

**STATE OF NEW MEXICO**

**VILLAGE OF CHAMA**

**AUDIT REPORT**

**JUNE 30, 2018**



CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS



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## **INTRODUCTORY SECTION**



**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
OFFICIAL ROSTER  
JUNE 30, 2018**

**OFFICIAL ROSTER**

<b><u>Name</u></b>	<b><u>Title</u></b>
Billy Elbrock	Mayor
Matthew Gallegos	Councilor
Scott Flury	Councilor
Ernest Vigil	Councilor
Darren De Yapp	Councilor

**ADMINISTRATIVE OFFICIALS**

Tim Gallegos	Municipal Judge
Kristina Archuleta	Treasurer
Maggie Valdez	Village Clerk
Coppler Law Firm	Attorney

**CHAMA HOUSING AUTHORITY**

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





**FINANCIAL STATEMENTS SECTION**





PATTILLO, BROWN & HILL, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

## Independent Auditor's Report

To the Village Council  
Village of Chama  
And Mr. Wayne Johnson  
New Mexico State Auditor

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund of Village of Chama, New Mexico (the "Village") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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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, 2018, and the respective changes in financial position and the respective budgetary comparison for the general fund, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 13, during the year ended June 30, 2018 the Village adopted new accounting guidance, Governmental Accounting Standards Board Statement No 75 *Accounting and Financial Reporting for postemployment Benefits Other Than Pension*. The beginning balance of Net Position has been restated due to the implementation. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary 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, Schedule of Village Contributions, Schedule of Village's Proportionate Share of the Net OBEP Liability, and Schedule of Village Contributions* on pages 55-58 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.

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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The other schedules as required by 2.2.2 NMAC as noted in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other schedules required by Section 2.2.2 NMAC as noted in the table of contents, 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 auditing standards generally accepted in the United States of America. In our opinion the other schedules required by Section 2.2.2 NMAC as noted in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2018 on our consideration of Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Pattillo, Brown & Hill, L.L.P.  
Albuquerque, New Mexico  
December 14, 2018

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
STATEMENT OF NET POSITION  
JUNE 30, 2018**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 1,055,143	210,759	1,265,902	12,588
Investments	151,657	53,425	205,082	37,153
Accounts receivable (net of allowance for uncollectible)	153,355	72,631	225,986	2,131
Due from other governments	376,888	488,685	865,573	8,111
Prepaid expenses	3,942	-	3,942	-
Total current assets	<u>1,740,985</u>	<u>825,500</u>	<u>2,566,485</u>	<u>59,983</u>
Noncurrent assets				
Restricted cash	31,939	57,750	89,689	6,543
Restricted investments	-	109,534	109,534	-
Capital assets				
Land	64,190	13,333	77,523	32,200
Construction in progress	-	1,161,900	1,161,900	-
Intangible assets - water rights	-	61,100	61,100	-
Capital assets being depreciated, net	3,579,870	10,329,378	13,909,248	1,729,621
Total noncurrent assets	<u>3,675,999</u>	<u>11,732,995</u>	<u>15,408,994</u>	<u>1,768,364</u>
<b>DEFERRED OUTFLOWS</b>				
Pension related	148,123	-	148,123	-
OPEB related	9,549	-	9,549	-
Total deferred outflows	<u>157,672</u>	<u>-</u>	<u>157,672</u>	<u>-</u>
Total assets and deferred outflows	<u>5,574,656</u>	<u>12,558,495</u>	<u>18,133,151</u>	<u>1,828,347</u>

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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	-	10,263	10,263	3,221
Accrued payroll liabilities	14,396	-	14,396	5,958
Accrued interest	-	22,846	22,846	-
Current portion compensated absences	3,722	-	3,722	-
Current portion long term debt	34,401	14,994	49,395	-
Current portion landfill closure costs	-	7,320	7,320	-
Customer deposits	-	81,059	81,059	8,088
<b>Total current liabilities</b>	<b>52,519</b>	<b>136,482</b>	<b>189,001</b>	<b>17,267</b>
Noncurrent liabilities				
Compensated absences	5,583	-	5,583	-
Long term debt	317,838	1,268,320	1,586,158	-
Net pension liability	629,331	-	629,331	-
Net OPEB liability	437,760	-	437,760	-
Landfill (less current portion)	-	106,114	106,114	-
<b>Total noncurrent liabilities</b>	<b>1,390,512</b>	<b>1,374,434</b>	<b>2,764,946</b>	<b>-</b>
<b>Total liabilities</b>	<b>1,443,031</b>	<b>1,510,916</b>	<b>2,953,947</b>	<b>17,267</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related	49,058	-	49,058	-
OPEB related	99,633	-	99,633	-
<b>Total deferred inflows of resources</b>	<b>148,691</b>	<b>-</b>	<b>148,691</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	3,291,821	10,241,338	13,533,159	1,761,821
Restricted for:				
Special revenue	254,030	-	254,030	-
Debt Service	-	167,284	167,284	-
Capital projects	470,964	-	470,964	-
Unrestricted	(33,881)	638,957	605,076	49,259
<b>Total net position</b>	<b>\$ 3,982,934</b>	<b>11,047,579</b>	<b>15,030,513</b>	<b>1,811,080</b>

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
General government	\$ 896,770	57,003	-	-
Public safety	183,875	-	-	-
Public works	461,826	-	259,392	3,633
Culture and recreation	104,993	11,868	-	-
Interest on long term debt	7,932	-	-	-
Total governmental activities	<u>1,655,396</u>	<u>68,871</u>	<u>259,392</u>	<u>3,633</u>
Business-type activities				
Sewer	531,496	178,291	-	646,037
Solid waste	140,047	119,524	-	-
Water	314,894	209,200	-	-
Total business-type activities	<u>986,437</u>	<u>507,015</u>	<u>-</u>	<u>646,037</u>
Total primary government	<u>\$ 2,641,833</u>	<u>575,886</u>	<u>259,392</u>	<u>649,670</u>
<b>Component Unit</b>				
Village of Chama Housing Authority	<u>\$ 244,270</u>	<u>57,028</u>	<u>96,509</u>	<u>52,132</u>

General revenues:

Taxes:

Property taxes, levied for general purposes

Sales

Lodgers

Other

Investment earnings

Miscellaneous

Total general revenues and transfers

Change in net position

Net position, beginning

Restatement (Note 13)

Net position, as restated

Net position, ending

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



Net (Expense) Revenue and  
Changes in Net Position

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
(839,767)	-	(839,767)	-
(183,875)	-	(183,875)	-
(198,801)	-	(198,801)	-
(93,125)	-	(93,125)	-
(7,932)	-	(7,932)	-
<u>(1,323,500)</u>	<u>-</u>	<u>(1,323,500)</u>	<u>-</u>
-	292,832	292,832	-
-	(20,523)	(20,523)	-
-	(105,694)	(105,694)	-
-	166,615	166,615	-
<u>(1,323,500)</u>	<u>166,615</u>	<u>(1,156,885)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(38,601)</u>
103,246	-	103,246	-
499,154	85,892	585,046	-
144,012	-	144,012	-
676,374	-	676,374	-
2,114	252	2,366	269
42,285	75	42,360	-
<u>1,467,185</u>	<u>86,219</u>	<u>1,553,404</u>	<u>269</u>
<u>143,685</u>	<u>252,834</u>	<u>396,519</u>	<u>(38,332)</u>
4,359,235	10,794,745	15,153,980	1,849,412
(519,986)	-	(519,986)	-
<u>3,839,249</u>	<u>10,794,745</u>	<u>14,633,994</u>	<u>1,849,412</u>
<u>\$ 3,982,934</u>	<u>11,047,579</u>	<u>15,030,513</u>	<u>1,811,080</u>

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018**

	<b>100 General Fund</b>	<b>402 SAP Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 601,027	41,122	412,994	1,055,143
Restricted cash	-	-	31,939	31,939
Investments	223	30,763	120,671	151,657
Property taxes receivable	116,167	-	37,188	153,355
Due from other governments	326,571	13,898	36,419	376,888
Prepaid expenses	3,942	-	-	3,942
 Total assets	 <u>\$ 1,047,930</u>	 <u>85,783</u>	 <u>639,211</u>	 <u>1,772,924</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities				
Accrued liabilities	\$ 14,396	-	-	14,396
Total liabilities	<u>14,396</u>	<u>-</u>	<u>-</u>	<u>14,396</u>
Deferred Inflows of Resources				
Unavailable property taxes	113,544	-	-	113,544
Total deferred inflows of resources	<u>113,544</u>	<u>-</u>	<u>-</u>	<u>113,544</u>
Fund Balances				
Non-spendable	3,942	-	-	3,942
Restricted for:				
Special revenue	-	85,783	168,247	254,030
Capital projects	-	-	470,964	470,964
Unassigned	916,048	-	-	916,048
Total fund balances	<u>919,990</u>	<u>85,783</u>	<u>639,211</u>	<u>1,644,984</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 1,047,930</u>	 <u>85,783</u>	 <u>639,211</u>	 <u>1,772,924</u>

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

**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, 2018**

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

Fund Balances - Total Governmental Funds	\$	1,644,984
Defined benefit pension and OPEB plan deferred outflows and inflows are not financial resources and, therefore, are not reported in the funds.		157,672
Defined benefit pension plan and OPEB deferred inflows and inflows are not financial obligations and, therefore, are not reported in the funds.		(148,691)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental capital assets		6,254,689
Less accumulated depreciation		(2,610,629)
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		(629,331)
Net OPEB liability		(437,760)
Compensated absences		(9,305)
Bonds and notes payable		(352,239)
A portion of property taxes receivable is not available to pay current period expenditures and, therefore, is deferred in the funds.		<u>113,544</u>
Net position of governmental activities	\$	<u><u>3,982,934</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, 2018**

	<b>100 General Fund</b>	<b>402 SAP Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Taxes:				
Property	\$ 99,753	-	-	99,753
Gross receipts	499,154	-	-	499,154
Lodgers' taxes	-	-	144,012	144,012
Other tax	554,338	-	122,036	676,374
Licenses and permits	8,703	-	-	8,703
Intergovernmental				
State	90,000	3,633	169,392	263,025
Charges for services	48,006	-	11,868	59,874
Fines	294	-	-	294
Interest on investments	570	173	1,371	2,114
Miscellaneous	24,581	-	17,704	42,285
	<u>1,325,399</u>	<u>3,806</u>	<u>466,383</u>	<u>1,795,588</u>
Total revenues				
<b>EXPENDITURES</b>				
<b>Current operations</b>				
General government	609,250	-	103,326	712,576
Public safety	67,427	-	82,688	150,115
Public works	337,305	3,251	85,400	425,956
Culture and recreation	76,127	-	24,647	100,774
<b>Capital outlay</b>	-	-	6,300	6,300
<b>Debt service</b>	-	-	14,270	14,270
<b>Interest expense</b>	-	-	7,932	7,932
	<u>1,090,109</u>	<u>3,251</u>	<u>324,563</u>	<u>1,417,923</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	235,290	555	141,820	377,665
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer in (out)	16,736	7,967	(24,703)	-
Total other financing sources (uses)	16,736	7,967	(24,703)	-
<b>Net changes in fund balances</b>	252,026	8,522	117,117	377,665
<b>FUND BALANCES, BEGINNING OF YEAR</b>	667,964	77,261	522,094	1,267,319
<b>FUND BALANCES, END OF YEAR</b>	\$ <u>919,990</u>	<u>85,783</u>	<u>639,211</u>	<u>1,644,984</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, 2018**

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

Net change in fund balances - total governmental funds	\$ 377,665
Net pension expense	(37,598)
Net OPEB expense	(7,858)

A portion of property tax receivable is not available to pay current period expenditures and, therefore, is deferred in the funds. 3,493

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	6,300
Depreciation expense	(210,998)

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	14,270
Compensated absences	<u>(1,589)</u>

Change in net position of governmental activities \$ 143,685

**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, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance From Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes				
Property	\$ 92,115	92,115	97,466	5,351
Gross receipts	365,000	499,305	416,617	(82,688)
Other tax	426,825	426,825	472,676	45,851
Licenses and permits	9,800	9,800	8,703	(1,097)
Intergovernmental				
State	90,000	90,000	90,000	-
Charges for services	35,435	35,435	44,689	9,254
Fines	300	300	294	(6)
Interest on investments	300	300	550	250
Miscellaneous	9,000	27,704	58,371	30,667
<i>Total revenues</i>	<u>1,028,775</u>	<u>1,181,784</u>	<u>1,189,366</u>	<u>7,582</u>
<b>EXPENDITURES</b>				
Current:				
General government	571,957	597,190	610,337	(13,147)
Public safety	63,298	71,369	71,369	-
Public works	202,064	218,297	218,297	-
Sanitation	106,799	119,008	119,008	-
Culture and recreation	77,822	77,822	76,127	1,695
<i>Total expenditures</i>	<u>1,021,940</u>	<u>1,083,686</u>	<u>1,095,138</u>	<u>(11,452)</u>
Excess (deficiency) of revenues over expenditures	<u>6,835</u>	<u>98,098</u>	<u>94,228</u>	<u>19,034</u>
<i>Other financing sources (uses)</i>				
Transfers in (out)	-	-	16,736	16,736
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>16,736</u>	<u>16,736</u>
<i>Net change in fund balance</i>	<u>\$ 6,835</u>	<u>98,098</u>	<u>94,228</u>	<u>(3,870)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			136,033	
Adjustments to expenditures			<u>5,029</u>	
Net change in fund balance (GAAP)			<u>\$ 252,026</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, 2018**

	<b>301 Sewer Fund</b>	<b>302 Solid Waste Fund</b>	<b>303 Water Fund</b>	<b>Total Proprietary Funds</b>
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 39,822	86,038	84,899	210,759
Investments	12,042	9,321	32,062	53,425
Accounts receivable (net of allowance for uncollectible)	20,300	27,752	24,579	72,631
Due from other governments	488,685	-	-	488,685
Total current assets	<u>560,849</u>	<u>123,111</u>	<u>141,540</u>	<u>825,500</u>
Noncurrent assets				
Restricted cash	-	-	57,750	57,750
Restricted investments	-	-	109,534	109,534
Capital assets				
Land	2,500	-	10,833	13,333
Buildings	12,665,476	62,332	3,452,323	16,180,131
Machinery and Equipment	101,545	271,647	94,125	467,317
Construction in progress	1,161,900	-	-	1,161,900
Intangible assets - water rights	-	-	61,100	61,100
Accumulated depreciation	<u>(3,471,282)</u>	<u>(259,365)</u>	<u>(2,587,423)</u>	<u>(6,318,070)</u>
Total noncurrent assets	<u>10,460,139</u>	<u>74,614</u>	<u>1,198,242</u>	<u>11,732,995</u>
Total assets	<u>11,020,988</u>	<u>197,725</u>	<u>1,339,782</u>	<u>12,558,495</u>

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



	<b>301 Sewer Fund</b>	<b>302 Solid Waste Fund</b>	<b>303 Water Fund</b>	<b>Total Proprietary Funds</b>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	10,263	-	-	10,263
Accrued interest	21,846	-	1,000	22,846
Accrued payroll				
Landfill payable	-	7,320	-	7,320
Current portion long term debt	-	4,994	10,000	14,994
Customer deposits payable	-	-	81,059	81,059
Total current liabilities	<u>32,109</u>	<u>12,314</u>	<u>92,059</u>	<u>136,482</u>
Noncurrent liabilities				
Landfill payable (less current portion)	-	106,114	-	106,114
Long term debt	<u>1,161,900</u>	<u>76,420</u>	<u>30,000</u>	<u>1,268,320</u>
Total noncurrent liabilities	<u>1,161,900</u>	<u>182,534</u>	<u>30,000</u>	<u>1,374,434</u>
Total liabilities	<u>1,194,009</u>	<u>194,848</u>	<u>122,059</u>	<u>1,510,916</u>
<b>NET POSITION</b>				
Net investment in capital assets	9,298,239	(6,800)	949,899	10,241,338
Restricted for debt service	-	-	167,284	167,284
Unrestricted	<u>528,740</u>	<u>9,677</u>	<u>100,540</u>	<u>638,957</u>
Total net position	<u>\$ 9,826,979</u>	<u>2,877</u>	<u>1,217,723</u>	<u>11,047,579</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, 2018**

	<b>301</b>	<b>302</b>	<b>303</b>	<b>Total</b>
	<b>Sewer</b>	<b>Solid</b>	<b>Water</b>	<b>Proprietary</b>
	<b>Fund</b>	<b>Waste</b>	<b>Fund</b>	<b>Fund</b>
	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>
<b>OPERATING REVENUES</b>				
Charges for sales and services:				
Charges for services	\$ 178,291	119,524	209,200	507,015
Total operating revenues	<u>178,291</u>	<u>119,524</u>	<u>209,200</u>	<u>507,015</u>
<b>OPERATING EXPENSES</b>				
Cost of sales and services	3,159	-	-	3,159
Administration	162,659	39,205	150,207	352,071
Other operating expenses	34,939	93,254	43,876	172,069
Depreciation	308,893	7,094	119,262	435,249
Total operating expenses	<u>509,650</u>	<u>139,553</u>	<u>313,345</u>	<u>962,548</u>
<b>Operating income (loss)</b>	<u>(331,359)</u>	<u>(20,029)</u>	<u>(104,145)</u>	<u>(455,533)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Capital grants - state	646,037	-	-	646,037
Interest revenue	-	43	209	252
Interest expense	(21,846)	(494)	(1,549)	(23,889)
Miscellaneous revenue	75	-	-	75
Sales taxes	8,341	67,384	10,167	85,892
<b>Total nonoperating revenues (expenses)</b>	<u>632,607</u>	<u>66,933</u>	<u>8,827</u>	<u>708,367</u>
<b>Income (loss) before other financing sources (uses)</b>	<u>301,248</u>	<u>46,904</u>	<u>(95,318)</u>	<u>252,834</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in net position</b>	301,248	46,904	(95,318)	252,834
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>9,525,731</u>	<u>(44,027)</u>	<u>1,313,041</u>	<u>10,794,745</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 9,826,979</u>	<u>2,877</u>	<u>1,217,723</u>	<u>11,047,579</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, 2018**

	<u>Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Water Fund</u>	<u>Total Proprietary Funds</u>
<b>Cash flows from operating activities</b>				
Cash received from customers	\$ 168,555	116,219	217,661	502,435
Cash payments to suppliers for goods and services	(689,255)	(132,459)	(195,083)	(1,016,797)
Net cash provided (used) by operating activities	<u>(520,700)</u>	<u>(16,240)</u>	<u>22,578</u>	<u>(514,362)</u>
<b>Cash flows from noncapital financing activities</b>				
Taxes received	8,341	67,384	10,167	85,892
Miscellaneous income	75	-	-	75
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Net cash provided by noncapital financing activities	<u>8,416</u>	<u>67,384</u>	<u>10,167</u>	<u>85,967</u>
<b>Cash flows from capital and related financing activities</b>				
Proceeds from LT debt	1,161,900	-	-	1,161,900
Capital grants - state	1,166,644	-	-	1,166,644
(Acquisition) disposition of capital assets	(1,807,936)	-	-	(1,807,936)
Principal paid on debt	-	(12,313)	(10,000)	(22,313)
Interest paid on debt	(21,846)	(494)	(1,549)	(23,889)
Net cash provided (used) by capital financing activities	<u>498,762</u>	<u>(12,807)</u>	<u>(11,549)</u>	<u>474,406</u>
<b>Cash flows from investing activities</b>				
Purchase of investments	-	(43)	(149)	(192)
Interest on investments	-	43	209	252
Net cash provided (used) by noncapital investing activities	<u>-</u>	<u>-</u>	<u>60</u>	<u>60</u>
Net increase (decrease) in cash and cash equivalents	<u>(13,522)</u>	<u>38,337</u>	<u>21,256</u>	<u>46,071</u>
Unrestricted cash and equivalents beginning of year	53,344	47,701	71,631	172,676
Restricted cash beginning of year	-	-	49,762	49,762
Total cash and equivalents beginning of year	<u>53,344</u>	<u>47,701</u>	<u>121,393</u>	<u>222,438</u>
Cash and equivalents end of year	<u>\$ 39,822</u>	<u>86,038</u>	<u>142,649</u>	<u>268,509</u>

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

	<u>Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Water Fund</u>	<u>Total Proprietary Funds</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (331,359)	(20,029)	(104,145)	(455,533)
Adjustments to reconcile operating income to net cash provided (used) in operating activities:				
Depreciation expense	308,893	7,094	119,262	435,249
Decrease (increase) in customer receivable	(9,736)	(3,305)	239	(12,802)
Increase (decrease) in accounts payable	(510,344)	-	-	(510,344)
Increase (decrease) in accrued liabilities	21,846	-	(1,000)	20,846
Increase (decrease) in customer deposits	-	-	8,222	8,222
Net cash provided by operating activities	<u>\$ (520,700)</u>	<u>(16,240)</u>	<u>22,578</u>	<u>(514,362)</u>
<b>CASH PER FINANCIAL STATEMENTS</b>				
Cash and cash equivalents	\$ 39,822	86,038	84,899	210,759
Restricted cash	-	-	57,750	57,750
Cash and equivalents end of year	<u>\$ 39,822</u>	<u>86,038</u>	<u>142,649</u>	<u>268,509</u>

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

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

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

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

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**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

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

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

period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

The Village reports the following major governmental funds:

**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.

**SAP Fund (402)** – To account for State Appropriated funds for improvements to the water and sewer system, Senior Village and various paving projects throughout the Village.

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.

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 FINANCIAL STATEMENTS  
JUNE 30, 2018**

**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, Village 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 Village Treasurer. Taxes not paid within 30 days are declared delinquent. The Village records all delinquent property taxes not collected within 60 days of year-end as deferred revenue in the fund financial statements. All property taxes received after the 60-day period are accrued in the government-wide financial statements.

**Capital Assets**

Capital assets, which include property, plant, equipment, improvements, and water and sewer system, are reported in the applicable governmental or business-type activities columns in the government-wide

**STATE OF NEW MEXICO  
 VILLAGE OF CHAMA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2018**

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

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

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.

**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 Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA. 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.

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

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

**Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Mexico Retiree Health Care Authority (NMRHCA) and additions to and deductions from NMRHCA's fiduciary net position have been determined on the same basis as they are reported by NMRHCA. For this purpose, NMRHCA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**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 one type of item, 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. 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

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

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

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.

*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.

**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

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary Information (Continued)**

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).

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

**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 FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

	<b>Balance Per Bank June 30</b>	<b>Add Deposits In Transit</b>	<b>Less Outstanding Checks</b>	<b>Balance Per Books June 30</b>
<b>Washington Federal</b>				
<b>Checking Accounts</b>				
General - 100	\$ 239,795	4,897	22,650	222,042
General - 100	366,293	-	-	366,293
Chama Days - 100	14,453	750	2,511	12,692
Capital Projects - SAP - 402	41,122	-	-	41,122
Infrastructure - 403	222,344	-	-	222,344
Infrastructure - 403	99,844	-	893	98,951
Infrastructure - 403	6,118	930	4,442	2,606
EMS-201	3,593	-	3,593	-
Fire - 202	25,919	-	7,184	18,735
Law Enforcement-203	17,325	-	14,450	2,875
Library-204	9,358	572	1,776	8,154
Lodgers' Tax-205	62,147	-	14,514	47,633
Recreation -206	1,477	150	250	1,377
LGD-207	4,850	-	-	4,850
Cemetery-208	5,468	-	-	5,468
Joint Utility	225,150	5,734	21,195	209,689
Joint Utility	566	-	-	566
Water Fund - Int Sinking - 303	6,063	-	-	6,063
Water Fund - Meter Deposit	52,283	-	596	51,687
CDBG	504	-	-	504
<b>New Mexico Finance Authority</b>				
Fire - 202	31,938	-	-	31,938
<b>Washington Federal</b>				
<b>Certificates of Deposit -Governmental</b>				
Pooled	223,526	-	-	223,526
<b>New Mexico Bank &amp; Trust</b>				
<b>Certificates of Deposit</b>				
Pooled	91,092	-	-	91,092
Total Cash in Banks	\$ <u>1,751,228</u>	<u>13,033</u>	<u>94,054</u>	<u>1,670,207</u>

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

As Reported in Financial Statements:

Equity in Cash:	Cash	\$ 1,265,902
	Restricted Cash	89,689
	Investments	205,082
	Restricted Investments	109,534
		<u>\$ 1,670,207</u>

**Cash, Cash Equivalents – Component Unit**

	<b>Balance Per Bank June 30</b>	<b>Add Deposits In Transit</b>	<b>Less Outstanding Checks</b>	<b>Balance Per Books June 30</b>
<b>Washington Federal</b>				
<b>Checking Accounts</b>				
General	\$ 13,798	-	3,330	10,468
Security Deposits	6,543	-	-	6,543
CFP	2,075	-	-	2,075
<b>Certificates of Deposit</b>	<u>37,153</u>	<u>-</u>	<u>-</u>	<u>37,153</u>
Total Cash in Banks	\$ <u>59,569</u>	<u>-</u>	<u>3,330</u>	56,239
Petty Cash				<u>45</u>
Total Cash per Books				\$ <u>56,284</u>

As Reported in Financial Statements:

Equity in Cash	Cash	\$ 12,588
	Restricted Cash	6,543
	Investments	37,153
		<u>\$ 56,284</u>

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

**Pledged Collateral**

	Washington Federal	Community Bank	Total
Deposits	\$ 1,628,198	91,092	1,719,290
FDIC	250,000	91,092	341,092
Total uninsured public funds	1,378,198	-	1,378,198
<b>Collateral pledged:</b>			
<b>Washington Federal</b>			
FNMA PL#BC2636;			
Cusip 3140EW4W2;11/1/2046			
	1,579,947	-	1,579,947
Uninsured and uncollateralized	\$ -	-	-
Collateral requirement (50% of uninsured funds)	689,099	-	689,099
Pledged collateral	1,579,947	-	1,579,947
Over (under) collateralized	\$ 890,848	-	890,848

**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, 2018, none of the Village's bank balance of \$1,720,209 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, 2018, none of the Component Unit's bank balance of \$59,569 was exposed to custodial risk.



**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**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>Other Non-major</u>	<u>Sewer</u>	<u>Solid Waste</u>	<u>Water</u>	
Receivables:							
Customer	\$ -	-	-	26,467	34,644	33,985	95,096
Taxes							
Property	116,167	-	37,188	-	-	-	153,355
Other governments	<u>326,571</u>	<u>13,898</u>	<u>36,419</u>	<u>488,685</u>	<u>-</u>	<u>-</u>	<u>865,573</u>
Gross receivables	442,738	13,898	73,607	515,152	34,644	33,985	1,114,024
Less: allowance for uncollectible	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,167</u>	<u>6,892</u>	<u>9,406</u>	<u>22,465</u>
Net receivables	<u>\$ 442,738</u>	<u>13,898</u>	<u>73,607</u>	<u>508,985</u>	<u>27,752</u>	<u>24,579</u>	<u>1,091,559</u>

**Receivables – Component Unit**

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

Receivables:	
Customer accounts	\$ <u>2,131</u>
Gross receivables	2,131
Less: allowance for uncollectible	<u>-</u>
Net receivables	\$ <u><u>2,131</u></u>

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfer</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 64,190	-	-	-	64,190
Construction in progress	<u>1,996,810</u>	<u>-</u>	<u>-</u>	<u>(1,996,810)</u>	<u>-</u>
Total capital assets not being depreciated	<u>2,061,000</u>	<u>-</u>	<u>-</u>	<u>(1,996,810)</u>	<u>64,190</u>
Capital assets, being depreciated:					
Buildings and improvements	2,306,796	-	-	1,996,810	4,303,606
Equipment and other	1,005,098	6,300	-	-	1,011,398
Infrastructure	<u>875,495</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>875,495</u>
Total capital assets being depreciated	<u>4,187,389</u>	<u>6,300</u>	<u>-</u>	<u>1,996,810</u>	<u>6,190,499</u>
Less accumulated depreciation:					
Buildings and improvements	(951,074)	(118,663)	-	-	(1,069,737)
Equipment and other	(787,747)	(40,647)	-	-	(828,394)
Infrastructure	<u>(660,810)</u>	<u>(51,688)</u>	<u>-</u>	<u>-</u>	<u>(712,498)</u>
Total accumulated depreciation	<u>(2,399,631)</u>	<u>(210,998)</u>	<u>-</u>	<u>-</u>	<u>(2,610,629)</u>
Total capital assets being depreciated, net	<u>1,787,758</u>	<u>(204,698)</u>	<u>-</u>	<u>1,996,810</u>	<u>3,579,870</u>
Governmental activities capital assets, net	<u>\$ 3,848,758</u>	<u>(204,698)</u>	<u>-</u>	<u>-</u>	<u>3,644,060</u>

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

	Beginning Balance	Increases	Decreases	Transfer	Ending Balance
<b>Business-type Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 13,333	-	-	-	13,333
Construction in progress	6,284,418	1,161,900	-	(6,284,418)	1,161,900
Water rights	61,100	-	-	-	61,100
Total capital assets not being depreciated	<u>6,358,851</u>	<u>1,161,900</u>	<u>-</u>	<u>(6,284,418)</u>	<u>1,236,333</u>
Capital assets, being depreciated:					
Buildings and improvements	9,249,677	6,930,454	-	-	16,180,131
Equipment and other	467,317	-	-	-	467,317
Total capital assets being depreciated	<u>9,716,994</u>	<u>6,930,454</u>	<u>-</u>	<u>-</u>	<u>16,647,448</u>
Less accumulated depreciation:					
Buildings and improvements	(5,429,466)	(428,331)	-	-	(5,857,797)
Equipment and other	(453,355)	(6,918)	-	-	(460,273)
Total accumulated depreciation	<u>(5,882,821)</u>	<u>(435,249)</u>	<u>-</u>	<u>-</u>	<u>(6,318,070)</u>
Total capital assets being depreciated, net	<u>3,834,173</u>	<u>6,495,205</u>	<u>-</u>	<u>-</u>	<u>10,329,378</u>
Business-type activities capital assets, net	<u>\$ 10,193,024</u>	<u>7,657,105</u>	<u>-</u>	<u>(6,284,418)</u>	<u>11,565,711</u>

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

**Capital Assets – Component Unit**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Component unit</b>				
Capital assets not being depreciated:				
Land and land rights	\$ 32,200	-	-	32,200
Capital assets being depreciated:				
Buildings and improvements	3,143,912	52,132		3,196,044
Equipment and other	178,086		-	178,086
Total capital assets being depreciated	<u>3,321,998</u>	<u>52,132</u>	<u>-</u>	<u>3,374,130</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,461,560)	(68,399)	-	(1,529,959)
Equipment and other	(114,550)	-	-	(114,550)
Total accumulated depreciation	<u>(1,576,110)</u>	<u>(68,399)</u>	<u>-</u>	<u>(1,644,509)</u>
Total capital assets being depreciated, net	<u>1,745,888</u>	<u>(16,267)</u>	<u>-</u>	<u>1,729,621</u>
Component unit capital assets, net	<u>\$ 1,778,088</u>	<u>(16,267)</u>	<u>-</u>	<u>1,761,821</u>

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

<b>Governmental Activities:</b>	
General government	\$ 137,149
Public safety	33,760
Public works	35,870
Culture & recreation	4,219
Total Depreciation Expense - Governmental Activities	<u>\$ 210,998</u>
<b>Business-type Activities:</b>	
Sewer	\$ 308,893
Solid waste	7,094
Water	119,262
Total Depreciation Expense - Business-type Activities	<u>\$ 435,249</u>

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**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	\$ 16,736	-
402	7,967	-
403	-	(24,703)
	<u>\$ 24,703</u>	<u>(24,703)</u>

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

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

**SHORT TERM DEBT:**

The Village does not have any short-term debt.

**LONG TERM DEBT:**

**Description of Governmental-Type activities: Loans**

***Sewer Treatment Plant Loan:***

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

	<u>Original Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>		<u>Outstanding</u>
\$	100,000	7/8/2020	2.00%	\$	61,184

***Fire Station Loan:***

In December of 2014, the Village entered into a loan and intercept agreement with the New Mexico Finance Authority (NMFA). The loan of \$332,494 was approved by NMFA to expand the fire station at a blended interest rate of 2.93%. The Village had three years to initiate and achieve project completion; the project was certified as completed on March 13, 2015. The annual debt service payment is \$22,201. Principal and interest are payable each May 1, through the year 2034. The Village has pledged the State Fire Protection Fund Revenues for the repayment of this agreement and note.

	<u>Original Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>		<u>Outstanding</u>
\$	332,464	5/1/2035	2.9362%	\$	291,055

**Loans Payable**

A summary of the terms of long term debt outstanding for the governmental-type activities at June 30, 2018 follows:

***Sewer Treatment Plant Loan:***

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 19,992	1,224
2020	20,392	824
2021	20,800	416
	<u>\$ 61,184</u>	<u>2,464</u>

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 7. DEBT AND OTHER LONG TERM LIABILITIES (CONTINUED)**

**Loans Payable (Continued)**

***Fire Station Loan:***

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 14,409	7,792
2020	14,576	7,626
2021	14,774	7,426
2022	15,002	7,200
2023	15,260	6,942
2024-2028	81,267	29,739
2029-2033	93,671	17,335
2034-2035	42,096	2,310
	<u>\$ 291,055</u>	<u>86,370</u>

**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%	\$ 40,000

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, 2018.

<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

**STATE OF NEW MEXICO  
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**NOTE 7. DEBT AND OTHER LONG TERM LIABILITIES (CONTINUED)**

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>Original Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Outstanding</u>
\$ 98,000	6/1/2034	0.25%	\$ 81,414

At June 30, 2018 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	167,284
Excess reserve	<u>\$ 123,809</u>

***Waste Water Treatment Plant Loan:***

In May of 2016, the Village entered into a Rural Infrastructure Program (RIP) loan agreement with the New Mexico Environment Department (NMED). The loan of \$1,200,000 was approved by NMED for construction on the wastewater treatment plant. Interest on the loan will accrue during planning and construction at an interest rate of 2.375%. Interest accrued on interim loan disbursements made prior to project completion may be included in the final loan amount to be amortized for a period not to exceed twenty years or may be paid by the Village prior to agreeing to the final loan amount once the project is completed and accepted by NMED. The Village had three years to initiate and achieve project completion. The initial loan payment will be made one year after project completion and thereafter until the principal and interest are fully paid, not to exceed twenty years. The annual debt service payment will be \$76,071.

At June 30, 2018 \$1,161,901 of the \$1,200,000 had been disbursed, with accrued interest of \$21,846 on the interim loan disbursements. As of June 30, 2018, the project has not been completed.



**STATE OF NEW MEXICO  
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**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, 2018 follows:

**Revenue Bond:**

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>
2019	\$ 10,000	2,000
2020	10,000	1,500
2021	10,000	1,000
2022	10,000	500
	<u>\$ 40,000</u>	<u>5,000</u>

**Water Loan:**

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>
2019	\$ 4,994	204
2020	5,007	191
2021	5,019	179
2022	5,032	166
2023	5,045	153
2024	56,317	850
	<u>\$ 81,414</u>	<u>1,743</u>

**STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

**Changes in Long-term Liabilities**

Long-term liability activity for the year ended June 30, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities</b>					
Notes payable	\$ 366,509	-	14,270	352,239	34,401
Compensated absences	<u>7,716</u>	<u>18,328</u>	<u>16,739</u>	<u>9,305</u>	<u>3,722</u>
Governmental activities- long-term liabilities	<u>\$ 374,225</u>	<u>18,328</u>	<u>31,009</u>	<u>361,544</u>	<u>38,123</u>
<b>Business-type activities</b>					
Revenue bonds	\$ 50,000	-	10,000	40,000	10,000
Solid Waste fund loan	86,408	-	4,994	81,414	4,994
RIP Loan	<u>-</u>	<u>1,161,900</u>	<u>-</u>	<u>1,161,900</u>	<u>-</u>
Business-type activities- long-term liabilities	<u>\$ 136,408</u>	<u>1,161,900</u>	<u>14,994</u>	<u>1,283,314</u>	<u>14,994</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 thirteenth year of monitoring and expects monitoring costs to approximate \$7,115 per year. Total estimated balance at June 30, 2018 of current and long-term post closure costs are \$7,320 and \$106,114 respectively. The Village expects to defray a portion of these costs with grants from the State of New Mexico and other available sources.

**STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

The government-wide statement of net position reports \$892,278 of restricted net position, of which \$254,030 is restricted by enabling legislation, \$470,964 is restricted for capital projects and \$167,284 is restricted for debt service.

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

**Plan description.** Public Employees Retirement 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 Officers, 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 Public Employees Retirement 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), each employee and elected official of every affiliated public employer is required to be a member in the Public Employees Retirement Fund, unless specifically excluded.

**Benefits Provided.** Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for TIER I members. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for Tier I members. Generally, the amount of retirement pension is based on final average salary, which is defined under Tier I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan.

Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member's final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 90% of the final average salary, depending on the division. Benefits for duty and non-duty death and disability and for post-retirement survivors' annuities are also available.

**Tier II.** The retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier II), general members are eligible to retire at any age if the member has at least eight years of service credit and the sum of the member's age and service credit equals at least 85 or at age 67 with 8 or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more years of service credit. Under Tier II, police and firefighters in Plans 3, 4 and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers and municipal juvenile detention officers will remain in 25-year retirement plans, however, service

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

credit will no longer be enhanced by 20%. All public safety members in Tier II may retire at age 60 with 6 or more years of service credit. Generally, under Tier II pension factors were reduced by .5%, employee Contribution increased 1.5 percent and effective July 1, 2014 employer contributions were raised .05 percent. The computation of final average salary increased as the average of salary for 60 consecutive months.

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

*Contributions.* See PERA’s compressive annual financial report for Contribution provided description.

<b>PERA Contribution Rates and Pension Factors as of July 1, 2017</b>						
	Employee Contribution		Employer Contribution Percentage	Pension Factor per year of Service		Pension Maximum as a Percentage of the Final Average Salary
	Annual Salary less than \$20,000	Annual Salary greater than \$20,000		TIER 1	TIER 2	
<b>Coverage Plan</b>						
<b>STATE PLAN</b>						
State Plan 3	7.42%	8.92%	16.99%	3.0%	2.5%	90%
<b>MUNICIPAL PLANS 1 - 4</b>						
Municipal Plan 1 (plan open to new employers)	7.0%	8.5%	7.4%	2.0%	2.0%	90%
Municipal Plan 2 (plan open to new employers)	9.15%	10.65%	9.55%	2.5%	2.0%	90%
Municipal Plan 3 (plan closed to new employers 6/95)	13.15%	14.65%	9.55%	3.0%	2.5%	90%
Municipal Plan 4 (plan closed to new employers 6/00)	15.65%	17.15%	12.05%	3.0%	2.5%	90%
<b>MUNICIPAL POLICE PLANS 1 - 5</b>						
Municipal Police Plan 1	7.0%	8.5%	10.40%	2.0%	2.0%	90%
Municipal Police Plan 2	7.0%	8.5%	15.40%	2.5%	2.0%	90%
Municipal Police Plan 3	7.0%	8.5%	18.90%	2.5%	2.0%	90%
Municipal Police Plan 4	12.35%	13.85%	18.90%	3.0%	2.5%	90%
Municipal Police Plan 5	16.3%	17.8%	18.90%	3.5%	3.0%	90%
<b>MUNICIPAL FIRE PLANS 1 - 5</b>						
Municipal Fire Plan 1	8.0%	9.5%	11.40%	2.0%	2.0%	90%
Municipal Fire Plan 2	8.0%	9.5%	17.9%	2.5%	2.0%	90%
Municipal Fire Plan 3	8.0%	9.5%	21.65%	2.5%	2.0%	90%
Municipal Fire Plan 4	12.8%	14.3%	21.65%	3.0%	2.5%	90%
Municipal Fire Plan 5	16.2%	17.7%	21.65%	3.5%	3.0%	90%
<b>MUNICIPAL DETENTION OFFICER PLAN 1</b>						
Municipal Detention Officer Plan 1	16.65%	18.15%	17.05%	3.0%	3.0%	90%
<b>STATE POLICE AND ADULT CORRECTIONAL OFFICER PLANS, ETC.</b>						
State Police and Adult Correctional Officer Plan 1	7.6%	9.1%	25.50%	3.0%	3.0%	90%
State Plan 3 - Peace Officer	7.42%	8.92%	16.99%	3.0%	3.0%	90%
Juvenile Correctional Officer Plan 2	4.78%	6.28%	26.12%	3.0%	3.0%	90%

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

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:*** At June 30, 2018, the Village reported a liability of \$629,331 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2017 using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date of June 30, 2017. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2017. The Village’s proportion of the net pension liability was based on a projection of the Village’s long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

For the year ended June 30, 2018, the Village recognized pension expense of \$37,598. At June 30, 2018, the Village reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 24,729	(32,233)
Changes in assumptions	29,021	(6,503)
Net difference between projected and actual earnings on pension plan investments	51,633	-
Changes in proportion and differences between Village’s contributions and proportionate share of contributions	2,210	(10,322)
Village’s contributions subsequent to the measurement date	<u>40,530</u>	<u>-</u>
Total	<u>\$ 148,123</u>	<u>(49,058)</u>

\$40,530 reported as deferred outflows of resources related to pensions resulting from the Village’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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JUNE 30, 2018**

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

Year ended June 30:		
2019	\$	15,763
2020		51,849
2021		6,012
2022		(15,090)
2023		-
Thereafter		-

**Actuarial assumptions:** The total pension liability in the June 30, 2017 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement.

Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Amortization method	Level of percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	4 Year smoothed market value
Actuarial assumptions	
Investment rate of return	7.51% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	2.75% for first 9 years, then 3.25% annual rate
Projected salary increases	2.75% to 14.00% annual rate
Includes inflation at	2.25% annual rate first 9 years 2.75% all other years
Mortality assumption	RP-2000 Mortality Tables (Combined table for health post-retirements, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA
Experience study dates	July 1, 2008 to June 30, 2013 (demographic) and July 1, 2010 through June 20, 2016 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2017. These assumptions were adopted by the Board use in the June 30, 2016 actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block method 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.

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

The target allocation and 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
Global Equity	43.5%	7.39%
Risk Reduction & Mitigation	21.5%	1.79%
Credit Oriented Fixed Income	15.0%	5.77%
Real Assets	20.0%	7.35%
Total	<u>100.0%</u>	

**Discount rate:** A single discount rate of 7.51% was used to measure the total pension liability as of June 30, 2017. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.51%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

**Sensitivity of the Village’s proportionate share of the net pension liability to changes in the discount rate:** The following presents the Village’s proportionate share of the net pension liability calculated using the discount rate of 7.51 percent, as well as what the Village’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.51 percent) or 1-percentage-point higher (8.51 percent) than the current rate:

	1% Decrease (6.51%)	Current Discount Rate (7.51%)	1% Increase (8.51%)
Village’s proportionate share of the net pension liability	\$ <u>986,369</u>	<u>629,331</u>	<u>332,403</u>

**Pension plan fiduciary net position:** Detailed information about the pension plan’s fiduciary net position is available in separately issued PERA financial reports.

**Payables to the pension plan:** The Village accrued \$11,050 in PERA benefits at June 30, 2018.



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**NOTE 10. RETIREE HEALTH CARE ACT**

**Plan Description** - Employees for the Village are provided with OPEB through the Retiree Health Care Fund (the Fund) - a cost-sharing multiple-employer defined benefit OPEB plan administered by the New Mexico Retiree Health Care Authority (NMRHCA). NMRHCA was formed February 13, 1990, under the New Mexico Retiree Health Care Act (the Act) of New Mexico Statutes Annotated, as amended (NMSA 1978), to administer the Fund under Section 10-7C-1-19 NMSA 1978. The Fund was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents and surviving spouses) who have retired or will retire from public service in New Mexico.

NMRHCA is an independent agency of the State of New Mexico. The funds administered by NMRHCA are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. NMRHCA's financial information is included with the financial presentation of the State of New Mexico.

**Benefits provided** – The Fund is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to the Fund and by co-payments or out-of-pocket payments of eligible retirees.

**Employees covered by benefit terms** – At June 30, 2017, the Fund's measurement date, the following employees were covered by the benefit terms:

Plan membership	
Current retirees and surviving spouses	51,208
Inactive and eligible for deferred benefit	11,478
Current active members	97,349
	<u>160,035</u>
Active membership	
State general	19,593
State police and corrections	1,886
Municipal general	21,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	48,756
	<u>97,349</u>

**Contributions** – Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee's salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under

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**NOTE 10. RETIREE HEALTH CARE ACT (CONTINUED)**

any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the Village were \$14,323 for the year ended June 30, 2018.

**OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** - At June 30, 2018, the Village reported a liability of \$437,760 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of the date. The Village’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2017. At June 30, 2017, the Village’s proportion was 0.00966 percent.

For the year ended June 30, 2018, the Village recognized OPEB expense of \$7,858. At June 30, 2018 the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	(16,799)
Changes in assumptions	-	(76,537)
Net difference between projected and actual earnings on OPEB plan investments	-	(6,297)
Employer contributions subsequent to the measurement date	9,549	-
<b>Total</b>	<b>\$ 9,549</b>	<b>(99,633)</b>

Deferred outflows of resources totaling \$9,549 represent Village contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:

2019	\$ (21,183)
2020	(21,183)
2021	(21,183)
2022	(21,183)
2023	(14,901)
<b>Total</b>	<b>\$ (99,633)</b>

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**NOTE 10. RETIREE HEALTH CARE ACT (CONTINUED)**

Valuation Date	June 30,2017
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Inflation	2.50% for ERB; 2.25% for PERA
Projected payroll increases	3.50%
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 years for Medicare medical plan costs

**Rate of Return** – The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns 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, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions.

The best estimates for the long-term expected rate of return is summarized as follows:

<b>Asset Class</b>	<b>Long-Term Rate of Return</b>
U.S. core fixed income	4.1%
U.S. equity – large cap	9.1
Non U.S. – emerging markets	12.2
Non U.S. – developed equities	9.8
Private equity	13.8
Credit and structured finance	7.3
Real estate	6.9
Absolute return	6.1
U.S. equity – small/mid cap	9.1

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**NOTE 10. RETIREE HEALTH CARE ACT (CONTINUED)**

**Discount Rate** – The discount rate used to measure the Fund’s total OPEB liability is 3.81% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund’s fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2028. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 3.81% is the blended discount rate.

**Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates.** The following presents the net OPEB liability of the Village, as well as what the Village’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.81 percent) or 1-percentage-point higher (4.81 percent) than the current discount rate; percent) than the current rate:

	<u>1% Decrease</u> <u>(2.81%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(3.81%)</u>	<u>1% Increase</u> <u>(4.81%)</u>
\$	<u>530,996</u>	<u>437,760</u>	<u>364,608</u>

The following presents the net OPEB liability of the Village, as well as what the Village’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Trend</u> <u>Rates</u>	<u>1% Increase</u>
\$	<u>372,345</u>	<u>437,760</u>	<u>488,767</u>

**OPEB plan fiduciary net position.** Detailed information about the OPEB plan’s fiduciary net position is available in NMRHCA’s audited financial statements for the year ended June 30, 2017.

**Payables changes in the net OPEB liability.** At June 30, 2018, the Village did not accrue any payables for OPEB.

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**NOTE 11. RISK MANAGEMENT**

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

**NOTE 12. JOINT POWERS AGREEMENTS**

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

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

**NOTE 13. RESTATEMENT**

Beginning net position at June 30, 2018 was restated in the amount of \$519,986. This restatement was due to the implementation of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

**NOTE 15. RECENT ACCOUNTING PRONOUNCEMENTS**

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multi-Employer Plans*, for

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**NOTE 15. RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)**

OPEB. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee services. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. GASB Statement No. 75 was effective for periods after June 15, 2017. The Village has adopted this statement for the year ending June 30, 2018.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interest. This statement requires that a government recognize revenue when the resources become applicable to the reporting period. GASB Statement No. 81 was effective for periods beginning after December 15, 2016. The County adopted this statement; however, there are no irrevocable split-interest agreements and the implementation of this statement had no effect on the Village's financial statements.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. This statement addresses practice issues that have been identified during the implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, good will, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). GASB Statement No. 85 was effective for periods beginning after June 15, 2017. The adoption of GASB Statement No. 85 did not have a significant impact of the Village's Financial Statements.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment issues*. This statement establishes essentially the same requirements as GASB Statement No.7, for when a government places cash and other monetary assets acquired with only existing resources in an irrevocable trust to extinguish debt. However, in financial statements using the economic resources measurement focus, governments should recognize any difference between the reacquisition price (the amount required to be placed in the trust) and the net carrying amount of the debt defeased in substance using only existing resources as a separately identified gain or loss in the period of defeasance. Governments that defease debt using only existing resources should provide a general description of the transaction in the notes to the financial statements in the period of defeasance. In all periods following an in-substance defeasance of debt using only existing resources, the amount of that debt that remains at period-end should be disclosed. GASB Statement No. 86 was effective for periods beginning after June 15, 2017. The Village adopted this statement; however, there were no debt extinguishments and the implementation of this statement had no effect on the Village's financial statements.

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,

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**NOTE 15. RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)**

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 government entities in conformity with U.S. GAAP, as well as the framework for selecting those principles. The Village adopted GASB Statements 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 not yet effective at June 30, 2018.

GASB Statement No. 83, *Certain Asset Retirement Obligations*

GASB Statement No. 84, *Fiduciary Assets*

GASB Statement No. 87, *Leases*

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.*

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period.*

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

**NOTE 17. SUBSEQUENT EVENTS**

The entity has evaluated subsequent events through December 14, 2018, the date which the financial statements were available to be issued. As of the report date, December 14, 2018, no subsequent events were identified by management.

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**NOTE 15. RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)**

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 government entities in conformity with U.S. GAAP, as well as the framework for selecting those principles. The Village adopted GASB Statements 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 not yet effective at June 30, 2018.

GASB Statement No. 83, Certain Asset Retirement Obligations

GASB Statement No. 84, Fiduciary Assets

GASB Statement No. 87, Leases

GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period.

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

**NOTE 17. SUBSEQUENT EVENTS**

The entity has evaluated subsequent events through December 14, 2018, the date which the financial statements were available to be issued. As of the report date, December 14, 2018, no subsequent events were identified by management.

**NOTE 18. TAX ABATEMENTS**

Governmental Accounting Standards Board Statement No. 77 requires the Village to disclose information on certain tax abatement agreements affecting the Village. Accordingly, the Village did not have any tax abatements affecting the Village during the year ended June 30, 2018.

**NOTE 20. EXPENDITURES IN EXCESS OF BUDGET**

Generally Accepted Accounting Principles require disclosures of certain information concerning individual funds including excess of expenditures over budget. The General Fund exceeded budgetary authority by \$11,452.





**REQUIRED SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
JUNE 30, 2018**

	Pension Liability For Last 10 Fiscal Years* (Dollars in Thousands)			
	Fiscal Year Measurement Date	2018 2017	2017 2016	2016 2015
		30-Jun		
Village's Proportion of the Net Pension Liability (Asset)		0.0458%	0.0467%	0.0472%
Village's Proportionate Share of Net Pension Liability (Asset)		629	746	481
Village's Covered-Employee Payroll		424	482	420
Village's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll		148.35%	154.77%	114.52%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		73.74%	69.18%	76.99%
				111.29%
				81.29%

\* Governmental Accounting Standards Board Statement 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the Village is not available prior to fiscal year 2015, the year the statement's requirements became effective.

**STATE OF NEW MEXICO  
 VILLAGE OF CHAMA  
 SCHEDULE OF VILLAGE CONTRIBUTIONS  
 JUNE 30, 2018**

	Last Ten Fiscal Years*			
	(Dollars in Thousands)			
	2018	2017	2016	2015
Contractually Required Contribution	\$ 41	42	34	35
Contributions in Relation to the Contractually Required Contribution	41	42	34	35
Contribution Deficiency (Excess)*	-	-	-	-

\*Governmental Accounting Standards Board Statement 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the County is not available prior to fiscal year 2015, the year the statement's requirements became effective.

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
JUNE 30, 2018**

**New Mexico Retiree Health Care Authority  
For Last 10 Fiscal Years\*  
(Dollars in Thousands)**

	<b>Fiscal Year Measurement Date</b>	<b>30-Jun 2018 2017</b>
Village's Proportion of the Net OPEB liability (Asset)		0.00966%
Village's Proportionate Share of Net Pension Liability (Asset)	\$	437,760
Village's Covered-Employee Payroll	\$	402,402
Village's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll		108.79%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		11.34%

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

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
SCHEDULE OF VILLAGE CONTRIBUTIONS  
JUNE 30, 2018**

**New Mexico Retiree Health Care Authority  
Last Ten Fiscal Years\*  
(Dollar Amounts in Thousands)**

	<u><b>2018</b></u>
Contractually Required Contribution	\$ 30,675
Contributions in Relation to the Contractually Required Contribution	<u>15,395</u>
Contribution Deficiency (Excess)	<u><u>\$ 15,280</u></u>
Employer's covered-employee payroll	\$ 402,402
Contributions as a percentage of covered-employee payroll	3.80%

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

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
NOTES TO PENSION AND OPEB REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2018**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

*Changes in PERA benefit provisions.* There were no modifications to the benefit provisions that were reflected in the actuarial valuation as of June 30, 2017.

*Changes in PERA assumptions and methods.* Actuarial assumptions and methods are set by the Board of Trustee, based upon recommendations made by the Plan's actuary. The Board adopted new assumptions on April 21, 2017 in conjunction with the six-year actuarial experience study period ending June 30, 2016. At that time, The Board adopted a number of economic assumption changes, including a decrease in the inflation assumption from 3.00% to 2.50%. The 0.50% decrease in the inflation assumption also led to decreases in the nominal investment return assumption from 7.75% to 7.25%, the assumed annual wage inflation rate from 3.75% to 3.25%, the payroll growth assumption from 3.50% to 3.00%, and the annual assumed COLA from 2.00% to 1.90%.

*Changes of benefit terms.* The Retiree Health Care Authority (RHCA) COLA and age eligibility benefits changes in recent years are described in the Notes to the RHCA FY18 audit available at <http://saonm.org/> using the Audit Search function for agency 343.

*Changes of assumptions.* The Retiree Health Care Authority (RHCA) of New Mexico Biennial Actuarial Valuation as of June 30, 2017 report is available at <http://saonm.org/> using the Audit Search function for agency 343.

**SUPPLEMENTARY INFORMATION**



**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
FUND DESCRIPTIONS  
JUNE 30, 2018**

**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.

**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 Statue Section 59A-53-2, NMSA, 1978 compilation, requires the allotment be used only to operate fire departments.

**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.

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
FUND DESCRIPTIONS  
JUNE 30, 2018**

**CAPITAL PROJECT FUNDS**

**Street Fund** – 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.

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
COMBINING BALANCE SHEET  
NONMAJOR FUNDS  
JUNE 30, 2018**

	<b>Special Revenue Funds</b>			
	<b>201</b>	<b>202</b>	<b>203</b>	<b>204</b>
	<b>EMS Fund</b>	<b>Fire Fund</b>	<b>Law Enforcement Fund</b>	<b>Library Fund</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ -	18,735	2,875	8,155
Restricted cash	-	31,939	-	-
Investments	1,865	-	-	-
Property taxes receivable	-	-	-	-
Due from other governments	-	-	-	-
Total current assets	<u>\$ 1,865</u>	<u>50,674</u>	<u>2,875</u>	<u>8,155</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Current liabilities				
Accounts payable	\$ -	-	-	-
Total current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances				
Restricted for:				
Special revenue	1,865	50,674	2,875	8,155
Capital projects	-	-	-	-
Total fund balances	<u>1,865</u>	<u>50,674</u>	<u>2,875</u>	<u>8,155</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,865</u>	<u>50,674</u>	<u>2,875</u>	<u>8,155</u>

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

Special Revenue Funds						
205	206	207	208	Total	403	Total
Lodgers' Tax	Recreation	Local	Cemetery	Special	Street	Nonmajor
Fund	Fund	Corrections	Fund	Revenue	Fund	Governmental
Fund	Fund	Fund	Fund	Funds	Fund	Funds
47,633	1,377	4,850	5,468	89,093	323,901	412,994
-	-	-	-	31,939	-	31,939
-	550	4,206	4,175	10,796	109,875	120,671
-	-	-	-	-	37,188	37,188
36,419	-	-	-	36,419	-	36,419
<u>84,052</u>	<u>1,927</u>	<u>9,056</u>	<u>9,643</u>	<u>168,247</u>	<u>470,964</u>	<u>639,211</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
84,052	1,927	9,056	9,643	168,247	-	168,247
-	-	-	-	-	470,964	470,964
<u>84,052</u>	<u>1,927</u>	<u>9,056</u>	<u>9,643</u>	<u>168,247</u>	<u>470,964</u>	<u>639,211</u>
<u>84,052</u>	<u>1,927</u>	<u>9,056</u>	<u>9,643</u>	<u>168,247</u>	<u>470,964</u>	<u>639,211</u>

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018**

	Special Revenue Funds			
	201	202	203	204
	EMS Fund	Fire Fund	Law Enforcement Fund	Library Fund
REVENUES				
Taxes				
Lodgers' taxes	\$ -	-	-	-
Other taxes	-	-	-	-
Intergovernmental				
State	8,153	83,434	20,000	7,598
Charges for services	-	-	-	796
Interest on investments	8	395	-	7
Miscellaneous	-	343	-	3,103
Total revenues	<u>8,161</u>	<u>84,172</u>	<u>20,000</u>	<u>11,504</u>
EXPENDITURES				
Current operations				
General Government	-	-	-	-
Public safety	8,659	56,409	17,620	-
Public works	-	-	-	-
Culture and recreation	-	-	-	17,955
Capital outlay	-	-	-	-
Debt service				
Principal	-	14,270	-	-
Interest expense	-	7,932	-	-
Total expenditures	<u>8,659</u>	<u>78,611</u>	<u>17,620</u>	<u>17,955</u>
Excess (deficiency) of revenues over expenditures	<u>(498)</u>	<u>5,561</u>	<u>2,380</u>	<u>(6,451)</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	(498)	5,561	2,380	(6,451)
FUND BALANCE, BEGINNING OF YEAR	<u>2,363</u>	<u>45,113</u>	<u>495</u>	<u>14,606</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,865</u>	<u>50,674</u>	<u>2,875</u>	<u>8,155</u>

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

**Special Revenue Funds**

<b>205</b>	<b>206</b>	<b>207</b>	<b>208</b>	<b>Total</b>	<b>403</b>	<b>Total</b>
<b>Lodgers' Tax</b>	<b>Recreation</b>	<b>Local</b>	<b>Cemetery</b>	<b>Special</b>	<b>Street</b>	<b>Nonmajor</b>
<b>Fund</b>	<b>Fund</b>	<b>Corrections</b>	<b>Fund</b>	<b>Revenue</b>	<b>Fund</b>	<b>Governmental</b>
<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Funds</b>	<b>Fund</b>	<b>Funds</b>
144,012	-	-	-	144,012	-	144,012
-	-	-	-	-	122,036	122,036
-	-	-	-	119,185	50,207	169,392
6,000	4,072	-	1,000	11,868	-	11,868
29	2	19	19	479	892	1,371
720	160	-	-	4,326	13,378	17,704
<b>150,761</b>	<b>4,234</b>	<b>19</b>	<b>1,019</b>	<b>279,870</b>	<b>186,513</b>	<b>466,383</b>
103,326	-	-	-	103,326	-	103,326
-	-	-	-	82,688	-	82,688
-	-	-	-	-	85,400	85,400
477	6,215	-	-	24,647	-	24,647
-	-	-	-	-	6,300	6,300
-	-	-	-	14,270	-	14,270
-	-	-	-	7,932	-	7,932
<b>103,803</b>	<b>6,215</b>	<b>-</b>	<b>-</b>	<b>232,863</b>	<b>91,700</b>	<b>324,563</b>
46,958	(1,981)	19	1,019	47,007	94,813	141,820
-	-	-	-	-	(24,703)	(24,703)
-	-	-	-	-	(24,703)	(24,703)
46,958	(1,981)	19	1,019	47,007	70,110	117,117
37,094	3,908	9,037	8,624	121,240	400,854	522,094
<b>84,052</b>	<b>1,927</b>	<b>9,056</b>	<b>9,643</b>	<b>168,247</b>	<b>470,964</b>	<b>639,211</b>



## COMPONENT UNIT



**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
STATEMENT OF NET POSITION  
COMPONENT UNIT - HOUSING AUTHORITY  
JUNE 30, 2018**

**ASSETS**

Current assets	
Cash and cash equivalents	\$ 12,588
Investments	37,153
Accounts receivable, net	2,131
Prepaid expense	<u>8,111</u>
Total current assets	<u>59,983</u>
Noncurrent assets	
Restricted cash	6,543
Capital assets	
Land	32,200
Capital assets being depreciated, net	<u>1,729,621</u>
Total noncurrent assets	<u>1,768,364</u>
Total assets	<u>1,828,347</u>

**LIABILITIES**

Current liabilities	
Accounts payable	3,221
Accrued payroll liabilities	<u>5,958</u>
Total current liabilities	<u>9,179</u>
Current liabilities payable from restricted assets	
Customer deposits payable	<u>8,088</u>
Total liabilities	<u>17,267</u>

**NET POSITION**

Invested in capital assets, net of related debt	1,761,821
Unrestricted	<u>49,259</u>
Total net position	<u>\$ 1,811,080</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, 2018

**OPERATING REVENUES**

Charges for services	\$ 57,028
Operating grants	<u>96,509</u>
Total operating revenues	<u>153,537</u>

**OPERATING EXPENSES**

Administration	140,858
Other operating expenses	35,013
Depreciation	<u>68,399</u>
Total operating expenses	<u>244,270</u>

**Operating (loss)** (90,733)

**NONOPERATING REVENUES (EXPENSES)**

Interest revenue	269
Capital grants	<u>52,132</u>
<b>Nonoperating revenues (expenses)</b>	<u>52,401</u>

**Change in net position** (38,332)

**NET POSITION, BEGINNING OF YEAR** 1,849,412

**NET POSITION, END OF YEAR** \$ 1,811,080

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
STATEMENT OF CASH FLOWS  
COMPONENT UNIT - HOUSING AUTHORITY  
FOR THE YEAR ENDED JUNE 30, 2018**

<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 92,627
Cash received from HUD operating grants	96,509
Cash payments to employees for services	(83,592)
Cash payments to supplies for goods and services	(121,820)
Net cash used by operating activities	<u>(16,276)</u>
 <b>Cash flows from capital and related financing activities</b>	
Cash received from capital grants	52,132
(Acquisition) disposition of capital assets	(52,132)
Net cash provided by capital financing activities	<u>-</u>
 <b>Cash flows from investing activities</b>	
Sale of investments	328
Interest on investments	269
Net cash provided by noncapital investing activities	<u>597</u>
Net (decrease) in cash and cash equivalents	<u>(15,679)</u>
Unrestricted cash and equivalents beginning of year	26,843
Restricted cash beginning of year	7,967
Total cash and equivalents beginning of year	<u>34,810</u>
Cash and equivalents end of year	<u>\$ 19,131</u>

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

Operating income	\$	(90,733)
Adjustments to reconcile operating income to net cash provided (used) in operating activities:		
Depreciation expense		68,399
Decrease (increase) in customer receivable		33,692
Increase (decrease) in accounts payable		(33,838)
Increase (decrease) in accrued liabilities		107
Increase (decrease) in customer deposits		1,907
Increase (decrease) in prepaid expense		4,190
Net cash used by operating activities	\$	<u><u>(16,276)</u></u>

**CASH PER FINANCIAL STATEMENTS**

Cash and cash equivalents	\$	12,588
Restricted cash		6,543
Cash and equivalents end of year	\$	<u><u>19,131</u></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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 58,800	58,800	57,028	(1,772)
Operating grants	100,000	100,000	96,509	(3,491)
Other charges			-	-
<b>Total operating revenues</b>	<b>158,800</b>	<b>158,800</b>	<b>153,537</b>	<b>(5,263)</b>
<b>OPERATING EXPENSE</b>				
Administration	187,600	187,600	140,858	46,742
Other operating expenses	46,319	46,319	35,013	11,306
<b>Total operating expenses</b>	<b>233,919</b>	<b>233,919</b>	<b>175,871</b>	<b>58,048</b>
<b>Operating income (loss)</b>	<b>(75,119)</b>	<b>(75,119)</b>	<b>(22,334)</b>	<b>52,785</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment revenue	200	200	269	69
CFP grant	51,319	51,319	52,132	813
<b>Nonoperating revenues (expenses)</b>	<b>51,519</b>	<b>51,519</b>	<b>52,401</b>	<b>882</b>
<b>NON-BUDGETED ITEMS</b>				
Depreciation	-	-	(68,399)	(68,399)
<b>Total non-budgeted items</b>	<b>-</b>	<b>-</b>	<b>(68,399)</b>	<b>(68,399)</b>
<b>Net (loss)</b>	<b>\$ (23,600)</b>	<b>(23,600)</b>	<b>(38,332)</b>	<b>(14,732)</b>

**OTHER SUPPLEMENTARY INFORMATION**

STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
FINANCIAL DATA SCHEDULE  
HOUSING AUTHORITY  
FOR THE YEAR ENDED JUNE 30, 2018

Line Item Number	Description	Low Rent Public Housing Program 14.850	Public Housing Capital Fund Program 14.872	Total
111	Cash - unrestricted	\$ 12,588	-	12,588
100	Total cash	<u>12,588</u>	<u>-</u>	<u>12,588</u>
122	Accounts receivable - HUD other projects	-	-	-
126	Accounts receivable - tenants - dwelling rents	2,131	-	2,131
126.1	Allowance for doubtful accounts - dwelling rents	-	-	-
129	Accrued interest receivable	-	-	-
120	Total receivables, net of allowance for doubtful accounts	<u>2,131</u>	<u>-</u>	<u>2,131</u>
131	Investments - unrestricted	37,153	-	37,153
142	Prepaid expense and other assets	8,111	-	8,111
150	Total current assets	<u>59,983</u>	<u>-</u>	<u>59,983</u>
114	Cash - tenant security deposits	6,543	-	6,543
161	Land	32,200	-	32,200
162	Buildings	2,134,481	-	2,134,481
163	Furniture, equipment and machinery - dwellings	94,216	-	94,216
164	Furniture, equipment and machinery - administration	66,312	-	66,312
165	Leasehold improvements	1,079,122	-	1,079,122
166	Accumulated depreciation	(1,644,510)	-	(1,644,510)
160	Total capital assets, net of accumulated depreciation	<u>1,761,821</u>	<u>-</u>	<u>1,761,821</u>
180	Total non-current assets	<u>1,768,364</u>	<u>-</u>	<u>1,768,364</u>
190	Total assets	<u>\$ 1,828,347</u>	<u>-</u>	<u>1,828,347</u>

<b>Line Item Number</b>	<b>Description</b>	<b>Low Rent Public Housing Program 14.850</b>	<b>Public Housing Capital Fund Program 14.872</b>	<b>Total</b>
312	Accounts Payable <=90 days	\$ 3,221	-	3,221
321	Accrued wage/payroll taxes payable	5,958	-	5,958
341	Tenant Security deposits	6,036	-	6,036
310	Total current liabilities	<u>15,215</u>	<u>-</u>	<u>15,215</u>
508.1	Net investment in capital assets	1,761,821	-	1,761,821
512.1	Unrestricted net position	49,259	-	49,259
513	Total equity/net position	<u>1,811,080</u>	<u>-</u>	<u>1,811,080</u>
600	Total liabilities and equity/net position	\$ <u>1,826,295</u>	<u>-</u>	<u>1,826,295</u>



STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
FINANCIAL DATA SCHEDULE  
HOUSING AUTHORITY  
FOR THE YEAR ENDED JUNE 30, 2018

Line Item Number	Description	Low Rent Public Housing Program 14.850	Public Housing Capital Fund Program 14.872	Total
70300	Net tenant rental revenue	\$ 55,230	-	55,230
70400	Tenant revenue - other	1,798	-	1,798
70500	Total tenant revenue	57,028	-	57,028
70600	HUD PHA operating grants	95,585	924	96,509
70610	Capital Grants	-	52,132	52,132
71100	Investment income - restricted	269	-	269
70000	Total revenues	152,882	53,056	205,938
91100	Administrative salaries	35,013	-	35,013
91200	Auditing fees	-	-	-
91400	Advertising and marketing	196	-	196
91500	Employee benefit contributions - administrative	11,991	-	11,991
91600	Office expenses	10,113	-	10,113
91800	Travel	3,581	-	3,581
91900	Other operating - administrative	11,483	-	11,483
91000	Total operating - administrative	72,377	-	72,377
93100	Water	2,259	-	2,259
93200	Electricity	5,783	-	5,783
93300	Gas	1,143	-	1,143
93000	Total utilities	9,185	-	9,185
94100	Ordinary maintenance and operations - labor	22,458	-	22,458
94200	Ordinary maintenance and operations - materials and other	13,865	-	13,865
94300	Ordinary maintenance and operations - contract costs	23,700	-	23,700
94500	Employee benefit contributions - ordinary maintenance	14,130	-	14,130
94000	Total maintenance	74,153	-	74,153

Line Item Number	Description	Low Rent Public Housing Program 14.850	Public Housing Capital Fund Program 14.872	Total
96110	Property insurance	13,355	-	13,355
96120	Liability insurance	2,682	-	2,682
96130	Workmen's compensation	1,872	-	1,872
96140	All other insurance	-	-	-
96100	Total insurance premiums	<u>17,909</u>	<u>-</u>	<u>17,909</u>
96400	Bad debt - tenant rents	<u>2,247</u>	<u>-</u>	<u>2,247</u>
96200	Other general	<u>2,247</u>	<u>-</u>	<u>2,247</u>
96900	Total operating expenses	<u>175,871</u>	<u>-</u>	<u>175,871</u>
97000	Excess of operating revenue over operating expenses	<u>(22,989)</u>	<u>53,056</u>	<u>30,067</u>
97400	Depreciation expense	<u>64,370</u>	<u>4,029</u>	<u>68,399</u>
90000	Total expenses	<u>240,241</u>	<u>4,029</u>	<u>244,270</u>
10000	Excess operating revenue over operating expenses	<u>(87,359)</u>	<u>49,027</u>	<u>(38,332)</u>
11030	Beginning Net Position	<u>1,849,412</u>	<u>-</u>	<u>1,849,412</u>
11040-070	Equity transfers - in (out) from (to) CFP grants	-	(49,027)	(49,027)
11040-080	Equity transfers - in (out) from (to) low rent	<u>49,027</u>	<u>-</u>	<u>49,027</u>
11040	Equity transfers	<u>49,027</u>	<u>(49,027)</u>	<u>-</u>
	Ending Net Position	<u>\$ 1,811,080</u>	<u>-</u>	<u>1,811,080</u>

STATE OF NEW MEXICO  
 VILLAGE OF CHAMA  
 FINANCIAL DATA SCHEDULE  
 HOUSING AUTHORITY  
 FOR THE YEAR ENDED JUNE 30, 2018

Line Item Number	Description	Low Rent Public Housing Program 14.850	Public Housing Capital Fund Program 14.872	Total
11190	Unit months available	456		
11210	Number of unit months leased	401		
11270	Excess cash	\$ 27,142		
11620	Building purchases	\$ -	-	
11650	Leasehold improvement and equipment purchases	\$ -	52,132	52,132

## COMPLIANCE



PATTILLO, BROWN & HILL, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

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 the Village Council  
Village of Chama  
And Mr. Wayne Johnson  
New Mexico State Auditor

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information, and the budgetary comparison of the general fund of the Village of Chama ("Village") as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise Village's basic financial statements, and have issued our report thereon dated December 14, 2018.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered 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 Village's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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 over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and responses as items 2018-001 to 2018-004.

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

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

### **Purpose of this Report**

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



Pattillo, Brown & Hill, L.L.P.  
Albuquerque, New Mexico  
December 14, 2018

STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2018

II. Findings – Financial Statement Audit

2018-001                      Exceeded Budgetary Authority (Other Non-Compliance)

Condition:                      The Village of Chama exceeded budgetary authority in the General Fund by \$11,452.

Criteria:                        Section 6-6-6 NMSA 1978 restricts local governmental entities from expending above the approved budget.

Effect:                          The Village could be expending funds for unauthorized or unbudgeted purposes and potentially putting the fund balance into a deficit.

Cause:                            The overage occurred because expenditures exceeded the final budget. The budgets were not monitored closely to identify the budget overages and request budget adjustments prior to the fiscal year end.

Recommendation: We recommend the final review of the budget for the fiscal year be performed to accommodate any potential year-end adjustments that might cause the budget to be exceeded, or, other procedures on an ongoing basis to prevent non-compliance.

Management

Response:                        Due to a turnover and a lack of transition period in the Treasurer's office, the new staff didn't complete the necessary budget adjustments until the end of the fiscal year. Effective immediately the Treasurer and staff now look at budget vs actual every quarter and complete the necessary budget adjustments as needed.

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2018**

**II. Findings – Financial Statement Audit (Continued)**

2018-002                    PERA Compliance (Other Non-Compliance)

Condition:                    During our compliance testing with the New Mexico Office of the State Auditor Rule 2.8.2.10G(7) NMAC, we noted that the Public Employees Retirement Association (PERA) employer and employee contributions have not been remitted on a timely for six pay periods during the fiscal year ending June 30, 2018.

Criteria:                    NMAC 2.80.500.8 requires the employer to transmit to PERA the member and employer contributions for every member in its employ for each pay period on or before the fifth working day following the payday applicable to the pay period.

Effect:                    Employer and employee contributions are not being remitted timely, employees are not getting credit for their contributions on a timely basis.

Cause:                    Due to employee turnover and a change in duties for remaining employees, PERA reports were inadvertently filled late.

Recommendation: The finance department, specifically payroll personnel, should ensure the PERA reports and employee and employer contributions are being remitted on a timely basis.

Management Response:                    Due to turnover and a lack of a transition period in the Treasurer’s office, the new staff had a waiting period of trying to get access to the PERA systems; new access had to be granted and proper training of entering information into the system had to occur. Effective immediately the Treasurer now has access to the PERA systems. PERA reports and contributions will be completed on the same day payroll is processed.



STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2018

II. Findings – Financial Statement Audit (Continued)

<u>2018-003</u>	<u>Segregation of Payroll Duties</u> (Finding That Does Not Rise to the Level of a Significant Deficiency)
Condition:	The Village of Chama Treasurer has the ability to prepare payroll and make the direct deposit.
Criteria:	The Village is responsible to establish segregation of duties cash disbursements in order to maintain proper and sufficient internal controls per Section 6.20.2.11 of NMAC.
Effect:	Lack of adequate segregation of duties or a formal review process prevents the Village from detecting errors or fraudulent activity on a timely basis.
Cause:	The Village has not addressed the lack of segregation of duties over the Treasurer’s ability to wire money without proper oversight or review.
Recommendation:	We recommend the Village address the lack of segregation of duties over the ability of the Treasurer to direct deposit money without proper oversight.
Management Response:	Effective immediately the Mayor and/or Mayor Pro-Tem will start signing off on the bank reconciliations for the General Fund, reviewing the payroll and related direct deposit entries each month.

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2018**

**II. Findings – Financial Statement Audit (Continued)**

2018-004                      Travel and Per Diem (Other Non-Compliance)

Condition:                      During test-work over compliance with the Per Diem and Mileage Act, the following was noted; of the five items tested one employee was over reimbursed by \$8 for per diem.

Criteria:                        The New Mexico Per Diem and Mileage Act, section 10-8-1 to 10-8-8, NMSA 1978 document requirements of the Act. Additionally, the Village has internal policies regarding Travel and per Diem.

Effect:                            The Village did not comply with the Mileage and Per Diem Act or internal policies and reimbursed more travel expenses than allowed.

Cause:                            The Village did not follow the Mileage and Per Diem Act or internal policies when processing travel and per diem expenditures.

Recommendation:            The Village should establish policies and procedures to ensure that travel and per diem are paid out in accordance with the Per Diem and Mileage Act.

Management

Response:                        Effective immediately the Treasurer’s office has created a new form used for mileage and per diem to help staff better follow the Mileage and Per Diem Act.

STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
SUMMARY OF PRIOR-YEAR FINDINGS  
JUNE 30, 2018

<u>Prior Year</u>	<u>Description</u>	<u>Status</u>
2017-001	Budgeted Deficit in Excess of Beginning Cash (Compliance)	Resolved

**STATE OF NEW MEXICO  
VILLAGE OF CHAMA  
EXIT CONFERENCE  
JUNE 30, 2018**

**EXIT CONFERENCE**

An exit conference was held on December 14, 2018 with the Village of Chama and the Village of Chama Housing Authority. The overall results of the audit and the related finding was discussed. The following individuals were present during the meeting:

**Village of Chama**

Billy Elbrock	Mayor
Ernest Vigil	Councilor
Kristina Archuleta	Treasurer
Maggie Valdez	Village Clerk

**Village of Chama, Housing Authority**

Miranda Holm	Chairman
Mike Trujillo	Executive Director

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

Regina Gordon, CPA	Audit Manager
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**PREPARATION OF FINANCIAL STATEMENTS**

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