

STATE OF NEW MEXICO  
VILLAGE OF CHAMA

AUDIT REPORT

JUNE 30, 2015



**AXIOM**

*Certified Public Accountants  
and Business Advisors LLC*

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
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JUNE 30, 2015**

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## **INTRODUCTORY SECTION**

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
OFFICIAL ROSTER  
JUNE 30, 2015**

**OFFICIAL ROSTER**

<b><u>Name</u></b>	<b><u>Title</u></b>
Jennifer Gallegos	Mayor
Billy Elbrock	Councilor
Scott Flury	Councilor
Milnor Manzanares	Councilor
Ron Russom	Councilor

**ADMINISTRATIVE OFFICIALS**

Mary Jo Piña	Municipal Judge
Gloria DeYapp	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

**FINANCIAL STATEMENTS SECTION**

## INDEPENDENT AUDITOR'S REPORT

To Timothy Keller  
New Mexico State Auditor  
and  
Jennifer Gallegos, Village Mayor  
and  
Village Council  
Village of Chama, New Mexico

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund of the Village of Chama (Village), as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village's nonmajor governmental and the budgetary comparisons for the major capital project funds and for 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, 2015, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village, as of June 30, 2015, and the respective changes in financial position, cash flows thereof and the respective budgetary comparisons for the general 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 non-major governmental funds of the Village as of June 30, 2015, and the respective changes in financial position thereof, and the respective budgetary comparisons for the major capital projects funds and all non-major funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Change in Accounting Principle**

As discussed in Note 9 to the financial statements, in 2015 the Village adopted new accounting guidance, GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

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

Accounting principles generally accepted in the United States of America require that the Schedule of Village’s Proportionate Share of the Net Pension Liability, and Schedule of Village Contributions on pages 64 and 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the Village's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The *other schedules required by Section 2.2.2.NMAC* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2015 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.



Axiom CPAs and Business Advisors, LLC  
Albuquerque, New Mexico  
December 9, 2015

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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 606,359	74,188	680,547	12,186
Investments	149,359	52,888	202,247	52,163
Accounts receivable (net of allowance for uncollectible)	271,328	81,914	353,242	7,465
Prepaid expense	-	-	-	11,659
Total current assets	<u>1,027,046</u>	<u>208,990</u>	<u>1,236,036</u>	<u>83,473</u>
Noncurrent assets				
Restricted cash	-	70,802	70,802	6,100
Restricted investments	-	109,439	109,439	
Capital assets				
Land	64,190	3,333	67,523	32,200
Construction in progress	1,072,255	62,332	1,134,587	-
Intangible assets - water rights	-	61,100	61,100	-
Capital assets being depreciated, net	<u>1,744,864</u>	<u>4,422,890</u>	<u>6,167,754</u>	<u>1,778,306</u>
Total noncurrent assets	<u>2,881,309</u>	<u>4,729,896</u>	<u>7,611,205</u>	<u>1,816,606</u>
<b>DEFERRED OUTFLOWS</b>				
Pension related	<u>35,451</u>	<u>-</u>	<u>35,451</u>	
Total assets and deferred outflows	<u>3,943,806</u>	<u>4,938,886</u>	<u>8,882,692</u>	<u>1,900,079</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  
JUNE 30, 2015**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	106,816	-	106,816	4,325
Accrued payroll liabilities	4,821	2,000	6,821	4,569
Current portion long term debt	-	14,957	14,957	-
Current portion landfill closure costs	-	5,000	5,000	-
Customer deposits	-	62,421	62,421	6,045
<b>Total current liabilities</b>	<b>111,637</b>	<b>84,378</b>	<b>196,015</b>	<b>14,939</b>
Noncurrent liabilities				
Compensated absences	9,314	-	9,314	-
Note payable	100,000	151,378	251,378	-
Net pension liability	362,750	-	362,750	-
Landfill (less current portion)	-	95,000	95,000	-
<b>Total noncurrent liabilities</b>	<b>472,064</b>	<b>246,378</b>	<b>718,442</b>	<b>-</b>
<b>Total liabilities</b>	<b>583,701</b>	<b>330,756</b>	<b>914,457</b>	<b>14,939</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related	142,163	-	142,163	-
Unearned grant revenue	35,595	-	35,595	-
<b>Total deferred inflows of resources</b>	<b>177,758</b>	<b>-</b>	<b>177,758</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	2,781,309	4,383,320	7,164,629	1,810,506
Restricted for				
Special revenue	153,306	-	153,306	-
Debt Service	-	144,573	144,573	-
Capital projects	242,505	-	242,505	-
Unrestricted	5,227	80,237	85,464	74,634
<b>Total net position</b>	<b>\$ 3,182,347</b>	<b>\$ 4,608,130</b>	<b>\$ 7,790,477</b>	<b>\$ 1,885,140</b>

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

<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>
<b>Primary Government</b>				
General government	\$ 1,410,592	49,317	-	-
Public safety	207,577	-	-	-
Public works	95,607	-	292,787	940,841
Culture and recreation	20,028	-	-	-
Total governmental activities	<u>1,733,804</u>	<u>49,317</u>	<u>292,787</u>	<u>940,841</u>
Business-type activities				
Sewer	317,616	157,724	-	-
Solid waste	152,826	103,961	-	-
Water	302,355	185,836	-	-
Total business-type activities	<u>772,797</u>	<u>447,521</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 2,506,601</u>	<u>496,838</u>	<u>292,787</u>	<u>940,841</u>
<b>Component Unit</b>				
Village of Chama Housing Authority	<u>\$ 262,640</u>	<u>78,264</u>	<u>102,884</u>	<u>-</u>

General revenues:  
Taxes:  
Property taxes, levied for general purposes  
Sales  
Lodgers  
Other  
Investment earnings  
Miscellaneous  
Total general revenues and transfers  
Change in net position

Net position, beginning,  
as previously stated  
Prior period restatement  
Net position, beginning,  
as restated

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	
(1,361,275)	\$ -	(1,361,275)	-
( 207,577)	-	( 207,577)	-
1,138,021	-	1,138,021	-
( 20,028)	-	( 20,028)	-
<u>( 450,859)</u>	<u>-</u>	<u>( 450,859)</u>	<u>-</u>
-	( 159,892)	( 159,892)	-
-	( 48,865)	( 48,865)	-
<u>-</u>	<u>( 116,519)</u>	<u>( 116,519)</u>	<u>-</u>
<u>-</u>	<u>( 325,276)</u>	<u>( 325,276)</u>	<u>-</u>
<u>( 450,859)</u>	<u>( 325,276)</u>	<u>( 776,135)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>( 81,492)</u>
170,394	-	170,394	-
701,213	56,529	757,742	-
115,599	-	115,599	-
-	-	-	-
950	116	1,066	208
91,874	4,226	96,100	-
<u>1,080,030</u>	<u>60,871</u>	<u>1,140,901</u>	<u>208</u>
629,171	( 264,405)	364,766	( 81,284)
<u>3,042,918</u>	<u>4,872,535</u>	<u>7,915,453</u>	<u>1,966,424</u>
<u>( 489,742)</u>	<u>-</u>	<u>( 489,742)</u>	<u>-</u>
<u>2,553,176</u>	<u>-</u>	<u>7,425,711</u>	<u>-</u>
<u>\$ 3,182,347</u>	<u>4,608,130</u>	<u>7,790,477</u>	<u>1,885,140</u>

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	<b>100 General Fund</b>	<b>402 SAP Fund</b>	<b>403 Street Fund</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 283,778	20,933	108,272
Investments	220	30,373	108,107
Property taxes receivable	105,898	-	-
Due from other governments	121,479	-	13,475
	<u>511,375</u>	<u>51,306</u>	<u>229,854</u>
Total assets	<u>\$ 511,375</u>	<u>51,306</u>	<u>229,854</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 106,816	-	-
Accrued liabilities	4,821	-	-
Total liabilities	<u>111,637</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources			
Unearned grant revenue	-	-	-
Unavailable property taxes	103,275	-	-
Total deferred inflows of resources	<u>103,275</u>	<u>-</u>	<u>-</u>
Fund Balances			
Non-spendable:	-	-	-
Restricted for			
Special revenue	-	-	-
Capital projects	-	51,306	229,854
Debt Service	-	-	-
Unassigned	296,463	-	-
Total fund balances	<u>296,463</u>	<u>51,306</u>	<u>229,854</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 511,375</u>	<u>51,306</u>	<u>229,854</u>

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

<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
193,376	606,359
10,659	149,359
-	105,898
<u>30,476</u>	<u>165,430</u>
 <u>234,511</u>	 <u>1,027,046</u>
  -	  106,816
 -	 4,821
<u>-</u>	<u>111,637</u>
  35,595	  35,595
 -	 103,275
<u>35,595</u>	<u>138,870</u>
  -	  -
 198,916	 198,916
 -	 281,160
 -	 -
 -	 296,463
<u>198,916</u>	<u>776,539</u>
  <u>234,511</u>	  <u>1,027,046</u>



**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, 2015**

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

Fund Balances - Total Governmental Funds	\$ 776,539
Defined benefit pension plan deferred outflows and inflows are not financial resources and, therefore, are not reported in the funds	35,451
Defined benefit pension plan deferred inflows and inflows are not financial obligations and, therefore, are not reported in the funds	( 142,163)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	4,974,397
Less accumulated depreciation	( 2,093,088)
Certain liabilities, including bonds payable and current and long-term portions of accrued compensated absences, are not due and payable in the current period and therefore are not reported in the funds:	
Net pension liability	( 362,750)
Compensated absences	( 9,314)
Bonds and notes payable	( 100,000)
A portion of property taxes receivable is not available to pay current period expenditures and, therefore, is deferred in the funds.	<u>103,275</u>
Net position of governmental activities	<u>\$ 3,182,347</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, 2015**

	<b>100 General Fund</b>	<b>402 SAP Fund</b>	<b>403 Street Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Taxes:					
Property	\$ 95,528	-	-	-	95,528
Gross receipts	304,964	-	-	-	304,964
Franchise	-	-	-	-	-
Lodgers' taxes	-	-	-	115,599	115,599
Other tax	371,217	-	25,032	-	396,249
Licenses and permits	9,960	-	-	-	9,960
Intergovernmental					
Federal	-	-	-	-	-
State	133,322	940,841	-	159,465	1,233,628
Charges for services	36,732	-	-	2,625	39,357
Fines	465	-	-	700	1,165
Interest on investments	338	83	316	213	950
Miscellaneous	27,715	10,051	49,865	3,079	90,710
Total revenues	<u>980,241</u>	<u>950,975</u>	<u>75,213</u>	<u>281,681</u>	<u>2,288,110</u>
<b>EXPENDITURES</b>					
<b>Current operations</b>					
General government	895,117	89,058	107	73,318	1,057,600
Public safety	60,201	-	-	142,765	202,966
Public works	202,725	18,995	38,488	-	260,208
Culture and recreation	40	-	-	19,988	20,028
<b>Capital outlay</b>	<u>-</u>	<u>840,885</u>	<u>-</u>	<u>-</u>	<u>840,885</u>
Total expenditures	<u>1,158,083</u>	<u>948,938</u>	<u>38,595</u>	<u>236,071</u>	<u>2,381,687</u>
Excess (deficiency) of revenues over expenditures	( 177,842)	2,037	36,618	45,610	( 93,577)
<b>OTHER FINANCING SOURCES (USES):</b>					
Debt proceeds	-	-	-	-	-
Transfer in (out)	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net changes in fund balances</b>	<u>( 177,842)</u>	<u>2,037</u>	<u>36,618</u>	<u>45,610</u>	<u>( 93,577)</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>474,305</u>	<u>49,269</u>	<u>193,236</u>	<u>153,306</u>	<u>870,116</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 296,463</u>	<u>\$ 51,306</u>	<u>\$ 229,854</u>	<u>\$ 198,916</u>	<u>\$ 776,539</u>

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

**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, 2015**

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

Net change in fund balances - total governmental funds	\$ ( 93,577)
Change in net pension liability	20,280

A portion of property tax receivable is not available to pay current period expenditures and, therefore, is deferred in the funds.	74,866
--	--------

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	840,884
Depreciation expense	( 210,902)

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	( <u>2,380</u> )
----------------------	------------------

Change in net position of governmental activities	\$ <u><u>629,171</u></u>
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**The notes to the financial statements are an integral part of this statement.**

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
GENERAL FUND 100  
STATEMENT OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Taxes				
Property	82,169	82,169	95,528	13,359
Gross receipts	418,395	418,395	252,083	(166,312)
Franchise	58,000	58,000	-	(58,000)
State shared	534,550	534,550	371,217	(163,333)
Licenses and permits	9,100	9,100	9,960	860
Intergovernmental				
State	-	-	133,322	133,322
Charges for services	38,000	38,000	36,732	(1,268)
Fines	3,200	3,200	465	(2,735)
Interest on investments	200	200	338	138
Miscellaneous	4,000	20,000	27,715	7,715
<i>Total revenues</i>	<u>1,147,614</u>	<u>1,163,614</u>	<u>927,360</u>	<u>(236,254)</u>
<b>EXPENDITURES</b>				
Current:				
General government	551,688	551,688	789,355	(237,667)
Public safety	86,295	86,295	60,201	26,094
Public works	435,265	435,265	202,725	232,540
Culture and recreation	63,096	63,096	40	63,056
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>1,136,344</u>	<u>1,136,344</u>	<u>1,052,321</u>	<u>84,023</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>11,270</u>	<u>27,270</u>	<u>(124,961)</u>	<u>(152,231)</u>
<i>Other financing sources (uses)</i>				
Debt proceeds	-	-	-	-
Transfers in	-	(184,049)	(126,411)	57,638
Transfers out	11,000	11,200	126,411	115,211
<i>Total other financing sources (uses)</i>	<u>11,000</u>	<u>(172,849)</u>	<u>-</u>	<u>172,849</u>
<i>Net change in fund balance</i>	11,270	27,270	(124,961)	(152,231)
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues				
Adjustments to expenditures			(52,881)	
Net change in fund balance (GAAP)			<u>\$ (177,842)</u>	

See Notes to Financial Statements.

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, 2015**

	<b>301 Sewer Fund</b>	<b>302 Solid Waste Fund</b>	<b>303 Water Fund</b>	<b>Total Proprietary Funds</b>
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 17,187	48,164	8,837	74,188
Investments	12,029	9,203	31,656	52,888
Accounts receivable (net of allowance for uncollectible)	-	-	-	-
	<u>41,153</u>	<u>15,681</u>	<u>25,080</u>	<u>81,914</u>
Total current assets	<u>70,369</u>	<u>73,048</u>	<u>65,573</u>	<u>208,990</u>
Noncurrent assets				
Restricted cash	-	35,668	35,134	70,802
Restricted investments	-	-	109,439	109,439
Capital assets				
Land	2,500	-	833	3,333
Construction in progress	-	62,332	-	62,332
Intangible assets - water rights	-	-	61,100	61,100
Capital assets being depreciated, net	<u>3,069,327</u>	<u>22,482</u>	<u>1,331,081</u>	<u>4,422,890</u>
Total noncurrent assets	<u>3,071,827</u>	<u>120,482</u>	<u>1,537,587</u>	<u>4,729,896</u>
Total assets	<u>3,142,196</u>	<u>193,530</u>	<u>1,603,160</u>	<u>4,938,886</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, 2015**

	<b>301 Sewer Fund</b>	<b>302 Solid Waste Fund</b>	<b>303 Water Fund</b>	<b>Total Proprietary Funds</b>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	-	-	-	-
Accrued expenses	-	-	2,000	2,000
Landfill payable	-	5,000	-	5,000
Bonds payable	-	4,957	10,000	14,957
Total current liabilities	<u>-</u>	<u>9,957</u>	<u>12,000</u>	<u>21,957</u>
Current liabilities payable from restricted assets				
Customer deposits payable	<u>-</u>	<u>-</u>	<u>62,421</u>	<u>62,421</u>
Noncurrent liabilities	-	-	-	-
Landfill payable (less current portion)	-	95,000	-	95,000
Bonds payable (less current portion)	<u>-</u>	<u>91,378</u>	<u>60,000</u>	<u>151,378</u>
Total noncurrent liabilities	<u>-</u>	<u>186,378</u>	<u>60,000</u>	<u>246,378</u>
Total liabilities	<u>-</u>	<u>196,335</u>	<u>134,421</u>	<u>330,756</u>
<b>NET POSITION</b>				
Net investment in capital assets	3,071,827	( 11,521)	1,323,014	4,383,320
Restricted for debt service	-	-	144,573	144,573
Unrestricted	<u>70,369</u>	<u>8,716</u>	<u>1,152</u>	<u>80,237</u>
Total net position	<u>\$ 3,142,196</u>	<u>\$( 2,805)</u>	<u>\$ 1,468,739</u>	<u>\$ 4,608,130</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, 2015**

	<b>301</b>	<b>302</b>	<b>303</b>	<b>Total</b>
	<b>Sewer</b>	<b>Solid</b>	<b>Water</b>	<b>Proprietary</b>
	<b>Fund</b>	<b>Waste</b>	<b>Fund</b>	<b>Fund</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>OPERATING REVENUES</b>				
Charges for sales and services:				
Charges for services	\$ 157,724	103,961	185,836	447,521
Total operating revenues	<u>157,724</u>	<u>103,961</u>	<u>185,836</u>	<u>447,521</u>
<b>OPERATING EXPENSES</b>				
Cost of sales and services	-	36,100	-	36,100
Administration	103,193	7,243	110,029	220,465
Other operating expenses	22,803	90,536	60,847	174,186
Depreciation	<u>191,620</u>	<u>18,947</u>	<u>131,479</u>	<u>342,046</u>
Total operating expenses	<u>317,616</u>	<u>152,826</u>	<u>302,355</u>	<u>772,797</u>
<b>Operating income (loss)</b>	<u>( 159,892)</u>	<u>( 48,865)</u>	<u>( 116,519)</u>	<u>( 325,276)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest revenue	-	21	95	116
Interest expense	-	( 95)	( 4,128)	( 4,223)
Miscellaneous revenue (expense)	5,822	-	2,627	8,449
Sales taxes	<u>5,960</u>	<u>42,255</u>	<u>8,314</u>	<u>56,529</u>
<b>Total nonoperating revenues (expenses)</b>	<u>11,782</u>	<u>42,181</u>	<u>6,908</u>	<u>60,871</u>
<b>Income (loss) before contributions and transfers</b>	<u>( 148,110)</u>	<u>( 6,684)</u>	<u>( 109,611)</u>	<u>( 264,405)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in net position</b>	<u>( 148,110)</u>	<u>( 6,684)</u>	<u>( 109,611)</u>	<u>( 264,405)</u>
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>3,290,306</u>	<u>3,879</u>	<u>1,578,350</u>	<u>4,872,535</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 3,142,196</u>	<u>( 2,805)</u>	<u>1,468,739</u>	<u>4,608,130</u>

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

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

	<u>Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Water Fund</u>	<u>Total Proprietary Funds</u>
<b>Cash flows from operating activities</b>				
Cash received from customers	\$ 130,962	106,438	188,705	426,105
Cash payments to employees for services	-	-	-	-
Cash payments to suppliers for goods and services	( 126,378)	( 135,695)	( 171,607)	( 433,680)
Net cash provided (used) by operating activities	<u>4,584</u>	<u>( 29,257)</u>	<u>17,098</u>	<u>( 7,575)</u>
<b>Cash flows from noncapital financing activities</b>				
Taxes received	-	42,255	10,941	53,196
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Net cash provided by noncapital financing activities	<u>-</u>	<u>42,255</u>	<u>10,941</u>	<u>53,196</u>
<b>Cash flows from capital and related financing activities</b>				
Proceeds from LT debt	11,782	96,335	-	108,117
(Acquisition) disposition of capital assets	-	( 24,438)	-	( 24,438)
Principal paid on debt	-	( 13,270)	( 10,000)	( 23,270)
Interest paid on debt	-	( 95)	( 4,128)	( 4,223)
Net cash provided (used) by capital financing activities	<u>11,782</u>	<u>58,532</u>	<u>( 14,128)</u>	<u>56,186</u>
<b>Cash flows from investing activities</b>				
Purchase of investments	( 13)	( 17)	( 140)	( 170)
Interest on investments	-	21	95	116
Net cash provided (used) by noncapital investing activities	<u>( 13)</u>	<u>4</u>	<u>( 45)</u>	<u>( 54)</u>
Net increase in cash and cash equivalents	<u>16,353</u>	<u>71,534</u>	<u>13,866</u>	<u>101,753</u>
Unrestricted cash and equivalents beginning of year	834	12,298	1,161	14,293
Restricted cash beginning of year	-	-	28,944	28,944
Total cash and equivalents beginning of year	<u>834</u>	<u>12,298</u>	<u>30,105</u>	<u>43,237</u>
Cash and equivalents end of year	<u>\$ 17,187</u>	<u>83,832</u>	<u>43,971</u>	<u>144,990</u>

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



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

	<u>Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Water Fund</u>	<u>Total Proprietary Funds</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income	\$( 159,892)	(48,865)	(116,519)	(325,276)
Adjustments to reconcile operating income to net cash provided (used) in operating activities:				
Depreciation expense	191,620	(18,947)	131,479	304,152
Decrease (increase) in customer receivable	( 26,762)	2,477	(3,331)	(27,616)
Increase (decrease) in accounts payable	( 382)	(22)	-	(404)
Increase (decrease) in accrued liabilities	-	-	(731)	(731)
Increase (decrease) in customer deposits	-	-	6,200	6,200
Increase (decrease) in landfill closure costs	-	36,100	-	36,100
Net cash provided by operating activities	<u>\$ 4,584</u>	<u>(29,257)</u>	<u>17,098</u>	<u>(7,575)</u>
<b>CASH PER FINANCIAL STATEMENTS</b>				
Cash and cash equivalents	\$ 17,187	48,164	8,837	74,188
Restricted cash	-	35,668	35,134	70,802
Cash and equivalents end of year	<u>\$ 17,187</u>	<u>83,832</u>	<u>43,971</u>	<u>144,990</u>

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

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 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 Housing Authority and then approved by 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 8<sup>th</sup>, Chama, New Mexico, 87520.

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Reporting Entity (Continued)**

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.

**B. 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.

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.

STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

The Village reports the following major governmental funds:

**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.

**Capital Project – 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.

**Capital Project – 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 and state grants for street improvements.

The Village reports the following major proprietary funds:

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

**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.

**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.

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*.

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

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.

**C. 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.

**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.

**STATE OF NEW MEXICO  
 VILLAGE OF CHAMA  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, Net Position and Fund Balance (Continued)**

**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:

Assets	Years
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

**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.

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, Net Position and Fund Balance (Continued)**

**Deferred Inflows of Resources**

In addition to liabilities, the statement of financial position reports a separate section for *deferred inflows of resources*. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Village has two types of items, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable property taxes and unavailable grant revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**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.

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, Net Position and Fund Balance (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.

**New Accounting Pronouncements**

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. This Statement is effective for periods beginning after December 15, 2012. The Village has adopted GASB 65 for the year ending June 30, 2014.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, becomes effective in the fiscal year ending June 30, 2015. The new standard will substantially change accounting and financial reporting for the Village's participation in the Public Employees Retirement System (PERA), a cost sharing multiple-employer defined benefit retirement plan. The new standard will require the Village's financial statements that use the economic resources measurement focus and accrual accounting to recognize a liability for the Village's proportionate share of PERA's net pension liability, to recognize pension expense, and to report deferred outflows of resources and deferred inflows of resources related to pensions, for their proportionate shares of PERA's collective pension expense and collective deferred outflows of resources and deferred inflows of resources.



**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 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. 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.

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

**Pensions**

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

**NOTE 3. CASH AND CASH EQUIVALENTS – GOVERNMENTAL AND PROPRIETARY FUNDS**

	<b>Balance Per Bank June 30</b>	<b>Add Deposits In Transit</b>	<b>Less Outstanding Checks</b>	<b>Balance Per Books June 30</b>
<b>Washington Federal</b>				
<b>Checking Accounts</b>				
General - 100	\$ 122,415	\$ 51	\$ 19,632	\$ 102,834
General - 100	180,162			180,162
Chama Days - 100	782	-	-	782
Capital Projects - SAP - 402	20,933	-	-	20,933
Infrastructure - 403	122,919	-	15,300	107,619
Capital Projects - Street - 403	1,046	505	898	653
EMS-201	668	-	80	588
Fire - 202	148,927	-	660	148,267
Law Enforcement-203	128	-	-	128
Library-204	16,247	-	68	16,179
Lodgers' Tax-205	18,436	-	122	18,314
Recreation -206	1,979	-	351	1,628
LGD-207	4,730	-	-	4,730
Cemetery-208	3,542	-	-	3,542
Sewer - 301	17,187	-	-	17,187
Solid Waste - 302	35,668	-	-	35,668
Solid Waste - 302	48,164	-	-	48,164
Water Fund - 303	8,333	-	-	8,333
Water Fund - Int Sinking - 303	2,068	-	-	2,068
Water Fund - Meter Deposit	33,328	-	262	33,066
CDBG	504	-	-	504

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 3. CASH AND CASH EQUIVALENTS – GOVERNMENTAL AND PROPRIETARY FUNDS (CONTINUED)**

	Balance Per Bank <u>June 30</u>	Add Deposits <u>In Transit</u>	Less Outstanding <u>Checks</u>	Balance Per Books <u>June 30</u>
<b>Washington Federal</b>				
<b>Certificates of Deposit -Governmental</b>				-
General Fund - 100	220	-	-	220
EMS - 201	1,841	-	-	1,841
Recreation Fund - 206	543	-	-	543
LG Corrections - 207	4,153	-	-	4,153
Cemetery - 208	4,122	-	-	4,122
SAP Fund - 402	30,373	-	-	30,373
Infrastructure Fund - 403	108,107	-	-	108,107
<b>Certificates of Deposit - Proprietary</b>				
Solid Waste - 302	9,203	-	-	9,203
Water Fund - 303	31,656	-	-	31,656
Water Fund - 303	29,622	-	-	29,622
<b>Community Bank - Certificates of Deposit</b>				
Street Fund - 301	214	-	-	214
Street Fund - 301	11,815	-	-	11,815
Water Fund - 303	32,003	-	-	32,003
Water Fund - 303	47,644	-	-	47,644
Water Fund - 303	170	-	-	170
Total Cash in Banks	\$ <u>1,099,852</u>	\$ <u>556</u>	\$ <u>37,373</u>	\$ <u>1,063,035</u>

As Reported in Financial Statements:

Equity in Cash:	Cash	\$ 680,547
	Restricted Cash	70,802
	Investments	202,247
	Restricted Investments	<u>109,439</u>
		\$ <u>1,063,035</u>

STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 3. CASH AND CASH EQUIVALENTS – GOVERNMENTAL AND PROPRIETARY FUNDS (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>
<b>Washington Federal</b>				
<b>Checking Accounts</b>				
General	\$ 8,989	-	-	\$ 8,989
Security Deposits	6,100	-	-	6,100
CFP	3,152	-	-	3,152
<b>Certificates of Deposit</b>	<u>52,163</u>	<u>-</u>	<u>-</u>	<u>52,163</u>
Total Cash in Banks	\$ <u>70,404</u>	<u>-</u>	<u>-</u>	<u>70,404</u>
Petty Cash				<u>45</u>
Total Cash per Books				<u>70,449</u>
 As Reported in Financial Statements:				
Equity in Cash				
Cash				\$ 12,186
Restricted Cash				6,100
Investments				<u>52,163</u>
				<u>\$ 70,449</u>

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 3. CASH AND CASH EQUIVALENTS – GOVERNMENTAL AND PROPRIETARY FUNDS (CONTINUED)**

**Pledged Collateral**

	Washington Federal	Community Bank	Total
Deposits	\$ 1,008,005	\$ 91,847	\$ 1,099,852
FDIC	<u>500,000</u>	<u>91,847</u>	<u>591,847</u>
Total uninsured public funds	508,005	-	508,005
<b>Collateral pledged:</b>			
<b>Washington Federal</b>			
FHLMC Gold PC A94288;			
Cusip 3620E0NW2; 8/20/2061			
	<u>1,066,592</u>	<u>-</u>	<u>1,066,592</u>
Uninsured and uncollateralized	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Collateral requirement			
(50% of uninsured funds)	\$ 254,003	\$ -	\$ 254,003
Pledged collateral	<u>1,066,592</u>	<u>-</u>	<u>1,066,592</u>
Over (under) collateralized	<u>\$ 812,590</u>	<u>\$ -</u>	<u>\$ 812,590</u>

	Washington Federal
Deposits	\$ <u>70,404</u>
FDIC	<u>(70,404)</u>
Total uninsured public funds	-
<b>Collateral pledged:</b>	<u>35,553</u>
<b>Washington Federal:</b>	
GNMA2 G2895800	
Cusip 3620E0NW2 8/20/2061	
Uninsured and uncollateralized	\$ <u>-</u>

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 3. CASH AND CASH EQUIVALENTS – GOVERNMENTAL AND PROPRIETARY FUNDS (CONTINUED)**

**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, 2015, none of the Village’s bank balance of \$1,099,852 was exposed to custodial credit risk.

**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, 2015, none of the Component Unit’s bank balance of \$70,404 was exposed to custodial risk.

**NOTE 4. 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:

	<b>Governmental Funds</b>				<b>Proprietary Funds</b>			<b>Total</b>
	<b>General</b>	<b>SAP</b>	<b>Street</b>	<b>Other Non-</b>	<b>Sewer</b>	<b>Solid Waste</b>	<b>Water</b>	
Receivables:								
Customer	\$ -	\$ -	\$ -	\$ -	\$ 47,320	\$ 22,573	\$ 34,486	\$ 104,379
Taxes								
Property	105,898	-	-	-	-	-	-	105,898
Franchise	-	-	-	-	-	-	-	-
Gross receipts	-	-	-	-	-	-	-	-
Motor vehicle fees	-	-	-	-	-	-	-	-
Other governments	<u>121,479</u>	<u>-</u>	<u>13,475</u>	<u>30,476</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>165,430</u>
Gross receivables	227,377	-	13,475	30,476	47,320	22,573	34,486	375,707
Less: allowance for uncollectible	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,167</u>	<u>6,892</u>	<u>9,406</u>	<u>22,465</u>
Net receivables	<u>\$ 227,377</u>	<u>\$ -</u>	<u>\$ 13,475</u>	<u>\$ 30,476</u>	<u>\$ 41,153</u>	<u>\$ 15,681</u>	<u>\$ 25,080</u>	<u>\$ 353,242</u>

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 4. RECEIVABLES (CONTINUED)**

**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>11,634</u>
Gross receivables		11,634
Less: allowance for uncollectible		<u>4,169</u>
Net receivables	\$	<u><u>7,465</u></u>

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustmen</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 64,190	\$ -	\$ -	\$ -	\$ 64,190
Construction in progress	<u>231,371</u>	<u>840,884</u>	<u>-</u>	<u>-</u>	<u>1,072,255</u>
Total capital assets not being depreciated	<u>295,561</u>	<u>840,884</u>	<u>-</u>	<u>-</u>	<u>1,136,445</u>
Capital assets, being depreciated:					
Buildings and improvements	1,936,927	-	-	-	1,936,927
Equipment and other	1,027,030	-	(1,500)	-	1,025,530
Infrastructure	<u>875,495</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>875,495</u>
Total capital assets being depreciated	<u>3,839,452</u>	<u>-</u>	<u>(1,500)</u>	<u>-</u>	<u>3,837,952</u>
Less accumulated depreciation:					
Buildings and improvements	731,592	73,293	-	-	804,885
Equipment and other	697,710	62,248	(1,500)	-	758,458
Infrastructure	<u>454,384</u>	<u>75,361</u>	<u>-</u>	<u>-</u>	<u>529,745</u>
Total accumulated depreciation	<u>1,883,686</u>	<u>210,902</u>	<u>(1,500)</u>	<u>-</u>	<u>2,093,088</u>
Total capital assets being depreciated, net	<u>1,955,766</u>	<u>(210,902)</u>	<u>-</u>	<u>-</u>	<u>1,744,864</u>
Governmental activities capital assets, net	<u><u>\$ 2,251,327</u></u>	<u><u>\$ 629,982</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,881,309</u></u>

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 5. CAPITAL ASSETS (CONTINUED)**

	Beginning Balance	Increases	Decrease	Adjustmen	Ending Balance
<b>Business-type Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 3,333	\$ -	\$ -	\$ -	\$ 3,333
Construction in progress	-	62,332	-	-	62,332
Water rights	61,100	-	-	-	61,100
Total capital assets not being depreciated	<u>64,433</u>	<u>62,332</u>	<u>-</u>	<u>-</u>	<u>126,765</u>
Capital assets, being depreciated:					
Buildings and improvements	9,249,677	-	-	-	9,249,677
Equipment and other	467,317	-	-	-	467,317
Total capital assets being depreciated	<u>9,716,994</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,716,994</u>
Less accumulated depreciation:					
Buildings and improvements	4,563,094	302,686	-	-	4,865,780
Equipment and other	388,964	39,360	-	-	428,324
Total accumulated depreciation	<u>4,952,058</u>	<u>342,046</u>	<u>-</u>	<u>-</u>	<u>5,294,104</u>
Total capital assets being depreciated, net	<u>4,764,936</u>	<u>(342,046)</u>	<u>-</u>	<u>-</u>	<u>4,422,890</u>
Business-type activities capital assets, net	<u>\$ 4,829,369</u>	<u>\$ (279,714)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,549,655</u>



**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 5. CAPITAL ASSETS (CONTINUED)**

**Capital Assets – Component Unit**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustmen</u>	<u>Ending Balance</u>
<b>Component unit</b>					
Capital assets not being					
Land and land rights	\$ 32,200	\$ -	\$ -	\$ -	\$ 32,200
Capital assets being					
Buildings and improvements	3,036,679	-	(3,154)	-	3,033,525
Equipment and other	174,899	-	-	-	174,899
Total capital assets being	<u>3,211,578</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,208,424</u>
Less accumulated depreciation					
Buildings and improvements	1,231,256	84,312	-	-	1,315,568
Equipment and other	114,550	-	-	-	114,550
Total accumulated depreciation	<u>1,345,806</u>	<u>84,312</u>	<u>-</u>	<u>-</u>	<u>1,430,118</u>
Total capital assets being depreciated, net					
	<u>1,865,772</u>	<u>(84,312)</u>	<u>-</u>	<u>-</u>	<u>1,778,306</u>
Component unit capital assets, net	<u>\$ 1,897,972</u>	<u>\$ (84,312)</u>	<u>\$ (3,154)</u>	<u>\$ -</u>	<u>\$ 1,810,506</u>

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

Governmental Activities:

General government	\$ 97,016
Public safety	71,707
Public works	42,179
Total Depreciation Expense - Governmental Activities	<u>\$ 210,902</u>

Business-type Activities:

Sewer	\$ 186,795
Solid waste	18,383
Water	136,867
Total Depreciation Expense - Business-type Activities	<u>\$ 342,046</u>

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 6. INTERFUND ACTIVITY**

**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:

Fund	Transfers In	Transfers Out
General-100	\$ 126,411	126,411
205	67	67
210	184,049	184,049
301	2,583	2,583
302	14,488	14,488
303	14,000	14,000
402	5,822	5,822
	<u>\$ 347,420</u>	<u>347,420</u>

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.

**NOTE 7. DEBT AND OTHER LONG TERM LIABILITIES**

**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. This project has been extended through December 2015.

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 7. DEBT AND OTHER LONG TERM LIABILITIES (CONTINUED)**

**Description of Business-Type activities: Bonds**

***Water & Sewer and Utility Revenue Bonds:***

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>Original Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Outstanding</u>
211,000	6/6/2022	5.00%	\$ 70,000
			<u>\$ 70,000</u>

The bond issue requires 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 the amounts calculated for the reserve required as of June 30, 2014.

A Water Fund Loan from the New Mexico Finance Authority dated January 30, 2015 was issued in the amount of \$98,000 at a fixed coupon rate of .25% to provide funds for the design and construction of a treatment pond and a new water tank. Principal and interest payments are due and payable each June 1 through the year 2034.

<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, 2014 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	54,956
Excess reserve	<u>\$ 11,481</u>

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 7. DEBT AND OTHER LONG TERM LIABILITIES (CONTINUED)**

**Bond and Loan Payable**

A summary of the terms of long term debt outstanding for the business-type activities at June 30, 2015 follows:

**Revenue Bond:**

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>
2016	\$ 10,000	3,500
2017	10,000	4,000
2018	10,000	3,500
2019	10,000	3,000
2020	10,000	2,500
2021-2022	20,000	2,000
	<u>\$ 70,000</u>	<u>18,500</u>

**Water Loan:**

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>
2016	4,957	239
2017	4,888	227
2018	4,941	214
2019	4,953	202
2020	4,966	190
2021-2034	71,630	1,334
	<u>\$ 96,335</u>	<u>2,406</u>

**STATE OF NEW MEXICO  
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NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 7. DEBT AND OTHER LONG TERM LIABILITIES (CONTINUED)**

**Changes in Long-term Liabilities**

Long-term liability activity for the year ended June 30, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due One Year</u>
<b>Governmental activities</b>					
Notes payable	\$ 100,000	\$ -	\$ -	\$ 100,000	\$ -
Compensated absences	6,934	13,770	11,390	9,314	-
Governmental activities- long-term liabilities	<u>\$ 106,934</u>	<u>\$ 13,770</u>	<u>\$ 11,390</u>	<u>\$ 109,314</u>	<u>\$ -</u>
<b>Business-type activities</b>					
Revenue bonds	\$ 80,000	\$ -	\$ 10,000	\$ 70,000	\$ 10,000
Water fund loan	-	98,000	1,665	96,335	4,957
Lease-purchase payable	13,270	-	13,270	-	-
Business-type activities- long-term liabilities	<u>\$ 93,270</u>	<u>\$ 98,000</u>	<u>\$ 24,935</u>	<u>\$ 166,335</u>	<u>\$ 14,957</u>

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

**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 twelfth year of monitoring and expects monitoring costs to approximate \$5,000 per year. Twenty years remain in the monitoring period. Total estimated balance at June 30, 2015 of current and long-term post closure costs are \$5,000 and \$95,000 respectively. The Village expects to defray a portion of these costs with grants from the State of New Mexico and other available sources.

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 8. RESTRICTED NET POSITION/RESERVED FUND BALANCES**

The government-wide statement of net position reports \$395,811 of restricted net position, of which \$153,306 is restricted by enabling legislation, \$242,505 is restricted for capital projects.

**NOTE 9. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ACT**

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

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 366.

**Benefits provided:** For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2014 available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf).

**Contributions:** The contribution requirements of defined benefit plan members and the Village are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at [http://osanm.org/media/audits/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf). The PERA coverage options that apply to the Village are Municipal Plan 2. Statutorily required contributions to the pension plan from the Village were \$35,451 and employer paid member benefits that were “picked up” by the employer were \$0 for the year ended June 30, 2015.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:** The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2014. The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 9. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ACT (CONTINUED)**

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

**For PERA Fund Division Municipal Plan 2**, at June 30, 2015, the Village reported a liability of \$362,750 for its proportionate share of the net pension liability. At June 30, 2014, the Village’s proportion was 0.0465% percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the Village recognized PERA Fund Division Municipal Plan 2 pension expense of \$15,171. At June 30, 2015, the Village reported PERA Fund Division Municipal Plan 2 deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 141,917
Changes in assumptions	-	246
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between Village’s contributions and proportionate share of contributions	-	-
Village’s contributions subsequent to the measurement date	<u>35,451</u>	<u>-</u>
Total	\$ <u>35,451</u>	\$ <u>142,163</u>

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 9. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ACT (CONTINUED)**

\$35,451 reported as deferred outflows of resources related to pensions resulting from the Village’s contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	35,540
2017	35,540
2018	35,540
2019	35,540
2020	2

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

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



**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 9. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ACT (CONTINUED)**

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	21.1%	5.00%
International Equity	24.8%	5.20%
Private Equity	7.0%	8.20%
Core and Global Fixed Income	26.1%	1.85%
Fixed Income Plus Sectors	5.0%	4.80%
Real Estate	5.0%	5.30%
Real Assets	7.0%	5.70%
Absolute Return	4.0%	4.15%
Total	100.0%	

**Discount rate:** The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan’s fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

**PERA Fund Division Municipal Plan 2**

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Village’s proportionate share of the net pension liability	\$ 683,865	362,750	114,673

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 9. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ACT (CONTINUED)**

**Pension plan fiduciary net position:** Detailed information about the pension plan's fiduciary net position is available in the separately issued FY14 Restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

**Payables to the pension plan:** The Village accrued \$406 in PERA benefits at June 30, 2015 for the pay period beginning June 22, 2015, and ending July 5, 2015.

**NOTE 10. RETIREE HEALTH CARE ACT**

**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](http://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.

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 10. RETIREE HEALTH CARE ACT (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, 2014, 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, 2014, 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, 2015, 2014 and 2013 were \$6,859, \$5,936, and \$7,738, respectively, which equal the required contributions for each year.

**NOTE 11. 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.

**NOTE 12. JOINT POWERS 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. 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 Village of Rio Arriba and the Village 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.

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 13. COMMITMENTS AND CONTINGENCIES**

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 expended \$840,884 of the grant and loan funds during the fiscal year ending June 30, 2015.

**NOTE 14. RELATED PARTY TRANSACTIONS**

During the fiscal year ending June 30, 2015 the Village paid \$5,961 for trucking services to Russom Trucking and Russom & Sons, LLC. The business is owned by Ron Russom, a member of the Village Council.

**NOTE 15. PRIOR PERIOD ADJUSTMENT**

The prior period statements were restated as a result of implementing GASB Statement No. 68 in fiscal year 2015. As a result of recording the net entries related to the statement of net position and statement of activities, the prior period net position decreased in the amount of \$489,742.

**REQUIRED SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
JUNE 30, 2015**

**New Mexico PERA Pension Plan  
Schedule of Ten Year Tracking Data\*  
(Dollars in Thousands)**

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Village's Proportion of the Net Pension Liability (Asset)	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Village's Proportionate Share of Net Pension Liability (Asset)	\$ 363	-	-	-	-	-	-	-	-	-
Village's Covered-Employee Payroll	\$ 404	-	-	-	-	-	-	-	-	-
Village's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	1037.14%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.29%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
SCHEDULE OF VILLAGE CONTRIBUTIONS  
JUNE 30, 2015

New Mexico PERA Pension Plan  
Schedule of Ten Year Tracking Data\*  
(Dollars in Thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 35	-	-	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	35	-	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	-	-	-	-

Increase (Decrease) in Pension Expense over Recognition Periods

Year	Total Amount Deferred	Amortization Years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014	\$ 142	5		\$ 35	35	35	35	2				
2015	-	5										
2016	-	5										
2017	-	5										
2018	-	5										
2019	-	5										
2020	-	5										
2021	-	5										
2022	-	5										
2023	-	5										
	<u>\$ 142</u>			<u>\$ 35</u>	<u>35</u>	<u>35</u>	<u>35</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

**SUPPLEMENTARY INFORMATION**



## 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 Village 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.

**FIRE FUND** – 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.

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	<b>Special Revenue Funds</b>			
	<b>201</b>	<b>203</b>	<b>204</b>	<b>205</b>
	EMS Fund	Law Enforcement Fund	Library Fund	Lodgers' Tax Fund
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 588	128	16,179	18,314
Investments	1,841	-	-	-
Property taxes receivable	-	-	-	-
Due from other governments	-	-	-	30,476
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total current assets	<u>\$ 2,429</u>	<u>128</u>	<u>16,179</u>	<u>48,790</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Current liabilities				
Deferred revenue	\$ -	-	-	-
Total current liabilities	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Deferred Inflows of Resources				
Property taxes	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Fund balances				
Restricted for:				
Special revenue	2,429	128	16,179	48,790
Capital projects	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>2,429</u>	<u>128</u>	<u>16,179</u>	<u>48,790</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,429</u>	<u>128</u>	<u>16,179</u>	<u>48,790</u>

<b>Special Revenue Funds</b>				
<b>206</b>	<b>207</b>	<b>208</b>	<b>202</b>	Total
Recreation Fund	Local Corrections Fund	Cemetery Fund	Fire Fund	Nonmajor Governmental Funds
1,628	4,730	3,542	148,267	193,376
543	4,153	4,122	-	10,659
-	-	-	-	-
-	-	-	-	30,476
<u>2,171</u>	<u>8,883</u>	<u>7,664</u>	<u>148,267</u>	<u>234,511</u>
-	-	-	35,595	35,595
-	-	-	35,595	35,595
-	-	-	-	-
2,171	8,883	7,664	112,672	198,916
-	-	-	-	-
<u>2,171</u>	<u>8,883</u>	<u>7,664</u>	<u>112,672</u>	<u>198,916</u>
<u>2,171</u>	<u>8,883</u>	<u>7,664</u>	<u>148,267</u>	<u>234,511</u>

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

**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, 2015**

	Special Revenue Funds			
	201	203	204	205
	EMS Fund	Law Enforcement Fund	Library Fund	Lodgers' Tax Fund
REVENUES				
Taxes	\$ -			
Lodgers' taxes	-	-	-	115,599
Intergovernmental				
State	9,691	20,000	15,280	-
Charges for services	-	-	-	-
Fines	-	-	-	300
Interest on investments	3	21	15	18
Miscellaneous	-	15	1,732	262
Total revenues	<u>9,694</u>	<u>20,036</u>	<u>17,027</u>	<u>116,179</u>
EXPENDITURES				
Current operations				
General Government	-	-	-	72,947
Public safety	11,900	35,701	-	-
Culture and recreation	-	-	18,501	-
Total expenditures	<u>11,900</u>	<u>35,701</u>	<u>18,501</u>	<u>72,947</u>
Excess (deficiency) of revenues over expenditures	<u>(2,206)</u>	<u>(15,665)</u>	<u>(1,474)</u>	<u>43,232</u>
OTHER FINANCING SOURCES (USES):				
Transfers in (out)	-	-	-	-
Total Other financing sources (uses)	-	-	-	-
Net changes in fund balances	<u>(2,206)</u>	<u>(15,665)</u>	<u>(1,474)</u>	<u>43,232</u>
FUND BALANCE, BEGINNING OF YEAR	<u>4,635</u>	<u>15,793</u>	<u>17,653</u>	<u>5,558</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,429</u>	<u>128</u>	<u>16,179</u>	<u>48,790</u>

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

Special Revenue Funds				Total
206	207	208	202	
Recreation Fund	Local Corrections Fund	Cemetery Fund	Fire Fund	Nonmajor Governmental Funds
-	-	-	-	115,599
-	-	-	114,494	159,465
2,625	-	-	-	2,625
-	400	-	-	700
1	8	8	139	213
-	-	-	1,070	3,079
<u>2,626</u>	<u>408</u>	<u>8</u>	<u>115,703</u>	<u>281,681</u>
-	-	371	-	73,318
-	500	-	94,664	142,765
<u>1,487</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,988</u>
<u>1,487</u>	<u>500</u>	<u>371</u>	<u>94,664</u>	<u>236,071</u>
<u>1,139</u>	<u>(92)</u>	<u>(363)</u>	<u>21,039</u>	<u>45,610</u>
-	-	-	-	-
-	-	-	-	-
<u>1,139</u>	<u>(92)</u>	<u>(363)</u>	<u>21,039</u>	<u>45,610</u>
<u>1,032</u>	<u>8,975</u>	<u>8,027</u>	<u>91,633</u>	<u>153,306</u>
<u>2,171</u>	<u>8,883</u>	<u>7,664</u>	<u>112,672</u>	<u>198,916</u>

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
EMS FUND 201  
STATEMENT OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
State	\$ 11,000	11,000	9,691	(1,309)
Interest on investments	-	-	3	3
Miscellaneous	200	200	-	(200)
<i>Total revenues</i>	<u>11,200</u>	<u>11,200</u>	<u>9,694</u>	<u>(1,506)</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public safety	10,000	10,000	10,000	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>1,200</u>	<u>1,200</u>	<u>(306)</u>	<u>(1,506)</u>
<i>Other financing sources (uses)</i>				
Debt proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	1,200	1,200	(306)	(1,506)
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			<u>(1,900)</u>	
Net change in fund balance (GAAP)			\$ <u><u>(2,206)</u></u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
LAW ENFORCEMENT FUND 203  
STATEMENT OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental				
State	20,000	20,000	20,000	-
Charges for services	-	-	-	-
Fines	-	-	-	-
Interest on investments	-	-	21	21
Miscellaneous	-	-	15	15
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>20,036</u>	<u>36</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public safety	20,000	35,793	35,701	92
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>20,000</u>	<u>35,793</u>	<u>35,701</u>	<u>92</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(15,793)</u>	<u>(15,665)</u>	<u>128</u>
<i>Other financing sources (uses)</i>				
Debt proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	(15,793)	(15,665)	128
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net change in fund balance (GAAP)			<u>\$ (15,665)</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
LIBRARY FUND 204  
STATEMENT OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental				
Federal	\$ -	-	-	-
State	20,500	20,500	15,280	(5,220)
Charges for services	-	-	-	-
Fines	-	-	-	-
Interest on investments	-	-	15	15
Miscellaneous	-	-	1,732	1,732
Total revenues	<u>20,500</u>	<u>20,500</u>	<u>17,027</u>	<u>(3,473)</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	20,500	20,500	17,106	3,394
Capital outlay	-	-	-	-
Total expenditures	<u>20,500</u>	<u>20,500</u>	<u>17,106</u>	<u>3,394</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(79)</u>	<u>(79)</u>
<i>Other financing sources (uses)</i>				
Debt proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(79)	(79)
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			(1,395)	
Net change in fund balance (GAAP)			<u>\$ (1,474)</u>	

See Notes to Financial Statements.



**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
LODGERS' TAX FUND 205  
STATEMENT OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Taxes				
Property	-	-	-	-
Gross receipts	-	-	-	-
Franchise	-	-	-	-
Lodgers' taxes	78,000	78,000	115,599	37,599
State shared	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Charges for services	-	-	-	-
Fines	-	-	300	300
Interest on investments	-	-	18	18
Miscellaneous	2,000	2,000	262	1,738
Total revenues	<u>80,000</u>	<u>80,000</u>	<u>116,179</u>	<u>39,655</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government	78,000	78,000	68,001	9,999
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>78,000</u>	<u>78,000</u>	<u>68,001</u>	<u>9,999</u>
Excess (deficiency) of revenues over expenditures	<u>2,000</u>	<u>2,000</u>	<u>48,178</u>	<u>46,178</u>
<i>Other financing sources (uses)</i>				
Debt proceeds	-	-	-	-
Transfers in	-	-	(67)	(67)
Transfers out	-	-	67	67
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	2,000	2,000	48,178	46,178
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			(4,946)	
Net change in fund balance (GAAP)			<u>\$ 43,232</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
RECREATION FUND 206  
STATEMENT OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes				
Property	\$ -	-	-	-
Gross receipts	-	-	-	-
Franchise	-	-	-	-
Lodgers' taxes	-	-	-	-
State shared	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Charges for services	-	-	2,625	2,625
Fines	-	-	-	-
Interest on investments	-	-	1	1
Miscellaneous	6,000	6,000	-	(6,000)
Total revenues	<u>6,000</u>	<u>6,000</u>	<u>2,626</u>	<u>(3,374)</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	6,000	6,000	1,487	4,513
Capital outlay	-	-	-	-
Total expenditures	<u>6,000</u>	<u>6,000</u>	<u>1,487</u>	<u>4,513</u>
Excess (deficiency) of revenues over expenditures	-	-	1,139	1,139
<i>Other financing sources (uses)</i>				
Debt proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	1,139	1,139
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net change in fund balance (GAAP)			<u>\$ 1,139</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
LOCAL CORRECTIONS FUND 207  
STATEMENT OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Taxes				
Property	-	-	-	-
Gross receipts	-	-	-	-
Franchise	-	-	-	-
Lodgers' taxes	-	-	-	-
State shared	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Charges for services	-	-	-	-
Fines	1,200	1,200	400	800
Interest on investments	-	-	8	(8)
Miscellaneous	75	75	-	75
Total revenues	<u>1,275</u>	<u>1,275</u>	<u>408</u>	<u>867</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government	-	-	-	-
Public safety	-	500	500	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>500</u>	<u>500</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>1,275</u>	<u>775</u>	<u>(92)</u>	<u>867</u>
<i>Other financing sources (uses)</i>				
Debt proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	1,275	775	(92)	867
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net change in fund balance (GAAP)			<u>\$ (92)</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
CEMETERY FUND 208  
STATEMENT OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Taxes				
Property	-	-	-	-
Gross receipts	-	-	-	-
Franchise	-	-	-	-
Lodgers' taxes	-	-	-	-
State shared	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Charges for services	1,300	1,300	-	1,300
Fines	-	-	-	-
Interest on investments	30	30	8	22
Miscellaneous	-	-	-	-
Total revenues	<u>1,330</u>	<u>1,330</u>	<u>8</u>	<u>1,322</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	1,500	1,500	371	1,129
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>1,500</u>	<u>1,500</u>	<u>371</u>	<u>1,129</u>
Excess (deficiency) of revenues over expenditures	<u>(170)</u>	<u>(170)</u>	<u>(363)</u>	<u>2,451</u>
<i>Other financing sources (uses)</i>				
Debt proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	1,330	1,330	(363)	3,580
<i>Fund balance, beginning of year</i>	-	-	-	-
<i>Fund balance, end of year</i>	\$ <u>1,330</u>	<u>1,330</u>	<u>(363)</u>	<u>3,580</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net change in fund balance (GAAP)			\$ <u>(363)</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**VILLAGE OF CHAMA**  
**FIRE FUND 202**  
**STATEMENT OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)**  
**YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Taxes				
Property	-	-	-	-
Gross receipts	-	-	-	-
Franchise	-	-	-	-
Lodgers' taxes	-	-	-	-
State shared	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental				
Federal	-	-	-	-
State	67,500	70,089	114,494	44,405
Charges for services	-	-	-	-
Fines	-	-	-	-
Interest on investments	-	-	139	139
Miscellaneous	2,000	2,000	1,070	(930)
Total revenues	<u>69,500</u>	<u>72,089</u>	<u>115,703</u>	<u>43,614</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government	-	-	-	-
Public safety	147,500	147,500	94,664	52,836
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>147,500</u>	<u>147,500</u>	<u>94,664</u>	<u>52,836</u>
Excess (deficiency) of revenues over expenditures	<u>(78,000)</u>	<u>(75,411)</u>	<u>21,039</u>	<u>96,450</u>
<i>Other financing sources (uses)</i>				
Debt proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(78,000)	(75,411)	21,039	96,450
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ <u>(78,000)</u>	<u>(75,411)</u>	<u>21,039</u>	<u>96,450</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net change in fund balance (GAAP)			\$ <u>21,039</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
SAP FUND 402  
STATEMENT OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Taxes				
Property	\$ -	-	-	-
Gross receipts	-	-	-	-
Franchise	-	-	-	-
Lodgers' taxes	-	-	-	-
State shared	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental				
Federal	-	-	-	-
State	8,725,600	8,725,600	940,841	7,784,759
Charges for services	-	-	-	-
Fines	-	-	-	-
Interest on investments	-	-	83	83
Miscellaneous	-	-	10,051	10,051
Total revenues	<u>8,725,600</u>	<u>8,725,600</u>	<u>950,975</u>	<u>7,794,893</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	1,640,000	1,640,000	948,938	691,062
Total expenditures	<u>1,640,000</u>	<u>1,640,000</u>	<u>948,938</u>	<u>691,062</u>
Excess (deficiency) of revenues over expenditures	<u>7,085,600</u>	<u>7,085,600</u>	<u>2,037</u>	<u>8,485,955</u>
<i>Other financing sources (uses)</i>				
Debt proceeds	-	-	-	-
Transfers in	-	-	(5,822)	(5,822)
Transfers out	-	-	5,822	5,822
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	7,085,600	7,085,600	2,037	8,485,955
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			53,454	
Adjustments to expenditures			(53,454)	
Net change in fund balance (GAAP)			<u>\$ 2,037</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**VILLAGE OF CHAMA**  
**STATEMENT OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)**  
**STREET FUND 403**  
**YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes				
Property	\$ -	-	-	-
Gross receipts	-	-	-	-
Franchise	-	-	-	-
Lodgers' taxes	-	-	-	-
State shared	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental				
Federal	-	-	-	-
State	85,000	85,000	22,936	(62,064)
Charges for services	-	-	-	-
Fines	-	-	-	-
Interest on investments	-	-	316	316
Miscellaneous	-	-	49,865	49,865
Total revenues	<u>85,000</u>	<u>85,000</u>	<u>73,117</u>	<u>(11,883)</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government	-	-	107	(107)
Public safety	-	-	-	-
Public works	85,000	85,000	38,488	46,512
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>85,000</u>	<u>85,000</u>	<u>38,595</u>	<u>46,405</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>34,522</u>	<u>34,522</u>
<i>Other financing sources (uses)</i>				
Debt proceeds	-	-	-	-
Transfers in	-	-	(184,049)	(184,049)
Transfers out	-	-	184,049	184,049
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	85,000	85,000	34,522	81,034
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ <u>85,000</u>	<u>85,000</u>	<u>34,522</u>	<u>81,034</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			2,096	
Adjustments to expenditures			-	
Net change in fund balance (GAAP)			<u>\$ 36,618</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
SEWER FUND 301  
STATEMENT OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>OPERATING REVENUES</b>				
Charges for services	\$ 130,000	130,000	184,486	54,486
Total operating revenues	<u>130,000</u>	<u>130,000</u>	<u>184,486</u>	<u>54,486</u>
<b>OPERATING EXPENSES</b>				
<b>Current:</b>				
Cost of sales and services	130,000	130,000	125,996	4,004
Administration	-	-	-	-
Other operating expenses	-	-	-	-
Depreciation	-	-	-	-
Total operating expenses	<u>130,000</u>	<u>130,000</u>	<u>125,996</u>	<u>4,004</u>
Operating income (loss)	<u>-</u>	<u>-</u>	<u>58,490</u>	<u>58,490</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment revenue	-	-	-	-
Interest expense	-	-	-	-
Miscellaneous revenue	-	-	5,822	(5,822)
Sales taxes	-	-	5,960	(5,960)
Nonoperating revenues (expenses)	<u>-</u>	<u>-</u>	<u>11,782</u>	<u>(11,782)</u>
<i>Other financing sources (uses)</i>				
Capital grants - federal	-	-	-	-
Transfers in	-	-	(2,583)	(2,583)
Transfers out	-	-	2,583	2,583
Other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	70,272	46,708
<i>Fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance, end of year</i>	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>70,272</u></u>	<u><u>46,708</u></u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			(26,762)	
Adjustments to expenditures			<u>(191,620)</u>	
Net change in fund balance (GAAP)			\$ <u><u>(148,110)</u></u>	

See Notes to Financial Statements.



**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
SOLID WASTE FUND 302  
STATEMENT OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>OPERATING REVENUES</b>				
Charges for services	\$ 100,000	100,000	101,484	1,484
Interest on Investments	75	75	-	(75)
Gross Receipts- dedicatated	50,000	50,000	-	(50,000)
Total operating revenues	<u>150,075</u>	<u>150,075</u>	<u>101,484</u>	<u>(48,591)</u>
<b>OPERATING EXPENSES</b>				
<b>Current:</b>				
Cost of sales and services	-	-	-	-
Administration	149,000	149,500	133,879	15,621
Other operating expenses	-	-	-	-
Depreciation	-	-	-	-
Total operating expenses	<u>149,000</u>	<u>149,500</u>	<u>133,879</u>	<u>15,621</u>
Operating income (loss)	<u>1,075</u>	<u>575</u>	<u>(32,395)</u>	<u>(32,970)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment revenue	-	-	21	21
Interest expense	-	-	(95)	(95)
Miscellaneous revenue	-	-	-	-
Sales taxes	-	-	42,255	42,255
Nonoperating revenues (expenses)	<u>-</u>	<u>-</u>	<u>42,181</u>	<u>42,181</u>
<i>Other financing sources (uses)</i>				
Capital grants - federal	-	-	-	-
Transfers in	-	-	(14,488)	(14,488)
Transfers out	-	-	14,488	14,488
Other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>\$ 1,075</u>	<u>575</u>	<u>9,786</u>	<u>9,211</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			2,477	
Adjustments to expenditures			(18,947)	
Net change in fund balance (GAAP)			<u>\$ (6,684)</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**VILLAGE OF CHAMA**  
**WATER FUND 303**  
**STATEMENT OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)**  
**YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>OPERATING REVENUES</b>				
Charges for services	\$ 195,000	195,000	189,167	(5,833)
Interest on Investments	150	150	-	(150)
Total operating revenues	<u>195,150</u>	<u>195,150</u>	<u>189,167</u>	<u>(5,983)</u>
<b>OPERATING EXPENSES</b>				
<b>Current:</b>				
Cost of sales and services	180,000	180,000	160,876	19,124
Administration	-	-	-	-
Other operating expenses	-	-	-	-
Depreciation	-	-	-	-
Total operating expenses	<u>180,000</u>	<u>180,000</u>	<u>160,876</u>	<u>19,124</u>
Operating income (loss)	<u>15,150</u>	<u>15,150</u>	<u>28,291</u>	<u>13,141</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment revenue	-	-	95	95
Miscellaneous revenue	-	-	2,627	2,627
Sales Tax	-	-	8,314	8,314
Interest expense	-	-	(4,128)	(4,128)
Nonoperating revenues (expenses)	<u>-</u>	<u>-</u>	<u>6,908</u>	<u>6,908</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital grants - federal	-	-	-	-
Transfers in	-	-	(14,488)	(14,488)
Transfers out	-	-	14,488	14,488
Other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>15,150</u>	<u>15,150</u>	<u>35,199</u>	<u>20,049</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			(3,331)	
Adjustments to expenditures			<u>(141,479)</u>	
Net change in fund balance (GAAP)			<u>\$ (109,611)</u>	

See Notes to Financial Statements.

**COMPONENT UNIT**

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
STATEMENT OF NET POSITION  
COMPONENT UNIT - HOUSING AUTHORITY  
JUNE 30, 2015**

**ASSETS**

Current assets	
Cash and cash equivalents	\$ 12,186
Investments	52,163
Accounts receivable, net	7,465
Prepaid expense	<u>11,659</u>
Total current assets	<u>83,473</u>
Noncurrent assets	
Restricted cash	6,100
Capital assets	
Land	32,200
Capital assets being depreciated, net	<u>1,778,306</u>
Total noncurrent assets	<u>1,816,606</u>
Total assets	<u>1,900,079</u>

**LIABILITIES**

Current liabilities	
Accounts payable	4,325
Accrued payroll liabilities	<u>4,569</u>
Total current liabilities	<u>8,894</u>
Current liabilities payable from restricted assets	
Customer deposits payable	<u>6,045</u>
Total liabilities	<u>14,939</u>

**NET POSITION**

Invested in capital assets, net of related debt	1,778,306
Unrestricted	<u>106,834</u>
Total net position	<u>\$ 1,885,140</u>

STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
COMPONENT UNIT - HOUSING AUTHORITY  
FOR THE YEAR ENDED JUNE 30, 2015

**OPERATING REVENUES**

Charges for services	\$ 70,305
Operating grants	102,884
Other charges	<u>7,959</u>
Total operating revenues	<u>181,148</u>

**OPERATING EXPENSES**

Administration	146,365
Other operating expenses	31,961
Depreciation	<u>84,314</u>
Total operating expenses	<u>262,640</u>

<b>Operating (loss)</b>	<u>(81,492)</u>
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**NONOPERATING REVENUES (EXPENSES)**

Interest revenue	<u>208</u>
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<b>Nonoperating revenues (expenses)</b>	<u>208</u>
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<b>Change in net position</b>	(81,284)
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<b>NET POSITION, BEGINNING OF YEAR</b>	<u>1,966,424</u>
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<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 1,885,140</u></u>
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**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
STATEMENT OF CASH FLOWS  
COMPONENT UNIT - HOUSING AUTHORITY  
FOR THE YEAR ENDED JUNE 30, 2015**

**Cash flows from operating activities**

Cash received from customers	\$ 74,891
Cash received from HUD operating grants	102,884
Cash payments to employees for services	(83,301)
Cash payments to supplies for goods and services	<u>(117,187)</u>
Net cash provided by operating activities	<u>(22,713)</u>

**Cash flows from capital and related financing activities**

Cash received from grants	-
(Acquisition) disposition of capital assets	<u>3,152</u>
Net cash provided by capital financing activities	<u>3,152</u>

**Cash flows from investing activities**

Sale of investments	6,931
Interest on investments	<u>208</u>
Net cash provided by noncapital investing activities	<u>7,139</u>

Net (decrease) in cash and cash equivalents	<u>(12,422)</u>
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Unrestricted cash and equivalents beginning of year	23,962
Restricted cash beginning of year	<u>6,746</u>
Total cash and equivalents beginning of year	<u>30,708</u>

Cash and equivalents end of year	<u><u>\$ 18,286</u></u>
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**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
STATEMENT OF CASH FLOWS  
COMPONENT UNIT - HOUSING AUTHORITY  
FOR THE YEAR ENDED JUNE 30, 2015**

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

Operating income	\$ (81,492)
Adjustments to reconcile operating income to net cash provided (used) in operating activities:	
Depreciation expense	84,314
Decrease (increase) in customer receivable	(2,878)
Increase (decrease) in accounts payable	(24,992)
Increase (decrease) in accrued liabilities	3,820
Increase (decrease) in customer deposits	(495)
Increase (decrease) in prepaid expense	<u>(990)</u>
Net cash provided by operating activities	<u>\$ (22,713)</u>

**CASH PER FINANCIAL STATEMENTS**

Cash and cash equivalents	\$ 12,186
Restricted cash	<u>6,100</u>
Cash and equivalents end of year	<u>\$ 18,286</u>

STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
BUDGET and ACTUAL  
COMPONENT UNIT - HOUSING AUTHORITY  
YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 70,000	\$ 70,000	\$ 70,305	\$ 305
Operating grants	92,000	110,880	102,884	( 7,996)
Other charges	<u>1,800</u>	<u>500</u>	<u>7,959</u>	<u>7,459</u>
Total operating revenues	<u>163,800</u>	<u>181,380</u>	<u>181,148</u>	<u>( 232)</u>
<b>OPERATING EXPENSE</b>				
Administration	32,000	32,000	31,961	39
Other operating expenses	<u>159,000</u>	<u>154,900</u>	<u>146,365</u>	<u>8,535</u>
Total operating expenses	<u>191,000</u>	<u>186,900</u>	<u>178,326</u>	<u>8,574</u>
<b>Operating income (loss)</b>	<u>( 27,200)</u>	<u>( 5,520)</u>	<u>2,822</u>	<u>8,342</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment revenue	500	500	208	( 292)
CFP grant	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Nonoperating revenues (expenses)</b>	<u>500</u>	<u>500</u>	<u>208</u>	<u>( 292)</u>
<b>NON-BUDGETED ITEMS</b>				
Depreciation	<u>-</u>	<u>-</u>	<u>( 84,314)</u>	<u>( 84,314)</u>
<b>Total non-budgeted items</b>	<u>-</u>	<u>-</u>	<u>( 84,314)</u>	<u>( 84,314)</u>
<b>Net (loss)</b>	<u><u>\$( 26,700)</u></u>	<u><u>\$( 5,020)</u></u>	<u><u>\$( 81,284)</u></u>	<u><u>\$( 76,264)</u></u>



**OTHER SUPPLEMENTARY INFORMATION**

STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
FINANCIAL DATA SCHEDULE  
HOUSING AUTHORITY  
FOR THE YEAR ENDED JUNE 30, 2015

Line Item Number	Description	Low Rent Public Housing Program 14.850
111	Cash - unrestricted	\$ <u>12,186</u>
100	Total cash	<u>12,186</u>
122	Accounts receivable - HUD other projects	
126	Accounts receivable - tenants - dwelling rents	11,634
126.1	Allowance for doubtful accounts - dwelling rents	( <u>4,169</u> )
120	Total receivables, net of allowance for doubtful accounts	<u>7,465</u>
131	Investments - unrestricted	52,163
142	Prepaid expense and other assets	<u>11,659</u>
150	Total current assets	<u>83,473</u>
114	Cash - tenant security deposits	<u>6,100</u>
161	Land	32,200
162	Buildings	2,134,481
163	Furniture, equipment and machinery - dwellings	94,216
164	Furniture, equipment and machinery - administration	66,312
165	Leasehold improvements	913,416
166	Accumulated depreciation	( 1,430,119 )
160	Total capital assets, net of accumulated depreciation	<u>1,810,506</u>
180	Total non-current assets	<u>1,816,606</u>
190	Total assets	\$ <u><u>1,900,079</u></u>

STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
FINANCIAL DATA SCHEDULE  
HOUSING AUTHORITY  
FOR THE YEAR ENDED JUNE 30, 2015

Line Item Number	Description	Low Rent Public Housing Program 14.850
312	Accounts Payable <=90 days	4,325
321	Accrued wage/payroll taxes payable	4,569
341	Tenant Security deposits	<u>6,045</u>
310	Total current liabilities	<u>14,939</u>
508.1	Net investment in capital assets	1,778,306
512.1	Unrestricted net position	<u>106,834</u>
513	Total equity/net position	<u>1,885,140</u>
600	Total liabilities and equity/net position	\$ <u><u>1,900,079</u></u>

STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
FINANCIAL DATA SCHEDULE  
HOUSING AUTHORITY  
FOR THE YEAR ENDED JUNE 30, 2015

Line Item Number	Description	Low Rent Public Housing Program 14.850
70300	Net tenant rental revenue	70,305
70400	Tenant revenue - other	260
70500	Total tenant revenue	70,565
70600	HUD PHA operating grants	102,884
70610	Capital Grants	-
71100	Investment income - restricted	208
71500	Other revenue	7,699
70000	Total revenues	181,356
91100	Administrative salaries	31,961
91200	Auditing fees	2,901
91400	Advertising and marketing	245
91500	Employee benefit contributions - administrative	23,183
91600	Office expenses	12,681
91800	Travel	2,174
91900	Other operating - administrative	10,886
91000	Total operating - administrative	84,031
93100	Water	2,383
93200	Electricity	5,450
93300	Gas	3,344
93000	Total utilities	11,177
94100	Ordinary maintenance and operations - labor	22,429
94200	Ordinary maintenance and operations - materials and other	16,083
94300	Ordinary maintenance and operations - contract costs	20,509
94500	Employee benefit contributions - ordinary maintenance	5,728
94000	Total maintenance	64,749

STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
FINANCIAL DATA SCHEDULE  
HOUSING AUTHORITY  
FOR THE YEAR ENDED JUNE 30, 2015

Line Item Number	Description	Low Rent Public Housing Program 14.850
96110	Property insurance	13,861
96120	Liability insurance	2,562
96130	Workmen's compensation	1,699
96140	All other insurance	<u>247</u>
96100	Total insurance premiums	<u>18,369</u>
96900	Total operating expenses	<u>178,326</u>
97000	Excess of operating revenue over operating expenses	<u>3,030</u>
97400	Depreciation expense	<u>84,314</u>
90000	Total expenses	<u>262,640</u>
10000	Excess operating revenue over operating expenses	( <u>81,284</u> )
11030	Beginning Net Position	<u>1,966,424</u>
11040-070	Equity transfers - in (out) from (to) CFP grants	-
11040-080	Equity transfers - in (out) from (to) low rent	<u>-</u>
11040	Equity transfers	<u>-</u>
	Ending Net Position	\$ <u><u>1,885,140</u></u>

**STATE OF NEW MEXICO**  
**VILLAGE OF CHAMA**  
**FINANCIAL DATA SCHEDULE**  
**HOUSING AUTHORITY**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Line Item Number	Description	Low Rent Public Housing Program 14.850	
11190	Unit months available		456
11210	Number of unit months leased		388
11270	Excess cash	\$	-
11620	Building purchases	\$	-
11650	Leasehold improvement and equipment purchases	\$	-



## **COMPLIANCE SECTION**



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

To Timothy Keller  
New Mexico State Auditor  
and  
Jennifer Gallegos, Village Mayor  
And  
Village Council  
Village of Chama, 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, business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund of the Village of Chama (Village) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Village, presented as supplemental information, and have issued our report thereon dated December 9, 2015.

**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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency:2014-001

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2015-001.

### **The Village's Response to Findings**

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. 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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Axiom CPAs and Business Advisors, LLC  
Albuquerque, New Mexico  
December 9, 2015

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2015**

**II. Findings – Financial Statements Audit**

**2014-001                      Utility Auto Billing (significant deficiency) (Repeated and modified)**

**Condition:**                      The Village of Chama auto-billed their water and sewer charges, with no manual or auto meter readings being performed for any utility customer during the year.

The Village switched to a conventional system of reading actual usage consumed by the utility customers in the fourth quarter of fiscal year 2015 and thus did not have the issue completely resolved during the majority of the year. We anticipate that this finding will be fully resolved for the fiscal year 2016 audit.

**Criteria:**                      NMSA 1978 3-27-4 states “A municipality owning and operating a water utility may for the purpose of maintaining and repairing water facilities levy by general ordinance a just and reasonable service charge upon volume-of-water or other reasonable basis.” The municipality cannot maintain and repair properly its utility infrastructure if the proper amount of revenues are not being collected.

**Effect:**                      Water and sewer customers were billed a set amount with no meter readings being taken during the year. This in effect could result in under billing customers based on actual water usage.

**Cause:**                      The Village has been using grant money to replace manual read meters with radio read meters. The Village has not had the trained staff, and software to read meters and bill customers for actual usage.

**Recommendation:**                      During the year meters should be read on a periodic basis and customers should be charged and billed for actual water usage.

**Response:**                      The Village of Chama has implemented new software and is systematically replacing non-readable meters in order to resolve this issue

**Corrective action/  
timeline:**                      Full ability to read meters and bill consumers for actual usage should be complete by June of 2016.

The Clerk’s office is responsible for this function.

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2015**

**2015-001**

**Payment in excess of contract amount (Other matter)**

**Condition:** During our testing internal of controls over travel and per diem, in 1 out of 5 transactions tested, it was noted that a contractor was paid for travel time and was reimbursed for mileage totaling \$480 that was not identified in the respective contract.

**Criteria:** Pursuant to 6-5-2 (C) NMSA 1978, agencies shall implement internal accounting controls to prevent accounting errors and violations of state and federal law and rules related to financial matters.

**Effect:** Public monies were disbursed for services rendered that were not explicitly documented in a contractual agreement with the contractor, and in effect, the amounts disbursed were in excess of the allowable amount.

**Cause:** Management was unaware that the contract did not provide for the additional expenditures.

**Recommendation:** We recommend that all service or other contracts be reviewed by legal counsel prior to execution to insure that there are no provisions or lack of provisions that would subject the Village to such potential violations.

**Response:** The Village of Chama immediately reviewed and amended the contractor agreement to include payment for travel, for samples testing.

**Corrective action / timeline:** The Treasurer's office is responsible for ensuring contractor agreements accurately represent contractor responsibilities and reimbursement.

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
SUMMARY OF PRIOR YEAR FINDINGS  
JUNE 30, 2015**

Prior Year

2014-001	Utility Auto Billing	Repeated and modified
2014-002	Expenditures in excess of budget	Resolved
2013-003	Reconciliation of Utility Deposits	Resolved
2014-004	Contractor reporting	Resolved

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
OTHER DISCLOSURES  
JUNE 30, 2015**

**EXIT CONFERENCE**

An exit conference was held on December 9, 2015 with the Village of Chama Housing Authority and the Village of Chama. The overall results of the audit and related findings were discussed. The following individuals were present during the meeting:

**Village of Chama**

Ron Russom	Council Member
Marla Ulibarri	Treasurer
Nicole Leyba	Deputy Treasurer

**Village of Chama, Housing Authority**

Tommy Baeza	Housing Authority Board Member
Michael Trujillo	Executive Director

**Axiom CPAs and Business Advisors, LLC**

Chris Garner, CPA	Audit Partner
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**PREPARATION OF FINANCIAL STATEMENTS**

The financial statements presented in this report have been prepared by Axiom CPAs and Business Advisors, LLC; however the financial statements are the responsibility of the management.