040-080	Equity transfers - in (out) from (to) low rent	<u>-</u>	<u>(79,708)</u>	<u>(79,708)</u>
11040	Equity transfers	<u>79,708</u>	<u>(79,708)</u>	<u>-</u>
	Ending Net Position	<u>\$ 1,967,669</u>	<u>\$ -</u>	<u>\$ 1,967,669</u>

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
FINANCIAL DATA SCHEDULE
HOUSING AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2013**

Line Item Number	Description	Low Rent Public Housing Program 14.850	Public Housing Capital Fund Program 14.872	Total
11190	Unit months available	456	-	456
11210	Number of unit months leased	441	-	441
11270	Excess cash	\$ 85,389	\$ -	\$ 85,389
11650	Leasehold improvement and equipment purchases	\$ 33,314	\$ 84,397	\$ 117,711

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INDEPENDENT AUDITORS' 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*

Darren DeYapp, Mayor
and the
Village Council
Village of Chama, New Mexico
and
Hector H. Balderas
New Mexico State Auditor
Santa Fe, 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 aggregate discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue fund, of the Village of Chama, New Mexico, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Village, presented as supplemental information, and have issued our report thereon dated January 14, 2014.

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.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies: 2007-3, 2013-1, and 2013-3.

Compliance and Other Matters

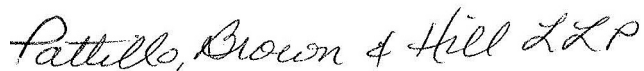
As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2012-3, 2013-2, 2013-4, and 2013-5.

Village of Chama, New Mexico's Response to Findings

The Village of Chama, New Mexico's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Village's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



Pattillo, Brown & Hill, LLP
Albuquerque, New Mexico
January 14, 2014

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**STATE OF NEW MEXICO
VILLAGE OF CHAMA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2013**

A. Findings – Financial Statements Audit

Prior Year

- 2007-3 Preparation of Financial Statements – Repeated
- 2012-1 Documentation for Accounts Receivable – Component Unit – Resolved
- 2012-2 Documentation for Customer Deposits – Component Unit – Resolved
- 2012-3 Late Submission of Audit Report – Repeated and modified

Current Year

- 2007-3 Preparation of Financial Statements – Repeated
- 2012-3 Late Submission of Audit Report – Repeated and modified
- 2013-1 Deposit of Public Money
- 2013-2 Outstanding Checks
- 2013-3 Reconciliation of Utility Deposits
- 2013-4 Procurement of Capital Assets – Component Unit
- 2013-5 Annual Inventory – Component Unit

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2013**

2007 – 3

**Preparation of Financial Statements – Repeated
(significant deficiency)**

- Condition:** The Village of Chama does not prepare their own financial statements.
- Criteria:** SAS 112 implies that the Village of Chama should have sufficient expertise in selecting and applying accounting principles in conformity with generally accepted accounting principles. The financial statements are prepared from their trial balance and adjusted to a GAAP basis by Pattillo, Brown & Hill, L.L.P.
- Effect:** The Village does not prepare their own financial statements on a GAAP basis.
- Cause:** The Village does not have the financial resources to keep an experienced accountant on staff and the Treasurer is required to maintain the trial balance.
- Recommendation:** The Village should continue to maintain the trial balance on a cash basis, reconciling all accounts each month. The auditor should propose entries to convert the trial balance to a GAAP basis. These entries should be reviewed and approved by the Treasurer and other responsible parties.
- Response:** The Village has hired a new Treasurer with experience in management and bookkeeping. The new Treasurer will attempt to supplement her experience by attending some training classes for governmental related accounting.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2013**

2012-3

**Late Submission of Audit Report – Repeated and modified
(compliance)**

Condition: The Village did not file their audit report by December 1, 2013, as required by the Office of the State Auditor. The audit report was submitted on January 27, 2014.

Criteria: Section 2.2.2.9 A(1)(d) Audit Rule 2013, Requirements for Contracting and Conducting Audits of Agencies, states “annual audit reports are to be received in the Office of the State Auditor on or before December 1st.”

Effect: The Village financial statements are not available for use in a timely fashion for internal purposes and public comment.

Cause: Due to the delayed receipt of the signed engagement letter from the Village by the auditor, there was a delay in the start of field work. The Village had staff turnover during the year and the necessity of delivering the signed engagement letter to the auditor prior to any work being performed was not communicated efficiently to other staff.

Recommendation: All required contracts and engagement letters should be completed, signed by management and sent to the appropriate entities as soon as possible to allow field work to be scheduled for timely completion of the audit report.

Response: The Village has filled vacant staff positions which will help with the submittal of a timely audit report. The Village will also insure the timely submittal by scheduling the auditors in the field at an earlier time.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2013**

2013-1

**Deposit of Public Money
(significant deficiency)**

- Condition:** During the testing of the cash receipts and deposits, of the sixty-five deposits tested for timely deposit, totaling \$172,130, ten deposits, totaling \$11,615, were not deposited by the Village within the 24 hour time period.
- Criteria:** State Statute, Section 6-10-3, NMSA 1978 requires agencies to deposit monies by the next business day after receipt.
- Effect:** The Village was not in compliance with State Statute, Section 6-10-3, NMSA 1978. A total of ten receipts were held for more than 24 hours before deposit. Holding deposits in excess of 24 hours could result in theft or loss of public monies.
- Cause:** Due to employee turnover and limited staffing the Village did not always make the deposits within 24 hours of receipt.
- Recommendation:** The Village should ensure the timely deposit of public monies collected by improving the transfer of monies to the bank. During times of limited staff or staff turnover, the Treasurer or Clerk should ensure that someone has been designated to make deposits timely.
- Response:** The Village has filled vacant staff positions and deposits are being made timely.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2013**

2013-2

**Outstanding Checks
(compliance)**

Condition: The Village has checks that are more than one year outstanding on the bank reconciliations at June 30, 2013 for the following accounts:

Account	Total checks outstanding at June 30, 2013	More than 1 year old
General Fund Checking	\$ 20,810	\$ 332
Program Fund	782	782
Library Fund	403	125
Lodger's Tax Fund	204	150
Sewer Fund	1,197	160
Streets Fund	1,093	279
Meter Fund	406	106
Total	<u>\$ 24,895</u>	<u>\$ 1,934</u>

Criteria: State Statute, Section 6-10-57 (A), NMSA 1978, states “whenever any warrant issued by the state, county, municipality, school district or special district is unpaid for one year after it becomes payable, the fiscal officer shall cancel it.”

Effect: The Village is continuing to reflect outstanding checks over one year old on their bank reconciliation.

Cause: The Village has not had the time to effectively research and resolve these outstanding items.

Recommendation: The Village should take the steps necessary to research and resolve these old outstanding items. Where necessary, these items should be appropriately escheated to the State.

Response: The Village has researched the outstanding checks and has taken the necessary action to remove outstanding checks over a year old from the outstanding check list, for the fiscal year ending 2014.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2013**

2013-3

**Reconciliation of Utility Deposits
(significant deficiency)**

- Condition:** The Village utility software does not agree to the trial balance for the utility deposits. The utility deposit balance reported by the utility software is \$43,154 the utility deposit balance reported in the trial balance is \$44,214, a difference of \$1,060.
- Criteria:** NMAC 2.20.5.8 (C) states “it is the responsibility of the chief financial officer to ensure that: (1) an internal control structure exists at the state agency and is functioning properly, and (7) all accounting systems, including subsidiary systems, are recording transactions timely, completely and accurately.”
- Effect:** The Village does not have an accurate listing of the utility deposits.
- Cause:** There has been staff turnover in the Treasurer’s office. The Village was without a Treasurer for half of the year. The new Treasurer did not start until after the audit fieldwork was completed, and has not had a chance to research and clean up the utility deposits.
- Recommendation:** The new Village Treasurer and the utility clerk should spend some time to research the difference between the trial balance and the utility software and update as necessary.
- Response:** The new Village Treasurer and the utility clerk have reviewed the current utility system, identified system limitations and input errors, and are working on the reconciliation of utility deposits. The Village is also researching new software that will better meet their needs.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2013**

2013-4 **Procurement of Capital Assets – Component Unit
(compliance)**

Condition: During the testing of fixed assets it was noted that the Housing Authority did not follow procurement requirements for the \$5,595 purchase of a snow plow truck attachment.

Criteria: 24 CFR Subtitle A (4-1-11 Edition), Section 85.36 (b)(1) states that “grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section.” New Mexico State laws and regulations according to NMAC 1.4.1.50 state “a State agency may procure services, construction or items of tangible personal property having a value not exceeding twenty thousand dollars (\$20,000) by issuing a direct purchase order to a contractor based upon the best obtainable price and in accordance with any procedures or processes set forth by the state purchasing agent.”

Effect: One of the purposes of the Procurement Code is to maximize the purchasing value of public funds. Absent verification of compliance with the procurement code, the Housing Authority cannot ensure that they were able to maximize the purchasing value of public funds.

Cause: The Housing Authority was not aware of the requirement to retain documentation in support of the best obtainable price for purchases that are under \$20,000.

Recommendation: The Housing Authority should review procurement thresholds and document compliance with procurement procedures. Documentation should be maintained with other support for the purchase.

Response: The Housing Authority has reviewed all procurement thresholds and will implement procedures to ensure that procurement requirements are followed for all purchases. The Executive Director will work with the fee accountant to ensure proper documentation is maintained and included as support for all fixed asset additions.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2013**

2013-5 **Annual Inventory – Component Unit**
(compliance)

Condition: The Village of Chama Housing Authority donated a vehicle to the Village of Chama during fiscal year 2013. The vehicle was purchased in 1995 for \$18,040. The vehicle had been prematurely removed from the depreciation schedule. This did not come to light until the vehicle was donated to the Village of Chama.

Criteria: The U.S. Department of Housing and Urban Development (HUD) Guidebook 7510.1 Chapter 2 Financial Operations and Accounting, Item 3 discusses internal control and states that “Internal controls are the methods by which an organization manages its activities to accomplish its intended goals. In addition, effective control and accountability must be maintained for all cash, real and personal property, and other assets. The HA must adequately safeguard all such property and must assure that it is used solely for authorized purposes.” NMAC 2.20.1.16 (D) states that “the inventory process shall produce a list of the property and the date and cost of acquisition. The annual physical inventory checks against losses, not previously revealed, and brings to light errors in records of accountability.” NMAC 2.20.1.16 (E) continues with "the results of the physical inventory shall be recorded in a written inventory report, certified as to correctness and signed by the governing authority of the agency."

Effect: The Village of Chama Housing Authority was not aware that the truck had been removed from the depreciation schedule prior to disposal. The Housing Authority was using a capital asset that was not accurately reflected on their capital asset inventory list.

Cause: An annual capital asset inventory was not taken and certified at year end.

Recommendation: The capital asset listing should be verified at year end and reconciled to the depreciation schedule. This list should then be certified by an official from the Housing Authority.

Response: The Housing Authority will work with the fee accountant to review and verify the capital asset listing at year end. The capital asset list will be reconciled to the depreciation schedule prior to the close of each year. A copy of the annual inventory will be certified by a governing official and retained.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
OTHER DISCLOSURES
JUNE 30, 2013**

EXIT CONFERENCE

An exit conference was held on January 14, 2014 with the Village of Chama Housing Authority and the Village of Chama. The audit and findings were discussed. The following individuals were present during the meeting:

Village of Chama

Darren DeYapp	Mayor
Marla Ulibarri	Treasurer
Denise Valdez-Gallegos	Clerk

Village of Chama, Housing Authority

Miranda Holm	Commissioner
Mike Trujillo	Executive Director

Pattillo, Brown & Hill, L.L.P.

Regina Gordon	CPA
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PREPARATION OF FINANCIAL STATEMENTS

The financial statements presented in this report have been prepared by the auditors, Pattillo, Brown and Hill, L.L.P., Certified Public Accountants; however the financial statements are the responsibility of the management.