

**STATE OF NEW MEXICO
VILLAGE OF CHAMA**

AUDIT REPORT

JUNE 30, 2019



CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

TABLE OF CONTENTS

	<u>Page Number</u>
<u>INTRODUCTORY SECTION</u>	
Official Roster	1
<u>FINANCIAL STATEMENTS SECTION</u>	
Independent Auditors' Report	2
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position	5
Statement of Activities	7
Fund Financial Statements	
Balance Sheet-Governmental Funds.....	9
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	10
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	12
Statement of Revenues, Expenditures and Changes in Fund Balances Budget (Non-GAAP Basis) and Actual (Budgetary Basis):	
General Fund	13
Statement of Net Position – Proprietary Funds.	14
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds.	16
Statement of Cash Flows – Proprietary Funds.	17
Notes to the Financial Statements	19
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Schedule of the Village's Proportionate Share of Net Pension Liability	54
Schedule of Village Contributions	55
Schedule of the Village's Proportionate Share of OPEB Liability	56
Schedule of Village Contributions	57
Notes to Pension Required Supplementary Information	58
<u>SUPPLEMENTARY INFORMATION</u>	
Nonmajor Governmental Funds	59

TABLE OF CONTENTS (continued)

Combining and Individual Fund Financial Statements:	
Combining Balance Sheet – Nonmajor Funds.	61
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Funds.....	64
<u>COMPONENT UNIT</u>	
Statement of Net Position – Housing Authority	67
Statement of Revenues, Expenses and Changes in Fund Net Position – Housing Authority	68
Statement of Cash Flows – Housing Authority	69
Statement of Revenues, Expenses and Changes in Net Position – Budget and Actual Housing Authority	71
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
Financial Data Schedule – Housing Authority	72
<u>COMPLIANCE SECTION</u>	
Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	77
Schedule of Findings and Responses	79
Summary of Prior-Year Findings	82
Exit Conference	83

INTRODUCTORY SECTION

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
OFFICIAL ROSTER
JUNE 30, 2019**

OFFICIAL ROSTER

<u>Name</u>	<u>Title</u>
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

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Independent Auditors' Report

To Brian S. Colón, Esq.
New Mexico State Auditor

The Mayor and Village Council Members
Village of Chama
Chama, New Mexico

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 the Village of Chama (Village), as of and for the year ended June 30, 2019, 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, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village, as of June 30, 2019, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Schedule of the Village's Proportionate Share of the Net Pension Liability* and *Schedule of Village Contributions* on pages 54-57 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 the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require 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 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 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 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 16, 2019 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Pattillo, Brown & Hill, L.L.P.
Albuquerque, New Mexico
December 16, 2019

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF NET POSITION
JUNE 30, 2019**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,101,452	310,808	1,412,260	10,747
Investments	152,875	53,774	206,649	32,676
Accounts receivable (net of allowance for uncollectible)	26,866	43,622	70,488	4,983
Due from other governments	365,290	-	365,290	4,460
Prepaid expenses	-	-	-	-
Total current assets	<u>1,646,483</u>	<u>408,204</u>	<u>2,054,687</u>	<u>52,866</u>
Noncurrent assets				
Restricted cash	32,639	725,310	757,949	7,340
Restricted investments	-	109,708	109,708	-
Capital assets				
Land	64,190	13,333	77,523	32,200
Construction in progress	51,997	-	51,997	-
Intangible assets - water rights	-	61,100	61,100	-
Capital assets being depreciated, net	<u>3,425,144</u>	<u>11,131,344</u>	<u>14,556,488</u>	<u>1,675,331</u>
Total noncurrent assets	<u>3,573,970</u>	<u>12,040,795</u>	<u>15,614,765</u>	<u>1,714,871</u>
DEFERRED OUTFLOWS				
Pension related	319,665	-	319,665	-
OPEB related	<u>79,172</u>	<u>-</u>	<u>79,172</u>	<u>-</u>
Total deferred outflows	<u>398,837</u>	<u>-</u>	<u>398,837</u>	<u>-</u>
Total assets and deferred outflows	<u>5,619,290</u>	<u>12,448,999</u>	<u>18,068,289</u>	<u>1,767,737</u>

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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Current liabilities				
Accounts payable	4,681	5,143	9,824	6,821
Accrued payroll liabilities	15,938	-	15,938	6,751
Accrued interest	-	12,402	12,402	-
Current portion compensated absences	3,621	-	3,621	-
Current portion long term debt	34,968	63,927	98,895	-
Current portion landfill closure costs	-	7,320	7,320	-
Customer deposits	-	90,637	90,637	6,301
Total current liabilities	59,208	179,429	238,637	19,873
Noncurrent liabilities				
Compensated absences	5,431	-	5,431	-
Long term debt	282,870	1,342,847	1,625,717	-
Net pension liability	902,413	-	902,413	-
Net OPEB liability	486,146	-	486,146	-
Landfill (less current portion)	-	98,795	98,795	-
Total noncurrent liabilities	1,676,860	1,441,642	3,118,502	-
Total liabilities	1,736,068	1,621,071	3,357,139	19,873
DEFERRED INFLOWS OF RESOURCES				
Unearned grant revenue	-	596,700	596,700	-
Pension related	35,260	-	35,260	-
OPEB related	125,611	-	125,611	-
Total deferred inflows of resources	160,871	596,700	757,571	-
NET POSITION				
Net investment in capital assets	3,223,493	9,799,003	13,022,496	1,707,531
Restricted for:				
Special revenue	192,242	-	192,242	-
Debt Service	-	835,018	835,018	-
Capital projects	600,281	-	600,281	-
Unrestricted	(293,665)	(402,793)	(696,458)	40,333
Total net position	\$ 3,722,351	10,231,228	13,953,579	1,747,864

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
General government	\$ 1,126,933	20,408	-	-
Public safety	278,082	-	-	-
Public works	410,014	-	340,114	134,261
Culture and recreation	103,820	7,128	-	-
Capital outlay	15,436	-	-	-
Interest on long term debt	9,156	-	-	-
Total governmental activities	<u>1,943,441</u>	<u>27,536</u>	<u>340,114</u>	<u>134,261</u>
Business-type activities				
Sewer	1,038,283	204,134	-	-
Solid waste	173,088	115,900	-	-
Water	286,875	214,988	-	-
Total business-type activities	<u>1,498,246</u>	<u>535,022</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 3,441,687</u>	<u>562,558</u>	<u>340,114</u>	<u>134,261</u>
Component Unit				
Village of Chama Housing Authority	<u>\$ 273,966</u>	<u>71,824</u>	<u>116,563</u>	<u>21,795</u>

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

Net position, beginning

Net position, ending

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

Net (Expense) Revenue and
Changes in Net Position

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
(1,106,525)	-	(1,106,525)	-
(278,082)	-	(278,082)	-
64,361	-	64,361	-
(96,692)	-	(96,692)	-
(15,436)	-	(15,436)	-
(9,156)	-	(9,156)	-
<u>(1,441,530)</u>	<u>-</u>	<u>(1,441,530)</u>	<u>-</u>
-	(834,149)	(834,149)	-
-	(57,188)	(57,188)	-
-	(71,887)	(71,887)	-
<u>-</u>	<u>(963,224)</u>	<u>(963,224)</u>	<u>-</u>
<u>(1,441,530)</u>	<u>(963,224)</u>	<u>(2,404,754)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(63,784)</u>
105,593	-	105,593	-
355,361	61,082	416,443	-
123,705	-	123,705	-
607,131	-	607,131	-
(51,998)	51,998	-	-
2,450	551	3,001	568
38,705	33,242	71,947	-
<u>1,180,947</u>	<u>146,873</u>	<u>1,327,820</u>	<u>568</u>
<u>(260,583)</u>	<u>(816,351)</u>	<u>(1,076,934)</u>	<u>(63,216)</u>
<u>3,982,934</u>	<u>11,047,579</u>	<u>15,030,513</u>	<u>1,811,080</u>
<u>\$ 3,722,351</u>	<u>10,231,228</u>	<u>13,953,579</u>	<u>1,747,864</u>

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019**

	110 General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 546,459	554,993	1,101,452
Restricted cash	-	32,639	32,639
Investments	397	152,478	152,875
Property taxes receivable	26,866	-	26,866
Due from other governments	309,074	56,216	365,290
	<u>309,074</u>	<u>56,216</u>	<u>365,290</u>
Total assets	\$ <u>882,796</u>	<u>796,326</u>	<u>1,679,122</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 878	3,803	4,681
Accrued liabilities	15,938	-	15,938
Total liabilities	<u>16,816</u>	<u>3,803</u>	<u>20,619</u>
Deferred Inflows of Resources			
Unavailable property taxes	22,759	-	22,759
Total deferred inflows of resources	<u>22,759</u>	<u>-</u>	<u>22,759</u>
Fund Balances			
Non-spendable	-	-	-
Restricted for:			
Special revenue	-	192,242	192,242
Capital projects	-	600,281	600,281
Unassigned	843,221	-	843,221
Total fund balances	<u>843,221</u>	<u>792,523</u>	<u>1,635,744</u>
Total liabilities, deferred inflows of resources and fund balances	\$ <u>882,796</u>	<u>796,326</u>	<u>1,679,122</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, 2019**

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

Fund Balances - Total Governmental Funds	\$	1,635,744
Defined benefit pension and OPEB plan deferred outflows and inflows are not financial resources and, therefore, are not reported in the funds.		398,837
Defined benefit pension plan and OPEB deferred inflows and inflows are not financial obligations and, therefore, are not reported in the funds.		(160,871)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental capital assets		6,362,652
Less accumulated depreciation		(2,821,321)
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		(902,413)
Net OPEB liability		(486,146)
Compensated absences		(9,052)
Bonds and notes payable		(317,838)
A portion of property taxes receivable is not available to pay current period expenditures and, therefore, is deferred in the funds.		<u>22,759</u>
Net position of governmental activities	\$	<u><u>3,722,351</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, 2019**

	110 General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes:			
Property	\$ 108,810	-	108,810
Gross receipts	355,361	-	355,361
Lodgers' taxes	-	123,705	123,705
Other tax	524,812	82,319	607,131
Licenses and permits	8,249	-	8,249
Intergovernmental			
Federal	-	82,264	82,264
State	90,000	302,111	392,111
Charges for services	11,745	7,128	18,873
Fines	414	-	414
Interest on investments	551	1,899	2,450
Miscellaneous	32,022	6,683	38,705
	<u>1,131,964</u>	<u>606,109</u>	<u>1,738,073</u>
Total revenues			
EXPENDITURES			
Current operations			
General government	672,812	130,874	803,686
Public safety	74,462	168,309	242,771
Public works	372,496	-	372,496
Culture and recreation	84,069	15,337	99,406
Capital outlay	-	133,399	133,399
Debt service	-	34,401	34,401
Interest expense	-	9,156	9,156
	<u>1,203,839</u>	<u>491,476</u>	<u>1,695,315</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>(71,875)</u>	<u>114,633</u>	<u>42,758</u>
OTHER FINANCING SOURCES (USES):			
Transfer in (out)	(4,894)	(47,104)	(51,998)
Total other financing sources (uses)	<u>(4,894)</u>	<u>(47,104)</u>	<u>(51,998)</u>
Net changes in fund balances	(76,769)	67,529	(9,240)
FUND BALANCES, BEGINNING OF YEAR	<u>919,990</u>	<u>724,994</u>	<u>1,644,984</u>
FUND BALANCES, END OF YEAR	<u>\$ 843,221</u>	<u>792,523</u>	<u>1,635,744</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, 2019**

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

Net change in fund balances - total governmental funds	\$ (9,240)
Net pension expense	(87,742)
Net OPEB expense	(4,741)

A portion of property tax receivable is not available to pay current period expenditures and, therefore, is deferred in the funds. (90,785)

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	117,963
Depreciation expense	(220,692)

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	34,401
Compensated absences	<u>253</u>

Change in net position of governmental activities \$ (260,583)

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, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance From Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes				
Property	\$ 96,374	110,857	132,823	21,966
Gross receipts	436,570	437,867	355,361	(82,506)
Other tax	484,227	524,868	542,309	17,441
Licenses and permits	11,432	12,062	82,319	70,257
Intergovernmental				
Federal				
State	90,000	90,000	90,000	-
Charges for services	35,719	35,719	11,745	(23,974)
Fines	1,051	3,982	414	(3,568)
Interest on investments	342	342	551	209
Miscellaneous	3,780	13,328	32,022	18,694
<i>Total revenues</i>	<u>1,159,495</u>	<u>1,229,025</u>	<u>1,247,544</u>	<u>18,519</u>
EXPENDITURES				
Current:				
General government	585,630	698,025	675,232	22,793
Public safety	75,000	75,000	74,462	538
Public works	372,000	372,000	372,496	(496)
Culture and recreation	84,000	84,000	84,069	(69)
<i>Total expenditures</i>	<u>1,116,630</u>	<u>1,229,025</u>	<u>1,206,259</u>	<u>22,766</u>
Excess (deficiency) of revenues over expenditures	<u>42,865</u>	<u>-</u>	<u>41,285</u>	<u>(4,247)</u>
<i>Other financing sources (uses)</i>				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>(4,894)</u>	<u>(4,894)</u>
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(4,894)</u>	<u>(4,894)</u>
<i>Net change in fund balance</i>	<u>\$ 42,865</u>	<u>-</u>	<u>36,391</u>	<u>36,391</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			(106,798)	
Adjustments to expenditures			<u>(6,362)</u>	
Net change in fund balance (GAAP)			<u>\$ (76,769)</u>	

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

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**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019**

	503 Sewer Fund	502 Solid Waste Fund	501 Water Fund	Total Proprietary Funds
ASSETS				
Current assets				
Cash and cash equivalents	\$ 53,433	109,623	147,752	310,808
Investments	12,043	9,495	32,236	53,774
Accounts receivable (net of allowance for uncollectible)	14,320	12,273	17,029	43,622
Due from other governments	-	-	-	-
Total current assets	<u>79,796</u>	<u>131,391</u>	<u>197,017</u>	<u>408,204</u>
Noncurrent assets				
Restricted cash	-	-	725,310	725,310
Restricted investments	-	-	109,708	109,708
Capital assets				
Land	2,500	-	10,833	13,333
Buildings	13,941,072	62,332	3,452,323	17,455,727
Machinery and Equipment	101,545	271,647	94,125	467,317
Intangible assets - water rights	-	-	61,100	61,100
Accumulated depreciation	<u>(3,818,792)</u>	<u>(266,459)</u>	<u>(2,706,449)</u>	<u>(6,791,700)</u>
Total noncurrent assets	<u>10,226,325</u>	<u>67,520</u>	<u>1,746,950</u>	<u>12,040,795</u>
Total assets	<u>10,306,121</u>	<u>198,911</u>	<u>1,943,967</u>	<u>12,448,999</u>

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

	503 Sewer Fund	502 Solid Waste Fund	501 Water Fund	Total Proprietary Funds
LIABILITIES				
Current liabilities				
Accounts payable	5,143	-	-	5,143
Accrued interest	11,402	-	1,000	12,402
Landfill payable	-	7,320	-	7,320
Current portion long term debt	48,920	5,007	10,000	63,927
Customer deposits payable	-	-	90,637	90,637
Total current liabilities	<u>65,465</u>	<u>12,327</u>	<u>101,637</u>	<u>179,429</u>
Noncurrent liabilities				
Landfill payable (less current portion)	-	98,795	-	98,795
Long term debt	1,185,122	71,425	86,300	1,342,847
Total noncurrent liabilities	<u>1,185,122</u>	<u>170,220</u>	<u>86,300</u>	<u>1,441,642</u>
Total liabilities	<u>1,250,587</u>	<u>182,547</u>	<u>187,937</u>	<u>1,621,071</u>
Deferred Inflows of Resources				
Unearned grant revenue	-	-	596,700	596,700
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>596,700</u>	<u>596,700</u>
NET POSITION				
Net investment in capital assets	8,992,283	(8,912)	815,632	9,799,003
Restricted for debt service	-	-	835,018	835,018
Unrestricted	63,251	25,276	(491,320)	(402,793)
Total net position	<u>\$ 9,055,534</u>	<u>16,364</u>	<u>1,159,330</u>	<u>10,231,228</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, 2019**

	503	502	501	Total
	Sewer	Solid	Water	Proprietary
	Fund	Waste	Fund	Fund
	Fund	Fund	Fund	Fund
OPERATING REVENUES				
Charges for sales and services:				
Charges for services	\$ 204,134	115,900	214,988	535,022
Total operating revenues	204,134	115,900	214,988	535,022
OPERATING EXPENSES				
Cost of sales and services	65	-	-	65
Administration	184,005	53,936	113,265	351,206
Other operating expenses	506,702	111,842	52,584	671,128
Depreciation	347,511	7,094	119,026	473,631
Total operating expenses	1,038,283	172,872	284,875	1,496,030
Operating income (loss)	(834,149)	(56,972)	(69,887)	(961,008)
NONOPERATING REVENUES (EXPENSES)				
Capital grants - state	-	-	-	-
Interest revenue	-	174	377	551
Interest expense	-	(216)	(2,000)	(2,216)
Miscellaneous revenue	1,512	29,425	2,305	33,242
Sales taxes	9,194	41,076	10,812	61,082
Total nonoperating revenues (expenses)	10,706	70,459	11,494	92,659
Income (loss) before other financing sources (uses)	(823,443)	13,487	(58,393)	(868,349)
OTHER FINANCING SOURCES (USES):				
Transfers in (out)	51,998	-	-	51,998
Total other financing sources (uses)	51,998	-	-	51,998
Change in net position	(771,445)	13,487	(58,393)	(816,351)
NET POSITION, BEGINNING OF YEAR	9,826,979	2,877	1,217,723	11,047,579
NET POSITION, END OF YEAR	\$ 9,055,534	16,364	1,159,330	10,231,228

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

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**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Sewer Fund	Solid Waste Fund	Water Fund	Total Proprietary Funds
Cash flows from operating activities				
Cash received from customers	\$ 698,799	131,379	232,116	1,062,294
Cash payments to suppliers for goods and services	(706,336)	(165,778)	(165,849)	(1,037,963)
Net cash provided (used) by operating activities	<u>(7,537)</u>	<u>(34,399)</u>	<u>66,267</u>	<u>24,331</u>
Cash flows from noncapital financing activities				
Taxes received	9,194	41,076	10,812	61,082
Miscellaneous income	1,512	-	2,305	3,817
Transfers from other funds	51,998	29,425	-	81,423
Net cash provided by noncapital financing activities	<u>62,704</u>	<u>70,501</u>	<u>13,117</u>	<u>146,322</u>
Cash flows from capital and related financing activities				
Proceeds from LT debt	72,142	-	-	72,142
Capital grants - state	-	-	596,700	596,700
(Acquisition) disposition of capital assets	(113,697)	-	-	(113,697)
Principal paid on debt	-	(12,301)	56,300	43,999
Interest paid on debt	-	(216)	(2,000)	(2,216)
Net cash provided (used) by capital financing activities	<u>(41,555)</u>	<u>(12,517)</u>	<u>651,000</u>	<u>596,928</u>
Cash flows from investing activities				
Purchase of investments	(1)	(174)	(348)	(523)
Interest on investments	-	174	377	551
Net cash provided (used) by noncapital investing activities	<u>(1)</u>	<u>-</u>	<u>29</u>	<u>28</u>
Net increase (decrease) in cash and cash equivalents	<u>13,611</u>	<u>23,585</u>	<u>730,413</u>	<u>767,609</u>
Unrestricted cash and equivalents beginning of year	39,822	86,038	84,899	210,759
Restricted cash beginning of year	-	-	57,750	57,750
Total cash and equivalents beginning of year	<u>39,822</u>	<u>86,038</u>	<u>142,649</u>	<u>268,509</u>
Cash and equivalents end of year	<u>\$ 53,433</u>	<u>109,623</u>	<u>873,062</u>	<u>1,036,118</u>

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

	<u>Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Water Fund</u>	<u>Total Proprietary Funds</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (834,149)	(56,972)	(69,887)	(961,008)
Adjustments to reconcile operating income to net cash provided (used) in operating activities:				
Depreciation expense	347,511	7,094	119,026	473,631
Decrease (increase) in customer receivable	494,665	15,479	7,550	517,694
Increase (decrease) in accounts payable	(5,120)	-	-	(5,120)
Increase (decrease) in accrued liabilities	(10,444)	-	-	(10,444)
Increase (decrease) in customer deposits	-	-	9,578	9,578
Net cash provided by operating activities	<u>\$ (7,537)</u>	<u>(34,399)</u>	<u>66,267</u>	<u>24,331</u>
CASH PER FINANCIAL STATEMENTS				
Cash and cash equivalents	\$ 53,433	109,623	147,752	310,808
Restricted cash	-	-	725,310	725,310
Cash and equivalents end of year	<u>\$ 53,433</u>	<u>109,623</u>	<u>873,062</u>	<u>1,036,118</u>

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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 8th, Chama, New Mexico, 87520.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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 THE FINANCIAL STATEMENTS
JUNE 30, 2019

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 (110) is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Village reports the following major proprietary funds:

Sewer Fund (503) is used to account for the activities of the Village's sewer operations.

Solid Waste Fund (502) 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 (501) 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 THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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 THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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 THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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 THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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 THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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 THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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

	Balance Per Bank June 30	Deposits In Transit	Outstanding Checks	Balance Per Books June 30
Washington Federal				
Checking				
General - 110	\$ 220,947	-	52,167	168,780
General - 110	366,842	-	-	366,842
Chama Days - 110	13,109	-	2,274	10,835
Capital Projects – SAP - 303	32,298	-	-	32,298
GRT Project - 305	222,548	20	-	222,568
GRT Project - 305	171,796	6,158	-	177,954
GRT Project - 305	3,475	-	-	3,475
EMS - 206	726	-	-	726
Fire - 209	49,559	-	8,548	41,011
Law Enforcement - 211	2,888	-	2,871	17
Library - 524	12,924	20	2,767	10,177
Lodgers' Tax - 214	60,971	201	8,559	52,613
Recreation - 217	2,853	-	121	2,732
LDG - 207	2,524	-	-	2,524
Cemetery - 506	8,900	-	-	8,900
Joint Utility	370,929	-	61,186	309,743
Joint Utility	561	-	-	561
Water Int Sinking Fund - 501	1,016	-	-	1,016
Water Meter Deposit - 501	62,489	-	1,195	61,294
CDBG	504	-	-	504
Washington Federal CD – Gov't				
Pooled	316,357	-	-	316,357
New Mexico Finance Authority				
Fire - 209	32,639	-	-	32,639
Water - 501	663,000	-	-	663,000
Total cash in banks	\$ <u>2,619,855</u>	<u>6,399</u>	<u>139,688</u>	<u>2,486,566</u>

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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

As reported in financial statements:	
Cash	\$ 1,412,260
Restricted cash	757,949
Investments	206,649
Restricted investments	<u>109,708</u>
Total cash	\$ <u>2,486,566</u>

Cash, Cash Equivalents – Component Unit

	<u>Balance Per Bank June 30</u>	<u>Deposits In Transit</u>	<u>Outstanding Checks</u>	<u>Balance Per Books June 30</u>
Washington Federal Checking				
General	\$ 13,796	-	5,169	8,627
Security deposits	7,340	-	-	7,340
CFP	12,287	-	10,212	2,075
Certificates of deposit	<u>32,676</u>	<u>-</u>	<u>-</u>	<u>32,676</u>
Total cash in banks	\$ <u>66,099</u>	<u>-</u>	<u>15,381</u>	50,718
Petty cash				<u>45</u>
Total cash per books			\$	<u>50,763</u>

As reported in financial statements:	
Cash	\$ 10,747
Restricted cash	7,340
Investments	<u>32,676</u>
Total cash	\$ <u>50,763</u>

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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

Pledged Collateral

	Washington Federal
Deposits	\$ 1,924,216
FDIC	250,000
Total uninsured public funds	<u>1,674,216</u>
 Collateral pledged:	
Washington Federal	
FNMA PL#BC2636; 3.00%	
Cusip 3140EW4W2; 11/1/2046 at fair market value	<u>1,874,388</u>
Uninsured and uncollateralized	\$ <u><u>-</u></u>
Collateral requirement (50% of uninsured funds)	\$ 837,108
Pledged collateral at fair market value	<u>1,874,388</u>
Over (under) collateralized	\$ <u>1,037,280</u>

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned. The Village does not have a deposit policy for custodial credit risk. As of June 30, 2019, none of the Village's bank balance of \$1,924,216 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, 2019, none of the Component Unit's bank balance of \$50,736 was exposed to custodial risk.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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>Other Non- major</u>	<u>Sewer</u>	<u>Solid Waste</u>	<u>Water</u>	
Receivables:						
Customer	\$ -	-	20,487	19,165	26,435	66,087
Property taxes	26,866	-	-	-	-	26,866
Other governments	309,074	56,216	-	-	-	365,290
Gross receivables	335,940	56,216	20,487	19,165	26,435	458,243
Less: allowance for uncollectible	-	-	(6,167)	(6,892)	(9,406)	(22,465)
Net receivables	\$ <u>335,940</u>	<u>56,216</u>	<u>14,320</u>	<u>12,273</u>	<u>17,029</u>	<u>435,778</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>4,983</u>
Gross receivable	4,983
Less: allowance for uncollectible	<u>-</u>
Net receivables	\$ <u>4,983</u>

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 64,190	-	-	64,190
Construction in progress	-	51,997	-	51,997
Total capital assets not being depreciated	<u>64,190</u>	<u>51,997</u>	<u>-</u>	<u>116,187</u>
Capital assets being depreciated:				
Buildings and improvements	4,303,606	-	-	4,303,606
Equipment and other	1,011,398	65,966	(10,000)	1,067,364
Infrastructure	875,495	-	-	875,495
Total capital assets being depreciated	<u>6,190,499</u>	<u>65,966</u>	<u>(10,000)</u>	<u>6,246,465</u>
Less accumulated depreciation:				
Buildings and improvements	1,069,737	126,983	-	1,196,720
Equipment and other	828,394	44,126	(10,000)	862,520
Infrastructure	712,498	49,583	-	762,081
Total accumulated depreciation	<u>2,610,629</u>	<u>220,692</u>	<u>(10,000)</u>	<u>2,821,321</u>
Total capital assets being depreciated, net	<u>3,579,870</u>	<u>(154,726)</u>	<u>-</u>	<u>3,425,144</u>
Governmental activities capital assets, net	<u>\$ 3,644,060</u>	<u>(102,729)</u>	<u>-</u>	<u>3,541,331</u>

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5. CAPITAL ASSETS (CONTINUED)

	Balance June 30, 2018	Additions	Deletions/ Transfer	Balance June 30, 2019
Business-type Activities				
Capital Assets not being depreciated:				
Land	\$ 13,333	-	-	13,333
Water rights	61,100,	-	-	61,100
Construction in progress	1,161,900	-	(1,161,900)	-
Total capital assets not being depreciated	<u>1,236,333</u>	<u>-</u>	<u>-</u>	<u>74,433</u>
Capital Assets being depreciated:				
Buildings and improvements	16,180,131	1,275,597	-	17,455,728
Equipment and other	467,317	-	-	467,317
Total capital assets being depreciated	<u>16,647,448</u>	<u>1,275,597</u>	<u>-</u>	<u>17,923,045</u>
Less accumulated depreciation:				
Buildings and improvements	5,857,797	466,537		6,324,334
Equipment and other	460,273	7,094	-	467,367
Total accumulated depreciation	<u>6,318,070</u>	<u>473,631</u>	<u>-</u>	<u>6,791,701</u>
Total capital assets being depreciated, net	<u>10,329,378</u>	<u>801,966</u>	<u>-</u>	<u>11,131,344</u>
Business-type activities capital assets, net	<u>\$ 11,565,711</u>	<u>801,966</u>	<u>(1,161,900)</u>	<u>11,205,777</u>

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5. CAPITAL ASSETS (CONTINUED)

Capital Assets – Component Unit

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Component unit	\$			
Capital assets not being depreciated:				
Land and land rights	32,000	-	-	32,200
Total capital assets not being depreciated	32,200	-	-	32,200
Capital assets being depreciated:				
Buildings and improvements	3,196,044	17,795	-	3,213,839
Equipment and other	178,086	-	-	178,086
Total capital assets being depreciated	3,374,130	17,795	-	3,391,925
Less accumulated depreciation:				
Buildings and improvements	1,529,959	72,085	-	1,602,044
Equipment and other	114,550	-	-	114,550
Total accumulated depreciation	1,644,509	72,085	-	1,716,594
Total capital assets being depreciated, net	1,729,621	(54,290)	-	1,675,331
Component unit capital assets, net	\$ 1,761,821	(54,290)	-	1,707,531

Depreciation expense for the year ended June 30, 2019 was charged to governmental activities as follows:

General government	\$ 143,449
Public safety	35,311
Public works	37,518
Culture and recreation	4,414
Total depreciation expense	\$ 220,692

Depreciation expense for the year ended June 30, 2019 was charged to business-type activities as follows:

Sewer	\$ 336,132
Solid Waste	7,720
Water	129,779
Total depreciation expense	\$ 473,631

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General - 110	\$ -	4,894
Sewer – 503	51,998	-
EMS – 206	-	38,100
Fire – 209	5,000	-
Recreation – 217	-	999
Cemetery – 506	5,000	-
SAP – 303	-	1,522
GRT Project – 305	-	16,483
	<u>\$ 61,998</u>	<u>61,998</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

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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

pledged the Municipal Infrastructure Gross Receipts Tax Revenues for the repayment of this agreement and note.

<u>Original Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding</u>
\$100,000	7/8/2020	2.00%	\$41,192

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%	\$276,646

Loans Payable

A summary of the terms of long term debt outstanding for the governmental-type activities at June 30, 2019 follows:

Sewer Treatment Plant Loan:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 20,392	824	21,216
2021	20,800	416	21,216
	\$ <u>41,192</u>	<u>1,240</u>	<u>42,432</u>

STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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

Loans Payable (Continued)

Fire Station Loan:

Year Ending June 30,		Principal	Interest	Total
2020	\$	14,576	7,358	21,934
2021		14,774	7,176	21,950
2022		15,002	6,966	21,968
2023		15,260	6,724	21,984
2024		15,541	6,460	22,001
2025-2029		83,298	27,712	111,010
2030-2034		96,776	14,230	111,006
2035		21,419	782	22,201
	\$	<u>276,646</u>	<u>77,408</u>	<u>354,054</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.

Original Issue	Final Maturity	Interest Rate	Outstanding
\$211,000	6/6/2002	5.00%	\$30,000

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, 2019.

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

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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 Rate</u>	<u>Outstanding</u>
\$98,000	6/1/2034	.25%	\$76,432

At June 30, 2019 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	<u>21,100</u>
Total required reserves	43,475
Actual reserve	<u>110,938</u>
Excess reserve	<u>\$ 67,463</u>

Bond and Loan Payable

A summary of the terms of long term debt outstanding for the business-type activities at June 30, 2019 follows:

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

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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

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, 2019 all of the \$1,200,000 had been disbursed, with accrued interest of \$45,444, \$34,042 of which has been added to the loan balance at June 30, 2019. As of June 30, 2019, the project has been completed. The payment schedule is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 47,571	28,500	76,071
2021	48,700	27,370	76,070
2022	49,857	26,214	76,071
2023	51,041	25,029	76,070
2024	52,253	23,817	76,070
2025-2029	280,482	99,871	380,353
2030-2034	315,410	64,943	380,353
2035-2039	388,728	25,667	414,395
	<u>\$ 1,234,042</u>	<u>321,411</u>	<u>1,555,453</u>

Revenue Bond:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 10,000	1,500	11,500
2021	10,000	1,000	11,000
2022	10,000	500	10,500
	<u>\$ 30,000</u>	<u>3,000</u>	<u>33,000</u>

Water Loan:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 5,007	191	5,198
2021	5,019	179	5,198
2022	5,032	166	5,198
2023	5,045	153	5,198
2024	56,329	850	57,179
	<u>\$ 76,432</u>	<u>1,539</u>	<u>77,971</u>

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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

A Water Project Fund Loan/Grant from the New Mexico Finance Authority dated December 7, 2018 was issued in the amount of \$66,300 and \$596,700, loan and grant respectively at a fixed coupon rate of .25% to provide funds for the rehabilitation of an existing water treatment tank and the construction of a new water treatment tank. Principal and interest payments are due and payable each June 1 through the year 2040. The Village has pledged net system revenues to the payment of the loan amount. As of June 30, 2019 no funds have been expended on this project. The payment schedule is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ -	-	
2021	3,001	412	3,413
2022	3,257	158	3,415
2023	3,265	150	3,415
2024	3,273	142	3,415
2025-2029	16,491	587	17,078
2030-2034	16,698	380	17,078
2035-2039	16,908	169	17,077
2040	3,407	9	3,416
	<u>\$ 66,300</u>	<u>2,007</u>	<u>68,307</u>

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Notes payable	\$ 352,239	-	34,401	317,838	34,968
Compensated absences	9,305	16,085	16,338	9,052	3,621
Governmental activities - long-term liabilities	<u>\$ 361,544</u>	<u>16,085</u>	<u>50,739</u>	<u>326,890</u>	<u>38,589</u>
Business-type activities					
Revenue bonds	\$ 40,000	-	10,000	30,000	10,000
Solid Waste loan	81,414	-	4,982	76,432	5,007
NM Water project loan	-	66,300	-	66,300	-
RIP loan	1,161,901	72,141	-	1,234,042	48,920
Business-type activities long-term liabilities	<u>\$ 1,283,315</u>	<u>138,441</u>	<u>14,982</u>	<u>1,406,774</u>	<u>63,927</u>

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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

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, 2019 of current and long-term post closure costs are \$7,320 and \$98,795 respectively. The Village expects to defray a portion of these costs with grants from the State of New Mexico and other available sources.

NOTE 8. RESTRICTED NET POSITION/RESERVED FUND BALANCES

The government-wide statement of net position reports \$1,627,541 of restricted net position, of which \$192,242 is restricted by enabling legislation, \$600,281 is restricted for capital projects and \$835,018 is restricted for debt service.

NOTE 9. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Plan description. The 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/Audit 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 PERA fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA), 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 PERA Fund, unless specifically excluded.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

Benefits provided. Benefits are generally available at age 65 with five or 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. State police and adult correctional officers, peace officers and municipal juvenile detention officers will remain in 25-year retirement plans, however, service 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 contributions

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.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

Contributions. See PERA's compressive annual financial report for contribution provided description.

PERA Contribution Rates and Pension Factors in effect during FY18						
	Employee Contribution Percentage		Employer Contribution Percentage	Pension Factor per year of Service		Pension Maximum as a Percentage of the Final Average Salary
	Annual Salary less than \$20,000	Annual Salary greater than \$20,000		TIER 1	TIER 2	
Coverage Plan						
STATE PLAN						
State Plan 3	7.42%	8.92%	16.99%	3.0%	2.5%	90%
MUNICIPAL PLANS 1 - 4						
Municipal Plan 1 (plan open to new employers)	7.0%	8.5%	7.4%	2.0%	2.0%	90%
Municipal Plan 2 (plan open to new employers)	9.15%	10.65%	9.55%	2.5%	2.0%	90%
Municipal Plan 3 (plan closed to new employers 6/95)	13.15%	14.65%	9.55%	3.0%	2.5%	90%
Municipal Plan 4 (plan closed to new employers 6/00)	15.65%	17.15%	12.05%	3.0%	2.5%	90%
MUNICIPAL POLICE PLANS 1 - 5						
Municipal Police Plan 1	7.0%	8.5%	10.40%	2.0%	2.0%	90%
Municipal Police Plan 2	7.0%	8.5%	15.40%	2.5%	2.0%	90%
Municipal Police Plan 3	7.0%	8.5%	18.90%	2.5%	2.0%	90%
Municipal Police Plan 4	12.35%	13.85%	18.90%	3.0%	2.5%	90%
Municipal Police Plan 5	16.3%	17.8%	18.90%	3.5%	3.0%	90%
MUNICIPAL FIRE PLANS 1 - 5						
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%
MUNICIPAL DETENTION OFFICER PLAN 1						
Municipal Detention Officer Plan 1	16.65%	18.15%	17.05%	3.0%	3.0%	90%
STATE POLICE AND ADULT CORRECTIONAL OFFICER PLANS, ETC.						
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%

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2019, the Village reported a liability of \$902,413 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2018. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2018. 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. At June 30, 2018, the Village's proportion was 0.0566%, which was an increase of 0.0108% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Village recognized pension expense of \$132,572. At June 30, 2019, the Village reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 26,081	23,692
Changes in assumptions	81,817	5,189
Net difference between projected and actual earnings on pension plan investments	66,928	-
Changes in proportion and differences between Village's contributions and proportionate share of contributions	100,009	6,379
Village's contributions subsequent to the measurement date	<u>44,830</u>	<u>-</u>
Total	<u>\$ 319,665</u>	<u>35,260</u>

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

\$44,830 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ 125,449
2021	68,545
2022	41,893
2023	3,688
2024	-
Thereafter	-

Actuarial assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	June 30, 2017
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	7.25% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	3.00%
Projected salary increases	3.25% to 13.50% annual rate
Includes inflation at	2.50%
	2.75% all other years
Mortality assumption	The mortality assumptions are based on the RPD-2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generationally. For non-public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety groups.
Experience study dates	July 1, 2008 to June 30, 2017 (demographic) and July 1, 2010 through June 20, 2018 (economic)

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2018. These assumptions were adopted by the Board use in the June 30, 2017 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. 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%	7.48%
Risk Reduction & Mitigation	21.5%	2.37%
Credit Oriented Fixed Income	15.0%	5.47%
Real Assets	20.0%	6.48%
Total	<u>100.0%</u>	

Discount rate. A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2018. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, 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 period 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 7.25 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Village's proportionate share of the net pension liability	\$ <u>1,390,559</u>	<u>902,413</u>	<u>498,883</u>

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

Payables to the pension plan: At June 30, 2019 the Village had no outstanding contributions to the pension plan and therefore, had no payables reported as of June 30, 2019.

NOTE 10. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

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.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 10. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

Employees covered by benefit terms – At June 30, 2018, the Fund’s measurement date, the following employees were covered by the benefit terms:

Plan membership	
Current retirees and surviving spouses	51,205
Inactive and eligible for deferred benefit	11,471
Current active members	93,349
	<u>156,025</u>
Active membership	
State general	19,593
State police and corrections	1,886
Municipal general	17,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	48,756
	<u>93,349</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 any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the Village were \$13,187 for the year ended June 30, 2019.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - At June 30, 2019, the Village reported a liability of \$486,146 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. The Village’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2018. At June 30, 2018, the Village’s proportion was 0.01118 percent.

For the year ended June 30, 2019, the Village recognized OPEB expense of \$14,137. At June 30, 2019 the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 10. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	28,783
Changes in assumptions	-	90,761
Changes in proportion	69,776	-
Net difference between projected and actual earnings on OPEB plan investments	-	6,067
Employer contributions subsequent to the measurement date	<u>9,396</u>	<u>-</u>
Total	\$ <u>79,172</u>	<u>125,611</u>

Deferred outflows of resources totaling \$9,396 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, 2020. 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	\$	(17,132)
2020		(17,132)
2021		(17,132)
2022		(9,864)
2023		<u>5,425</u>
Total	\$	<u>(55,835)</u>

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions:

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 members; 2.25% for PERA members

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 10. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (Continued)

Projected payroll increases	3.25% to 12.50%, based on years of service, including inflation
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
Mortality	ERB member: RP-2000 Combined Healthy Mortality Table with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females). PERA members: RP-2000 Combined Healthy Mortality.

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:

<u>Asset Class</u>	<u>Long-Term Rate of Return</u>
U.S. core fixed income	2.1%
U.S. equity – large cap	7.1
Non U.S. – emerging markets	10.2
Non U.S. – developed equities	7.8
Private equity	11.8
Credit and structured finance	5.3
Real estate	4.9
Absolute return	4.1
U.S. equity – small/mid cap	7.1

Discount Rate – The discount rate used to measure the Fund’s total OPEB liability is 4.08% as of June 30, 2018. 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

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 10. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (Continued)

payments for current plan members through the fiscal year ending June 30, 2029. 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, 4.08% 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 (3.08 percent) or 1-percentage-point higher (5.08 percent) than the current discount rate:

	<u>1% Decrease (3.08%)</u>	<u>Current Discount Rate (4.08%)</u>	<u>1% Increase (5.08%)</u>
\$	<u>588,351</u>	<u>486,146</u>	<u>405,586</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 Rates</u>	<u>1% Increase</u>
\$	<u>410,964</u>	<u>486,146</u>	<u>545,091</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, 2018.

Payables changes in the net OPEB liability. At June 30, 2019, the Village did not accrue any payables for OPEB.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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 14. RECENT ACCOUNTING PRONOUNCEMENTS

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of tangible capital assets. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. Note disclosure about AROs are also addressed. GASB Statement No. 83 was effective for periods beginning after June 15, 2018. The Village has adopted this statement for the year ending June 30, 2019; however, there were no material AROs and the implementation of this statement had no effect on the Village's financial statements.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 14. RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This statement's primary objective is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowing and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. GASB Statement No. 88 was effective for periods beginning after June 15, 2018. The Village adopted this statement; however, the implementation of this statement had no effect on the Village's financial statements.

NOTE 15. NEW ACCOUNTING PRONOUNCEMENTS

The following GASB pronouncements have been issued, but are not yet effective at June 30, 2019.

GASB Statement No. 84, *Fiduciary Assets*

GASB Statement No. 87, *Leases*

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

GASB Statement No. 90, *Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61*.

GASB Statement No. 91, *Conduit Debt Obligations*.

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

NOTE 16. SUBSEQUENT EVENTS

The entity has evaluated subsequent events through December 16, 2019, the date which the financial statements were available to be issued. As of the report date, December 16, 2019, no subsequent events were identified by management.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 17. 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, 2019.

REQUIRED SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2019**

	Fiscal Year	Pension Liability For Last 10 Fiscal Years* (Dollars in Thousands)				
		2019	2018	2017	2016	2015
	Measurement Date	June 30				
		2018	2017	2016	2015	2014
Village's Proportion of the Net Pension Liability (Asset)		0.0566%	0.0458%	0.0467%	0.0472%	0.0465%
Village's Proportionate Share of Net Pension Liability (Asset)	\$	902	629	746	481	363
Village's Covered-Employee Payroll	\$	469	424	482	420	404
Village's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll		192.32%	148.35%	154.77%	114.52%	111.29%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		71.13%	73.74%	69.18%	76.99%	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, 2019

	Last Ten Fiscal Years*				
	(Dollars in Thousands)				
	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 45	41	42	34	35
Contributions in Relation to the Contractually Required Contribution	45	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, 2019

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

	Fiscal Year Measurement Date	30-Jun	
		2019 2018	2018 2017
Village's Proportion of the Net OPEB liability (Asset)		0.01118%	0.00966%
Village's Proportionate Share of Net Pension Liability (Asset)	\$	486,146	437,760
Village's Covered-Employee Payroll	\$	479,691	402,402
Village's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll		101.35%	108.79%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		13.14%	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, 2019**

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

	<u>2019</u>	<u>2018</u>
Contractually Required Contribution	\$ 17,471	30,675
Contributions in Relation to the Contractually Required Contribution	<u>17,257</u>	<u>15,395</u>
Contribution Deficiency (Excess)	<u>\$ 214</u>	<u>15,280</u>
Employer's covered-employee payroll	\$ 479,691	402,402
Contributions as a percentage of covered-employee payroll	3.60%	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, 2019**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Changes in PERA benefit terms – The PERA and COLA retirement eligibility benefits changes in recent years are described in Note 1 of the PERA’s CAFR. That report is available at <https://www.saonm.org/>

Assumptions – The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation Report as of June 30, 2018 is available <https://www.nmpera.org/>

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 FY19 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, 2018 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, 2019**

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 Statute 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, 2019**

CAPITAL PROJECT FUNDS

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

GRT Project 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, 2019**

	Special Revenue Funds			
	206	209	211	524
	EMS Fund	Fire Fund	Law Enforcement Fund	Library Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 726	41,011	17	10,177
Restricted cash	-	32,639	-	-
Investments	2,039	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Total current assets	<u>\$ 2,765</u>	<u>73,650</u>	<u>17</u>	<u>10,177</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Current liabilities				
Accounts payable	\$ -	-	-	-
Due to other funds	-	-	-	-
Total current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources				
Property taxes	-	-	-	-
Fund balances				
Restricted for:				
Special revenue	2,765	73,650	17	10,177
Capital projects	-	-	-	-
Total fund balances	<u>2,765</u>	<u>73,650</u>	<u>17</u>	<u>10,177</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,765</u>	<u>73,650</u>	<u>17</u>	<u>10,177</u>

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

Special Revenue Funds				Total Special Revenue Funds	Capital Project Funds	
214 Lodgers' Tax Fund	217 Recreation Fund	207 Local Corrections Fund	506 Cemetery Fund		303 SAP Fund	305 GRT Project Fund
52,613	2,732	2,524	8,900	118,700	32,298	403,995
-	-	-	-	32,639	-	-
-	724	4,380	4,349	11,492	30,937	110,049
31,789	-	1,425	-	33,214	-	23,002
-	-	-	-	-	-	-
<u>84,402</u>	<u>3,456</u>	<u>8,329</u>	<u>13,249</u>	<u>196,045</u>	<u>63,235</u>	<u>537,046</u>
3,803	-	-	-	3,803	-	-
-	-	-	-	-	-	-
<u>3,803</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,803</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
80,599	3,456	8,329	13,249	192,242	-	-
-	-	-	-	-	63,235	537,046
<u>80,599</u>	<u>3,456</u>	<u>8,329</u>	<u>13,249</u>	<u>192,242</u>	<u>63,235</u>	<u>537,046</u>
<u>84,402</u>	<u>3,456</u>	<u>8,329</u>	<u>13,249</u>	<u>196,045</u>	<u>63,235</u>	<u>537,046</u>

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
COMBINING BALANCE SHEET
NONMAJOR FUNDS
JUNE 30, 2019**

	Total Capital Project Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>
ASSETS		
Current assets:		
Cash and cash equivalents	436,293	554,993
Restricted cash	-	32,639
Investments	140,986	152,478
Due from other governments	23,002	56,216
Due from other funds	-	-
	<u> </u>	<u> </u>
Total current assets	<u>600,281</u>	<u>796,326</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Current liabilities		
Accounts payable	-	3,803
Due to other funds	-	-
Total current liabilities	<u> </u>	<u>3,803</u>
Deferred Inflows of Resources		
Property taxes	<u> </u>	<u> </u>
Fund balances		
Restricted for:		
Special revenue	-	192,242
Capital projects	<u>600,281</u>	<u>600,281</u>
Total fund balances	<u>600,281</u>	<u>792,523</u>
Total liabilities, deferred inflows of resources and fund balances	<u>600,281</u>	<u>796,326</u>

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

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**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, 2019**

	Special Revenue Funds			
	206	209	211	524
	EMS Fund	Fire Fund	Law Enforcement Fund	Library Fund
REVENUES				
Taxes				
Lodgers' taxes	\$ -	-	-	-
Other taxes	-	-	-	-
Intergovernmental				
Federal	-	82,264	-	-
State	134,620	85,484	20,000	10,010
Charges for services	-	-	-	1,335
Fines	-	-	-	-
Interest on investments	174	739	-	5
Miscellaneous	-	563	-	2,954
Total revenues	<u>134,794</u>	<u>169,050</u>	<u>20,000</u>	<u>14,304</u>
EXPENDITURES				
Current operations				
General Government	-	-	-	-
Public safety	95,794	62,767	7,422	-
Culture and recreation	-	-	-	12,282
Capital outlay	-	65,966	15,436	-
Debt service				
Principal	-	14,409	-	-
Interest expense	-	7,932	-	-
Total expenditures	<u>95,794</u>	<u>151,074</u>	<u>22,858</u>	<u>12,282</u>
Excess (deficiency) of revenues over expenditures	<u>39,000</u>	<u>17,976</u>	<u>(2,858)</u>	<u>2,022</u>
OTHER FINANCING SOURCES (USES):				
Transfers in (out)	(38,100)	5,000	-	-
Total Other financing sources (uses)	<u>(38,100)</u>	<u>5,000</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	900	22,976	(2,858)	2,022
FUND BALANCE, BEGINNING OF YEAR	<u>1,865</u>	<u>50,674</u>	<u>2,875</u>	<u>8,155</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,765</u>	<u>73,650</u>	<u>17</u>	<u>10,177</u>

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

Special Revenue Funds					Capital Project Funds	
214	217	207	506	Total	303	305
Lodgers' Tax Fund	Recreation Fund	Local Corrections Fund	Cemetery Fund	Special Revenue Funds	SAP Fund	GRT Project Fund
123,705	-	-	-	123,705	-	-
-	-	-	-	-	-	82,319
-	-	-	-	82,264	-	-
-	-	-	-	250,114	51,997	-
2,000	3,493	-	300	7,128	-	-
-	-	-	-	-	-	-
23	174	174	174	1,463	190	246
565	1,176	1,425	-	6,683	-	-
<u>126,293</u>	<u>4,843</u>	<u>1,599</u>	<u>474</u>	<u>471,357</u>	<u>52,187</u>	<u>82,565</u>
129,006	-	-	1,868	130,874	-	-
-	-	2,326	-	168,309	-	-
740	2,315	-	-	15,337	-	-
-	-	-	-	81,402	51,997	-
-	-	-	-	14,409	19,992	-
-	-	-	-	7,932	1,224	-
<u>129,746</u>	<u>2,315</u>	<u>2,326</u>	<u>1,868</u>	<u>418,263</u>	<u>73,213</u>	<u>-</u>
<u>(3,453)</u>	<u>2,528</u>	<u>(727)</u>	<u>(1,394)</u>	<u>53,094</u>	<u>(21,026)</u>	<u>82,565</u>
-	(999)	-	5,000	(29,099)	(1,522)	(16,483)
-	(999)	-	5,000	(29,099)	(1,522)	(16,483)
(3,453)	1,529	(727)	3,606	23,995	(22,548)	66,082
84,052	1,927	9,056	9,643	168,247	85,783	470,964
<u>80,599</u>	<u>3,456</u>	<u>8,329</u>	<u>13,249</u>	<u>192,242</u>	<u>63,235</u>	<u>537,046</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, 2019**

	Total Capital Project Funds	Total Nonmajor Governmental Funds
	<hr/>	<hr/>
REVENUES		
Taxes		
Lodgers' taxes	-	123,705
Other taxes	82,319	82,319
Intergovernmental		
Federal	-	82,264
State	51,997	302,111
Charges for services	-	7,128
Fines	-	-
Interest on investments	436	1,899
Miscellaneous	-	6,683
	<hr/>	<hr/>
Total revenues	134,752	606,109
	<hr/>	<hr/>
EXPENDITURES		
Current operations		
General Government	-	130,874
Public safety	-	168,309
Culture and recreation	-	15,337
Capital outlay	51,997	133,399
Debt service		
Principal	19,992	34,401
Interest expense	1,224	9,156
	<hr/>	<hr/>
Total expenditures	73,213	491,476
	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	61,539	114,633
	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES):		
Transfers in (out)	(18,005)	(47,104)
	<hr/>	<hr/>
Total Other financing sources (uses)	(18,005)	(47,104)
	<hr/>	<hr/>
Net changes in fund balances	43,534	67,529
FUND BALANCE, BEGINNING OF YEAR	556,747	724,994
	<hr/>	<hr/>
FUND BALANCE, END OF YEAR	600,281	792,523
	<hr/> <hr/>	<hr/> <hr/>

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

COMPONENT UNIT

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF NET POSITION
COMPONENT UNIT - HOUSING AUTHORITY
JUNE 30, 2019**

ASSETS

Current assets	
Cash and cash equivalents	\$ 10,747
Investments	32,676
Accounts receivable, net	4,983
Prepaid expense	<u>4,460</u>
Total current assets	<u>52,866</u>
Noncurrent assets	
Restricted cash	7,340
Capital assets	
Land	32,200
Capital assets being depreciated, net	<u>1,675,331</u>
Total noncurrent assets	<u>1,714,871</u>
Total assets	<u>1,767,737</u>

LIABILITIES

Current liabilities	
Accounts payable	6,821
Accrued payroll liabilities	<u>6,751</u>
Total current liabilities	<u>13,572</u>
Current liabilities payable from restricted assets	
Customer deposits payable	<u>6,301</u>
Total liabilities	<u>19,873</u>

NET POSITION

Invested in capital assets, net of related debt	1,707,531
Unrestricted	<u>40,333</u>
Total net position	<u>\$ 1,747,864</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, 2019

OPERATING REVENUES

Charges for services	\$ 71,824
Operating grants	<u>116,563</u>
Total operating revenues	<u>188,387</u>

OPERATING EXPENSES

Administration	168,469
Other operating expenses	33,412
Depreciation	<u>72,085</u>
Total operating expenses	<u>273,966</u>

Operating (loss) (85,579)

NONOPERATING REVENUES (EXPENSES)

Interest revenue	568
Capital grants	<u>21,795</u>
Nonoperating revenues (expenses)	<u>22,363</u>

Change in net position (63,216)

NET POSITION, BEGINNING OF YEAR 1,811,080

NET POSITION, END OF YEAR \$ 1,747,864

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF CASH FLOWS
COMPONENT UNIT - HOUSING AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2019**

Cash flows from operating activities

Cash received from customers	\$ 67,185
Cash received from HUD operating grants	116,563
Cash payments to employees for services	(87,211)
Cash payments to supplies for goods and services	(106,626)
Net cash used by operating activities	<u>(10,089)</u>

Cash flows from capital and related financing activities

Cash received from capital grants	21,795
(Acquisition) disposition of capital assets	(17,795)
Net cash provided by capital financing activities	<u>4,000</u>

Cash flows from investing activities

Sale of investments	4,477
Interest on investments	568
	<u>5,045</u>

Net cash provided by noncapital investing activities 5,045

Net (decrease) in cash and cash equivalents (1,044)

Unrestricted cash and equivalents beginning of year	12,588
Restricted cash beginning of year	6,543
Total cash and equivalents beginning of year	<u>19,131</u>

Cash and equivalents end of year \$ 18,087

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

Operating income	\$	(85,579)
Adjustments to reconcile operating income to net cash provided (used) in operating activities:		
Depreciation expense		72,085
Decrease (increase) in customer receivable		(2,852)
Increase (decrease) in accounts payable		3,600
Increase (decrease) in accrued liabilities		793
Increase (decrease) in customer deposits		(1,787)
Increase (decrease) in prepaid expense		3,651
Net cash used by operating activities	\$	<u><u>(10,089)</u></u>

CASH PER FINANCIAL STATEMENTS

Cash and cash equivalents	\$	10,747
Restricted cash		7,340
Cash and equivalents end of year	\$	<u><u>18,087</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 62,700	68,500	71,824	3,324
Operating grants	105,000	115,000	116,563	1,563
Total operating revenues	167,700	183,500	188,387	4,887
OPERATING EXPENSE				
Administration	144,000	161,000	168,469	(7,469)
Other operating expenses	47,000	46,100	33,412	12,688
Total operating expenses	191,000	207,100	201,881	5,219
Operating income (loss)	(23,300)	(23,600)	(13,494)	10,106
NONOPERATING REVENUES (EXPENSES)				
Investment revenue	200	250	568	318
CFP grant	-	4,000	21,795	17,795
Nonoperating revenues (expenses)	200	4,250	22,363	18,113
NON-BUDGETED ITEMS				
Depreciation	-	-	(72,085)	(72,085)
Total non-budgeted items	-	-	(72,085)	(72,085)
Net (loss)	\$ (23,100)	(19,350)	(63,216)	(43,866)

OTHER SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
VILLAGE OF CHAMA
FINANCIAL DATA SCHEDULE
HOUSING AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2019

Line Item Number	Description	Low Rent Public Housing Program 14.850	Public Housing Capital Fund Program 14.872	Total
111	Cash - unrestricted	\$ 10,747	-	10,747
100	Total cash	<u>10,747</u>	<u>-</u>	<u>10,747</u>
122	Accounts receivable - HUD other projects	-	-	-
126	Accounts receivable - tenants - dwelling rents	4,983	-	4,983
126.1	Allowance for doubtful accounts - dwelling rents	-	-	-
129	Accrued interest receivable	-	-	-
120	Total receivables, net of allowance for doubtful accounts	<u>4,983</u>	<u>-</u>	<u>4,983</u>
131	Investments - unrestricted	32,676	-	32,676
142	Prepaid expense and other assets	4,460	-	4,460
150	Total current assets	<u>52,866</u>	<u>-</u>	<u>52,866</u>
114	Cash - tenant security deposits	7,340	-	7,340
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	1,096,917	-	1,096,917
166	Accumulated depreciation	(1,716,595)	-	(1,716,595)
160	Total capital assets, net of accumulated depreciation	<u>1,707,531</u>	<u>-</u>	<u>1,707,531</u>
180	Total non-current assets	<u>1,714,871</u>	<u>-</u>	<u>1,714,871</u>
190	Total assets	<u>\$ 1,767,737</u>	<u>-</u>	<u>1,767,737</u>

Line Item Number	Description	Low Rent Public Housing Program 14.850	Public Housing Capital Fund Program 14.872	Total
312	Accounts Payable <=90 days	\$ 6,821	-	6,821
321	Accrued wage/payroll taxes payable	6,751	-	6,751
341	Tenant Security deposits	6,301	-	6,301
310	Total current liabilities	<u>19,873</u>	<u>-</u>	<u>19,873</u>
508.1	Net investment in capital assets	1,707,531	-	1,707,531
512.1	Unrestricted net position	40,333	-	40,333
513	Total equity/net position	<u>1,747,864</u>	<u>-</u>	<u>1,747,864</u>
600	Total liabilities and equity/net position	\$ <u><u>1,767,737</u></u>	<u><u>-</u></u>	<u><u>1,767,737</u></u>

STATE OF NEW MEXICO
VILLAGE OF CHAMA
FINANCIAL DATA SCHEDULE
HOUSING AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2019

Line Item Number	Description	Low Rent Public Housing Program 14.850	Public Housing Capital Fund Program 14.872	Total
70300	Net tenant rental revenue	\$ 70,384	-	70,384
70400	Tenant revenue - other	1,440	-	1,440
70500	Total tenant revenue	71,824	-	71,824
70600	HUD PHA operating grants	112,563	4,000	116,563
70610	Capital Grants	4,000	17,795	21,795
71100	Investment income - restricted	568	-	568
70000	Total revenues	188,955	21,795	210,750
91100	Administrative salaries	33,412	-	33,412
91200	Auditing fees	-	-	-
91400	Advertising and marketing	798	-	798
91500	Employee benefit contributions - administrative	13,323	-	13,323
91600	Office expenses	11,259	-	11,259
91800	Travel	303	-	303
91900	Other operating - administrative	12,987	-	12,987
91000	Total operating - administrative	72,082	-	72,082
93100	Water	3,070	-	3,070
93200	Electricity	6,473	-	6,473
93300	Gas	1,619	-	1,619
93000	Total utilities	11,162	-	11,162
94100	Ordinary maintenance and operations - labor	24,805	-	24,805
94200	Ordinary maintenance and operations - materials and other	21,438	-	21,438
94300	Ordinary maintenance and operations - contract costs	29,756	-	29,756
94500	Employee benefit contributions - ordinary maintenance	15,671	-	15,671
94000	Total maintenance	91,670	-	91,670

Line Item Number	Description	Low Rent Public Housing Program 14.850	Public Housing Capital Fund Program 14.872	Total
96110	Property insurance	19,168	-	19,168
96120	Liability insurance	2,682	-	2,682
96130	Workmen's compensation	1,872	-	1,872
96140	All other insurance	-	-	-
96100	Total insurance premiums	<u>23,722</u>	<u>-</u>	<u>23,722</u>
96400	Bad debt - tenant rents	<u>3,245</u>	<u>-</u>	<u>3,245</u>
96200	Other general	<u>3,245</u>	<u>-</u>	<u>3,245</u>
96900	Total operating expenses	<u>201,881</u>	<u>-</u>	<u>201,881</u>
97000	Excess of operating revenue over operating expenses	<u>(12,926)</u>	<u>21,795</u>	<u>8,869</u>
97400	Depreciation expense	<u>68,056</u>	<u>4,029</u>	<u>72,085</u>
90000	Total expenses	<u>269,937</u>	<u>4,029</u>	<u>273,966</u>
10000	Excess operating revenue over operating expenses	<u>(80,982)</u>	<u>17,766</u>	<u>(63,216)</u>
11030	Beginning Net Position	<u>1,811,080</u>	<u>-</u>	<u>1,811,080</u>
11040-070	Equity transfers - in (out) from (to) CFP grants	-	(17,766)	(17,766)
11040-080	Equity transfers - in (out) from (to) low rent	<u>17,766</u>	<u>-</u>	<u>17,766</u>
11040	Equity transfers	<u>17,766</u>	<u>(17,766)</u>	<u>-</u>
	Ending Net Position	<u>\$ 1,747,864</u>	<u>-</u>	<u>1,747,864</u>

STATE OF NEW MEXICO
 VILLAGE OF CHAMA
 FINANCIAL DATA SCHEDULE
 HOUSING AUTHORITY
 FOR THE YEAR ENDED JUNE 30, 2019

Line Item Number	Description	Low Rent Public Housing Program 14.850	Public Housing Capital Fund Program 14.872	Total
11190	Unit months available	429		
11210	Number of unit months leased	429		
11270	Excess cash	\$ 30,890		
11620	Building purchases	\$ -	-	
11650	Leasehold improvement and equipment purchases	\$ -	17,795	17,795

COMPLIANCE SECTION

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

To Brian S. Colón, Esq.
New Mexico State Auditor

The Mayor and Village Council Members
Village of Chama
Chama, New Mexico

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, 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, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated December 16, 2019.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material

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weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, described in the accompanying schedule of findings and responses as item 2019-001 and 2019-002.

Purpose of this Report

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



Pattillo, Brown & Hill, LLP
Albuquerque, New Mexico
December 16, 2019

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2019**

SUMMARY OF AUDIT RESULTS

Type of auditor’s report issued	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2019**

II. Findings – Financial Statement Audit

2019-001 Controls Over Cash Disbursements (Finding That Does Not Rise to the Level of a Significant Deficiency)

Condition: During our audit test-work over controls we noted the following items:

- In a sample of twenty-five cash disbursements we noted two disbursements totaling \$652 in which the Purchase Order could not be located.
- In a sample of twenty-five cash disbursements we noted one disbursement totaling \$459 in which the Purchase Voucher was not signed by an authorized approver.
- In a sample of twenty-five cash disbursements we noted one disbursement totaling \$53 in which the Purchase Requisition is not dated so were unable to verify that the Purchase Requisition preceded the Purchase Order date.
- In a sample of five Gas Card transactions selected for testing, there was one disbursement in the amount of \$322, but the Village could only locate documentation supporting \$111 of this amount paid.

Criteria: Section 6-5-2C NMSA 1978 states that an entity shall implement internal controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters. In addition, the Committee of Sponsoring Organizations (COSO) of the Treadway Commission identifies that management should evaluate their control activities to ensure their policies and procedures are carrying out management’s directives. Per the Village’s finance policies and procedures purchase orders and/or contracts should be issued before a good or service is purchased.

Effect: The Village is not in compliance with its internal control policies which could lead to the unauthorized purchase of goods or services.

Cause: There has been a transition in personnel at the Village which resulted in some internal controls being not followed.

Recommendation: We recommend the Village provide an in-house training for all employees to remind them of the internal controls established by the Village.

Management Response: Due to a small staff and staff covering multiple positions, training was not always implemented.

Timeline of Corrective Action Plan: Fiscal Year 2020 – The Treasurer and Village Council will work to create financial policies, procedures, and internal controls for staff training.

Responsible Official: Treasurer

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2019**

II. Findings – Financial Statement Audit (Continued)

2019-002 Related Party Transactions (Finding That Does Not Rise to the Level of a Significant Deficiency)

Condition: In reviewing possible related party transaction for the fiscal year we noted one transaction in the amount of \$1,270 in which the Village Clerk approved an expenditure which was paid to her spouse for services provided to the Village. We also noted that the Village conducts business on a regular basis with a business owned by one of the Village Councilors.

Criteria: Section 6-5-2C NMSA 1978 states that an entity shall implement internal controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters. In addition, the Committee of Sponsoring Organizations (COSO) of the Treadway Commission identifies that management should evaluate their control activities to ensure their policies and procedures are carrying out management’s directives.

Effect: The Village could be expending funds which could be possibly obtained at a cost more beneficial to the Village. Additionally, expenditures to related parties may not appear appropriate to the general public.

Cause: The Village does not have a formal policy in regard to transactions with related parties.

Recommendation: We understand that in a small community that related party transactions will likely occur because of the population base. We recommend the Village develop a formal policy on conducting transactions with related parties. This policy should include language which states that for transactions with a related party, the government official involved should recuse themselves of any part of the transaction.

Management Response: We understand because of our small population these types of transactions will happen. However, Village staff will make a conscious effort to exclude staff related to vendors in the decision making and approval process.

Timeline of Corrective Action Plan: Fiscal Year 2020 – The Village Council will review and approve a new policy regarding related party transactions. Once approved, the Treasurer’s office will implement and enforce the new policy.

Responsible Official: Treasurer

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
SUMMARY OF PRIOR-YEAR FINDINGS
JUNE 30, 2019**

<u>Prior Year</u>	<u>Description</u>	<u>Status</u>
2018-001	Exceeded Budgetary Authority (Other Non-Compliance)	Resolved
2018-002	PERA Compliance (Other Non-Compliance)	Resolved
2018-003	Segregation of Payroll Duties (Finding That does not Rise To the Level of a Significant Deficiency)	Resolved
2018-004	Travel and Per Diem (Other Non-Compliance)	Resolved

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**STATE OF NEW MEXICO
VILLAGE OF CHAMA
EXIT CONFERENCE
JUNE 30, 2019**

EXIT CONFERENCE

An exit conference was held on December 13, 2019 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

Village of Chama, Housing Authority

Art Saiz	Board Member
Mike Trujillo	Executive Director

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

Chris Garner, CPA	Audit Partner
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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.