

STATE OF NEW MEXICO

VILLAGE OF CHAMA

Audit Report
June 30, 2016



AXIOM

*Certified Public Accountants
and Business Advisors LLC*

TABLE OF CONTENTS

	<u>Page Number</u>
<u>INTRODUCTORY SECTION</u>	
Official Roster	1
<u>FINANCIAL STATEMENTS SECTION</u>	
Independent Auditors’ Report	2
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position	5
Statement of Activities	7
Fund Financial Statements	
Balance Sheet-Governmental Funds.....	9
Reconciliation of the Balance Sheet of Governmental Funds	
Statement of Net Position	11
Statement of Revenues, Expenditures and Changes in Fund Balances	
Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in	
Fund Balances of Governmental Funds to the Statement of Activities	13
Statement of Revenues, Expenditures and Changes in Fund Balances	
Budget (Non-GAAP Basis) and Actual (Budgetary Basis):	
General Fund	14
Statement of Net Position – Proprietary Funds.	15
Statement of Revenues, Expenses and Changes in Fund Net Position –	
Proprietary Funds.....	17
Statement of Cash Flows – Proprietary Funds	18
Notes to the Financial Statements	20
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Schedule of the Village’s Proportionate Share of Net Pension Liability	48
Schedule of Village Contributions	49
Notes to Pension Required Supplementary Information	50
<u>SUPPLEMENTARY INFORMATION</u>	
Nonmajor Governmental Funds	51

TABLE OF CONTENTS (continued)

Combining and Individual Fund Financial Statements:

Combining Balance Sheet – Nonmajor Governmental Funds 52

Combining Statement of Revenues, Expenditures and Changes in
Fund Balances – Nonmajor Governmental Funds..... 54

**Statement of Revenues, Expenditures and Changes in Fund Balances-
Budget (Non-GAAP Basis) and Actual (Budgetary Basis):**

EMS Fund 56
Law Enforcement Fund 57
Library Fund 58
Lodgers’ Tax Fund 59
Recreation Fund..... 60
Local Corrections Fund 61
Cemetery Fund 62
Fire Fund 63
SAP Fund 64
Street Fund 65

**Statement of Revenues, Expenses and Changes in Fund Net Position –
Budget and Actual:**

Sewer Fund 66
Solid Waste Fund 67
Water Fund 68

COMPONENT UNIT

Statement of Net Position – Housing Authority 69

**Statement of Revenues, Expenses and Changes in Fund Net
Position – Housing Authority 70**

Statement of Cash Flows – Housing Authority 71

**Schedule of Revenues, Expenses and Changes in Fund Net
Position – Budget and Actual
Housing Authority 73**

OTHER SUPPLEMENTARY INFORMATION

Financial Data Schedule – Housing Authority..... 74

Schedule of Vendors..... 79

TABLE OF CONTENTS (continued)

COMPLIANCE SECTION

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	80
Schedule of Findings and Responses	82
Exit Conference	84

INTRODUCTORY SECTION

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
OFFICIAL ROSTER
JUNE 30, 2016**

OFFICIAL ROSTER

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

ADMINISTRATIVE OFFICIALS

Mary Jo Piña	Municipal Judge
Marla Ulibarri	Treasurer
Maggie Valdez	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, 2016, 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, 2016, 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, 2016, 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, 2016, 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.

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 48 and 49 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 7, 2016 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 7, 2016

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF NET POSITION
JUNE 30, 2016**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 521,167	136,658	657,825	28,676
Investments	270,046	53,053	323,099	52,354
Accounts receivable (net of allowance for uncollectible)	29,842	91,497	121,339	3,946
Due from other governments	370,654	-	370,654	11,617
Total current assets	<u>1,191,709</u>	<u>281,208</u>	<u>1,472,917</u>	<u>96,593</u>
Noncurrent assets				
Restricted cash	-	80,847	80,847	7,126
Restricted investments	-	109,504	109,504	
Capital assets				
Land	64,190	13,333	77,523	32,200
Construction in progress	2,323,847	62,332	2,386,179	-
Intangible assets - water rights	-	61,100	61,100	-
Capital assets being depreciated, net	<u>1,541,262</u>	<u>4,132,201</u>	<u>5,673,463</u>	<u>1,766,429</u>
Total noncurrent assets	<u>3,929,299</u>	<u>4,459,317</u>	<u>8,388,616</u>	<u>1,805,755</u>
DEFERRED OUTFLOWS				
Pension related	<u>38,088</u>	<u>-</u>	<u>38,088</u>	<u>-</u>
Total assets and deferred outflows	<u>5,159,096</u>	<u>4,740,525</u>	<u>9,899,621</u>	<u>1,902,348</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, 2016**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Current liabilities				
Accounts payable	106,814	1,202,019	1,308,833	6,158
Accrued payroll liabilities	12,083	2,000	14,083	5,298
Current portion long term debt	19,600	14,970	34,570	-
Current portion landfill closure costs	-	7,115	7,115	-
Customer deposits	-	67,962	67,962	7,210
Total current liabilities	138,497	1,294,066	1,432,563	18,666
Noncurrent liabilities				
Compensated absences	10,417	-	10,417	-
Note payable	61,184	136,408	197,592	-
Net pension liability	481,245	-	481,245	-
Landfill (less current portion)	-	120,957	120,957	-
Total noncurrent liabilities	552,846	257,365	810,211	-
Total liabilities	691,343	1,551,431	2,242,774	18,666
DEFERRED INFLOWS OF RESOURCES				
Pension related	12,369	-	12,369	-
Unearned grant revenue	15,594	-	15,594	-
Total deferred inflows of resources	27,963	-	27,963	-
NET POSITION				
Net investment in capital assets	3,848,515	4,227,831	8,076,346	1,766,429
Restricted for				
Special revenue	125,721	-	125,721	-
Debt Service	-	154,683	154,683	-
Capital projects	345,775	-	345,775	-
Unrestricted	119,779	(1,193,420)	(1,073,641)	117,253
Total net position	\$ 4,439,790	3,189,094	7,628,884	1,883,682

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government				
General government	\$ 932,195	58,918	-	-
Public safety	228,610	-	-	-
Public works	247,950	-	284,059	910,801
Culture and recreation	36,184	-	-	-
Interest on long term debt	2,000	-	-	-
Total governmental activities	<u>1,446,939</u>	<u>58,918</u>	<u>284,059</u>	<u>910,801</u>
Business-type activities				
Sewer	1,504,347	148,050	-	-
Solid waste	163,331	107,365	-	-
Water	299,535	216,587	-	-
Total business-type activities	<u>1,967,213</u>	<u>472,002</u>	-	-
Total primary government	<u>3,414,152</u>	<u>530,920</u>	<u>284,059</u>	<u>910,801</u>
Component Unit				
Village of Chama Housing Authority	<u>253,093</u>	<u>77,860</u>	<u>173,775</u>	-

General revenues:

Taxes:

Property taxes, levied for general purposes

Sales

Lodgers

Other

Transfers In (Out)

Investment earnings

Miscellaneous

Total general revenues and transfers

Change in net position

Net position, beginning

Net position, ending

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

Net (Expense) Revenue and
Changes in Net Position

Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
(873,277)	-	(873,277)	-
(228,610)	-	(228,610)	-
946,910	-	946,910	-
(36,184)	-	(36,184)	-
(2,000)	-	(2,000)	-
<u>(193,161)</u>	<u>-</u>	<u>(193,161)</u>	<u>-</u>
-	(1,356,297)	(1,356,297)	-
-	(55,966)	(55,966)	-
-	(82,948)	(82,948)	-
<u>-</u>	<u>(1,495,211)</u>	<u>(1,495,211)</u>	<u>-</u>
<u>(193,161)</u>	<u>(1,495,211)</u>	<u>(1,688,372)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,458)</u>
23,727	-	23,727	-
425,340	77,342	502,682	-
107,773	-	107,773	-
548,139	-	548,139	-
(2,018)	2,018	-	-
1,104	315	1,419	-
346,539	(3,500)	343,039	-
<u>1,450,604</u>	<u>76,175</u>	<u>1,526,779</u>	<u>-</u>
1,257,443	(1,419,036)	(161,593)	(1,458)
<u>3,182,347</u>	<u>4,608,130</u>	<u>7,790,477</u>	<u>1,885,140</u>
\$ <u>4,439,790</u>	<u>3,189,094</u>	<u>7,628,884</u>	<u>1,883,682</u>

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

	100 General Fund	402 SAP Fund	403 Street Fund
ASSETS			
Cash and cash equivalents	\$ 384,600	2,334	46,735
Investments	221	30,489	228,636
Property taxes receivable	29,842	-	-
Due from other governments	289,956	-	37,581
	<u>704,619</u>	<u>32,823</u>	<u>312,952</u>
Total assets	<u>\$ 704,619</u>	<u>32,823</u>	<u>312,952</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 106,814	-	-
Accrued liabilities	12,083	-	-
Total liabilities	<u>118,897</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources			
Unearned grant revenue	-	-	-
Unavailable property taxes	25,976	-	-
Total deferred inflows of resources	<u>25,976</u>	<u>-</u>	<u>-</u>
Fund Balances			
Non-spendable:	-	-	-
Restricted for			
Special revenue	-	-	-
Capital projects	-	32,823	312,952
Debt Service	-	-	-
Unassigned	559,746	-	-
Total fund balances	<u>559,746</u>	<u>32,823</u>	<u>312,952</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 704,619</u>	<u>32,823</u>	<u>312,952</u>

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

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
87,498	521,167
10,700	270,046
-	29,842
43,117	370,654
<u>141,315</u>	<u>1,191,709</u>
-	106,814
-	12,083
-	118,897
15,594	15,594
-	25,976
<u>15,594</u>	<u>41,570</u>
-	-
125,721	125,721
-	345,775
-	-
-	559,746
<u>125,721</u>	<u>1,031,242</u>
<u>141,315</u>	<u>1,191,709</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, 2016**

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

Fund Balances - Total Governmental Funds	\$	1,031,242
Defined benefit pension plan deferred outflows and inflows are not financial resources and, therefore, are not reported in the funds		38,088
Defined benefit pension plan deferred inflows and inflows are not financial obligations and, therefore, are not reported in the funds		(12,369)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental capital assets		6,225,989
Less accumulated depreciation		(2,296,690)
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		(481,245)
Compensated absences		(10,417)
Bonds and notes payable		(80,784)
A portion of property taxes receivable is not available to pay current period expenditures and, therefore, is deferred in the funds.		<u>25,976</u>
Net position of governmental activities	\$	<u><u>4,439,790</u></u>

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

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	100 General Fund	402 SAP Fund	403 Street Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Property	\$ 101,026	-	-	-	101,026
Gross receipts	425,340	-	-	-	425,340
Franchise	-			-	-
Lodgers' taxes				107,773	107,773
Other tax	510,410	-	35,711	-	546,121
Licenses and permits	9,748	-	-	-	9,748
Intergovernmental					
Federal	-	-	-	-	-
State	151,940	910,801	-	132,119	1,194,860
Charges for services	44,726	-	-	4,444	49,170
Fines	356	-	-	220	576
Interest on investments	243	139	601	121	1,104
Miscellaneous	11,779	-	71,242	262,942	345,963
Total revenues	<u>1,255,568</u>	<u>910,940</u>	<u>107,554</u>	<u>507,619</u>	<u>2,781,681</u>
EXPENDITURES					
Current operations					
General government	724,290	448	240	84,143	809,121
Public safety	60,201	-	-	138,227	198,428
Public works	202,725	10,471	-	-	213,196
Culture and recreation	-	-	-	31,407	31,407
Capital outlay	-	924,555	-	327,037	1,251,592
Debt Service		19,216			19,216
Interest expense	-	2,000	-	-	2,000
Total expenditures	<u>987,216</u>	<u>956,690</u>	<u>240</u>	<u>580,814</u>	<u>2,524,960</u>
Excess (deficiency) of revenues over expenditures	268,352	(45,750)	107,314	(73,195)	256,721
OTHER FINANCING SOURCES (USES):					
Debt proceeds	-	-	-	-	-
Transfer in	235,572	34,807	324,408		594,787
Transfer out	(240,641)	(7,540)	(348,624)	-	(596,805)
Total other financing sources (uses)	<u>(5,069)</u>	<u>27,267</u>	<u>(24,216)</u>	<u>-</u>	<u>(2,018)</u>
Net changes in fund balances	<u>263,283</u>	<u>(18,483)</u>	<u>83,098</u>	<u>(73,195)</u>	<u>254,703</u>
FUND BALANCES, BEGINNING OF YEAR	296,463	51,306	229,854	198,916	776,539
FUND BALANCES, END OF YEAR	<u>\$ 559,746</u>	<u>32,823</u>	<u>312,952</u>	<u>125,721</u>	<u>1,031,242</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, 2016**

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

Net change in fund balances - total governmental funds	\$	254,703
Net Pension expense		13,936

A portion of property tax receivable is not available to pay current period expenditures and, therefore, is deferred in the funds. (77,299)

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	1,251,592
Depreciation expense	(203,602)

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:

Debt service payments	19,216
Compensated absences	<u>(1,103)</u>

Change in net position of governmental activities \$ 1,257,443

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, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes				
Property	\$ 85,198	85,198	95,917	10,719
Gross receipts	360,000	360,000	357,087	(2,913)
Franchise	60,000	60,000	62,879	2,879
State shared	356,000	356,000	353,365	(2,635)
Licenses and permits	10,175	10,175	9,748	(427)
Intergovernmental				
State	131,419	131,419	151,940	20,521
Charges for services	35,000	35,000	37,575	2,575
Fines	600	600	356	(244)
Interest on investments	300	300	-	(300)
Miscellaneous	8,400	38,400	12,022	(26,378)
<i>Total revenues</i>	<u>1,047,092</u>	<u>1,077,092</u>	<u>1,080,889</u>	<u>3,797</u>
EXPENDITURES				
Current:				
General government	517,632	546,470	466,760	79,710
Public safety	53,120	65,310	65,310	-
Public works	226,784	226,784	220,269	6,515
Sanitation	106,070	110,070	103,746	
Culture and recreation	67,437	67,437	66,436	1,001
Miscellaneous	66,339	66,339	57,433	8,906
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>1,037,382</u>	<u>1,082,410</u>	<u>979,954</u>	<u>96,132</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>9,710</u>	<u>(5,318)</u>	<u>100,935</u>	<u>(92,335)</u>
<i>Other financing sources (uses)</i>				
Debt proceeds	-	-	-	-
Transfers in	-	-	235,572	235,572
Transfers out		(30,000)	(240,641)	(210,641)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(30,000)</u>	<u>(5,069)</u>	<u>24,931</u>
<i>Net change in fund balance</i>	<u>\$ 9,710</u>	<u>(5,318)</u>	<u>100,935</u>	<u>(67,404)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			174,679	
Adjustments to expenditures			(7,262)	
Net change in fund balance (GAAP)			<u>\$ 263,283</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, 2016**

	301 Sewer Fund	302 Solid Waste Fund	303 Water Fund	Total Proprietary Funds
ASSETS				
Current assets				
Cash and cash equivalents	\$ 34,701	56,884	45,073	136,658
Investments	12,038	9,238	31,777	53,053
Accounts receivable (net of allowance for uncollectible)	40,658	30,592	20,247	91,497
Total current assets	<u>87,397</u>	<u>96,714</u>	<u>97,097</u>	<u>281,208</u>
Noncurrent assets				
Restricted cash	-	35,668	45,179	80,847
Restricted investments	-	-	109,504	109,504
Capital assets				
Land	2,500	-	10,833	13,333
Buildings	5,797,353	-	3,424,452	9,221,805
Machinery and Equipment	101,545	271,647	121,996	495,188
Construction in progress	-	62,332	-	62,332
Intangible assets - water rights	-	-	61,100	61,100
Accumulated depreciation	(2,996,581)	(246,735)	(2,341,476)	(5,584,792)
Total noncurrent assets	<u>2,904,817</u>	<u>122,912</u>	<u>1,431,588</u>	<u>4,459,317</u>
Total assets	<u>2,992,214</u>	<u>219,626</u>	<u>1,528,685</u>	<u>4,740,525</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, 2016**

	301 Sewer Fund	302 Solid Waste Fund	303 Water Fund	Total Proprietary Funds
LIABILITIES				
Current liabilities				
Accounts payable	1,202,019	-	-	1,202,019
Accrued expenses	-	-	2,000	2,000
Landfill payable	-	7,115	-	7,115
Bonds payable	-	-	10,000	10,000
Total current liabilities	<u>1,202,019</u>	<u>7,115</u>	<u>12,000</u>	<u>1,221,134</u>
Current liabilities payable from restricted assets				
Customer deposits payable	-	-	67,962	67,962
Noncurrent liabilities	-	-	-	-
Landfill payable (less current portion)	-	120,957	-	120,957
Bonds payable (less current portion)	-	91,378	50,000	141,378
Total noncurrent liabilities	<u>-</u>	<u>212,335</u>	<u>50,000</u>	<u>262,335</u>
Total liabilities	<u>1,202,019</u>	<u>219,450</u>	<u>129,962</u>	<u>1,551,431</u>
NET POSITION				
Net investment in capital assets	2,904,817	-	1,323,014	4,227,831
Restricted for debt service	-	-	154,683	154,683
Unrestricted	<u>(1,114,622)</u>	<u>176</u>	<u>(78,974)</u>	<u>(1,193,420)</u>
Total net position	<u>\$ 1,790,195</u>	<u>176</u>	<u>1,398,723</u>	<u>3,189,094</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, 2016**

	301	302	303	
	Sewer	Solid	Water	Total
	Fund	Waste	Fund	Proprietary
	Fund	Fund	Fund	Fund
OPERATING REVENUES				
Charges for sales and services:				
Charges for services	\$ 148,050	107,365	216,587	472,002
Total operating revenues	148,050	107,365	216,587	472,002
OPERATING EXPENSES				
Cost of sales and services	-	28,072	-	28,072
Administration	1,307,459	47,933	127,208	1,482,600
Other operating expenses	29,878	76,636	59,338	165,852
Depreciation	167,010	10,690	112,989	290,689
Total operating expenses	1,504,347	163,331	299,535	1,967,213
Operating income (loss)	(1,356,297)	(55,966)	(82,948)	(1,495,211)
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	-	35	280	315
Interest expense	-	-	(3,500)	(3,500)
Miscellaneous revenue (expense)	-	-	-	-
Sales taxes	7,347	58,912	11,083	77,342
Total nonoperating revenues (expenses)	7,347	58,947	7,863	74,157
Income (loss) before contributions and transfers	(1,348,950)	2,981	(75,085)	(1,421,054)
OTHER FINANCING SOURCES (USES):				
Transfers in (out)	(3,051)	-	5,069	2,018
Total other financing sources (uses):	(3,051)	-	5,069	2,018
Change in net position	(1,352,001)	2,981	(70,016)	(1,419,036)
NET POSITION, BEGINNING OF YEAR	3,142,196	(2,805)	1,468,739	4,608,130
NET POSITION, END OF YEAR	\$ 1,790,195	176	1,398,723	3,189,094

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, 2016**

	<u>Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Water Fund</u>	<u>Total Proprietary Funds</u>
Cash flows from operating activities				
Cash received from customers	\$ 148,545	107,406	226,961	482,912
Cash payments to suppliers for goods and services	(135,318)	(139,521)	(186,546)	(461,385)
Net cash provided (used) by operating activities	<u>13,227</u>	<u>(32,115)</u>	<u>40,415</u>	<u>21,527</u>
Cash flows from noncapital financing activities				
Taxes received	7,347	58,912	11,083	77,342
Transfers from other funds	-	-	-	-
Transfers to other funds	(3,051)	-	5,069	2,018
Net cash provided by noncapital financing activities	<u>4,296</u>	<u>58,912</u>	<u>16,152</u>	<u>79,360</u>
Cash flows from capital and related financing activities				
Proceeds from LT debt	-	-	-	-
(Acquisition) disposition of capital assets	-	(13,120)	3,120	(10,000)
Principal paid on debt	-	(4,957)	(10,000)	(14,957)
Interest paid on debt	-	-	(3,500)	(3,500)
Net cash provided (used) by capital financing activities	<u>-</u>	<u>(18,077)</u>	<u>(10,380)</u>	<u>(28,457)</u>
Cash flows from investing activities				
Purchase of investments	(9)	(35)	(186)	(230)
Interest on investments	-	35	280	315
Net cash provided (used) by noncapital investing activities	<u>(9)</u>	<u>-</u>	<u>94</u>	<u>85</u>
Net increase in cash and cash equivalents	<u>17,514</u>	<u>8,720</u>	<u>46,281</u>	<u>72,515</u>
Unrestricted cash and equivalents beginning of year	17,187	83,832	8,837	109,856
Restricted cash beginning of year	-	-	35,134	35,134
Total cash and equivalents beginning of year	<u>17,187</u>	<u>83,832</u>	<u>43,971</u>	<u>144,990</u>
Cash and equivalents end of year	<u>\$ 34,701</u>	<u>92,552</u>	<u>90,252</u>	<u>217,505</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, 2016**

	<u>Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Water Fund</u>	<u>Total Proprietary Funds</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income	\$ (1,356,297)	(55,966)	(82,948)	(1,495,211)
Adjustments to reconcile operating income to net cash provided (used) in operating activities:				
Depreciation expense	167,010	10,690	112,989	290,689
Decrease (increase) in customer receivable	495	(14,911)	4,833	(9,583)
Increase (decrease) in accounts payable	1,202,019	-	-	1,202,019
Increase (decrease) in accrued liabilities	-	-	-	-
Increase (decrease) in customer deposits	-	-	5,541	5,541
Increase (decrease) in landfill closure costs	-	28,072	-	28,072
Net cash provided by operating activities	<u>\$ 13,227</u>	<u>(32,115)</u>	<u>40,415</u>	<u>21,527</u>
CASH PER FINANCIAL STATEMENTS				
Cash and cash equivalents	\$ 34,701	56,884	45,073	136,658
Restricted cash	\$ -	35,668	45,179	80,847
Cash and equivalents end of year	<u>\$ 34,701</u>	<u>92,552</u>	<u>90,252</u>	<u>217,505</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, 2016**

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 8th, Chama, New Mexico, 87520.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

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, 2016

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 (100) 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 (402) 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 (403) 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 (301) is used to account for the activities of the Village's sewer operations.

Solid Waste Fund (302) 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 (303) 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, 2016**

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, 2016**

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, 2016**

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, 2016**

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.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

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, 2016**

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

	Balance Per Bank June 30, 2016	Add Deposits In Transit	Less Outstanding Checks	Balance Per Books June 30, 2016
Washington Federal				
Checking Accounts				
General - 100	\$ 225,404	-	-	225,404
General - 100	157,620	8,479	7,593	158,506
Chama Days - 100	690	-	-	690
Capital Projects - SAP - 402	52,049	-	49,715	2,334
Infrastructure - 403	166,084	-	-	166,084
Capital Projects - Street - 403	828	520	697	651
EMS-201	422	-	-	422
Fire - 202	16,900	-	412	16,488
Law Enforcement-203	12,194	-	-	12,194
Library-204	15,770	1	-	15,771
Lodgers' Tax-205	30,952	-	87	30,865
Recreation -206	2,681	10	251	2,440
LGD-207	4,850	-	-	4,850
Cemetery-208	4,468	-	-	4,468
Sewer - 301	566	-	5	561
Water fund - meter - 303	38,626	-	19	38,607
Water fund - 303	6,572	-	-	6,572
Water Fund - 303	149,051	2,541	15,999	135,593
Water Fund - 303	35,668	-	-	35,668
Water Fund - Meter Deposit	-	-	-	-
CDBG - 401	504	-	-	504

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

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

	Balance Per Bank June 30, 2016	Add Deposits In Transit	Less Outstanding Checks	Balance Per Books June 30, 2016
Washington Federal				
Certificates of Deposit -Governmental				-
General Fund - 100	221	-	-	221
EMS - 201	1,848	-	-	1,848
Recreation Fund - 206	545	-	-	545
LG Corrections - 207	4,169	-	-	4,169
Cemetery - 208	4,138	-	-	4,138
SAP Fund - 402	30,489	-	-	30,489
Infrastructure Fund - 403	108,636	-	-	108,636
Certificates of Deposit - Proprietary				
Solid Waste - 302	9,238	-	-	9,238
Water Fund - 303	31,777	-	-	31,777
Water Fund - 303	170	-	-	170
Community Bank - Certificates of Deposit				
Street Fund - 301	11,824	-	-	11,824
Street Fund - 301	214	-	-	214
Water Fund - 303	29,622	-	-	29,622
Water Fund - 303	32,029	-	-	32,029
Water Fund - 303	47,683	-	-	47,683
Total Cash in Banks	\$ <u>1,234,502</u>	<u>11,551</u>	<u>74,778</u>	<u>1,171,275</u>

As Reported in Financial Statements:

Equity in Cash:	Cash	\$ 657,825
	Restricted Cash	80,847
	Investments	323,099
	Restricted Investments	<u>109,504</u>
		<u>\$ 1,171,275</u>

STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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

Cash, Cash Equivalents – Component Unit

	Balance Per Bank	Add Deposits	Less Outstanding	Balance Per Books June 30, 2016
	<u>June 30, 2016</u>	<u>In Transit</u>	<u>Checks</u>	<u>2016</u>
Washington Federal				
Checking Accounts				
General	\$ 27,036	-	1,557	25,479
Security Deposits	7,126	-	-	7,126
CFP	3,152	-	-	3,152
Certificates of Deposit	<u>52,354</u>	<u>-</u>	<u>-</u>	<u>52,354</u>
Total Cash in Banks	\$ <u>89,668</u>	<u>-</u>	<u>1,557</u>	88,111
Petty Cash				<u>45</u>
Total Cash per Books				\$ <u>88,156</u>
As Reported in Financial Statements:				
Equity in Cash				
				Cash
				\$ 28,676
				Restricted Cash
				7,126
				<u>Investments</u>
				<u>52,354</u>
				\$ <u>88,156</u>

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

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

Pledged Collateral

	Washington Federal	Community Bank	Total
Deposits	\$ 1,113,130	121,372	1,234,502
FDIC	250,000	121,372	371,372
Total uninsured public funds	863,130	-	863,130
Collateral pledged:			
Washington Federal			
FHLMC Gold PC A94288;			
Cusip 3620EONW2; 8/20/2061	956,449	-	956,449
Uninsured and uncollateralized	\$ -	-	-
Collateral requirement			
(50% of uninsured funds)	\$ 431,565	-	431,565
Pledged collateral	956,449	-	956,449
Over (under) collateralized	\$ 524,884	-	524,884

	Washington Federal
Deposits	\$ 89,668
FDIC	(89,668)
Total uninsured public funds	-
Collateral pledged:	
Washington Federal:	
GNMA2 G2895800	
Cusip 3620EONW2 8/20/2061	31,882
Uninsured and uncollateralized	\$ -

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

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, 2016, none of the Village’s bank balance of \$1,234,502 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, 2016, none of the Component Unit’s bank balance of \$89,668 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:

	<u>Governmental Funds</u>				<u>Proprietary Funds</u>			<u>Total</u>
	<u>General</u>	<u>SAP</u>	<u>Street</u>	<u>Other Non-</u>	<u>Sewer</u>	<u>Solid Waste</u>	<u>Water</u>	
Receivables:								
Customer	\$ -	-	-	-	46,825	37,484	29,653	113,962
Taxes								
Property	29,842	-	-	-	-	-	-	29,842
Gross receipts	142,193	-	-	-	-	-	-	142,193
Motor vehicle fees	-	-	-	-	-	-	-	-
Other governments	147,763	-	37,581	43,117	-	-	-	228,461
Gross receivables	319,798	-	37,581	43,117	46,825	37,484	29,653	514,458
Less: allowance for uncollectible	-	-	-	-	(6,167)	(6,892)	(9,406)	(22,465)
Net receivables	\$ <u>319,798</u>	<u>-</u>	<u>37,581</u>	<u>43,117</u>	<u>40,658</u>	<u>30,592</u>	<u>20,247</u>	\$ <u>491,993</u>

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

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>8,115</u>
Gross receivables		8,115
Less: allowance for uncollectible		<u>4,169</u>
Net receivables	\$	<u><u>3,946</u></u>

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 64,190	-	-	64,190
Construction in progress	<u>1,072,255</u>	<u>1,251,592</u>	-	<u>2,323,847</u>
Total capital assets not being depreciated	<u>1,136,445</u>	<u>1,251,592</u>	-	<u>2,388,037</u>
Capital assets, being depreciated:				
Buildings and improvements	1,936,927	-	-	1,936,927
Equipment and other	1,025,530	-	-	1,025,530
Infrastructure	<u>875,495</u>	-	-	<u>875,495</u>
Total capital assets being depreciated	<u>3,837,952</u>	<u>-</u>	<u>-</u>	<u>3,837,952</u>
Less accumulated depreciation:				
Buildings and improvements	804,885	73,293	-	878,178
Equipment and other	758,458	55,375	-	813,833
Infrastructure	<u>529,745</u>	<u>74,934</u>	-	<u>604,679</u>
Total accumulated depreciation	<u>2,093,088</u>	<u>203,602</u>	<u>-</u>	<u>2,296,690</u>
Total capital assets being depreciated, net	<u>1,744,864</u>	<u>(203,602)</u>	<u>-</u>	<u>1,541,262</u>
Governmental activities capital assets, net	<u><u>\$ 2,881,309</u></u>	<u><u>1,047,990</u></u>	<u><u>-</u></u>	<u><u>3,929,299</u></u>

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 5. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 3,333	10,000	-	13,333
Construction in progress	62,332	-	-	62,332
Water rights	61,100	-	-	61,100
Total capital assets not being depreciated	<u>126,765</u>	<u>10,000</u>	<u>-</u>	<u>136,765</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>9,716,994</u>
Less accumulated depreciation:				
Buildings and improvements	4,865,780	280,000	-	5,145,780
Equipment and other	428,324	10,689	-	439,013
Total accumulated depreciation	<u>5,294,104</u>	<u>290,689</u>	<u>-</u>	<u>5,584,793</u>
Total capital assets being depreciated, net	<u>4,422,890</u>	<u>(290,689)</u>	<u>-</u>	<u>4,132,201</u>
Business-type activities capital assets, net	<u>\$ 4,549,655</u>	<u>(280,689)</u>	<u>-</u>	<u>4,268,966</u>

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 5. CAPITAL ASSETS (CONTINUED)

Capital Assets – Component Unit

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Component unit				
Capital assets not being				
Land and land rights	\$ 32,200	-	-	32,200
Capital assets being				
Buildings and improvements	3,033,525	60,920		3,094,445
Equipment and other	174,899	-	-	174,899
Total capital assets being	<u>3,208,424</u>	<u>60,920</u>	<u>-</u>	<u>3,269,344</u>
Less accumulated depreciation				
Buildings and improvements	1,315,568	72,797	-	1,388,365
Equipment and other	114,550	-	-	114,550
Total accumulated depreciation	<u>1,430,118</u>	<u>72,797</u>	<u>-</u>	<u>1,502,915</u>
Total capital assets being depreciated, net	<u>1,778,306</u>	<u>(11,877)</u>	<u>-</u>	<u>1,766,429</u>
Component unit capital assets, net	<u>\$ 1,810,506</u>	<u>(11,877)</u>	<u>-</u>	<u>1,798,629</u>

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

Governmental Activities:

General government	\$ 93,658
Public safety	69,225
Public works	40,719
Total Depreciation Expense - Governmental Activities	<u>\$ 203,602</u>

Business-type Activities:

Sewer	\$ 167,010
Solid waste	10,690
Water	112,989
Total Depreciation Expense - Business-type Activities	<u>\$ 290,689</u>

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

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	\$ 235,572	(240,641)
403	324,408	(348,624)
301	-	(3,051)
303	5,069	-
402	34,807	(7,540)
	\$ 599,856	(599,856)

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 August of 2015, the Village entered into a revised 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 had twenty-four months to initiate and achieve project completion; the project was certified as completed in July of 2015. The first annual installment on the loan was 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. The Village made its first installment of \$21,216 in fiscal year 2016. Annual payments will be \$21,216 for the remaining 4 years. The Village has pledged the Municipal Infrastructure Gross Receipts Tax Revenues for the repayment of this agreement and note.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

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%	\$ 60,000
			<u>\$ 60,000</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, 2016.

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, 2016 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	80,847
Excess reserve	<u>\$ 37,372</u>

STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2016 follows:

Revenue Bond:

Year Ending June 30,		Principal	Interest
2017	\$	10,000	3,000
2018		10,000	2,500
2019		10,000	2,000
2020		10,000	1,500
2021		10,000	1,000
2022		10,000	500
	\$	<u>60,000</u>	<u>10,500</u>

Water Loan:

Year Ending June 30,		Principal	Interest
2017	\$	4,970	228
2018		4,982	216
2019		4,994	204
2020		5,007	191
2021		5,019	179
2022-2034		66,406	1,168
	\$	<u>91,378</u>	<u>2,186</u>

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

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

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due One Year</u>
Governmental activities					
Notes payable	\$ 100,000	-	19,216	80,784	19,600
Compensated absences	9,314	21,490	20,387	10,417	-
Governmental activities- long-term liabilities	<u>\$ 109,314</u>	<u>21,490</u>	<u>39,603</u>	<u>91,201</u>	<u>-</u>
Business-type activities					
Revenue bonds	\$ 70,000	-	10,000	60,000	10,000
Water fund loan	96,335	-	4,957	91,378	4,970
Business-type activities- long-term liabilities	<u>\$ 166,335</u>	<u>-</u>	<u>14,957</u>	<u>151,378</u>	<u>14,970</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 \$7,115 per year. Twenty years remain in the monitoring period. Total estimated balance at June 30, 2016 of current and long-term post closure costs are \$7,115 and \$120,957 respectively. The Village expects to defray a portion of these costs with grants from the State of New Mexico and other available sources.

NOTE 8. RESTRICTED NET POSITION/RESERVED FUND BALANCES

The government-wide statement of net position reports \$471,496 of restricted net position, of which \$125,721 is restricted by enabling legislation, \$345,775 is restricted for capital projects.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

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, 2015 available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2015.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 31 through 52 of the PERA FY14 annual audit report at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2015.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 \$33,918 and employer paid member benefits that were “picked up” by the employer were \$0 for the year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2015. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2015. The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

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

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, 2015. Only employer contributions for the pay period end dates that fell within the period of July 1, 2014 to June 30, 2015 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2015 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, 2016, the Village reported a liability of \$481,245 for its proportionate share of the net pension liability. At June 30, 2015, the Village’s proportion was 0.0472% percent.

For the year ended June 30, 2015, the Village recognized PERA Fund Division Municipal Plan 2 pension expense of \$19,707. At June 30, 2016, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 10,660
Changes in assumptions	-	187
Net difference between projected and actual earnings on pension plan investments	-	1,522
Changes in proportion and differences between Village’s contributions and proportionate share of contributions	4,170	-
Village’s contributions subsequent to the measurement date	<u>33,918</u>	<u>-</u>
Total	<u>\$ 38,088</u>	<u>\$ 12,369</u>

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

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

\$33,918 reported as deferred outflows of resources related to pensions resulting from the Village’s contributions subsequent to the measurement date June 30, 2015 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	12,746
2017	12,746
2018	12,746
2019	(25,869)
2020	-

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, 2014
Actuarial cost method	Entry age normal
Amortization method	Level of percentage pay, open
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
Projected benefit payment	100 years
Payroll growth	3.50% annual rate
Projected salary increases	3.50% to 14.25% annual rate
Includes inflation at	3.00% annual rate
Mortality assumption	RP-2000 Mortality tables w/ projection to 2018 using Scale AA
Experience Study Dates	July 1, 2008 to June 30, 2013

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

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	\$ 819,369	481,245	200,118

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

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 \$484 in PERA benefits at June 30, 2016.

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.

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, 2016**

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, 2016, 2015 and 2014 were \$7,197, \$6,859, and \$5,936, 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

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 12. JOINT POWERS AGREEMENTS (CONTINUED)

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.

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 \$0 of the grant and loan funds during the fiscal year ending June 30, 2016.

NOTE 14. RELATED PARTY TRANSACTIONS

During the fiscal year ending June 30, 2016 the Village paid \$450 for trucking services to Russom Trucking, Inc. The business is owned by Ron Russom, a member of the Village Council.

NOTE 15. RECENT ACCOUNTING PRONOUNCEMENTS

In August 2012, the GASB issued Statement No.68, Accounting and Financial Reporting for Pensions — an amendment of GASB Statement 27. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The Village provides substantially all of its employees with Village has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefit, or annual required contribution decisions made by PERA. GASB Statement 68 is effective for periods beginning after June 15, 2014. The Village adopted GASB Statement No.68 during fiscal year 2015. The requirement of GASB Statement 68 to record a portion of PERA's unfunded liability has negatively impacted the Village's unrestricted net position. Information regarding PERA's current funding status can be found in their financial report.

In November 2013, the GASB issued statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. Statement No. 68 requires a state or local government employer to recognize a net pension liability measured as of the measurement date, no earlier than the end of its prior fiscal year. If a state or local government employer makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement No. 68 requires that the government recognize its contribution as a deferred outflow of resources. If it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition.

Accordingly, Statement No. 71 amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The Village adopted GASB Statement No.71 during fiscal year 2015.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 15. RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Statement No. 76, which supersedes Statement No. 55, aims to identify, in the context of the current governmental financial reporting environment, the hierarchy of U.S. GAAP, which consists of the sources of accounting principles used to prepare the financial statements of state and local governments entities in conformity with U.S. GAAP, as well as the framework for selecting those principles. The Village adopted GASB Statement No. 76 during fiscal year 2015, with no significant impact to the Village's financial statements.

NOTE 16. NEW ACCOUNTING PRONOUNCEMENTS

The following GASB pronouncements have been issued, but are either not applicable to the Village or are not yet effective at June 30, 2016.

GASB Statement No. 72, *Fair Value Measurement and Application*

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*

GASB Statement No. 76, *Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*

GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*

GASB Statement No. 79, *Certain External Investment Pool Participants*

GASB Statement No. 82, *Pension Issues-An Amendment of GASB Statements No. 67, No.68, No.73*

The Village will implement the new GASB pronouncements in the fiscal year no later than the required effective date. The Village believes that the above listed new GASB pronouncements will not have a significant financial impact to the Village or in issuing its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
VILLAGE OF CHAMA
SCHEDULE OF THE VILLAGE'S PROPORATIONATE SHARE OF THE NET PENSION LIABILITY
June 30, 2016

Public Employees Retirement Association of New Mexico
Schedule of Ten Year Tracking Data*
(Dollars in Thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Village's Proportion of the Net Pension Liability (Asset)	0.0465%	0.0472%	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	481	-	-	-	-	-	-	-	-
Village's Covered-Employee Payroll	\$ 404	420	-	-	-	-	-	-	-	-
Village's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	111.29%	87.32%	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%	76.99%	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

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
SCHEDULE OF VILLAGE CONTRIBUTIONS
June 30, 2016**

**Public Employees Retirement Association of New Mexico
Schedule of Ten Year Tracking Data
General Division
(Dollars in Thousands)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 35	34	-	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	35	34	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)*	\$ -	-	-	-	-	-	-	-	-	-

Increase (Decrease) in Pension Expense over Recognition Periods

Year	Total Amount Deferred	Amortization Years	Increase (Decrease) in Pension Expense over Recognition Periods											
			2015	2016	2017	2018	2019	2020	2021	2022	2023	2024		
2014	\$ 142	5		\$ 35	\$ 35	\$ 35	\$ 35	2						
2015	\$ 12	5			12	13	13	(26)						
2016	-	5												
2017	-	5												
2018	-	5												
2019	-	5												
2020	-	5												
2021	-	5												
2022	-	5												
2023	-	5												
	<u>\$ 154</u>			<u>\$ 35</u>	<u>47</u>	<u>48</u>	<u>48</u>	<u>(24)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

*Excess contributions represent the employee portion covered by the employer

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO PENSION REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016**

Changes of Benefit Terms. The PERA and COLA and retirement eligibility benefits changes in recent years are described in Note 1 (pages 48-50). This report is available at:

<http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2015.pdf>

Assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2015 report is available at:

<http://www.nmpera.org/assets/uploads/downloads/retirement-fund-valuation-reports/6-30-2015-PERA-Valuation-Report-FINAL.pdf>

The assumptions can be found in Appendix B on page 53 of the report.

Other. The pension schedules in the required supplementary information are intended to show information for ten years. Additional information will be presented as it becomes available.

SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
FUND DESCRIPTIONS
JUNE 30, 2016**

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, 2016**

	Special Revenue Funds			
	201	203	204	205
	EMS Fund	Law Enforcement Fund	Library Fund	Lodgers' Tax Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 422	12,194	15,771	30,865
Investments	1,848	-	-	-
Property taxes receivable	-	-	-	-
Due from other governments	-	-	-	43,117
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total current assets	<u>\$ 2,270</u>	<u>12,194</u>	<u>15,771</u>	<u>73,982</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
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	2,270	12,194	15,771	73,982
Capital projects	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>2,270</u>	<u>12,194</u>	<u>15,771</u>	<u>73,982</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,270</u>	<u>12,194</u>	<u>15,771</u>	<u>73,982</u>

Special Revenue Funds				
206	207	208	202	Total
Recreation	Local	Cemetery	Fire	Nonmajor
Fund	Corrections	Fund	Fund	Governmental
Fund	Fund	Fund	Fund	Funds
2,440	4,850	4,468	16,488	87,498
545	4,169	4,138	-	10,700
-	-	-	-	-
-	-	-	-	43,117
<u>2,985</u>	<u>9,019</u>	<u>8,606</u>	<u>16,488</u>	<u>141,315</u>
-	-	-	15,594	15,594
-	-	-	15,594	15,594
-	-	-	-	-
2,985	9,019	8,606	894	125,721
-	-	-	-	-
<u>2,985</u>	<u>9,019</u>	<u>8,606</u>	<u>894</u>	<u>125,721</u>
<u>2,985</u>	<u>9,019</u>	<u>8,606</u>	<u>16,488</u>	<u>141,315</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, 2016**

	Special Revenue Funds			
	201	203	204	205
	EMS	Law	Library	Lodgers' Tax
	Fund	Enforcement	Fund	Fund
		Fund	Fund	Fund
REVENUES				
Taxes	\$ -			
Lodgers' taxes	-	-	-	107,773
Intergovernmental				
State	18,911	20,000	25,341	-
Charges for services	-	-	22	-
Fines	-	-	-	100
Interest on investments	-	-	11	20
Miscellaneous	181	170	2,615	1,068
Total revenues	<u>19,092</u>	<u>20,170</u>	<u>27,989</u>	<u>108,961</u>
EXPENDITURES				
Current operations				
General Government	-	-	-	83,769
Public safety	19,251	8,104	-	-
Culture and recreation	-	-	28,397	-
Capital Outlay	-	-	-	-
Total expenditures	<u>19,251</u>	<u>8,104</u>	<u>28,397</u>	<u>83,769</u>
Excess (deficiency) of revenues over expenditures	<u>(159)</u>	<u>12,066</u>	<u>(408)</u>	<u>25,192</u>
OTHER FINANCING SOURCES (USES):				
Transfers in (out)	-	-	-	-
Total Other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>(159)</u>	<u>12,066</u>	<u>(408)</u>	<u>25,192</u>
FUND BALANCE, BEGINNING OF YEAR	<u>2,429</u>	<u>128</u>	<u>16,179</u>	<u>48,790</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,270</u>	<u>12,194</u>	<u>15,771</u>	<u>73,982</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
-	-	-	-	107,773
-	-	-	67,867	132,119
3,822	-	600	-	4,444
-	120	-	-	220
2	16	16	56	121
-	-	700	258,208	262,942
<u>3,824</u>	<u>136</u>	<u>1,316</u>	<u>326,131</u>	<u>507,619</u>
-	-	374	-	84,143
-	-	-	110,872	138,227
3,010	-	-	-	31,407
-	-	-	327,037	327,037
<u>3,010</u>	<u>-</u>	<u>374</u>	<u>437,909</u>	<u>580,814</u>
<u>814</u>	<u>136</u>	<u>942</u>	<u>(111,778)</u>	<u>(73,195)</u>
-	-	-	-	-
-	-	-	-	-
<u>814</u>	<u>136</u>	<u>942</u>	<u>(111,778)</u>	<u>(73,195)</u>
<u>2,171</u>	<u>8,883</u>	<u>7,664</u>	<u>112,672</u>	<u>198,916</u>
<u>2,985</u>	<u>9,019</u>	<u>8,606</u>	<u>894</u>	<u>125,721</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, 2016**

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
State	\$ 11,000	11,000	9,092	(1,908)
Interest on investments	-	-	-	-
Miscellaneous	100	10,100	10,000	(100)
<i>Total revenues</i>	<u>11,100</u>	<u>21,100</u>	<u>19,092</u>	<u>(2,008)</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	11,000	19,258	19,258	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>11,000</u>	<u>19,258</u>	<u>19,258</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>100</u>	<u>1,842</u>	<u>(166)</u>	<u>(2,008)</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>	100	1,842	(166)	(2,008)
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			<u>7</u>	
Net change in fund balance (GAAP)			<u>\$ (159)</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, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Intergovernmental				
State	20,000	20,000	20,000	-
Charges for services	-	-	-	-
Fines	-	-	-	-
Interest on investments	-	-	-	-
Miscellaneous	50	50	170	120
Total revenues	<u>20,050</u>	<u>20,050</u>	<u>20,170</u>	<u>120</u>
EXPENDITURES				
Current:				
General government				-
Public safety	20,128	20,128	8,104	12,024
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>20,128</u>	<u>20,128</u>	<u>8,104</u>	<u>12,024</u>
Excess (deficiency) of revenues over expenditures	<u>(78)</u>	<u>(78)</u>	<u>12,066</u>	<u>12,144</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>	(78)	(78)	12,066	12,144
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net change in fund balance (GAAP)			<u>\$ 12,066</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, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Intergovernmental				
Federal	\$ -	-	-	-
State	-	-	-	-
Charges for services	20,500	28,500	27,988	(512)
Fines	-	-	-	-
Interest on investments	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>20,500</u>	<u>28,500</u>	<u>27,988</u>	<u>(512)</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	20,500	28,500	28,396	104
Capital outlay	-	-	-	-
Total expenditures	<u>20,500</u>	<u>28,500</u>	<u>28,396</u>	<u>104</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(408)</u>	<u>(408)</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>	-	-	(408)	(408)
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net change in fund balance (GAAP)			<u>\$ (408)</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, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes				
Property	-	-	-	-
Gross receipts	-	-	-	-
Franchise	-	-	-	-
Lodgers' taxes	78,000	78,000	95,132	17,132
State shared				-
Licenses and permits	-	-	-	-
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Charges for services	-	-	-	-
Fines	-	-	-	-
Interest on investments	-	-	-	-
Miscellaneous	2,000	2,000	1,186	814
Total revenues	<u>80,000</u>	<u>80,000</u>	<u>96,318</u>	<u>17,946</u>
EXPENDITURES				
Current:				
General government	78,000	83,768	83,768	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>78,000</u>	<u>83,768</u>	<u>83,768</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>2,000</u>	<u>(3,768)</u>	<u>12,550</u>	<u>16,318</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	2,000	(3,768)	12,550	16,318
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			12,642	
Adjustments to expenditures			-	
Net change in fund balance (GAAP)			<u>\$ 25,192</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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Taxes				
Property	\$ -	-	-	-
Gross receipts	-	-	-	-
Franchise	-	-	-	-
Lodgers' taxes	-	-	-	-
State shared	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Charges for services	-	-	-	-
Fines	-	-	-	-
Interest on investments	-	-	-	-
Miscellaneous	4,000	4,000	3,824	(176)
Total revenues	<u>4,000</u>	<u>4,000</u>	<u>3,824</u>	<u>(176)</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	4,000	4,000	3,010	990
Capital outlay	-	-	-	-
Total expenditures	<u>4,000</u>	<u>4,000</u>	<u>3,010</u>	<u>990</u>
Excess (deficiency) of revenues over expenditures	-	-	814	814
<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>	-	-	814	814
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net change in fund balance (GAAP)			<u>\$ 814</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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Taxes				
Property	-	-	-	-
Gross receipts	-	-	-	-
Franchise	-	-	-	-
Lodgers' taxes	-	-	-	-
State shared	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Charges for services	-	-	-	-
Fines	1,000	1,000	120	880
Interest on investments	-	-	-	-
Miscellaneous	50	50	16	34
Total revenues	<u>1,050</u>	<u>1,050</u>	<u>136</u>	<u>914</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>1,050</u>	<u>1,050</u>	<u>136</u>	<u>914</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	1,050	1,050	136	914
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net change in fund balance (GAAP)			<u>\$ 136</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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Taxes				
Property	-	-	-	-
Gross receipts	-	-	-	-
Franchise	-	-	-	-
Lodgers' taxes	-	-	-	-
State shared	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Charges for services	600	600	1,300	(700)
Fines	-	-	-	-
Interest on investments	25	25	-	25
Miscellaneous	-	-	-	-
Total revenues	<u>625</u>	<u>625</u>	<u>1,300</u>	<u>(675)</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	625	625	375	250
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>625</u>	<u>625</u>	<u>375</u>	<u>250</u>
Excess (deficiency) of revenues over expenditures	-	-	925	(425)
<i>Other financing sources (uses)</i>				
Debt proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	625	625	925	(175)
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ 625</u>	<u>625</u>	<u>925</u>	<u>(175)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			16	
Adjustments to expenditures			<u>1</u>	
Net change in fund balance (GAAP)			<u>\$ 942</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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Property	-	-	-	-
Gross receipts	-	-	-	-
Franchise	-	-	-	-
Lodgers' taxes	-	-	-	-
State shared	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental				
Federal	-	-	-	-
State	55,501	55,501	47,866	(7,635)
Charges for services	-	-	-	-
Fines	-	-	-	-
Interest on investments	-	-	-	-
Miscellaneous	500	500	258,264	257,764
Total revenues	<u>56,001</u>	<u>56,001</u>	<u>306,130</u>	<u>250,129</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	55,000	504,857	437,909	66,948
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>55,000</u>	<u>504,857</u>	<u>437,909</u>	<u>66,948</u>
Excess (deficiency) of revenues over expenditures	<u>1,001</u>	<u>(448,856)</u>	<u>(131,779)</u>	<u>317,077</u>
<i>Other financing sources (uses)</i>				
Debt proceeds	-	-	-	-
Transfers in	-	258,127	-	(258,127)
Transfers out	(22,202)	(22,202)	-	22,202
<i>Total other financing sources (uses)</i>	<u>(22,202)</u>	<u>235,925</u>	<u>-</u>	<u>(235,925)</u>
<i>Net change in fund balance</i>	(21,201)	(212,931)	(131,779)	317,077
<i>Fund balance, beginning of year</i>	-	-	-	-
<i>Fund balance, end of year</i>	\$ <u>(21,201)</u>	<u>(212,931)</u>	<u>(131,779)</u>	<u>317,077</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			20,001	
Adjustments to expenditures			-	
Net change in fund balance (GAAP)			\$ <u>(111,778)</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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Taxes				
Property	\$ -	-	-	-
Gross receipts	85,000	85,000	-	(85,000)
Franchise	-	-	-	-
Lodgers' taxes	-	-	-	-
State shared	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental				
Federal	-	-	-	-
State	8,932,000	8,932,000	910,801	8,021,199
Charges for services	-	-	-	-
Fines	-	-	-	-
Interest on investments	550	550	139	(411)
Miscellaneous	-	-	-	-
Total revenues	<u>9,017,550</u>	<u>9,017,550</u>	<u>910,940</u>	<u>7,935,788</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	4,882,000	4,882,000	956,690	3,925,310
Total expenditures	<u>4,882,000</u>	<u>4,882,000</u>	<u>956,690</u>	<u>3,925,310</u>
Excess (deficiency) of revenues over expenditures	<u>4,135,550</u>	<u>4,135,550</u>	<u>(45,750)</u>	<u>11,861,098</u>
<i>Other financing sources (uses)</i>				
Debt proceeds	-	-	-	-
Transfers in	-	-	34,807	34,807
Transfers out	(5,198)	(5,198)	(7,540)	(2,342)
<i>Total other financing sources (uses)</i>	<u>(5,198)</u>	<u>(5,198)</u>	<u>27,267</u>	<u>32,465</u>
<i>Net change in fund balance</i>	<u>\$ 4,135,550</u>	<u>4,135,550</u>	<u>(18,483)</u>	<u>11,861,098</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net change in fund balance (GAAP)			<u>\$ (18,483)</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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Taxes				
Property	\$ -	-	-	-
Gross receipts	-	-	-	-
Franchise	-	-	-	-
Lodgers' taxes	-	-	-	-
State shared	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Federal	-	-	-	-
State	-	-	-	-
Charges for services	-	-	-	-
Fines	-	-	-	-
Interest on investments	-	-	-	-
Miscellaneous	226,784	226,784	88,407	(138,377)
Total revenues	<u>226,784</u>	<u>226,784</u>	<u>88,407</u>	<u>(138,377)</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	226,784	226,784	240	226,544
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>226,784</u>	<u>226,784</u>	<u>240</u>	<u>226,544</u>
Excess (deficiency) of revenues over expenditures	-	-	88,167	88,167
<i>Other financing sources (uses)</i>				
Debt proceeds	-	-	-	-
Transfers in	-	-	324,408	324,408
Transfers out	-	-	(348,624)	(348,624)
Total other financing sources (uses)	-	-	<u>(24,216)</u>	<u>(24,216)</u>
Net change in fund balance	226,784	226,784	63,951	314,711
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ <u>226,784</u>	<u>226,784</u>	<u>63,951</u>	<u>314,711</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			19,147	
Adjustments to expenditures			-	
Net change in fund balance (GAAP)			\$ <u>83,098</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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 130,000	130,000	155,397	25,397
Total operating revenues	<u>130,000</u>	<u>130,000</u>	<u>155,397</u>	<u>25,397</u>
OPERATING EXPENSES				
Current:				
Cost of sales and services	-	-	-	-
Administration	126,000	138,370	135,318	3,052
Other operating expenses	-	-	-	-
Depreciation	-	-	-	-
Total operating expenses	<u>126,000</u>	<u>138,370</u>	<u>135,318</u>	<u>3,052</u>
Operating income (loss)	<u>4,000</u>	<u>(8,370)</u>	<u>20,079</u>	<u>28,449</u>
NONOPERATING REVENUES (EXPENSES)				
Investment revenue	-	-	-	-
Interest expense	-	-	-	-
Miscellaneous revenue	-	-	-	-
Sales taxes	-	-	-	-
Nonoperating revenues (expenses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Capital grants - federal	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	(3,051)	(3,051)
Other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(3,051)</u>	<u>(3,051)</u>
<i>Net change in fund balance</i>	4,000	(8,370)	20,079	25,398
<i>Fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance, end of year</i>	\$ <u><u>4,000</u></u>	<u><u>(8,370)</u></u>	<u><u>20,079</u></u>	<u><u>25,398</u></u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			(1,369,029)	
Net change in fund balance (GAAP)			\$ <u><u>(1,352,001)</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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 102,000	102,000	107,365	5,365
Interest on Investments	75	75	35	(40)
Gross Receipts- dedicated	45,000	45,000	49,329	4,329
Total operating revenues	<u>147,075</u>	<u>147,075</u>	<u>156,729</u>	<u>9,654</u>
OPERATING EXPENSES				
Current:				
Cost of sales and services	-	-	-	-
Administration	135,000	137,539	137,539	-
Other operating expenses	-	-	-	-
Depreciation	-	-	-	-
Total operating expenses	<u>135,000</u>	<u>137,539</u>	<u>137,539</u>	<u>-</u>
Operating income (loss)	<u>12,075</u>	<u>9,536</u>	<u>19,190</u>	<u>9,654</u>
NONOPERATING REVENUES (EXPENSES)				
Investment revenue	-	-	-	-
Interest expense	-	-	-	-
Miscellaneous revenue	-	-	-	-
Sales taxes	-	-	-	-
Nonoperating revenues (expenses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Capital grants - federal	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	150	150
Other financing sources (uses)	<u>-</u>	<u>-</u>	<u>150</u>	<u>150</u>
<i>Net change in fund balance</i>	<u>\$ 12,075</u>	<u>9,536</u>	<u>19,340</u>	<u>9,804</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			9,583	
Adjustments to expenditures			(25,942)	
Net change in fund balance (GAAP)			<u>\$ 2,981</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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
OPERATING REVENUES				
Charges for services	\$ 195,000	195,000	206,587	11,587
Taxes	-	-	11,083	11,083
Interest on Investments	100	100	280	180
Total operating revenues	<u>195,100</u>	<u>195,100</u>	<u>217,950</u>	<u>22,850</u>
OPERATING EXPENSES				
Current:				
Cost of sales and services				-
Administration	180,000	180,000	173,426	6,574
Other operating expenses	-	-	-	-
Depreciation	-	-	-	-
Total operating expenses	<u>180,000</u>	<u>180,000</u>	<u>173,426</u>	<u>6,574</u>
Operating income (loss)	<u>15,100</u>	<u>15,100</u>	<u>44,524</u>	<u>29,424</u>
NONOPERATING REVENUES (EXPENSES)				
Investment revenue	-	-	-	-
Miscellaneous revenue	-	-	-	-
Sales Tax	-	-	-	-
Interest expense	-	-	3,500	3,500
Nonoperating revenues (expenses)	<u>-</u>	<u>-</u>	<u>3,500</u>	<u>3,500</u>
OTHER FINANCING SOURCES (USES)				
Capital grants - federal	-	-	-	-
Transfers in	-	-	23,091	23,091
Transfers out	(13,500)	(18,004)	(18,022)	(18)
Other financing sources (uses)	<u>(13,500)</u>	<u>(18,004)</u>	<u>5,069</u>	<u>23,073</u>
<i>Net change in fund balance</i>	<u>1,600</u>	<u>(2,904)</u>	<u>53,093</u>	<u>55,997</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			10,000	
Adjustments to expenditures			(133,109)	
Net change in fund balance (GAAP)			<u>\$ (70,016)</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, 2016**

ASSETS

Current assets

Cash and cash equivalents	\$ 28,676
Investments	52,354
Accounts receivable, net	3,946
Prepaid expense	<u>11,617</u>

Total current assets	<u>96,593</u>
----------------------	---------------

Noncurrent assets

Restricted cash	7,126
Capital assets	
Land	32,200
Capital assets being depreciated, net	<u>1,766,429</u>

Total noncurrent assets	<u>1,805,755</u>
-------------------------	------------------

Total assets	<u>1,902,348</u>
--------------	------------------

LIABILITIES

Current liabilities

Accounts payable	6,158
Accrued payroll liabilities	<u>5,298</u>

Total current liabilities	<u>11,456</u>
---------------------------	---------------

Current liabilities payable from restricted assets

Customer deposits payable	<u>7,210</u>
---------------------------	--------------

Total liabilities	<u>18,666</u>
-------------------	---------------

NET POSITION

Invested in capital assets, net of related debt	1,766,429
Unrestricted	<u>117,253</u>

Total net position	<u>\$ 1,883,682</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, 2016

OPERATING REVENUES

Charges for services	\$ 77,860
Operating grants	112,855
Other charges	-
	<hr/>
Total operating revenues	<u>190,715</u>

OPERATING EXPENSES

Administration	87,573
Other operating expenses	31,802
Depreciation	72,798
	<hr/>
Total operating expenses	<u>192,173</u>

Operating (loss)	<u>(1,458)</u>
-------------------------	----------------

NONOPERATING REVENUES (EXPENSES)

Interest revenue	-
	<hr/>
Nonoperating revenues (expenses)	<u>-</u>

Change in net position	(1,458)
-------------------------------	---------

NET POSITION, BEGINNING OF YEAR	<u>1,885,140</u>
--	------------------

NET POSITION, END OF YEAR	<u><u>\$ 1,883,682</u></u>
----------------------------------	----------------------------

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF CASH FLOWS
COMPONENT UNIT - HOUSING AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2016**

Cash flows from operating activities

Cash received from customers	\$ 82,544
Cash received from HUD operating grants	112,855
Cash payments to employees for services	(72,450)
Cash payments to supplies for goods and services	<u>(44,321)</u>
Net cash provided by operating activities	<u>78,628</u>

Cash flows from capital and related financing activities

Cash received from grants	-
(Acquisition) disposition of capital assets	<u>(60,921)</u>
Net cash provided by capital financing activities	<u>(60,921)</u>

Cash flows from investing activities

Sale of investments	(191)
Interest on investments	<u>-</u>
Net cash provided by noncapital investing activities	<u>(191)</u>

Net (decrease) in cash and cash equivalents	<u>17,516</u>
---	---------------

Unrestricted cash and equivalents beginning of year	12,186
Restricted cash beginning of year	<u>6,100</u>
Total cash and equivalents beginning of year	<u>18,286</u>

Cash and equivalents end of year	<u><u>\$ 35,802</u></u>
----------------------------------	-------------------------

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF CASH FLOWS
COMPONENT UNIT - HOUSING AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2016**

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

Operating income	\$ (1,458)
Adjustments to reconcile operating income to net cash provided (used) in operating activities:	
Depreciation expense	72,798
Decrease (increase) in customer receivable	3,519
Increase (decrease) in accounts payable	1,833
Increase (decrease) in accrued liabilities	729
Increase (decrease) in customer deposits	1,165
Increase (decrease) in prepaid expense	42
Net cash provided by operating activities	<u>\$ 78,628</u>

CASH PER FINANCIAL STATEMENTS

Cash and cash equivalents	\$ 28,676
Restricted cash	7,126
Cash and equivalents end of year	<u>\$ 35,802</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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 70,000	70,000	77,860	7,860
Operating grants	92,000	110,880	108,855	(2,025)
Other charges	1,800	500	64,920	64,420
Total operating revenues	163,800	181,380	251,635	70,255
OPERATING EXPENSE				
Administration	32,000	32,000	148,493	(116,493)
Other operating expenses	159,000	154,900	31,802	123,098
Total operating expenses	191,000	186,900	180,295	6,605
Operating income (loss)	(27,200)	(5,520)	71,340	76,860
NONOPERATING REVENUES (EXPENSES)				
Investment revenue	500	500	-	(500)
CFP grant	-	-	-	-
Nonoperating revenues (expenses)	500	500	-	(500)
NON-BUDGETED ITEMS				
Depreciation	-	-	(72,798)	(72,798)
Total non-budgeted items	-	-	(72,798)	(72,798)
Net (loss)	\$ (26,700)	(5,020)	(1,458)	3,562

OTHER SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
VILLAGE OF CHAMA
FINANCIAL DATA SCHEDULE
HOUSING AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2016

Line Item Number	Description	Low Rent Public Housing Program 14.850
111	Cash - unrestricted	\$ 28,676
100	Total cash	<u>28,676</u>
122	Accounts receivable - HUD other projects	
126	Accounts receivable - tenants - dwelling rents	8,115
126.1	Allowance for doubtful accounts - dwelling rents	<u>(4,169)</u>
120	Total receivables, net of allowance for doubtful accounts	<u>3,946</u>
131	Investments - unrestricted	52,354
142	Prepaid expense and other assets	<u>11,617</u>
150	Total current assets	<u>96,593</u>
114	Cash - tenant security deposits	<u>7,126</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	974,336
166	Accumulated depreciation	(1,502,916)
160	Total capital assets, net of accumulated depreciation	<u>1,798,629</u>
180	Total non-current assets	<u>1,805,755</u>
190	Total assets	<u>\$ 1,902,348</u>

STATE OF NEW MEXICO
 VILLAGE OF CHAMA
 FINANCIAL DATA SCHEDULE
 HOUSING AUTHORITY
 FOR THE YEAR ENDED JUNE 30, 2016

Line Item Number	Description	Low Rent Public Housing Program 14.850
312	Accounts Payable <=90 days	6,158
321	Accrued wage/payroll taxes payable	5,298
341	Tenant Security deposits	7,210
		<hr/>
310	Total current liabilities	18,666
		<hr/>
508.1	Net investment in capital assets	1,766,429
512.1	Unrestricted net position	117,253
		<hr/>
513	Total equity/net position	1,883,682
		<hr/>
600	Total liabilities and equity/net position	\$ 1,902,348
		<hr/> <hr/>

STATE OF NEW MEXICO
VILLAGE OF CHAMA
FINANCIAL DATA SCHEDULE
HOUSING AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2016

Line Item Number	Description	Low Rent Public Housing Program 14.850
70300	Net tenant rental revenue	77,860
70400	Tenant revenue - other	510
70500	Total tenant revenue	78,370
70600	HUD PHA operating grants	108,142
70610	Capital Grants	64,920
71100	Investment income - restricted	203
71500	Other revenue	-
70000	Total revenues	251,635
91100	Administrative salaries	31,802
91200	Auditing fees	4,400
91400	Advertising and marketing	168
91500	Employee benefit contributions - administrative	13,077
91600	Office expenses	22,887
91800	Travel	1,640
91900	Other operating - administrative	10,402
91000	Total operating - administrative	84,376
93100	Water	1,782
93200	Electricity	5,444
93300	Gas	1,308
93000	Total utilities	8,534
94100	Ordinary maintenance and operations - labor	21,607
94200	Ordinary maintenance and operations - materials and other	20,937
94300	Ordinary maintenance and operations - contract costs	19,951
94500	Employee benefit contributions - ordinary maintenance	5,964
94000	Total maintenance	68,459

STATE OF NEW MEXICO
VILLAGE OF CHAMA
FINANCIAL DATA SCHEDULE
HOUSING AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2016

Line Item Number	Description	Low Rent Public Housing Program 14.850
96110	Property insurance	14,418
96120	Liability insurance	2,562
96130	Workmen's compensation	1,699
96140	All other insurance	247
		<hr/>
96100	Total insurance premiums	18,926
		<hr/>
96900	Total operating expenses	180,295
		<hr/>
97000	Excess of operating revenue over operating expenses	71,340
		<hr/>
97400	Depreciation expense	72,798
		<hr/>
90000	Total expenses	253,093
		<hr/>
10000	Excess operating revenue over operating expenses	(1,458)
		<hr/>
11030	Beginning Net Position	1,885,140
		<hr/>
11040-070	Equity transfers - in (out) from (to) CFP grants	-
11040-080	Equity transfers - in (out) from (to) low rent	-
		<hr/>
11040	Equity transfers	-
		<hr/>
	Ending Net Position	\$ 1,883,682
		<hr/> <hr/>

STATE OF NEW MEXICO
 VILLAGE OF CHAMA
 FINANCIAL DATA SCHEDULE
 HOUSING AUTHORITY
 FOR THE YEAR ENDED JUNE 30, 2016

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	\$	-

STATE OF NEW MEXICO
 VILLAGE OF CHAMA
 SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000 (EXCLUDING GRT)
 FOR THE YEAR ENDED JUNE 30, 2016

<i>Agency Number</i>	<i>Agency Name</i>	<i>Agency Type</i>	<i>RFB#/RFP# (if applicable)</i>	<i>Type of Procurement</i>	<i>Vendor Name</i>	<i>Did Vendor Win Contract?</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Physical address of vendor (City, State)</i>	<i>Did the Vendor provide documentation of eligibility for in-state preference?</i>	<i>Did the Vendor provide documentation of eligibility for veterans' preference?</i>	<i>Brief Description of the Scope of Work</i>	<i>If the procurement is attributable to a Component Unit, Name of Component Unit</i>
6030	Village of Chama	Municipality	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

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, 2016, 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 7, 2016.

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 not identify any deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies.

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 2016-001.

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.

The logo for Axiom, featuring the word "Axiom" in a blue, cursive script font.

Axiom CPAs and Business Advisors, LLC
Albuquerque, New Mexico
December 7, 2016

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2016**

II. Findings – Financial Statements Audit

<u>2016-001</u>	<u>Payroll documentation (Compliance and Other matter)</u>
Condition:	Out of 40 items selected for controls testing over payroll disbursements, 1 file was missing Federal form I-9.
Criteria:	Federal form I-9 is a required federal form that documents an individual's eligibility to work in the United States and should be included in the personnel file of each employee to demonstrate compliance with this requirement.
Effect:	The Village is not in compliance with federal regulations with respect to documenting the individual's identity and legal authorization to accept employment in the United States.
Cause:	Personnel files were not consistent with respect to the contents of the files maintained.
Recommendation:	We recommend that the Village implement a procedure, such as a checklist, that accompanies each file to insure that all mandated forms are contained accordingly.
Management Response:	We were unaware that the employee file did not have an I-9 form due to management transition. A checklist will be created to accompany the personnel files
Party responsible For corrective action:	The Clerk's office is responsible for maintaining personnel files.
Estimated timeline To complete:	Immediate. Checklist has been created to accompany all personnel files.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2016**

Prior Year

2014-001	Utility Auto Billing	Resolved
2015-001	Payment in excess of contract	Resolved

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
EXIT CONFERENCE
JUNE 30, 2016**

EXIT CONFERENCE

An exit conference was held on December 8, 2016 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

Scott Flury	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

Mark Santiago, CPA	Audit Manager
--------------------	---------------

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.