

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS**

FINANCIAL STATEMENTS

June 30, 2011

(With Independent Auditor's Report Thereon)

Prepared by

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STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS

FINANCIAL STATEMENTS AND SUPPLEMENTARY
INFORMATION AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

(With Independent Auditor's Reports Thereon)

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS**

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STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS

OFFICIAL ROSTER
June 30, 2011

Elected Officials

Edmond Temple - Mayor

Emmett Cart - Mayor Pro-Tem

Pam Grider - Trustee

Robert Wilson - Trustee

John Merhege - Trustee

Administration

Ona Trujillo - Clerk/Treasurer

INDEPENDENT AUDITOR'S REPORT

Hector Balderas, State Auditor
and
Edmond Temple, Mayor
and The Board of Trustees
Village of Jemez Springs
Jemez Springs, New Mexico

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, budgetary comparisons for the general fund and major special revenue funds, and the aggregate remaining fund information of Village of Jemez Springs (Village) as of and for the year ended June 30, 2011, which collectively comprise the Village's basic financial statements as listed in the table of contents. I have also audited the financial statements of each of the Village's nonmajor governmental funds, the respective budgetary comparisons, and the major capital projects fund budgetary comparison presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the Village's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and with standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village, as of June 30, 2011, and the respective changes in financial position and cash flows, thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended

in conformity with accounting principles generally accepted in the United States of America. In addition, in my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund and the respective changes in financial position and cash flows, thereof and the respective budgetary comparisons of the nonmajor governmental funds, the capital project fund, and enterprise funds for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated October 28, 2011, on my consideration of the Village of Jemez Springs' internal control over financial reporting and my test 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the result of my audit.

The management's discussion and analysis information on pages 3 through 11, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the basic financial statements and the combining and individual fund financial statements that collectively comprise the Village's financial statements and budgetary comparisons. The introductory section and Schedule of Changes in Assets and Liabilities for Agency Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



October 28, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Village of Jemez Springs' financial performance provides an overview of the Village's financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the Village's financial statements, which begins on page 12.

Financial Highlights

The Village of Jemez Springs' total net assets decreased 4.0 percent as a result of this year's operations. Net assets of our business-type activities decreased by \$49,884, or nearly 2.6 percent, due to administration fees transferred to the general fund and net assets of our governmental activities decreased by \$162,419, or 4.0 percent, due to decrease in tax revenue, less capital grants and less administration fees from Bath House and Waste Water Department.

During the year, the Village of Jemez Springs had expenses that were \$215,624 more than the receipts generated in tax and other revenues, including capital project monies, for governmental programs (before special items and transfers); in comparison to last year, when revenues exceeded expense by \$473,685.

In the Village of Jemez Springs' business-type activities, operating revenues decreased to \$477,991 from \$489,121 and expenses increased to \$475,719 from \$473,577 in 2010.

Total cost of all of the Village of Jemez Springs' governmental programs increased by \$48,069 or nearly 7.4 percent.

The general fund reported an decrease this year of \$63,613.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 12 and 13) provide information about the activities of the Village of Jemez Springs as a whole and present a longer-term view of the Village's finances. Fund financial statements start

on page 14. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide statements by providing information about the Village's most significant funds. The remaining statements provide financial information about activities for which the Village acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the Village of Jemez Springs as a Whole

Our analysis of the Village as a whole begins on page 12. One of the most important questions asked about the Village's finances is, "Is the Village of Jemez Springs as a whole better off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Village as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Based on the current year activities, the Village is not better off financially. The economic downturn has negatively affected the Village's financial circumstances.

These two statements report the Village's net assets and changes in them. You can think of the Village's net assets - the difference between assets and liabilities - as one way to measure the Village's financial health, or financial position. Over time, increases or decreases in the Village's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Village's property tax base and the condition of the Village's roads, to assess the overall health of the Village of Jemez Springs.

In the Statement of Net Assets and the Statement of Activities, we divide the Village into two kinds of activities:

Government activities - Most of the Village's basic services are reported here, including the police, fire, public works, public library, and general administration. Gross receipts tax, property taxes, franchise fees, and state and federal grants finance most of these activities.

Business-type activities - The Village charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Village's Sewer System and Bath House facilities are reported here.

Reporting the Village's Most Significant Funds

Our analysis of the Village's major funds begins on page 14. The fund financial statements begin on page 14 and provide detailed information about the most significant funds - not the Village as a whole. Some funds are required to be established by State law and by bond covenants. However, the Village Trustees establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants received from the New Mexico Environment Department). The Village's two kinds of funds - governmental and proprietary - use different accounting approaches.

Governmental funds - Most of the Village of Jemez Springs' basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual account, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Village's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation on page 15.

Proprietary funds - When the Village of Jemez Springs charges customers for the services it provides - whether to outside customers or to other units of the Village - these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the Village's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the

government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The Village of Jemez Springs as Trustee

The Village is the trustee, or fiduciary, for its trust and agency monies. All of the Village's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 24 and 68. We exclude these activities from the Village's other financial statements because the Village cannot use these assets to finance its operations. The Village is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Financial Analysis of the Village as a Whole

This section will discuss and analyze significant differences. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Village's governmental and business-type activities.

Table 1
Village of Jemez Springs
Net Assets
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 333	\$ 746	\$ 73	\$ 71	\$ 406	\$ 817
Capital assets	<u>3,681</u>	<u>3,828</u>	<u>1,829</u>	<u>1,891</u>	<u>5,510</u>	<u>5,719</u>
Total assets	<u>4,014</u>	<u>4,574</u>	<u>1,902</u>	<u>1,962</u>	<u>5,916</u>	<u>6,536</u>
Long-term debt outstanding	37	61			37	61
Other liabilities	<u>89</u>	<u>463</u>	<u>20</u>	<u>30</u>	<u>109</u>	<u>493</u>
Total liabilities	<u>126</u>	<u>524</u>	<u>20</u>	<u>30</u>	<u>146</u>	<u>554</u>
Net assets						
Invested in capital assets, net of related debt	3,620	3,744	1,829	1,891	5,449	5,635
Restricted	147	123			147	123
Unrestricted	<u>121</u>	<u>183</u>	<u>53</u>	<u>41</u>	<u>174</u>	<u>224</u>
Total net assets	\$ <u>3,888</u>	\$ <u>4,050</u>	\$ <u>1,882</u>	\$ <u>1,932</u>	\$ <u>5,770</u>	\$ <u>5,982</u>

The net assets of our business-type activities decreased by 2.6 percent (\$1,931,434 compared to \$1,881,550 in 2011); this decrease was generated from depreciation and administration fees

paid from the Bath House Enterprise and Waste Water to the general fund in the form of transfers.

Table 2
Village of Jemez Springs
Changes in Net Assets
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues						
Program revenues						
Charges for services	\$ 31	\$ 28	\$ 478	\$ 489	\$ 509	\$ 517
State grants	252	838			252	838
General revenues						
State taxes	148	209			148	209
Other taxes	22	19			22	19
Other	<u>32</u>	<u>31</u>		<u>1</u>	<u>32</u>	<u>32</u>
Total revenues	485	1,125	478	490	963	1,615
Expenses						
General government	260	243			260	243
Public safety	204	208			204	208
Culture and recreation	100	77			100	77
Highway and streets	133	118			133	118
Interest on long-term debt	3	5		2	3	7
Bath House			333	332	333	332
Sewer			<u>143</u>	<u>140</u>	<u>143</u>	<u>140</u>
Total expenses	<u>700</u>	<u>651</u>	<u>476</u>	<u>474</u>	<u>1,176</u>	<u>1,125</u>
Excess (deficiency) before special items and transfers	(215)	474	2	16	(213)	490
Transfers	<u>53</u>	<u>68</u>	<u>(52)</u>	<u>(68)</u>	<u>1</u>	<u>-</u>
Increase (decrease) in net assets	\$ <u>(162)</u>	\$ <u>542</u>	\$ <u>(50)</u>	\$ <u>(52)</u>	\$ <u>(212)</u>	\$ <u>490</u>

The Village's total revenues (excluding special items) decreased by \$652,684, primarily due to decrease in walkway grants in the amount \$622,660 received in 2010. The total cost of all programs and services was increased by \$50,211. Our analysis below separately considers the operations of governmental and business-type activities.

Business-Type Activities

Revenues of the Village of Jemez Springs' business-type activities (see Table 2) decreased by \$11,444 (\$478,332 in 2011 compared to \$489,776 in 2010) and expenses increased by \$2,142. The factors driving these results include:

The Bath House was in operation for the entire year of 2011 and has been very profitable for the Village. The Bath

House paid administrative fees to the Village of Jemez Springs General Fund in the amount of \$52,497 for FY 2011.

The Jemez Springs Sewer System saw its operation revenues decrease by \$1,500, while operating expenses increased \$3,037. The Waste Water system paid \$0 to the Village of Jemez Springs for administrative costs.

The Village Fund

The Village of Jemez Springs had a decrease of \$63,613 in the Village's General Fund. The primary reasons for the General Fund's decrease mirror the governmental activities analysis highlighted on page 3. In addition, these other changes in fund balances should be noted.

Governmental Activities revenues for the Village decreased \$641,240, while total expenses decreased \$609,936. The cost of all governmental activities this year was \$577,195 compared to \$1,187,131 last year.

The Village spent \$30,799 this year on capital projects, which was reimbursed by various grants and appropriations during the year.

Each year, the State provides the Village with a portion of the gasoline tax revenues it collects. This money can only be used to replace, maintain, or improve the Village's roads. This year, \$4,591 of these resources, were used primarily for bridge repair on the south end of Mooney Blvd.

General Fund Budgetary Highlights

The Village Board of Trustees revised the Village of Jemez Springs' budget twice during the year. There were no amendments to the enterprise funds this year.

Capital Asset and Debt Administration Capital Assets

At the end of 2011, the Village of Jemez Springs had \$5,509,684 invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, and sewer lines (see Table 3 below). This amount represents a net decrease (including additions and deductions) of \$209,312 over last year.

Table 3
Village of Jemez Springs
Change in Capital Assets

	Net Balance <u>June 30, 2010</u>	Additions/ Deletions	Balance <u>June 30, 2011</u>
Non-Depreciable Assets:			
Land and land improvements	\$ <u>428,709</u>	\$ <u> </u>	\$ <u>428,709</u>
Other Capital Assets:			
Infrastructure	2,957,428		2,957,428
Buildings	2,116,679		2,116,679
Furniture and other equipment	1,171,372	(10,000)	1,161,372
Improvements	234,713		234,713
Less: Accumulated depreciation	<u>(1,189,905)</u>	<u>(199,312)</u>	<u>(1,389,217)</u>
Total other capital asset	\$ <u>5,290,287</u>	\$ <u>(209,312)</u>	\$ <u>5,080,975</u>

Capital Asset and Debt Administration Capital Assets

There were no major additions to capital assets.
 Obsolete equipment was removed.

Debt

At year end, the Village had \$71,637 in outstanding debt versus \$96,179 last year - a decrease of 25.5 percent - as shown in Table 4.

Table 4
Village of Jemez Springs
Outstanding Debt
at June 30, 2011

	Governmental <u>Activities</u>	Net Business-type <u>Activities</u>	Total Primary <u>Government</u>
NM Finance Authority	\$ 60,805	\$	\$ 60,805
Other long-term debt	<u>4,169</u>	<u>6,663</u>	<u>10,832</u>
Totals	\$ <u>64,974</u>	\$ <u>6,663</u>	\$ <u>71,637</u>

Other obligations include accrued compensated absences. More detailed information about the Village's long-term liabilities is presented in Notes 1 and 5 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The Village of Jemez Springs' elected and appointed officials reviewed many factors in the preparation of the 2011/2012 fiscal year budget. Factors considered included continued decreasing tourist traffic, and reduced GRT and Bath House revenues. The Village's sewer fees were considered adequate for the short term but a rate increase will be examined in the second half of the fiscal year. All Department managers were asked to tighten their budgets. These efforts and considerations led the Village to develop a budget approximately 9% below the previous fiscal year's budget.

These indicators were taken into account when adopting the General Fund budget for 2012. Amounts available for expenditures in the General Fund budget are \$361,313, a decrease of 9% over the final 2011 budget of \$394,833. There are some wage increase adjustment in the FY 2012 budget.

If these estimates are realized, the Village of Jemez Springs budgetary General Fund balance is expected a slight to moderate decrease by the close of 2012. More importantly, however, we will not have to sell capital assets or restructure long-term debt to alleviate cash flow pressures.

The Village of Jemez Springs has requested that FY 2012 Highway Department Co-Op monies be used for maintenance and repairs on roads and infrastructure development on the Civic Center property.

As for the Village of Jemez Springs business-type activities, we expect that the 2012 results will also continue to improve. The Bath House Enterprise and Jemez Springs Sewer System Enterprise continue to build reserve accounts for future capital improvements.

Contacting the Village of Jemez Springs Financial Management

This financial report is designed to provide a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer at the Village Municipal Office in the Village of Jemez Springs, P.O. Box 269, Jemez Springs, New Mexico.

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS**

**STATEMENT OF NET ASSETS - GOVERNMENT-WIDE
June 30, 2011**

ASSETS	<u>Primary Government</u>		
	<u>Government</u>	<u>Business</u>	<u>Total</u>
	<u>Activities</u>	<u>Type</u>	
		<u>Activities</u>	
Current Assets:			
Cash and cash equivalents (Note 10)	\$ 294,842	\$ 49,356	\$ 344,198
Receivables (net)		12,868	12,868
Taxes receivable	29,523		29,523
Due to/from others (Note 15)	1,239		1,239
Prepaid expenses	7,309	982	8,291
Inventories		<u>9,922</u>	<u>9,922</u>
Total current assets	<u>332,913</u>	<u>73,128</u>	<u>406,041</u>
Noncurrent Assets:			
Land	413,584	15,125	428,709
Capital assets, net of depreciation (Note 13)	<u>3,267,369</u>	<u>1,813,606</u>	<u>5,080,975</u>
Total noncurrent assets	<u>3,680,953</u>	<u>1,828,731</u>	<u>5,509,684</u>
 Total Assets	 \$ <u>4,013,866</u>	 \$ <u>1,901,859</u>	 \$ <u>5,915,725</u>
 LIABILITIES			
Current liabilities:			
Accounts payable	\$ 41,431	\$ 546	\$ 41,977
Accrued liabilities	19,507	13,100	32,607
Due within one year (Note 5)	<u>28,199</u>	<u>6,663</u>	<u>34,862</u>
Total current liabilities	89,137	20,309	109,446
Noncurrent liabilities:			
Due in more than one year (Note 5)	<u>36,775</u>		<u>36,775</u>
Total Liabilities	\$ <u>125,912</u>	\$ <u>20,309</u>	\$ <u>146,221</u>
 NET ASSETS			
Invested in capital assets, net of related debt	\$ 3,620,148	\$ 1,828,731	\$ 5,448,879
Restricted for:			
Capital projects	(288)		(288)
Other	147,153		147,153
Unrestricted	<u>120,941</u>	<u>52,819</u>	<u>173,760</u>
 Total Net Assets	 \$ <u>3,887,954</u>	 \$ <u>1,881,550</u>	 \$ <u>5,769,504</u>

See Accompanying Notes to Financial Statements

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS**

**STATEMENT OF ACTIVITIES - GOVERNMENT-WIDE
June 30, 2011**

<u>Functions/Programs</u>	<u>Expense</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Service</u>	<u>Operating Grants and Contribution</u>	<u>Capital Grants and Contribution</u>	
Primary government:					
Governmental activities					
Judicial	\$ 19,448	\$ 13,990	\$	\$	\$ (5,458)
General government	150,931	8,777	58,417		(83,737)
Public safety	149,353	5,160	76,012		(68,181)
Culture and recreation	97,248	3,816	13,129		(80,303)
Highways and streets	133,182		73,750	29,379	(30,053)
Depreciation	147,010				(147,010)
Interest on debt	<u>2,651</u>				<u>(2,651)</u>
Total governmental activities	<u>699,823</u>	<u>31,743</u>	<u>221,308</u>	<u>29,379</u>	<u>(417,393)</u>
Business-type activities:					
Waste Water	142,661	91,421			(51,240)
Bath House	<u>333,058</u>	<u>386,570</u>			<u>53,512</u>
Total business-type activities	<u>475,719</u>	<u>477,991</u>			<u>2,272</u>
Total primary government	\$ <u>1,175,542</u>	\$ <u>509,734</u>	\$ <u>221,308</u>	\$ <u>29,379</u>	\$ <u>(415,121)</u>
Changes in Net Assets					
Net (expense) revenue			<u>Government Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
			\$ (417,393)	\$ 2,272	\$ (415,121)
General Revenues:					
Taxes levied for general			148,466		148,466
Taxes levied for special uses			22,222		22,222
Unrestricted investment earning			1,031	341	1,372
Miscellaneous			30,050		30,050
Transfer - internal activities			<u>53,205</u>	<u>(52,497)</u>	<u>708</u>
Total general revenues/transfers			<u>254,974</u>	<u>(52,156)</u>	<u>202,818</u>
Change in net assets			(162,419)	(49,884)	(212,303)
Net assets, beginning of year			<u>4,050,373</u>	<u>1,931,434</u>	<u>5,981,807</u>
Net assets, end of year			\$ <u>3,887,954</u>	\$ <u>1,881,550</u>	\$ <u>5,769,504</u>

See Accompanying Notes to Financial Statements

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS**

**GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2011**

ASSETS	<u>General Fund</u>	<u>Fire Fund (Special)</u>	<u>Road Fund (Special)</u>
Cash and cash equivalents	\$ 115,543	\$ 18,186	\$ 78,325
Taxes receivable	28,168		417
Prepaid expense	982	6,327	
Due from others (Note 15)	<u>1,239</u>		
Total Assets	\$ <u>145,932</u>	\$ <u>24,513</u>	\$ <u>78,742</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 1,315	\$	\$ 40,116
Cash overdraft			
Accrued liabilities	19,507		
Long-term liabilities:			
Due within one year			
Due in more than one year			
Total Liabilities	<u>20,822</u>	<u>-</u>	<u>40,116</u>
 FUND BALANCES			
Nonspendable	2,221	6,327	
Restricted for:			
Capital Projects			
Special Projects		18,186	38,626
Committed for:			
Economic Development			
Unassigned	<u>122,889</u>		
Total Fund Balances	<u>125,110</u>	<u>24,513</u>	<u>38,626</u>
 Total Liabilities and Fund Balances	 \$ <u>145,932</u>	 \$ <u>24,513</u>	 \$ <u>78,742</u>

<u>Capital Project Fund</u>	<u>Nonmajor Government Funds</u>	<u>Totals</u>
\$	\$ 83,076	\$ 295,130
	938	29,523
		7,309
		<u>1,239</u>
\$ <u> </u>	\$ <u>84,014</u>	\$ <u>333,201</u>
\$	\$	\$ 41,431
288		288
		19,507
<u>288</u>	<u>-</u>	<u>61,226</u>
		8,548
(288)		(288)
	74,076	130,888
	9,938	9,938
		<u>122,889</u>
<u>(288)</u>	<u>84,014</u>	<u>271,975</u>
\$ <u>-</u>	\$ <u>84,014</u>	\$ <u>333,201</u>

See Accompanying Notes to Financial Statements

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS

RECONCILIATION OF GOVERNMENTAL FUND BALANCE
SHEET TO STATEMENT OF NET ASSETS
Year Ended June 30, 2011

Total Fund Balance - Total Governmental Funds \$ 271,975

Amounts reported for governmental activities
in the Statement of Net Assets differs from
the amounts reported in the Governmental Funds
Balance Sheet because:

Capital assets used in governmental activities
are not current financial resources and therefore
are not reported in the governmental funds
balance sheet

Cost of asset capitalized (total)	4,526,903
Accumulated Depreciation	<u>(845,950)</u>

Long-term liabilities, including bonds and loans
payable and compensated absences are not due
and payable in the current period, and therefore,
are not reported in the government fund
balance sheet

Due within one year	(28,199)
Due in more than one year	<u>(36,775)</u>

Net assets of governmental activities \$ 3,887,954

See Accompanying Notes to Financial Statements

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS**

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Year Ended JUNE 30, 2011**

REVENUES	General Fund	Fire Fund (Special)	Road Fund (Special)
Taxes	\$ 148,466	\$	\$ 4,591
Grants	58,417	50,382	73,750
Fines and fees	18,244		
Charges for services	4,523		
Miscellaneous	<u>26,354</u>	<u>1,704</u>	<u>61</u>
Total Revenues	<u>256,004</u>	<u>52,086</u>	<u>78,402</u>
 EXPENDITURES			
Current:			
General government	171,937		
Public safety	101,846	35,500	
Culture and recreation	56,669		
Highways and streets	47,887		54,496
Capital outlay			
Debt service:			
Principal payment		12,250	
Interest		<u>1,391</u>	
Total Expenditures	<u>378,339</u>	<u>49,141</u>	<u>54,496</u>
Excess of Revenue Over (Expenditures)	(122,335)	2,945	23,906
 OTHER FINANCING SOURCES (USES)			
Transfers in	59,472		
Transfers out	<u>(750)</u>	_____	<u>(5,960)</u>
Total Other Financing (Uses) Sources	<u>58,722</u>	_____	<u>(5,960)</u>
Net Change in Fund Balances	(63,613)	2,945	17,946
FUND BALANCES, Beginning of Year	<u>188,723</u>	<u>21,568</u>	<u>20,680</u>
FUND BALANCES, End of Year	\$ <u>125,110</u>	\$ <u>24,513</u>	\$ <u>38,626</u>

Capital Project Fund	Nonmajor Government Funds	Totals
\$	\$	\$
29,379	17,631	170,688
	38,759	250,687
	3,816	22,060
	5,160	9,683
	2,962	31,081
<u>29,379</u>	<u>68,328</u>	<u>484,199</u>
		171,937
	11,524	148,870
	40,579	97,248
30,799		133,182
		-
	11,057	23,307
	1,260	2,651
<u>30,799</u>	<u>64,420</u>	<u>577,195</u>
(1,420)	3,908	(92,996)
	750	60,222
	(307)	(7,017)
	443	53,205
(1,420)	4,351	(39,791)
<u>1,132</u>	<u>79,663</u>	<u>311,766</u>
\$ <u>(288)</u>	\$ <u>84,014</u>	\$ <u>271,975</u>

See Accompanying Notes to Financial Statements

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2011

Net Changes in Fund Balance -
Total Governmental Funds \$ (39,791)

Amounts reported for governmental activities
In the Statement of Activities differs
from the amounts reported in the
Statement of Revenues, Expenditures and
Changes in Fund Balance because:

Governmental funds report capital outlays
as expenditures. However, in the Statement
of Activities, the cost of those assets is
allocated over their estimated useful lives
as depreciation expense or are allocated to
the appropriate functional expense when the
cost is below the capitalized threshold.

This activity is reconciled as follows:

Cost of assets capitalized (total)	-
Depreciation expense	(147,010)

Repayment of debt principal is an expenditure in the governmental funds, but repayment of debt decreases long-term liabilities in the statement of net assets	23,307
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Net decrease in compensated absences	<u>1,075</u>
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Change in net assets of governmental activities	\$ <u>(162,419)</u>
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See Accompanying Notes to Financial Statements

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended June 30, 2011**

	Original	Final		Variance
REVENUES	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable)
Grants	\$ 60,000	\$ 69,405	\$ 58,417	\$ (10,988)
Fines and fees	18,200	18,200	18,244	44
Charges for services	73,600	73,600	4,523	(69,077)
Taxes	195,870	195,870	148,466	(47,404)
Miscellaneous	<u>47,300</u>	<u>47,300</u>	<u>35,888</u>	<u>(11,412)</u>
 Total Revenues	 <u>394,970</u>	 <u>404,375</u>	 <u>265,538</u>	 <u>(138,837)</u>
 EXPENDITURES				
General government	164,516	164,516	170,379	(5,863)
Public safety	94,920	94,920	102,329	(7,409)
Public works	49,244	49,244	43,800	5,444
Culture and recreation	53,353	53,353	56,669	(3,316)
Highways and streets	4,235	4,235	4,087	148
Other	<u>15,828</u>	<u>15,828</u>	<u>-</u>	<u>15,828</u>
 Total Expenditures	 <u>382,096</u>	 <u>382,096</u>	 <u>377,264</u>	 <u>4,832</u>
 Excess of revenue over (under) expenditures	 12,874	 22,279	 (111,726)	 (134,005)
 Other financing sources (uses)				
Transfers - in	300	300	59,472	59,172
Transfers - out	<u>(750)</u>	<u>(750)</u>	<u>(750)</u>	<u>-</u>
 Total other financing sources (uses)	 <u>(450)</u>	 <u>(450)</u>	 <u>58,722</u>	 <u>59,172</u>
 Revenues and other financing sources over (under) expenditures and other uses	 \$ <u>12,424</u>	 \$ <u>21,829</u>	 \$ <u>(53,004)</u>	 \$ <u>(74,833)</u>
 Budget-Cash appropriated from prior year for current year expenditures	 \$ <u>169,018</u>			

Reconciliation to GAAP - Note 14

See Accompanying Notes to Financial Statements

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS**

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FIRE FUND**

For the Year Ended June 30, 2011

REVENUES	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Grants	\$ 50,332	\$ 50,332	\$ 50,382	\$ 50
Fines				
Charges for services				
Taxes				
Miscellaneous	_____	_____	<u>1,704</u>	<u>1,704</u>
Total Revenues	<u>50,332</u>	<u>50,332</u>	<u>52,086</u>	<u>1,754</u>
 EXPENDITURES				
General government				
Public safety	49,100	49,100	35,466	13,634
Culture and recreation				
Highways and streets				
Capital outlay				
Debt service	_____	_____	<u>13,719</u>	<u>(13,719)</u>
Total expenditures	<u>49,100</u>	<u>49,100</u>	<u>49,185</u>	<u>(85)</u>
Excess of Revenue over (under) Expenditures	1,232	1,232	2,901	1,669
Other financing sources				
Transfers - in	_____	_____	_____	_____
Revenues and other financing sources over (under) expenditures and other uses	\$ <u>1,232</u>	\$ <u>1,232</u>	\$ 2,901	\$ <u>1,669</u>
Budget-Cash appropriated from prior year for current year expenditures	\$ <u>15,285</u>			
Reconciliation to GAAP Basis:				
(Increase)Decrease In:				
Accounts payable			44	
Net change in fund balance			\$ <u>2,945</u>	

See Accompanying Notes to Financial Statements

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS

BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
ROAD FUND

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 5,004	\$ 5,004	\$ 4,591	\$ (413)
Grants	50,000	50,000	73,750	23,750
Donations				
Other receipts	_____	_____	61	61
 Total Revenues	 <u>55,004</u>	 <u>55,004</u>	 <u>78,402</u>	 <u>23,398</u>
 EXPENDITURES				
General government				
Public safety				
Culture and recreation				
Highway and streets	68,519	68,519	14,380	54,139
Capital outlay	_____	_____	_____	_____
 Total expenditures	 <u>68,519</u>	 <u>68,519</u>	 <u>14,380</u>	 <u>54,139</u>
 Excess of Revenue over (under) Expenditures	 (13,515)	 (13,515)	 64,022	 77,537
 Other financing sources (uses)				
Transfers - in				
Transfers - out	_____	_____	(5,960)	(5,960)
 Total other financing sources (uses)	 _____	 _____	 (5,960)	 (5,960)
 Revenues and other financing sources over (under) expenditures and other uses	 \$ (13,515)	 \$ (13,515)	 \$ 58,062	 \$ <u>71,577</u>
 Budget - Cash and appropriations from prior year for current year expenditures	 \$ <u>20,263</u>			
 Reconciliation to GAAP Basis: (Increase) in accounts payable			 \$ (40,116)	 <u>17,946</u>

See Accompanying Notes to Financial Statements

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS**

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2011**

ASSETS	Business-Type Activities Enterprise Funds		
	<u>Waste Water</u>	<u>Bath House</u>	<u>Total</u>
Current Assets:			
Cash and cash equivalents	\$ 34,085	\$ 15,271	\$ 49,356
Receivables (net) (Note 1)	10,889	1,979	12,868
Prepaid expense	491	491	982
Inventories		<u>9,922</u>	<u>9,922</u>
Total current assets	<u>45,465</u>	<u>27,663</u>	<u>73,128</u>
Noncurrent Assets:			
Land	15,125		15,125
Capital assets, net of depreciation (Note 13)	<u>1,798,020</u>	<u>15,586</u>	<u>1,813,606</u>
Total noncurrent assets	<u>1,813,145</u>	<u>15,586</u>	<u>1,828,731</u>
Total Assets	\$ <u>1,858,610</u>	\$ <u>43,249</u>	\$ <u>1,901,859</u>
 LIABILITIES AND NET ASSETS			
Current Liabilities:			
Accounts payable	\$ 475	\$ 71	\$ 546
Accrued liabilities	1,390	11,710	13,100
Due within one year (Note 5)	<u>2,923</u>	<u>3,740</u>	<u>6,663</u>
Total current liabilities	4,788	15,521	20,309
Noncurrent liabilities:			
Due in more than one year	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	\$ <u>4,788</u>	\$ <u>15,521</u>	\$ <u>20,309</u>
 NET ASSETS			
Invested in capital assets, net of related debt	1,813,145	15,586	1,828,731
Unrestricted	<u>40,677</u>	<u>12,142</u>	<u>52,819</u>
Total Net Assets	\$ <u>1,853,822</u>	\$ <u>27,728</u>	\$ <u>1,881,550</u>

See Accompanying Notes to Financial Statements

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For the Year Ended June 30, 2011**

	Business-Type Activities		
	<u>Enterprise Funds</u>		
	<u>Waste Water</u>	<u>Bath House</u>	<u>Total</u>
Operating revenue:			
Waste Water Service	\$ 91,421	\$	\$ 91,421
Charges for services		294,213	294,213
Gift Shop sales		<u>92,357</u>	<u>92,357</u>
Total operating revenue	<u>91,421</u>	<u>386,570</u>	<u>477,991</u>
Operating expense:			
Salaries	36,847	110,246	147,093
Employee benefits	10,700	22,123	32,823
Contract services	2,341	225	2,566
Insurance	4,467	7,446	11,913
Professional fees	7,282	825	8,107
Supplies	1,787	57,873	59,660
Office expense	4,411	17,464	21,875
Telephone	1,039	2,847	3,886
Utilities	10,934	8,292	19,226
Depreciation	60,940	1,362	62,302
Other operating	<u>1,913</u>	<u>104,355</u>	<u>106,268</u>
Total operating expense	<u>142,661</u>	<u>333,058</u>	<u>475,719</u>
Operating income (loss)	(51,240)	53,512	2,272
Non-operating Revenue (Expense):			
Interest income	<u>192</u>	<u>149</u>	<u>341</u>
Total Non-operating Revenues (Expense)	<u>192</u>	<u>149</u>	<u>341</u>
Income before operating transfers	(51,048)	53,661	2,613
Transfers in			
Transfers out		<u>(52,497)</u>	<u>(52,497)</u>
Change in Net Assets	<u>(51,048)</u>	<u>1,164</u>	<u>(49,884)</u>
Net Assets, Beginning Of Year	<u>1,904,870</u>	<u>26,564</u>	<u>1,931,434</u>
Net Assets, End of Year	\$ <u>1,853,822</u>	\$ <u>27,728</u>	\$ <u>1,881,550</u>

See Accompanying Notes to Financial Statements

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended June 30, 2011**

	Business-Type Activities Enterprise Funds		
	<u>Waste Water</u>	<u>Bath House</u>	<u>Total</u>
Cash Flows from operating activities:			
Receipts from customers and users	\$ 97,666	\$ 390,462	\$ 488,128
Payments to supplies and employees	(90,635)	(336,656)	(427,291)
Net cash provided (used) operating activities	<u>7,031</u>	<u>53,806</u>	<u>60,837</u>
Cash flows from noncapital financing activities:			
Transfers in (out)	<u> </u>	<u>(52,497)</u>	<u>(52,497)</u>
Net cash provided (used) noncapital financing activities	<u>-</u>	<u>(52,497)</u>	<u>(52,497)</u>
Cash flows from investing activities:			
Interest on investments	<u>192</u>	<u>149</u>	<u>341</u>
Net increase (decrease) in cash and cash equivalents	7,223	1,458	8,681
Cash and cash equivalents, beginning of year	<u>26,862</u>	<u>13,813</u>	<u>40,675</u>
Cash and cash equivalents, end of year	\$ <u>34,085</u>	\$ <u>15,271</u>	\$ <u>49,356</u>

	Business-Type Activities <u>Enterprise Funds</u>		
	<u>Waste Water</u>	<u>Bath House</u>	<u>Total</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (51,240)	\$ 53,512	\$ 2,272
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation	60,940	1,362	62,302
(Increase) decrease in accounts receivable	(2,243)	(1,576)	(3,819)
(Increase) decrease in inventory		10,358	10,358
(Increase) decrease in prepaid expense	(24)	(45)	(69)
Increase (decrease) in accounts payable	(640)	(2,197)	(2,837)
Increase (decrease) in accrued liabilities	<u>238</u>	<u>(7,608)</u>	<u>(7,370)</u>
Net cash provided (used) by operating activities	\$ <u>7,031</u>	\$ <u>53,806</u>	\$ <u>60,837</u>

See Accompanying Notes to Financial Statements

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES-
AGENCY FUNDS
June 30, 2011

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>1,239</u>
Total Assets	\$ <u>1,239</u>
LIABILITIES	
Due to others (Note 15)	<u>1,239</u>
Total Liabilities	\$ <u>1,239</u>

See Accompanying Notes to Financial Statements

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

Note 1: Summary of Significant Accounting Policies

The Village of Jemez Springs is incorporated as a village in the state of New Mexico and operated under a Mayor-Board of Trustees form of government. The Village provides the following services: public safety (fire and police), health and social services, culture-recreation, public improvements, planning and zoning, sewer services, and general administrative services.

New Accounting Standards Adopted

In June 1999, the Government Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. Certain of the significant changes in the Statement include the following:

For the first time, the financial statements include:

A Management Discussion and Analysis (MD&A) section providing an analysis of the Village's overall financial position and results of operations.

Financial statements prepared using full accrual accounting for all of the Village's activities, including infrastructure (roads, bridges, etc.).

A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Village has elected to implement the general and infrastructure provisions (assets acquired prior to July 1, 2006) of the Statement in the previous year.

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

Note 1: Summary of Significant Accounting Policies (continued)

Reporting Entity

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) and Government Accounting Standards Board (GASB) Statement.

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. Based upon the application of these criteria, there were no component units identified or excluded from the reporting entity.

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

Note 1: Summary of Significant Accounting Policies (continued)

Basic Financial Statements - Government-wide

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Village's police and fire protection, parks, library and recreation, public works, and general administrative services are classified as governmental activities. The Village Bath House and sewer services are classified as business-type activities. Fiduciary funds nor component units that are fiduciary in nature are not included in the government-wide financial statements.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Village first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions and business-type activities (police, fire, public works, etc.). The functions are also supported by general government revenues (property, sales, and use taxes, certain intergovernmental revenues, fines, permits, and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (police, public works, community, and youth services, etc.) or a business-type activity. Operating grants include operating-specific

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 1: Summary of Significant Accounting Policies (continued)

Basic Financial Statements - Government-wide
(continued)

and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc.).

The Village does not allocate indirect costs. An administrative service fee is charged by the General Fund to the other operating funds that is eliminated like a reimbursement (reducing the revenue and expense in the General Fund) to recover the direct costs of General Fund services provided (finance, personnel, purchasing, legal, technology management, etc.).

The government-wide focus is more on the sustainability of the Village as an entity and the change in the Village's net assets resulting from the current year's activities.

Fund Accounting

The accounts of the Village are organized on the basis of funds each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity revenues, expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report into six generic fund types and three broad categories as follows:

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

Note 1: Summary of Significant Accounting Policies (continued)

Fund Accounting (continued)

Governmental Funds:

General Fund - The general fund is used to account for the resources traditionally associated with governments, except those required to be accounted for in another fund. Revenue and expenditures of the federal revenue sharing programs are included for in this fund.

Special Revenue Fund - Special revenue funds are used to account for the proceeds of specific revenue sources (other special assessments, expendable trust funds or major capital projects) that are legally restricted to expenditure for specified purposes.

Major fund specific to the Village are:

Fire Fund - Fire Fund, which is used to account for the operation of the Village's Fire Department. Financing is provided by a state allotment from the State Fire Marshall Authority 59-53-1.

Road Fund - To account for funds used to maintain roads for which the Village has responsibility, financing sources include motor vehicle registration and New Mexico State Highway Department. Cooperative Agreement Expenditures are restricted for the construction and maintenance of the Village roads, Authority NMSA 67-4-1, 1978 compilation.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major facilities.

Debt Service Funds - Debt service funds are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 1: Summary of Significant Accounting Policies (continued)

Enterprise Fund

Enterprise Funds - Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

Fiduciary Funds (Not Included in Government-Wide Statements)

Trust and Agency Fund - This fund is used to account for funds received on behalf of the Administrative Office for the Courts. Agency funds are purely custodial (assets equal liabilities) and do not involve measurement of results of operations.

Major and Nonmajor Funds

The funds are further classified as major and nonmajor as follows:

Major Fund:

General Fund	See above for description
Capital Project Fund	To account for the financing, construction, and maintenance of capital outlay

Special Revenue Funds:

Fire Fund	See above for description
Road Fund	

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 1: Summary of Significant Accounting Policies (continued)

Nonmajor Funds:

The following are nonmajor funds - see page 50 for descriptions.

Correction Fund
Parks and Recreation Fund
Emergency Medical Service Fund
Law Enforcement Protection Fund
Library Grant Fund
Lodgers Tax Fund
Performing Arts Fund

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable: Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted: Amounts that can be spent only for specific purposes because of the Village's charter, code, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed: Amounts that can be used only for specific purposes determined by formal action of the Village Council ordinance or resolution.

Assigned: Amounts that are designated by the Mayor for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval by the Village Council.

Unassigned: All amounts not included in other spendable classifications.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement date, regardless of the measurement focus applied.

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

Note 1: Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

The modified accrual basis of accounting is followed by the governmental fund types and agency funds for financial statement purposes. Under the modified accrual basis of accounting, revenues and other governmental fund financial resource increments are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available to finance expenditures of the fiscal period. Available means collectible within the current period or within 60 days after year-end. For state shared and locally assessed taxes, available is defined as those amounts collected within sixty days of the balance sheet date.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is that principal and interest on general obligation long-term debt which is recognized when due.

Cash basis accounting is utilized in the governmental funds to assure effective budgetary control and accountability. This legally prescribed budgetary basis differs from generally accepted accounting principles in the respect that the former does not allow for year-end adjustments to be included in presentation in the statement of revenues, expenditures, and changes in fund balance. This accounting principle has resulted in the following differences between revenues and expenditures detailed in the Statement of Revenues, Expenditures, and Changes in Fund Balance and the Statement of Revenue, Expenditures, Budget (Non-GAAP Basis) and Actual.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 1: Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

The proprietary fund is accounted for using the accrual basis of accounting. The revenues are recognized when they are earned and expenses are recognized when incurred. Billed sewer utility receivables are recorded at year-end.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Computer software is capitalized and depreciated as required. The Village has a collection of library books which have not been capitalized or depreciated as part of capital assets. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Water and sewer system	30-50 years
Machinery and equipment	5-10 years
Improvements	10-20 years
Other infrastructure	10-50 years

In June, 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34 which requires the inclusion of infrastructure capital assets in the Village's basic financial statements. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Village. In accordance with Statement No. 34, the Village has included the value of all infrastructure (using the depreciation approach) into its basic financial statements.

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

Note 1: Summary of Significant Accounting Policies (continued)

Budget and Budgetary Accounting

Budgets are presented in the accompanying financial statement for the general fund, special funds and enterprise funds, which all have legally adopted budgets. The budgets are prepared on the cash basis of accounting. The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, Board of Trustees of the Village adopts a proposed operating budget for the fiscal year commencing July 1st. The operating budgets include proposed expenditures and the means of financing them based on previous year's history. The budget is legally enacted through passage of an ordinance.
2. The Village Clerk and Board of Trustees are authorized to transfer budget between departments within any fund, however, any revisions that alter the total expenditures of any fund must be approved by the New Mexico Department of Finance and Administration and the Local Government Division. Revisions to include changes in the original budget that was adopted and amended during the fiscal year in a legally permissible manner.
3. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Fund, Capital Projects Fund, and Proprietary Fund.
4. Encumbrances are not reported in the budgets or financial statements.
5. The level of classification detail in which expenditure or expenses may not legally exceed appropriations for each budget is in fund total. Appropriations lapse at year-end.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 1: Summary of Significant Accounting Policies (continued)

Encumbrances

Encumbrance accounting is not utilized by the Village.

Investments

Investments consisting of certificates of deposits and savings accounts have been recorded at cost.

Accounts Receivable

Accounts receivable consist of receivables from current and delinquent billings for sewer usage, maintained on computerized records, and credit card receivables for the Bath House. Estimated uncollectible accounts are not material and therefore the Village has not established an allowance for doubtful accounts.

Accumulated Unpaid Leave

Accumulated unpaid leave of \$10,832 is reported in Government-wide financial statements as an expense, current and long-term liabilities. Accrued sick leave is forfeited upon termination of the employee. Accrued annual vacation leave is paid upon the termination, separation or dismissal of the employee at the pay rate last held.

Revenues in Proprietary Funds

Operating income reported in proprietary fund financial statements include revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for the proprietary funds are charges to customers for services. Principal operating expenses are the cost of providing goods or services and include administration expense and depreciation of capital assets. Other revenue and expense are classified as non-operating in the financial statements.

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

Note 1: Summary of Significant Accounting Policies (continued)

Restricted Resources

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

Interfund Transactions

Quasi-external transactions are accounted for as revenues or expenditures transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions or expenditures in the fund that is reimbursed. All other interfund transactions except quasi-external transactions and reimbursements are

Interfund Transactions (continued)

reported as transfers. Non-recurring or non-routine permanent transfers or equity are reported as residual equity transfers.

Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or leally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

Note 1: Summary of Significant Accounting Policies (continued)

FASB Pronouncements

The Village has elected to apply all FASB pronouncements issued after November 30, 1989, which do not conflict with or contradict GASB pronouncements.

Note 2: Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within a year of the date acquired by the Village. Investments are stated at cost and consist of certificates of deposits readily convertible to cash. The Village's practice is to limit deposits and investments to insured and collateralized demand account and certificate of deposit. Protection of the Village's cash and investments is provided by the various federal deposit insurance corporations as well as qualified pledged securities by the institution holding the assets. The bank surety is further explained in Note 8.

All of the Village's investments are categorized to give an indication of the level of credit risk in relation to the nature of the investment and custodial provisions. Category 1 includes investments that are insured and are held in the Village's name. All of the investments are of Category 1 type.

Note 3: Property Tax

Property taxes attach an enforceable lien on property as of January 1. Tax notices are sent to property owners by November 1st of each year to be paid in whole in two installments by November 10th and April 10th of each year. Sandoval County bills and collects the property taxes and remits to the Village its proportional share. Unpaid taxes become delinquent after 30 days. Property tax revenue is recognized in the fiscal year it becomes available. Available means due, or past due and receivable within the current period and collected within the current period or

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 3: Property Tax(continued)

expected to be collected soon enough thereafter(not to exceed 60 days) to be used to pay liabilities in the current period.

Note 4: Inventory

Inventory is stated at cost, determined on FIFO method. Inventory is maintained at the Bath House gift shop and is physically counted every month.

Note 5: Notes Payable

On October 19, 2007, the Village obtained a loan from NM Finance Authority to finance the balance of the new fire tanker. The note payable of \$60,000 has a variable interest rate; payment terms require annual principal payments and semi-annual interest payments through May 1, 2013.

On November 14, 2010, the Village obtained a loan from the NM Finance Authority to finance a new police car. The note payable of \$56,144 has a variable interest rate; payment terms require annual principle payments, and semiannual interest payments through May 1, 2014.

Maturities are as follows:

<u>June 30</u>	<u>Interest</u>	<u>Principal</u>
2012	\$ 1,959	\$ 24,030
2013	1,193	24,829
2014	<u>370</u>	<u>11,946</u>
	\$ <u>3,522</u>	\$ <u>60,805</u>

Changes in Long-Term Debt:

	Balance	Addition	Deduction	Balance	Amount Due
	<u>7/01/10</u>	<u> </u>	<u> </u>	<u>6/30/11</u>	<u>Within</u>
					<u>One Year</u>
Governmental Activities:					
Accrued compensation	\$ 5,244	\$ 4,169	\$ 5,244	\$ 4,169	\$ 4,169
Tanker loan-NMFA	38,196		12,250	25,946	12,725
Vehicle loans-NMFA	<u>45,916</u>		<u>11,057</u>	<u>34,859</u>	<u>11,305</u>
Total Governmental	\$ <u>89,356</u>	\$ <u>4,169</u>	\$ <u>28,551</u>	\$ <u>64,974</u>	\$ <u>28,199</u>

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

Note 5: Notes Payable(continued)

Changes in Long-Term Debt:

Business Type Activities:

Accrued compensation	\$ <u>6,823</u>	\$ <u>6,663</u>	\$ <u>6,823</u>	\$ <u>6,663</u>	\$ <u>6,663</u>
Total Enterprise	\$ <u>6,823</u>	\$ <u>6,663</u>	\$ <u>6,823</u>	\$ <u>6,663</u>	\$ <u>6,663</u>

Governmental accrued compensated absences and the notes payable will be paid by the general fund. The vehicle loans will be paid by the LEPF and Fire special funds. The business type accrued compensated absences will be paid by the waste water and bath house departments.

Note 6: PERA Pension Plan

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

Funding Policy: Plan members are required to contribute 7% of their gross salary. The Village is required to contribute 7% for regular employees and 10% for police personnel. The contribution requirements of plan members and the Village of Jemez Springs are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of legislature. The Village's contributions to PERA for the years ending June 30, 2011, 2010, and 2009, were \$22,369, \$22,094, and \$21,009, respectively.

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

Note 7: Post-Employment Benefits

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

Eligible retirees are: (1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the Retiree Health Care Act on the person's behalf (unless the person retires before July 1, 1995). In this case, the time period for contributions becomes the time between July 1, 1990, and the date of retirement; (2) retirees defined by the Act who retired prior to July 1, 1990, and (3) former legislators who served at least two years; and (4) former governing authority members who served at least four years.

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

Funding Policy: The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

Note 7: Post-Employment Benefits(continued)

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of the participating employers and employees. During the fiscal year ended June 30, 2011, the statute required each participating employer makes contributions to the fund in the amount of 1.667% of each participating employee's salary; each participating employee was required to contribute .833% of their salary. In the fiscal years ended June 30, 2012 and June 30, 2013 the contribution rates for employees and employers will rise as follows:

For employers who are not members of an enhanced retirement plan the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY12	1.834%	.917%
FY13	2.000%	1.000%

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee, and retiree contributions are required to be remitted to the Retiree Health Care Authority on a monthly basis. The statutory requirements for the contribution can be changed by the New Mexico State Legislature.

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

Note 7: Post-Employment Benefits (continued)

The Village of Jemez Springs' contributions to the RHCA for the years ended June 30, 2011, 2010 and 2009 were \$5,080, \$3,950 and \$ 3,581, respectively, which equal the required contributions each year.

During 2011, the Village of Jemez Springs paid 100% of employee health benefits in the amount of \$21,315.

Note 8: Bank Surety

In accordance with Section 6-10-17, NMSA, 1978, compilation deposits of public money are to be collateralized in an aggregate equal to 50% of deposits in excess of Federal Deposit Insurance Corporation insurance coverage of \$250,000. The Village had depository accounts in three separate financial institutions.

<u>Financial Institution/ Account Name</u>	<u>Type</u>	<u>Bank Amount</u>	<u>Book Amount</u>
First Community Bank			
General	Checking	\$ <u>243,255</u>	\$ <u>233,084</u>
No collateralization necessary			
Jemez Valley Credit Union			
Sewer - savings	Share Account	30,671	30,671
Sewer - checking	Share Account	4,441	3,264
Fire/Rescue	Share Account	11,345	11,345
EMS	Share Account	307	307
Maintenance	Share Account	5,960	5,961
Bath House - checking	Share Account	7,545	289
Bath House - savings	Share Account	14,482	14,482
Correction - savings	Share Account	110	110
Correction - checking	Share Account	<u>42,975</u>	<u>42,975</u>
		<u>117,836</u>	<u>109,404</u>
No collateralization necessary			
New Mexico Finance Authority			
Escrow Account - fire truck	Escrow	\$ 21	\$ 21
Escrow Account - police	Escrow	<u>2,278</u>	<u>2,278</u>
		<u>2,299</u>	<u>2,299</u>
No collateralization necessary			
Cash on hand/petty cash			650
Total cash and cash equivalents			\$ <u>345,437</u>

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

Note 9: Insurance Coverage

The Village of Jemez Springs is insured through the New Mexico Self Insurers' Fund Coverage provided includes all-peril on buildings and contents, crime coverage, general liability, civil rights, and personal injury, motor vehicle and fleet property damage and liability, and statutory workmen's compensation coverage. The crime coverage portion of this insurance includes employee fidelity/faithful performance coverage up to \$500,000 each occurrence. The claims have not exceeded the coverage on each of the past three years.

Note 10: Cash and Temporary Investments

Bank balances of cash and temporary investments at June 30, 2011, consisted of the following:

<u>Name of Bank/ Account Name</u>	<u>Account No.</u>	<u>Type of Account</u>	<u>Balance</u>
Jemez Valley FCU			
Sewer	36820	Share Account	\$ 35,112
Bath House	50331	Share Account	22,027
Fire/Rescue/EMS	42710	Share Account	307
Fire/Rescue	2080	Share Account	11,345
Maintenance	51678	Share Account	5,960
Correction	5099	Share Account	43,085
Total Jemez Valley FCU			<u>117,836</u>
NM Finance Authority			
Escrow Account	JEMEZSPRINGS4		21
Escrow Account	JEMEZSPRINGS5		<u>2,278</u>
			2,299
First Community Bank			
General Fund	2912589		<u>243,255</u>
Total all banks			\$ <u>363,390</u>
<u>Name of Bank/ Account Name</u>			<u>Balance</u>
Total all Banks			\$ 363,390
Cash on hand			<u>650</u>
Total cash			364,040
Less: Outstanding checks			(23,874)
Less: Agency Funds			(1,239)
Plus: Deposits in transit			<u>5,271</u>
Reconciled cash balance			\$ <u>344,198</u>

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

Note 10: Cash and Temporary Investments(continued)

Custodial Credit Risk - Deposits

The Village had the following depository accounts. All deposits are carried at cost plus accrued interest. The Village does not have a deposit policy.

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 363,390
Uninsured and uncollateralized	-
Total deposits	\$ <u>363,390</u>

Custodial credit risk is the risk that in the event of bank failure, the Village's deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk. As of June 30, 2011, \$0 of the Village's bank balance of \$363,390 was exposed to custodial credit risk.

Note 11: Segment Information for Enterprise Funds

The Village maintains two enterprise funds which provide sewer and bathhouse services. Segment information for the year ended June 30, 2011, was as follows:

	<u>Waste Water Fund</u>	<u>Bath House Fund</u>	<u>Total</u>
Operating revenues	\$ <u>91,421</u>	\$ <u>386,570</u>	\$ <u>477,991</u>
Depreciation, depletion, and amortization expense	<u>60,940</u>	<u>1,362</u>	<u>62,302</u>
Operating income or (loss)	<u>(51,240)</u>	<u>53,512</u>	<u>2,272</u>
Net income or (loss)	<u>(51,048)</u>	<u>53,661</u>	<u>2,613</u>
Current capital:			
Transfers	<u>-</u>	<u>(52,497)</u>	<u>(52,497)</u>
Property, plant, and equipment:			
Additions	<u>-</u>	<u>-</u>	<u>-</u>
Net Working Capital	<u>40,677</u>	<u>12,142</u>	<u>52,819</u>
Total Assets	<u>1,858,610</u>	<u>43,249</u>	<u>1,901,859</u>
Net Assets	<u>1,853,822</u>	<u>27,728</u>	<u>1,881,550</u>

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

Note 12: Joint Power Agreements

The Village has one Joint Power Agreement as follows:

For Sewer Disconnection Powers:

Participants	Village of Jemez Springs and Jemez Springs Water Coop
Responsible party for operations	Joint
Description	The purpose of this JPA is to jointly enforce nonpayment of sewer accounts
Beginning and ending dates of agreement	11-05-02/open
Total estimated amount of project and portion applicable to agency	equal
Amount agency contributed in current fiscal year	-0-
Audit responsibility	Village of Jemez Springs
Name of government agency where revenues and expenditures are reported	DFA

Note 13: Changes in Capital Assets

Governmental Activities

	Balance 7/01/10	Additions	Deletions	Balance 6/30/11
Non-Depreciable Assets:				
Land and land improvements	\$ <u>413,584</u>	\$ _____	\$ _____	\$ <u>413,584</u>
Other Capital Assets:				
Infrastructure	2,281,228			2,281,228
Buildings	929,100			929,100
Furniture and equipment	693,230		10,000	683,230
Improvements	209,761			209,761
Less: Accumulated Depreciation	<u>(698,940)</u>	<u>(147,010)</u>	<u>(10,000)</u>	<u>(835,950)</u>
Total	\$ <u>3,414,379</u>	\$ <u>(147,010)</u>	\$ _____	\$ <u>3,267,369</u>
Depreciation Expense:				
General	88,936			
LEFP	10,756			
Fire	44,707			
Park	2,448			
Library	163			
	\$ <u>147,010</u>			

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 13: Changes in Capital Assets (continued)

Business Type Activities:

	Balance 7/01/10	Additions	Deletions	Balance 6/30/11
Non-Depreciable Assets:				
Land and land improvements	\$ <u>15,125</u>	\$ _____	\$ _____	\$ <u>15,125</u>
Other Capital Assets:				
Infrastructure	671,940			671,940
Buildings	1,191,839			1,191,839
Furniture and equipment	478,142			478,142
Improvements	24,952			24,952
Less: Accumulated Depreciation	<u>(490,965)</u>	<u>(62,302)</u>	_____	<u>(553,267)</u>
Total	\$ <u>1,875,908</u>	\$ <u>(62,302)</u>	\$ _____	\$ <u>1,813,606</u>
Depreciation Expense:				
Bath House	1,362			
Waste Water Dep.	<u>60,940</u>			
Total	\$ <u>62,302</u>			

Note 14: Reconciliation to GAAP Basis-General Fund

Cash revenues over (expenditures)	\$ (53,004)
Increase (Decrease) In:	
Taxes Receivable	1,347
Prepaid Expense	48
(Increase) Decrease In:	
Accounts Payable	1,761
Accrued Liabilities	<u>(13,765)</u>
Net change in fund balance	\$ <u>(63,613)</u>

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 15: Interfund Transactions and Balances

Operating Transfers

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 59,472	\$ 750
Road		5,960
Total General Fund	<u>59,472</u>	<u>6,710</u>
Enterprise Fund		
Bath House		<u>52,497</u>
Total Enterprise Fund	<u>-</u>	<u>52,497</u>
Total Nonmajor Funds	<u>750</u>	<u>307</u>
Grand Total	\$ <u>60,222</u>	\$ <u>59,514</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The composition of interfund balances in the fund-level financial statements is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Agency Fund	\$1,239

Interfund balances represent routine and temporary cash flow assistance from the General Fund until amounts are transferred from the fund accounts.

Note 16: Rent Revenue

The Village receives rental income for the old fire station building. During 2010-2011, \$1,550 was received in rental income. On July 1, 2010, the lessor exercised the rental agreement option for an additional five years.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 17: Memo of Understanding

The Village has two Memos of Understanding as follows:

To provide law enforcement personnel to support and supplement patrol operation in the Village of Jemez Springs.

Participants	Village of Jemez Springs and New Mexico Mounted Patrol
Responsible party for operations	Joint
Description	The purpose of this MOU is to support and supplement patrol operations
Beginning and ending dates of agreement	10-16-09 to 10-16-10
Total estimated amount of project and portion applicable to agency	\$10-15/hour officer on duty
Amount agency contributed in current fiscal year	None
Audit responsibility	Village of Jemez Springs
Name of government agency where revenues and expenditures are reported	DFA

For the administration and enforcement of floodplain management regulations for the Village of Jemez Springs.

Participants	Village of Jemez Springs and the County of Sandoval
Responsible party for Operations	Joint
Description	The purpose of this MOU is to promote public health, safety, and general welfare and to minimize public and private loss due to flood condition

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

Note 17: Memo of Understanding (continued)

Beginning and ending dates	
Of agreement	5-5-2011 to open
Total estimated amount of project and portion applicable to agency	Cost of actual services
Amount agency contributed in current fiscal year	-0-
Audit responsibility	Village of Jemez Springs
Name of government agency where revenues and expenditures are reported	State of New Mexico

Note 18: Excess of Expenditures Over Appropriation in Individual Funds

For the year ended June 30, 2011, the Village had three instances of excess of expenditures over appropriations in individual funds. The Lodger Tax Fund, Fire Fund and Correction Fund were overspent by \$5,319, \$85 and \$667, respectively.

Note 19: Deficient Fund Balance of Individual Fund

The Capital Project Fund was overspent during the year and has a negative fund balance of \$288 which will be covered by the General Fund.

Note 19: Evaluation of Subsequent Events

The Organization has evaluated subsequent events through October 28, 2011, the date which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS**

SPECIAL REVENUE FUNDS

Correction Fund - To account for the Village of Jemez Springs housing and care of prisoners. Fines and fees are collected pursuant to offenses committed within the Village boundaries, as provided by state law. Authority 33-3-25

Recreation Fund - To account for the operation of recreational activities for juveniles. Financing is provided by a tax on the sale of cigarettes. State law requires that a portion of the taxes received on the sale of cigarettes be used for recreational purposes. Authority NMSA 7-12-15

Emergency Medical Service Fund (EMS) - To account for revenues and expenditures relating to the operation of an Emergency Medical Service by the Village. Financing is provided through State of New Mexico Health and Environmental Department, Emergency Medical Services Bureau, Authority NMSA 24-10A-A to 24-10A-10.

Law Enforcement Protection Fund (LEPF) - To account for the maintenance and development of the Village's police force. Financing is provided by a grant from the state of New Mexico. Such revenue provides for the purchase and repair of equipment as well as training of police personnel and may be used only for these purposes. Authority NMSA 23-13-1

Library Grant Fund - To account for grant received from DFA and Sandoval County to assist with capital and operating expense of the municipal library. NMSA 1978 18-2-4 and NMSA 4.5.2

Lodgers Tax Fund - To account for the revenues and expenditures per the lodgers tax ordinance of the Village. Funds are restricted to the economic development of the Village. State Statute 3-38-13 Village ordinance #111

Performing Arts Fund - To account for revenues and expenditures for fund raisers and outdoor concerts performed at the Civic Center property for Economic Development as outlined by the Village of Jemez Springs' 10-year comprehensive plan.

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS**

**COMBINING BALANCE SHEET - NON MAJOR FUNDS
SPECIAL REVENUE FUNDS AND DEBT SERVICE FUND
June 30, 2011**

ASSETS	<u>Corrections</u>	<u>L.E.P.F.</u>	<u>Parks</u>	<u>E.M.S.</u>	<u>Perf. Arts</u>
Cash	\$ 59,171	\$ 6,414	\$ 1,702	\$ 6,235	\$ 344
Accounts receivable	_____	_____	_____	_____	_____
Total Assets	\$ <u>59,171</u>	\$ <u>6,414</u>	\$ <u>1,702</u>	\$ <u>6,235</u>	\$ <u>344</u>
 LIABILITIES					
Accounts payable	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Total Liabilities	_____	_____	_____	_____	_____
 FUND EQUITIES					
Fund Balance	<u>59,171</u>	<u>6,414</u>	<u>1,702</u>	<u>6,235</u>	<u>344</u>
Total Fund Equity	<u>59,171</u>	<u>6,414</u>	<u>1,702</u>	<u>6,235</u>	<u>344</u>
Total Liabilities and Fund Equity	\$ <u>59,171</u>	\$ <u>6,414</u>	\$ <u>1,702</u>	\$ <u>6,235</u>	\$ <u>344</u>

<u>Library Grants</u>	<u>Lodgers Tax</u>	<u>Special Funds Total</u>	<u>Debt Service Fund</u>	<u>Total Non Major Funds</u>
\$ 554 —	\$ 8,656 938	\$ 83,076 938	\$ —	\$ 83,076 938
\$ <u>554</u>	\$ <u>9,594</u>	\$ <u>84,014</u>	\$ <u>-</u>	\$ <u>84,014</u>
\$ — —	\$ — —	\$ — —	\$ — —	\$ — —
<u>554</u>	<u>9,594</u>	<u>84,014</u>	—	<u>84,014</u>
<u>554</u>	<u>9,594</u>	<u>84,014</u>	—	<u>84,014</u>
\$ <u>554</u>	\$ <u>9,594</u>	\$ <u>84,014</u>	\$ <u>-</u>	\$ <u>84,014</u>

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - NON MAJOR FUNDS
SPECIAL REVENUE FUNDS AND DEBT SERVICE FUND
June 30, 2011**

REVENUES	<u>Corrections</u>	<u>L.E.P.F.</u>	<u>Parks</u>	<u>E.M.S.</u>	<u>Perf. Arts</u>
Grants	\$	\$ 20,600	\$	\$ 5,030	\$
Taxes					
Licenses and fees	5,160				3,816
Miscellaneous	<u>440</u>	<u>24</u>	<u> </u>	<u> </u>	<u> </u>
 Total Revenues	 <u>5,600</u>	 <u>20,624</u>	 <u>-</u>	 <u>5,030</u>	 <u>3,816</u>
 EXPENDITURES					
Current:					
General government					
Public safety	717	8,483		2,324	
Culture and recreation			459		4,771
Highways and streets					
Capital outlay					
Debt Service	<u> </u>	<u>12,317</u>	<u> </u>	<u> </u>	<u> </u>
 Total Expenditures	 <u>717</u>	 <u>20,800</u>	 <u>459</u>	 <u>2,324</u>	 <u>4,771</u>
 Excess of Revenue over (under) Expenditures	 4,883	 (176)	 (459)	 2,706	 (955)
 Other financing sources (uses)					
Transfers - in					
Transfers - out	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total other financing sources (uses)	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
 Revenues and other financing sources over (under) expenditures and other uses	 4,883	 (176)	 (459)	 2,706	 (955)
 Fund balance - beginning of year	 <u>54,288</u>	 <u>6,590</u>	 <u>2,161</u>	 <u>3,529</u>	 <u>1,299</u>
 Fund balance - end of year	 \$ <u>59,171</u>	 \$ <u>6,414</u>	 \$ <u>1,702</u>	 \$ <u>6,235</u>	 \$ <u>344</u>

Library Grants	Lodgers Tax	Special Funds Total	Debt Service Fund	Total Non Major Funds
\$ 13,129	\$	\$ 38,759	\$	\$ 38,759
	17,631	17,631		17,631
		8,976		8,976
<u>2,498</u>		<u>2,962</u>		<u>2,962</u>
<u>15,627</u>	<u>17,631</u>	<u>68,328</u>	<u>-</u>	<u>68,328</u>
		11,524		11,524
16,090	19,259	40,579		40,579
		<u>12,317</u>		<u>12,317</u>
<u>16,090</u>	<u>19,259</u>	<u>64,420</u>	<u>-</u>	<u>64,420</u>
(463)	(1,628)	3,908		3,908
750		750		750
<u>(9)</u>	<u>(298)</u>	<u>(307)</u>		<u>(307)</u>
<u>741</u>	<u>(298)</u>	<u>443</u>	<u>-</u>	<u>443</u>
278	(1,926)	4,351		4,351
<u>276</u>	<u>11,520</u>	<u>79,663</u>	<u>-</u>	<u>79,663</u>
\$ <u>554</u>	\$ <u>9,594</u>	\$ <u>84,014</u>	\$ <u>-</u>	\$ <u>84,014</u>

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS

BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
CORRECTION FUND
For the Year Ended June 30, 2011

REVENUES	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Charges for services	\$ 5,100	\$ 5,100	\$ 5,160	\$ 60
Intergovernmental Taxes				
Miscellaneous	<u> </u>	<u> </u>	<u>440</u>	<u>440</u>
Total Revenues	<u>5,100</u>	<u>5,100</u>	<u>5,600</u>	<u>500</u>
 EXPENDITURES				
General government	50	50	717	(667)
Public safety				
Culture and recreation				
Health and welfare				
Capital outlay	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>50</u>	<u>50</u>	<u>717</u>	<u>(667)</u>
Excess of Revenue over (under) Expenditures	5,050	5,050	4,883	(167)
Other financing sources (uses)				
Transfers - in				
Transfers - out	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total other financing sources (uses)	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues and other financing sources over (under) expenditures and other uses	\$ <u>5,050</u>	\$ <u>5,050</u>	\$ <u>4,883</u>	\$ <u>(167)</u>
Reconciliation to GAAP: No adjustment required				

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS

BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
PARK AND RECREATION FUND
For the Year Ended June 30, 2011

REVENUES	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Charges for services	\$	\$	\$	\$
Grants				
Taxes	0	0	8	8
Licenses and fees				
Miscellaneous	—	—	—	—
Total Revenues	<u>0</u>	<u>0</u>	<u>8</u>	<u>8</u>
 EXPENDITURES				
General government				
Public safety				
Culture and recreation	550	550	457	93
Capital outlay	—	—	—	—
Total expenditures	<u>550</u>	<u>550</u>	<u>457</u>	<u>93</u>
Excess of Revenue over (under) Expenditures	(550)	(550)	(449)	101
Other financing sources (uses)				
Transfers - in				
Transfers - out	—	—	—	—
Total other financing sources (uses)	—	—	—	—
Revenues and other financing sources over (under) expenditures and other uses	\$ <u>(550)</u>	\$ <u>(550)</u>	\$ (449)	\$ <u>101</u>
Reconciliation to GAAP:				
Decrease accounts receivable			(10)	
Net change in fund balance			\$ <u>(459)</u>	
Budget - Cash appropriated from prior year for current year expenditures	\$ <u>2,151</u>			

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS**

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
EMERGENCY MEDICAL SERVICE FUND
For the Year Ended June 30, 2011**

REVENUES	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
	\$	\$	\$	\$
Charges for services				
Grants	5,000	5,000	5,030	30
Taxes				
Licenses and fees				
Miscellaneous				
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>5,030</u>	<u>30</u>
 EXPENDITURES				
General government				
Public safety	8,286	8,286	2,324	5,962
Culture and recreation				
Health and welfare				
Capital outlay	_____	_____	_____	_____
Total expenditures	<u>8,286</u>	<u>8,286</u>	<u>2,324</u>	<u>5,962</u>
Excess of Revenue over (under) Expenditures	(3,286)	(3,286)	2,706	5,992
Other financing sources (uses)				
Transfers - in				
Transfers - out	_____	_____	_____	_____
Total other financing sources (uses)	_____	_____	_____	_____
Revenues and other financing sources over (under) expenditures and other uses	\$ <u>(3,286)</u>	\$ <u>(3,286)</u>	\$ <u>2,706</u>	\$ <u>5,992</u>
Budget - Cash appropriated from prior year for current year expenditures	\$ <u>3,529</u>			

Reconciliation to GAAP:
No adjustment required

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS**

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
LAW ENFORCEMENT PROTECTION FUND
For the Year Ended June 30, 2011**

REVENUES	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
	\$	\$	\$	\$
Charges for services				
Grants	20,000	20,000	20,600	600
Taxes				
Licenses and fees				
Loan proceeds				
Miscellaneous			24	24
Total Revenues	<u>20,000</u>	<u>20,000</u>	<u>20,624</u>	<u>624</u>
 EXPENDITURES				
General government	24,000	24,000	8,653	15,347
Public safety				
Culture and recreation				
Health and welfare				
Debt service			12,317	(12,317)
Capital outlay	_____	_____	_____	_____
Total expenditures	<u>24,000</u>	<u>24,000</u>	<u>20,970</u>	<u>3,030</u>
Excess of Revenue over (under) Expenditures	(4,000)	(4,000)	(346)	3,654
Other financing sources				
Transfers - in				
Transfers - out	_____	_____	_____	_____
Total other financing sources (uses)	_____	_____	_____	_____
Revenues and other financing sources over (under) expenditures and other uses	\$ <u>(4,000)</u>	\$ <u>(4,000)</u>	\$ (346)	\$ <u>3,654</u>
Reconciliation to GAAP:				
Decrease in accounts payable			170	
Net change in fund balance			\$ <u>(176)</u>	
Budget - Cash appropriated from prior year for current year expenditures	\$ <u>6,760</u>			

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS

BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
LIBRARY GRANT FUND
For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES	\$	\$	\$	\$
Charges for services				
Grants	4,009	11,272	13,129	1,857
Taxes				
Licenses and fees				
Miscellaneous	<u>5,325</u>	<u>5,325</u>	<u>2,498</u>	<u>(2,827)</u>
Total Revenues	<u>9,334</u>	<u>16,597</u>	<u>15,627</u>	<u>(970)</u>
 EXPENDITURES				
General government				
Public safety				
Culture and recreation	9,859	17,347	16,387	960
Health and welfare				
Capital outlay				
Total expenditures	<u>9,859</u>	<u>17,347</u>	<u>16,387</u>	<u>960</u>
Excess of Revenue over (under) Expenditures	(525)	(750)	(760)	(10)
Other financing sources (uses)				
Transfers - in	750	750	750	-
Transfers - out	<u> </u>	<u> </u>	<u>(9)</u>	<u>(9)</u>
Total other financing sources (uses)	<u>750</u>	<u>750</u>	<u>741</u>	<u>(9)</u>
Revenues and other financing sources over (under) expenditures and other uses	\$ <u>225</u>	\$ <u>0</u>	\$ (19)	\$ <u>(19)</u>
Reconciliation to GAAP:				
Decrease in accounts payable			<u>297</u>	
Net change in fund balance			\$ <u>278</u>	
Budget-Cash appropriated from prior year for current year expenditures	\$ <u>554</u>			

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS**

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
LODGERS TAX FUND
For the Year Ended June 30, 2011**

REVENUES	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Charges for services	\$	\$	\$	\$
Grants				
Taxes	14,000	14,000	18,505	4,505
Licenses and fees				
Miscellaneous				
Total Revenues	<u>14,000</u>	<u>14,000</u>	<u>18,505</u>	<u>4,505</u>
 EXPENDITURES				
General government				
Public safety				
Culture and recreation	14,000	14,000	19,319	(5,319)
Capital outlay				
Total expenditures	<u>14,000</u>	<u>14,000</u>	<u>19,319</u>	<u>(5,319)</u>
Excess of Revenue over (under) Expenditures	-0-	-0-	(814)	(814)
Other financing sources (uses)				
Transfers - in				
Transfers - out	<u>(300)</u>	<u>(300)</u>	<u>(298)</u>	<u>2</u>
Total other financing sources (uses)	<u>(300)</u>	<u>(300)</u>	<u>(298)</u>	<u>2</u>
Revenues and other financing sources over (under) expenditures and other uses	\$ <u>(300)</u>	\$ <u>(300)</u>	\$ (1,112)	\$ <u>(812)</u>
Reconciliation to GAAP:				
(Decrease) in accounts receivable			(874)	
Decrease in accounts payable			<u>60</u>	
Net change in fund balance			\$ <u>(1,926)</u>	
Budget-Cash appropriated from prior year for current year expenditures	\$ <u>8,656</u>			

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS**

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
PERFORMING ARTS FUND
For the Year Ended June 30, 2011**

REVENUES	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
	\$	\$	\$	\$
Taxes				
Grants				
Donations				
Other receipts	<u>5,000</u>	<u>5,000</u>	<u>3,816</u>	<u>(1,184)</u>
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>3,816</u>	<u>(1,184)</u>
 EXPENDITURES				
General government				
Public safety				
Culture and recreation	5,000	5,000	4,771	229
Highway and streets				
Capital outlay	_____	_____	_____	_____
Total expenditures	<u>5,000</u>	<u>5,000</u>	<u>4,771</u>	<u>229</u>
Excess of Revenue over (under) Expenditures	0	0	(955)	(955)
Other financing sources (uses)				
Transfers - in				
Transfers - out	_____	_____	_____	_____
Total other financing sources (uses)	_____	_____	_____	_____
Revenues and other financing sources over (under) expenditures and other uses	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(955)</u>	\$ <u>(955)</u>
 Reconciliation to GAAP Basis: No adjustment required				
 Budget - Cash appropriated from prior year for current year expenditures				
	\$ <u>1,299</u>			

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS

DEBT SERVICE FUND

To account for the obligations of the Village and payment of those obligations.

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS**

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
For the Year Ended June 30, 2011**

REVENUES	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
	\$	\$	\$	\$
Taxes	_____	_____	_____	_____
Miscellaneous	_____	_____	_____	_____
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	_____
 EXPENDITURES				
Debt Service	_____	_____	_____	_____
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>	_____
Excess of Revenue over (under) Expenditures				
Other financing sources (uses)				
Transfers - in				
Transfers - out	_____	_____	_____	_____
Total other financing sources (uses)	_____	_____	_____	_____
Revenues and other financing sources over (under) expenditures and other uses	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ _____

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS

CAPITAL PROJECTS FUND

Capital Improvements Projects Fund - To account for the financing, construction, and maintenance of capital outlay in the government funds within the Village.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS

BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
GOVERNMENTAL FUNDS - CAPITAL IMPROVEMENTS
For the Year Ended June 30, 2011

REVENUES	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Grants	\$	\$	\$ -	\$
Appropriations	506,744	506,744	455,498	(51,246)
Other	_____	_____	_____	_____
Total Revenues	<u>506,744</u>	<u>506,744</u>	<u>455,498</u>	<u>(51,246)</u>
EXPENDITURES				
General government				
Public safety				
Culture and recreation				
Highways and streets				
Capital outlay	<u>504,998</u>	<u>504,998</u>	<u>455,786</u>	<u>49,212</u>
Total expenditures	<u>504,998</u>	<u>504,998</u>	<u>455,786</u>	<u>49,212</u>
Excess of Revenue over (under) Expenditures	1,746	1,746	(288)	(2,034)
Other financing sources (uses)				
Transfers - in				
Transfers - out	_____	_____	_____	_____
Total other financing sources (uses)	_____	_____	_____	_____
Revenues and other financing sources over (under) expenditures and other uses	\$ <u>1,746</u>	\$ <u>1,746</u>	\$ (288)	\$ <u>(2,034)</u>
Reconciliation to GAAP Basis:				
Increase (decrease) accounts receivable			(426,119)	
(Increase) decrease in accounts payable			<u>424,987</u>	
Net change in fund balance			\$ <u>(1,420)</u>	

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS

ENTERPRISE FUND

The Enterprise Fund is used to account for the operations of services provided to the general public.

Waste Water Fund - The Village accounts for the provision of sewer services in this fund.

Bath House Fund - The Village accounts for the operation of the Bath House in this fund.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
BUDGETARY COMPARISON SCHEDULE
ENTERPRISE FUND
WASTE WATER
For the Year Ended June 30, 2011

REVENUES	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Charges for services	\$ 89,500	\$ 89,500	\$ 91,421	\$ 1,921
Miscellaneous	<u>2,380</u>	<u>2,380</u>	<u>192</u>	<u>(2,188)</u>
Total Revenues	<u>91,880</u>	<u>91,880</u>	<u>91,613</u>	<u>(267)</u>
 EXPENDITURES				
Operating expense	90,689	90,689	81,721	8,968
Debt service				
Capital outlay	_____	_____	_____	_____
Total expenditures	<u>90,689</u>	<u>90,689</u>	<u>81,721</u>	<u>8,968</u>
Excess of Revenue over (under) Expenditures	1,191	1,191	9,892	8,701
Other financing sources (uses)				
Transfers - in				
Transfers - out	_____	_____	_____	_____
Total other financing sources (uses)	_____	_____	_____	_____
Revenues and other financing sources over (under) expenditures and other uses	\$ <u>1,191</u>	\$ <u>1,191</u>	\$ 9,892	\$ <u>8,701</u>
Reconciliation to GAAP				
Depreciation			(60,940)	
			\$ <u>(51,048)</u>	
Budget - Cash appropriated from prior year for current year expenditures	\$ <u>34,085</u>			

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS

BUDGETARY COMPARISON SCHEDULE
ENTERPRISE FUND
BATH HOUSE FUND
For the Year Ended June 30, 2011

REVENUES	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Charges for services	\$ 310,000	\$ 310,000	\$ 294,213	\$ (15,787)
Sales - Gift Shop	90,000	90,000	92,357	2,357
Miscellaneous	<u> </u>	<u> </u>	<u>149</u>	<u>149</u>
Total Revenues	<u>400,000</u>	<u>400,000</u>	<u>386,719</u>	<u>(13,281)</u>
 EXPENDITURES				
Operating expense	390,000	390,000	331,696	58,304
Capital outlay	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>390,000</u>	<u>390,000</u>	<u>331,696</u>	<u>58,304</u>
Excess of Revenue over (under) Expenditures	10,000	10,000	55,023	45,023
Other financing sources (uses)				
Transfers - in				
Transfers - out	<u> </u>	<u> </u>	<u>(52,497)</u>	<u>(52,497)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(52,497)</u>	<u>(52,497)</u>
Revenues and other financing sources over (under) expenditures and other uses	\$ <u>10,000</u>	\$ <u>10,000</u>	\$ 2,526	\$ <u>(7,474)</u>
Reconciliation to GAAP				
Depreciation			<u>(1,362)</u>	
			\$ <u><u>1,164</u></u>	

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS

FIDUCIARY FUND

Court Fees - To account for the collection and payment of fees on behalf of the Administrative Office of the Courts and the Judicial Educational Center.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES-
AGENCY FUNDS
June 30, 2011

ASSETS	Balance <u>6/30/10</u>	Additions <u> </u>	Deletions <u> </u>	Balance <u>6/30/11</u>
Cash	\$ <u>768</u>	\$ <u>2,242</u>	\$ <u>1,771</u>	\$ <u>1,239</u>
Total assets	\$ <u>768</u>	\$ <u>2,242</u>	\$ <u>1,771</u>	\$ <u>1,239</u>
LIABILITIES				
Due to others	\$ <u>768</u>	\$ <u>1,771</u>	\$ <u>2,242</u>	\$ <u>1,239</u>
Total liabilities	\$ <u>768</u>	\$ <u>1,771</u>	\$ <u>2,242</u>	\$ <u>1,239</u>

**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, REQUIRED BY
GOVERNMENTAL AUDITING STANDARDS**

Hector Balderas, State Auditor
and
Edmond Temple, Mayor
and The Board of Trustees
Village of Jemez Springs
Jemez Springs, New Mexico

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons for the General Fund and the Major Special Revenue Funds, and the combining and individual funds and related budgetary comparison presented as supplemental information of the State of New Mexico Village of Jemez Springs (Village) as of and for the year ended June 30, 2011, and have issued my report thereon dated October 28, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Village's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Village's internal control over financial reporting.

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 misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

My 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 deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above. However, I identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of audit findings and recommendations that I consider to be a significant deficiency in internal control over financial reporting: 2011-3. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed four instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of audit findings and recommendations as items 2001-1, 2011-1, 2011-2 and 2011-4.

The Village's response to the findings identified in my audit is described in the accompanying Schedule of Findings. I did not audit the Village's response and accordingly, I express no opinion on it.

This report is intended solely for the information and use of State of New Mexico Village of Jemez Springs management, the Office of the New Mexico State Auditor, the State of New Mexico Department of Finance and Administration, the New Mexico Legislative Finance Committee and applicable federal grantors and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Kathleen R. Lane, CPA, P.C.".

Kathleen R. Lane, P.C.

October 28, 2011

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS

SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2011

Section 1 - Summary of Audit Results

Financial Statements

Type of Auditor's Report Issued	Unqualified
Internal control over financial reporting material weaknesses identified?	___ Yes <u>X</u> No
Significant deficiencies identified that are not considered to be material weaknesses?	<u>X</u> Yes ___ No
Noncompliance material to financial statements noted?	___ Yes <u>X</u> No

Prior Year Findings, Resolved/Not Repeated
2010-2 Late report filing

Prior Year Findings, Repeated/ Not Resolved
2001-1 Overspending of Funds and Budgets

Current Year Findings

- 2011-1 Reconciliation of Total Cash and Investments to DFA Report
- 2011-2 Overpayment of Vacation and Sick Leave Benefits
- 2011-3 Internal Control over Billing in Waste Water Department
- 2011-4 Inappropriate Use of Funds for Unrelated Purpose

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS

SCHEDULE OF FINDINGS
June 30, 2011

PRIOR YEAR FINDINGS - Not Resolved

2001-1 Overspending of Funds and Budgets (Noncompliance)

Condition: It was noted that the budget was overspent in the following funds:

Lodgers Tax Fund (page 58)	\$ 5,319
Fire fund (page 19)	\$ 85
Correction Fund (page 53)	\$ 667

Criteria: By statute (NMSA 6-6-6), the approved budget for a local public body is binding upon all officials and governing authorities, and no governing authority or official shall allow or approve claims in excess thereof.

Effect: The budget was not followed and the Village is in violation of statute.

Cause: The Village appropriated cash from prior year for current year expenditures but did not include in budget as disbursements. Also, the Village is not using the encumbrance system to track obligations of each fund.

Recommendations: The Village should review the Peachtree income and expense statements prepared each month for each fund and track budget versus actual. Peachtree software has the capability to track the budget versus actual. The reports should be used by the Village Clerk to report on individual funds and insure that the funds are in balance and adjust the budget as situations arise. In addition, the encumbrance system should be implemented.

Response: The Village of Jemez Springs concurs.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS

SCHEDULE OF FINDINGS
June 30, 2011

Current Year Findings

2011-1 Reconciliation of Total Cash and Investments to DFA Report (Noncompliance)

Condition: The cash and investment balances on the quarterly reports submitted to the DFA did not agree with the cash reconciliations from the bank statements and the accounting balance sheet. Also noted was budget resolutions were not correctly reflected on the DFA report.

Criteria: The reports submitted to DFA agree with the accounting records and all cash and investment accounts should be accurately disclosed.

Effect: Failure to be in balance and fully disclosed does not give an accurate reflection of cash and investment held by the Village.

Cause: There was a change in Treasurer during the year. The new Treasurer was not fully trained and made aware of the significance of the reports agreeing with the accounting records.

Recommendation: The new Treasurer needs to make sure her beginning of the year balances are correct and every quarter reconcile the DFA report to the accounting records.

Response: The Village of Jemez Springs is training a new Treasurer in all aspects of the treasurer's job and will be more aware of errors.

2011-2 Overpayment of Vacation and Sick Leave Benefits (Noncompliance)

Condition: Vacation and sick leave benefits have been over calculated for several employees during the year.

Criteria: The employee manual states the number of hours to be accrued per years of service.

Effect: Employees have been overpaid in benefits and cause an additional cash expense to the Village.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS

SCHEDULE OF FINDINGS
June 30, 2011

Current Year Findings (continued)

2011-2 Overpayment of Vacation and Sick Leave Benefits

Cause: The individual vacation and sick leave policy was manually calculated using the wrong annual vacation pay rate and when the stop loss of sick time accrual occurred it was not reflected on the individual's records and additional time was accrued and paid out.

Recommendation: Monthly verify the accrual of vacation and sick leave per employee.

Response: The Village has corrected the accrual rate and will monitor every pay period.

2011-3 Internal Control over Billing in Waste Water Department (Significant deficiency)

Condition: During the auditor's test of internal control in the waste water department accounts receivable, it was noted that the water department manager was responsible for reading the meters for the Water Coop (a separate entity) then enter the water usage into the waste water billing system and preparing the bills.

Criteria: Good internal accounting control practices dictate segregation of duties. One individual should not be responsible for the source of billing, entering the bills and posting payments.

Effect: There is a chance that accounting process errors or fraud can occur and be undetected.

Cause: The Village purchased a new waste water billing system during the year and the water department manager was fully trained in the billing system and began to enter the water usage and billing herself.

Recommendation: The Village office needs to take over the bill entry of water usage, prepare bills for mailing and post payments to customer accounts. Since there are two in the office, it is recommended that the two of them split bill preparation and payment posting to customer accounts.

Response: The Village will make corrective actions on the process of waste water billing.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS

SCHEDULE OF FINDINGS
June 30, 2011

Current Year Findings (continued)

2011-4 Inappropriate Use of Funds for Unrelated Purpose
(Noncompliance)

Condition: The Office of the State Fire Marshall concluded a review of all supporting documents submitted for purchases and expenditures made from the FY-10 Village Fire Protection Fund. It was determined that the Village should reimburse the Fire Protection Fund \$2,431.81 for expenses paid for an unrelated purpose.

Criteria: Per the Fire Marshall Authority 59-53-1, only authorized purchases and expenditures for the Fire Protection Fund should be made.

Effect: The Village was not in compliance.

Cause: Expenditures were posted to the wrong fund when recorded in the accounting system.

Recommendation: I recommend the Village pay the \$2,431.81 to the Fire Fund within 30 days.

Response: The Village will reimburse the Fire Protection Fund as soon as possible.

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS**

June 30, 2011

The financial statements of the Village of Jemez Springs, New Mexico, for the year ended June 30, 2011, were prepared by Kathleen R. Lane, P.C.

Exit Conference:

An exit conference was held November 17, 2011.

Representing the Village:

Edmond Temple, Mayor
Ona Trujillo, Clerk/Treasurer

Representing Kathleen R. Lane, P.C.:

Kathleen R. Lane