

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
FINANCIAL STATEMENTS
FOR THE YEAR-ENDED JUNE 30, 2013



INTRODUCTORY SECTION

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VILLAGE OF JEMEZ SPRINGS
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VILLAGE OF JEMEZ SPRINGS
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**STATE OF NEW MEXICO
 VILLAGE OF JEMEZ SPRINGS
 OFFICIAL ROSTER
 FOR THE YEAR ENDED JUNE 30, 2013**

Elected Officials		Title
Edmond Temple		Mayor
Pam Grider		Mayor Pro-Tem
John Merhege		Trustee
David Ryan		Trustee
Robert Wilson		Trustee
Administrative Personnel		
Ona Trujillo		Town Clerk/Treasurer
Debbie Packard		Deputy Clerk

FINANCIAL SECTION



Independent Auditor's Report

Hector H. Balderas
New Mexico State Auditor
Mayor and Board of Trustees
Village of Jemez Springs
Jemez Springs, New Mexico

To the Mayor and Board of Trustees

Report of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Village of Jemez Springs, New Mexico, as of and for the year-ended June 30, 2013, and the related notes to the financial statements which collectively comprise the Town's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Town's non-major governmental funds, and the budgetary comparisons for all non-major funds presented as supplementary information as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year-ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to

design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund of the Village, as of June 30, 2013, and the respective changes in financial position and cash flows where applicable, thereof and the respective budgetary comparisons for all nonmajor funds for the year then-ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

The schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to

prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, other schedules required by 2.2.2 NMAC are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2014, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village's internal control over financial reporting and compliance.

Integrity Accounting + Consulting, LLC

Integrity Accounting & Consulting, LLC
Albuquerque, NM

June 2, 2014

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
STATEMENT OF NET POSITION
As of June 30, 2013**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
Assets:			
Cash and cash equivalents	\$ 365,502	37,007	402,509
Receivables			
Accounts receivable	548	49,370	49,918
Taxes receivable	35,722	-	35,722
Due from other funds	7,134	-	7,134
Prepaid expenses	8,229	599	8,828
Inventories	-	4,626	4,626
Total current assets	<u>417,135</u>	<u>91,602</u>	<u>508,737</u>
Non-current assets:			
Capital assets	4,499,212	2,381,999	6,881,211
Less: Accumulated depreciation	<u>(1,003,409)</u>	<u>(666,787)</u>	<u>(1,670,196)</u>
Total non-current assets	<u>3,495,803</u>	<u>1,715,212</u>	<u>5,211,015</u>
Total assets	\$ <u>3,912,938</u>	<u>1,806,814</u>	<u>5,719,752</u>
Liabilities and fund balances:			
Liabilities:			
Accounts payable	\$ 21,446	4,976	26,422
Accrued payroll liabilities	8,040	7,002	15,042
Other accrued liabilities	-	11,493	11,493
Due to other funds	-	7,134	7,134
Current portion of compensated absences	4,569	5,675	10,244
Current portion of long-term debt	<u>9,810</u>	<u>-</u>	<u>9,810</u>
Total current liabilities	43,865	36,280	80,145
Non-current liabilities			
Compensated absences	1,142	1,418	2,560
Notes payable	<u>54,109</u>	<u>-</u>	<u>54,109</u>
Total non-current liabilities	<u>55,251</u>	<u>1,418</u>	<u>56,669</u>
Total liabilities	99,116	37,698	136,814
Net position			
Net Investment in Capital Assets	3,431,884	1,715,212	5,147,096
Unrestricted Net Position	<u>381,938</u>	<u>53,904</u>	<u>435,842</u>
Total net position	<u>3,813,822</u>	<u>1,769,116</u>	<u>5,582,938</u>
Total liabilities and net position	\$ <u>3,912,938</u>	<u>1,806,814</u>	<u>5,719,752</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013**

Functions/programs	Program Revenues			Net (Expense) Revenue and Changes In Net			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities							
General government	\$ 348,873	3,736	300,101	-	(45,036)	-	(45,036)
Public safety	140,823	-	-	-	(140,823)	-	(140,823)
Public works	51,183	-	-	-	(51,183)	-	(51,183)
Culture and recreation	88,682	-	-	-	(88,682)	-	(88,682)
Interest expense	867	-	-	-	(867)	-	(867)
Total governmental activities	630,428	3,736	300,101	-	(326,591)	-	(326,591)
Business-type activities:							
Utilities							
Waste water	177,017	132,872	-	14,541	-	(29,604)	(29,604)
Bath house	179,894	199,915	-	-	-	20,021	20,021
Total business-type activities	\$ 356,911	332,787	-	14,541	-	(9,583)	(9,583)
Total primary government					(326,591)	(9,583)	(336,174)
General revenues:							
Taxes							
Property taxes levied for general purposes					\$ 49,980	-	49,980
Gross receipts taxes					235,904	-	235,904
Other taxes and fees					32,536	-	32,536
Licenses and permits					3,384	-	3,384
Fines, forfeitures, and penalties					6,280	-	6,280
Interest income					1,272	281	1,553
Miscellaneous income					22,696	53	22,749
Gain/(loss) on disposition of capital assets					(15,165)	-	(15,165)
Transfers					41,987	(41,987)	-
Total general revenue and transfers					378,874	(41,653)	337,221
Changes in net position					52,283	(51,236)	1,047
Beginning net position					3,729,442	1,820,352	5,549,794
Restatement					32,097	-	32,097
Beginning net position, as restated					3,761,539	1,820,352	5,581,891
Net position, end of year					\$ 3,813,822	1,769,116	5,582,938

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
BALANCE SHEET
GOVERNMENTAL FUNDS
As of June 30, 2013

	Major Funds					Total Non-Major Funds	Total Funds
	General Fund	Fire Fund	Spec Revenue		Road Fund		
			Law Enforcement Fund				
Assets:							
Cash and cash equivalents	\$ 134,408	39,253	16,658	89,014	86,169	365,502	
Receivables							
Accounts receivable	548	-	-	-	-	548	
Taxes receivable	35,722	-	-	-	-	35,722	
Due from other funds	7,134	-	-	-	-	7,134	
Prepaid expenses	1,296	6,933	-	-	-	8,229	
Total assets	<u>\$ 179,108</u>	<u>46,186</u>	<u>16,658</u>	<u>89,014</u>	<u>86,169</u>	<u>417,135</u>	
Liabilities and fund balances:							
Liabilities:							
Accounts payable	\$ 18,413	-	-	1,633	1,400	21,446	
Accrued payroll liabilities	8,040	-	-	-	-	8,040	
Deferred revenue	4,541	-	-	-	-	4,541	
Total liabilities	30,994	-	-	1,633	1,400	34,027	
Fund balances:							
Nonspendable	1,296	6,933	-	-	-	8,229	
Restricted	-	39,253	16,658	87,381	84,769	228,061	
Committed	-	-	-	-	-	-	
Assigned	-	-	-	-	-	-	
Unassigned	146,818	-	-	-	-	146,818	
Total fund balances	<u>148,114</u>	<u>46,186</u>	<u>16,658</u>	<u>87,381</u>	<u>84,769</u>	<u>383,108</u>	
Total liabilities and fund balances	<u>\$ 179,108</u>	<u>46,186</u>	<u>16,658</u>	<u>89,014</u>	<u>86,169</u>	<u>417,135</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE
TO THE STATEMENT OF NET POSITION
As of June 30, 2013

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

Total fund balance - Governmental funds	\$	383,108
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		3,495,803
Delinquent property tax not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred revenue in the fund financial statements, but are considered revenue in the statement of activities.		4,541
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities at year-end consist of:		
Current compensated absences	\$	(4,569)
Noncurrent compensated absences		(1,142)
Current notes payable		(9,810)
Noncurrent notes payable	\$	(54,109)
		<u>(69,630)</u>
Net position for governmental activities	\$	<u><u>3,813,822</u></u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2013

	Major Funds				Total Non- Major Funds	Total Funds
	General Fund	Spec Revenue				
		Fire Fund	Law Enforcement Fund	Road Fund		
Revenues:						
Taxes						
Property	\$ 45,439	-	-	-	-	45,439
Gross receipts	235,904	-	-	-	-	235,904
Other	15,605	-	-	4,587	12,345	32,537
Licenses and permits	3,384	-	-	-	3,248	6,632
Charges for services	3,736	-	-	-	-	3,736
Fines and forfeitures	6,280	-	-	-	-	6,280
Intergovernmental revenue						
Federal grants	-	-	-	-	2,066	2,066
State grants	35,000	136,925	40,600	73,126	9,136	294,787
Interest income	1,272	-	-	-	-	1,272
Miscellaneous income	11,291	-	-	-	11,405	22,696
Total revenues	<u>357,911</u>	<u>136,925</u>	<u>40,600</u>	<u>77,713</u>	<u>38,200</u>	<u>651,349</u>
Expenditures:						
Current:						
General government	206,416	-	-	-	16,966	223,382
Public safety	52,053	65,274	6,215	-	5,097	128,639
Public works	48,763	-	-	2,420	-	51,183
Culture and recreation	67,501	-	-	-	21,180	88,681
Capital outlay	-	42,248	62,707	-	-	104,955
Debt service						
Principal	-	13,221	23,554	-	-	36,775
Interest	-	498	369	-	-	867
Total expenditures	<u>374,733</u>	<u>121,241</u>	<u>92,845</u>	<u>2,420</u>	<u>43,243</u>	<u>634,482</u>
Excess (deficiency) of revenues over (under) expenditures	(16,822)	15,684	(52,245)	75,293	(5,043)	16,867
Other financing sources (uses):						
Proceeds from debt issuance	-	-	63,919	-	-	63,919
Transfers in	41,987	-	-	-	-	41,987
Total other financing sources (uses):	<u>41,987</u>	<u>-</u>	<u>63,919</u>	<u>-</u>	<u>-</u>	<u>105,906</u>
Net change in fund balances	25,165	15,684	11,674	75,293	(5,043)	122,773
Beginning fund balance	90,852	30,502	4,984	12,088	89,812	228,238
Restatement	32,097	-	-	-	-	32,097
Beginning fund balance, as restated	<u>122,949</u>	<u>30,502</u>	<u>4,984</u>	<u>12,088</u>	<u>89,812</u>	<u>260,335</u>
Ending fund balance	<u>\$ 148,114</u>	<u>46,186</u>	<u>16,658</u>	<u>87,381</u>	<u>84,769</u>	<u>383,108</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
As of June 30, 2013**

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

Total net change in fund balances-governmental funds	\$	122,773
<p>Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimates useful lives and reported as depreciation expense.</p>		
Capital expenditures recorded as capital outlay or other expenses		92,771
In the Statement of Activities, a loss is recorded for assets that are removed from service that are not fully depreciated. Thus, the change in net position differs from the change in fund balance by the amount of loss recorded for deleted capital assets.		(15,165)
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore depreciation expense is not reported as expenditure in governmental funds.		(122,936)
<p>The issuance of long-term debt (e.g. bonds, notes, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net position. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>		
(Increase)/decrease in noncurrent and current compensated absences		(2,557)
Issuance of long-term debt		(63,919)
Principal payments on long-term debt		36,775
Other reclassifications are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting to show the revenue earned from the current year's tax levy.		4,541
Change in net position of governmental activities	\$	52,283

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual	Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes				
Property	\$ 42,220	42,220	44,778	2,558
Gross receipts	121,200	187,409	259,041	71,632
Other	13,025	13,025	15,787	2,762
Licenses and permits	3,450	3,450	3,496	46
Charges for services	71,000	71,000	3,736	(67,264)
Fines and forfeitures	20,000	20,000	6,280	(13,720)
Intergovernmental revenue				
State grants	40,000	40,000	35,000	(5,000)
Interest income	500	500	1,272	772
Miscellaneous income	70,000	70,000	11,291	(58,709)
Total revenues	381,395	447,604	380,681	(66,923)
Expenditures:				
Current:				
General government	150,714	169,038	220,868	(51,830)
Public safety	83,031	83,031	54,971	28,060
Public works	40,850	40,850	47,809	(6,959)
Culture and recreation	62,255	62,255	69,088	(6,833)
Total expenditures	336,850	355,174	392,736	(37,562)
Excess (deficiency) of revenues over (under) expenditures	44,545	92,430	(12,055)	(29,361)
Other financing sources (uses):				
Transfers in	300	300	41,987	41,687
Transfers out	(750)	(110,145)	-	(110,145)
Total other financing sources (uses):	(450)	(109,845)	41,987	(68,458)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	44,095	(17,415)	29,932	(97,819)
Budgeted cash carryover	-	17,415		
Net change in fund balance	\$ 44,095	-		
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ 29,932	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			(54,519)	
Adjustments to expenditures for accrued wages and expenditures			49,752	
Net change in fund balance (GAAP)			\$ 25,165	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
FIRE FUND - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Favorable (Unfavorable)
	Original	Final		
Revenues:				
Intergovernmental revenue				
State grants	\$ 51,300	123,208	136,925	13,717
Total revenues	51,300	123,208	136,925	13,717
Expenditures:				
Current:				
Public safety	51,154	119,910	63,943	55,967
Capital outlay	-	-	42,248	(42,248)
Debt service				
Principal	-	-	13,221	(13,221)
Interest	-	-	498	(498)
Total expenditures	51,154	119,910	119,910	-
Excess (deficiency) of revenues over (under) expenditures	146	3,298	17,015	13,717
Other financing sources (uses):				
Total other financing sources (uses):	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	146	3,298	17,015	13,717
Budgeted cash carryover	-	-		
Net change in fund balance	\$ 146	3,298		
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ 17,015	
Adjustments to revenue for tax and other miscellaneous revenue accruals			-	
Adjustments to expenditures for accrued wages and expenditures			(1,331)	
Net change in fund balance (GAAP)			\$ 15,684	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
LAW ENFORCEMENT FUND - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue				
State grants	\$ 46,153	66,153	40,600	(25,553)
Total revenues	<u>46,153</u>	<u>66,153</u>	<u>40,600</u>	<u>(25,553)</u>
Expenditures:				
Current:				
Public safety	20,200	28,928	5,003	23,925
Debt service				
Principal	25,553	37,867	35,868	1,999
Interest	-	-	369	(369)
Total expenditures	<u>45,753</u>	<u>66,795</u>	<u>41,240</u>	<u>25,555</u>
Excess (deficiency) of revenues over (under) expenditures	400	(642)	(640)	2
Other financing sources (uses):				
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	400	(642)	<u>(640)</u>	<u>2</u>
Budgeted cash carryover	<u>-</u>	<u>642</u>		
Net change in fund balance	\$ <u>400</u>	<u>-</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ (640)	
Adjustments to revenue for tax and other miscellaneous revenue accruals			63,919	
Adjustments to expenditures for accrued wages and expenditures			<u>(51,605)</u>	
Net change in fund balance (GAAP)			<u>\$ 11,674</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
ROAD FUND - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes				
Other	\$ 5,004	5,004	5,004	-
Intergovernmental revenue				
State grants	<u>20,000</u>	<u>73,126</u>	<u>73,126</u>	-
Total revenues	<u>25,004</u>	<u>78,130</u>	<u>78,130</u>	-
Expenditures:				
Current:				
Public works	<u>25,000</u>	<u>25,000</u>	<u>787</u>	<u>24,213</u>
Total expenditures	<u>25,000</u>	<u>25,000</u>	<u>787</u>	<u>24,213</u>
Excess (deficiency) of revenues over (under) expenditures	4	53,130	77,343	24,213
Other financing sources (uses):				
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	4	53,130	<u>77,343</u>	<u>24,213</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Net change in fund balance	<u>\$ 4</u>	<u>53,130</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ 77,343	
Adjustments to revenue for tax and other miscellaneous revenue accruals			(417)	
Adjustments to expenditures for accrued wages and expenditures			<u>(1,633)</u>	
Net change in fund balance (GAAP)			<u>\$ 75,293</u>	

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of June 30, 2013**

	Business-Type Activities		
	Enterprise Funds		Total Funds
	Waste Water Fund	Bath House Fund	
Assets:			
Cash and cash equivalents	\$ 32,078	4,929	37,007
Receivables			
Accounts receivable	49,370	-	49,370
Prepaid expenses	599	-	599
Inventories	-	4,626	4,626
Total current assets	<u>82,047</u>	<u>9,555</u>	<u>91,602</u>
Non-current assets:			
Capital assets	2,336,473	45,526	2,381,999
Less: Accumulated depreciation	<u>(634,121)</u>	<u>(32,666)</u>	<u>(666,787)</u>
Total non-current assets	<u>1,702,352</u>	<u>12,860</u>	<u>1,715,212</u>
Total assets	<u>\$ 1,784,399</u>	<u>22,415</u>	<u>1,806,814</u>
Liabilities and fund balances:			
Liabilities:			
Accounts payable	\$ 2,819	2,157	4,976
Accrued payroll liabilities	1,950	5,052	7,002
Other accrued liabilities	554	10,939	11,493
Due to other funds	2,018	5,116	7,134
Current portion of compensated absences	<u>4,134</u>	<u>1,541</u>	<u>5,675</u>
Total current liabilities	11,475	24,805	36,280
Non-current liabilities			
Compensated absences	<u>1,033</u>	<u>385</u>	<u>1,418</u>
Total non-current liabilities	<u>1,033</u>	<u>385</u>	<u>1,418</u>
Total liabilities	12,508	25,190	37,698
Net position			
Net Investment in Capital Assets	1,702,352	12,860	1,715,212
Unrestricted Net Position	<u>69,539</u>	<u>(15,635)</u>	<u>53,904</u>
Total net position	<u>1,771,891</u>	<u>(2,775)</u>	<u>1,769,116</u>
Total liabilities and net position	<u>\$ 1,784,399</u>	<u>22,415</u>	<u>1,806,814</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2013**

	<u>Business-Type Activities</u>		
	<u>Enterprise Funds</u>		<u>Total Funds</u>
	<u>Waste Water Fund</u>	<u>Bath House Fund</u>	
Operating revenues:			
Charges for services			
Wastewater	\$ 132,872	-	132,872
Bath house services	-	144,307	144,307
Gift shop sales	-	55,608	55,608
Miscellaneous	-	53	53
Total operating revenues	<u>132,872</u>	<u>199,968</u>	<u>332,840</u>
Operating expenses:			
Personnel services	54,835	136,037	190,872
Operating expenses	67,685	42,492	110,177
Depreciation and amortization	<u>54,497</u>	<u>1,365</u>	<u>55,862</u>
Total operating expenses	177,017	179,894	356,911
Operating income (loss)	(44,145)	20,074	(24,071)
Non-operating revenues (expenses):			
Gain/(loss) on disposal of capital assets	-	-	-
Grant revenues	14,541	-	14,541
Gross receipts and other taxes	-	-	-
Interest income	226	55	281
Interest expense	<u>-</u>	<u>-</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>14,767</u>	<u>55</u>	<u>14,822</u>
Income (loss) before transfers	(29,378)	20,129	(9,249)
Transfers in (out)	<u>(6,305)</u>	<u>(35,682)</u>	<u>(41,987)</u>
Change in net position	(35,683)	(15,553)	(51,236)
Net position, beginning of year	<u>1,807,574</u>	<u>12,778</u>	<u>1,820,352</u>
Net position, end of year	<u>\$ 1,771,891</u>	<u>(2,775)</u>	<u>1,769,116</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2013**

	<u>Business-Type Activities</u>		
	<u>Enterprise Funds</u>		
	<u>Waste Water Fund</u>	<u>Bath House Fund</u>	<u>Total Funds</u>
Cash flows from operating activities:			
Receipts from customers and users	\$ 91,559	199,968	291,527
Payments to suppliers	(64,495)	(35,841)	(100,336)
Payments to employees	(52,122)	(135,736)	(187,858)
Net cash provided (used) for operating activities	<u>(25,058)</u>	<u>28,391</u>	<u>3,333</u>
Cash flows from noncapital financing activities:			
Transfers to other funds	(6,305)	(35,682)	(41,987)
Intergovernmental receipts	<u>14,541</u>	<u>-</u>	<u>14,541</u>
Net cash provided (used) for noncapital financing activities	<u>8,236</u>	<u>(35,682)</u>	<u>(27,446)</u>
Cash flows from capital and related financing activities:			
Net cash provided (used) for capital and related financing activities.	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:			
Interest and dividends	<u>227</u>	<u>55</u>	<u>282</u>
Net cash provided (used) for investing activities.	<u>227</u>	<u>55</u>	<u>282</u>
Net increase (decrease) in cash and cash equivalents	(16,595)	(7,236)	(23,831)
Cash and cash equivalents – beginning of year	<u>48,673</u>	<u>12,167</u>	<u>60,840</u>
Cash and cash equivalents – end of year	<u>\$ 32,078</u>	<u>4,931</u>	<u>37,009</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (44,145)	20,074	(24,071)
Adjustments			
Depreciation and amortization	54,497	1,365	55,862
Changes in assets and liabilities:			
Receivables	(41,313)	-	(41,313)
Prepays	(149)	450	301
Inventories	-	2,345	2,345
Accounts payable	1,321	(1,260)	61
Accrued expenses and other liabilities	812	(158)	654
Due to other funds	2,018	5,116	7,134
Compensated absences	<u>1,901</u>	<u>459</u>	<u>2,360</u>
Net cash provided by operating activities	<u>\$ (25,058)</u>	<u>28,391</u>	<u>3,333</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
As of June 30, 2013

	2013
Assets:	
Cash	\$ <u>2,583</u>
Total assets	\$ <u><u>2,583</u></u>
Liabilities:	
Accounts payable	\$ 548
Held for others	<u>2,035</u>
Total liabilities	\$ <u><u>2,583</u></u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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.

The financial statements of the Village have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Village's most significant accounting policies are described below.

A. Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body, and either it is able to impose its will on that organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens, on the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

In evaluating how to define the Village, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB-14. The first criterion 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. 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, the Village has no component units and is not a component unit of another governmental agency.

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

B. Basis of Accounting/Measurement Focus

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, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental 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.

Government-Wide Financial Statements

The Village's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the Village accompanied by a total column. Fiduciary activities of the Village are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Village's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the Village include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, those transactions between governmental and business-type activities have not been eliminated.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

The Village reports the general fund as a major governmental fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided through property and other taxes, federal sources, state sources, charges for services, licenses and fees, and other miscellaneous recoveries and revenue. Expenditures include all costs associated with the daily operation of the Village except for items included in other funds.

In addition, the Village reports the following other major funds:

Special Revenue Fund – The *Fire Fund* is used to account for the operation of the Village's Volunteer Fire Department. Financing is provided by a state allotment from the state fire Marshall Authority 59-53-1.

Special Revenue Fund – The *Road Fund* is used 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.

Special Revenue Fund – The *Law Enforcement Protection Fund (LEPF)* accounts 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

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The Village’s deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the Village, are property tax, sales tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

Under the terms of grant agreements, the Village funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Village's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated. The Village presents two proprietary funds, *Waste Water Fund* and *Bath House Fund*. Both funds are considered major funds to the Village.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues, such as charges for services, in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues, such as subsidies/grants and investment earnings, are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The Village's fiduciary funds are Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting as are the proprietary funds explained above. The Village's sole Agency Fund is the *Municipal Court Bond Fund* used to account for bonds posted for court appearances.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

C. Assets, Liabilities and Equity

Cash Equivalents

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The Village pools idle cash from its governmental funds for the purpose of increasing income through investment activities. A "Pooled Cash" concept is used in maintaining the cash and investment accounts in the accounting records. Under this method, all governmental fund cash is pooled for investment purposes and each fund has "equity" in the pooled amount. All amounts included in pooled cash and investments are considered to be cash equivalents for the purposes of the statement of cash flows, except for certificates of deposit or other investments that have original maturities of more than 90 days.

Investments

The Village's investments are regulated by state law as well as by guidelines and rules promulgated by the State Investment Council and the State Treasurer. All investments are generally highly liquid in nature and are integrated with cash on the financial statements with appropriate disclosure. Investments are stated at fair value, which is determined using selected bases. Certificates of deposit are reported at carrying amount, which reasonably estimates fair value. Investments in a U.S. Treasury Fund and repurchase agreements are valued at the last reported sales price at current exchange rates. Additional cash and investment information are presented in Note 2.

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." In governmental fund financial statements, advances between funds are offset by an amount reported as nonspendable fund balance to indicate that they are not available for appropriation and are not expendable available financial resources.

Receivables from and payables to external parties are reported separately and are not offset in the proprietary fund financial statements and business-type activities of the government-wide financial statements, unless a right of offset exists.

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.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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

Inventories and Prepaid Items

Inventories in governmental consist of expendable supplies held for consumption, and are valued at cost using a first-in, first-out (FIFO) method. Expendable supplies are accounted for using the consumption method. Proprietary fund inventories are comprised of items held for sale in the Bath House are recorded at the lower of cost or market on a first-in, first-out basis, and consist of operating supplies held for use in operations and are recorded as expenditures when consumed rather than when purchased. A manual inventory count is conducted monthly on the Bath House inventory.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items primarily consist of payments made for insurance policies that are effective in part for future periods.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The Village has a collection of library books which have not been capitalized or depreciated as part of capital assets.

Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are included as part of the governmental capital assets reported in the government wide statements. Information technology equipment including software is being capitalized and included in machinery and equipment in accordance with NMAC 2.20.1.9 C (5). Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets that have been disposed of are recorded as deletions on the government-wide financial statements. Accumulated depreciation is adjusted for all deletions.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense capitalized by the Village during the current fiscal year was \$0. No interest was included as part of the cost of capital assets under construction.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

Asset Type	Years
Land	Perpetuity
Construction in progress	Perpetuity
Buildings	20 - 40
Building and land improvements	10 - 39
Furniture, fixtures & equipment	5 - 10
Vehicles	5 - 10
Infrastructure	40 - 50

Deferred Revenue

There are two types of deferred revenue. Under both the accrual and modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for deferred revenue (commonly referred to as unearned revenue). The other type of deferred revenue is “unavailable revenue.” Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized as revenue of the current period. It must also be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period). If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred revenue.

The property taxes receivable are an aggregate of uncollected amounts assessed for the current fiscal year, as well as delinquent balances carried forward from the nine preceding fiscal years. While some of the delinquent outstanding balances will eventually be eliminated through corrections, litigation, and other property tax administrative procedures, the majority of the balances will ultimately be realized through delinquent payment or tax sales. The aggregate amount of this ultimate realization is generally difficult to ascertain at any point in time. Thus, taxes not collected within sixty days official year end are carried in the liability section of the balance sheet as deferred revenue on the fund basis financial statements

Compensated Absences

Full-time permanent employees are granted vacation benefits in varying amounts to specified maximums depending on their tenure with the Village. Accumulated unused vacation may be carried from one calendar year to another, however the amount of annual leave carry over can

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

not exceed specified threshold ranging from 160 to 320 hours depending on tenure of service. Accumulated unused vacation is payable upon retirement or termination from employment. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is not reported in the governmental fund balance sheet unless it was actually due and payable at year end for payments due to retired or terminated employees.

The Village allows full-time employees to accumulate unused sick leave. Accumulated unused sick leave is not paid upon termination from employment or retirement. Sick leave is only paid upon illness while in the employment of the Village. Accordingly, no provision for accumulated sick leave has been made in the accompanying financial statements.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of fund net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Fund Balance

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent.

Governmental Fund Financial Statements. In accordance with GASBS No. 54, the Village classifies fund balances in the governmental funds as follows:

Nonspendable Fund Balance includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal/contractual requirements. Examples are Prepaid Expenses and Inventory.

Spendable Fund Balance includes Restricted, Committed, Assigned, and Unassigned designations:

Restricted includes fund balance amounts that are limited for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

constitutional provisions or enabling legislation.

Committed includes fund balance amounts that are obligated to a specific purpose which are internally imposed by the government through formal action (Ordinances and Resolutions) at the highest level of decision making authority (Board of Trustees). These commitments can only be overturned by a like action.

Assigned includes spendable fund balance amounts that are intended to be used for specific purposes that are considered neither restricted nor committed. Undesignated excess Fund Balances may be assigned by the Board of Trustees, Mayor, or Village Clerk/Treasurer for specific purposes through the budget process or agenda items. The assigned designation may be reversed by the Board of Trustees at any public meeting.

Unassigned includes residual positive fund balances within the General Fund, which have not been classified within the other above mentioned categories. Unassigned Fund Balances may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

See the Schedule of Fund Balances on page 53 for additional information about fund balances.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources (committed, assigned, and unassigned) as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use in the General Fund, it is the Village's policy to use unassigned resources first, then assigned, and then committed as needed. When unrestricted resources (committed, assigned, and unassigned) are available for use in any other governmental fund, it is the Village's policy to use committed resources first, then assigned, and then unassigned as needed.

The Village does not have a formal minimum fund balance requirement.

Net Position

Government-wide and Proprietary Fund Financial Statements. The Village classifies net position in the government-wide and proprietary fund financial statements as follows:

Net Investment in Capital Assets includes the Village's capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The Village typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.

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Unrestricted Net Position typically includes unrestricted liquid assets. The Village Trustees have the authority to revisit or alter this designation.

D. Inter-Fund Transactions

Interfund activity is reported as loans, services provided, reimbursements, or transfers.

Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

E. Income Taxes

As a local government entity, the Village is not subject to federal or state income taxes.

F. Estimates

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The Village adopts budgets for each individual fund (governmental and proprietary).

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

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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.

During the course of the fiscal year, the Village prepares monthly budget reports. Under New Mexico State law, each year's budget appropriation legally lapses at year-end.

Budgetary Compliance – Budgetary control is required to be maintained at the individual fund level.

Actual fund revenues may be either over or under the budgeted amounts; however, the variance is required to be reasonable, particularly in the case of over-budgeted revenues. Major over-budgeted revenues require a budget amendment as soon as the extent of the shortage is reasonably ascertainable.

Budget Amendments – Budget increases and decreases can only be accomplished by Board of Trustee resolution, followed by DFA approval. Similarly, budget transfers must follow the same procedure.

Budgetary Basis – State law prescribes that the Village's budget be prepared on the basis of cash receipts and cash expenditures. Therefore, budgetary comparisons shown in exhibits are prepared on a cash basis to compare actual revenues and expenditures with a cash basis budget as amended.

The accompanying Statements of Revenue, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual present comparisons of the legally adopted budget with actual data on a budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2013 is presented. Reconciliations between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund can be found on each individual budgetary statement.

NOTE 3 – CASH AND CASH EQUIVALENTS

The Village's cash balances consist of demand deposits and interest bearing savings accounts. The majority of Village's cash and investments in the governmental funds are pooled. All interest income is accounted for in the related funds. The Village does not have a deposit policy. The Village's cash and cash equivalents are listed on pages 54 of this report.

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VILLAGE OF JEMEZ SPRINGS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

The following is a summary of the Village's cash and cash equivalents balances by fund type as of June 30, 2013:

Fund Type	Amount
Cash and equivalents	
Governmental funds	\$ 368,085
Business-type activities	37,007
Fiduciary funds	-
Total cash and cash equivalents	<u>\$ 405,092</u>

Custodial Credit Risk Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Village funds may not be returned. The Village does not have a deposit policy for custodial risk.

State regulations require that uninsured demand deposits and deposit-type investments such as certificates of deposit be collateralized by the depository thrift or banking institution. At present, state statutes require that a minimum of fifty percent of uninsured balances on deposit with anyone institution must be collateralized, with higher requirements up to 100% for financially troubled institutions.

Based on the above, the Village is required to obtain from each bank that is a depository for public funds pledged collateral in an aggregate amount equal to 50% of the public money in each account. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency or political subdivision of the State of New Mexico. Due to the Village's balances being fully covered by federal depository insurance, there were no amounts collateralized as of June 30, 2013.

As of June 30, 2013, the Village's bank balances of \$420,055 were exposed to custodial credit risk as follows:

Insured through federal depository insurance	\$ 420,055
Uninsured, collateralized with securities held by pledging financial institution's trust department or agent in the Village's name.	-
Uninsured and uncollateralized	-
Total uninsured deposits	<u>\$ 420,055</u>

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 4 – RECEIVABLES

Receivables as of June 30, 2013 are as follows:

Governmental Activities	Law					Total Receivables
	General Fund	Fire Fund	Enforcement Fund	Road Fund	Nonmajor Funds	
Accounts	\$ 548	-	-	-	-	548
Taxes:						
Property	5,357	-	-	-	-	5,357
State	30,365	-	-	-	-	30,365
Other intergovernmental	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Other	-	-	-	-	-	-
Subtotal	36,270	-	-	-	-	36,270
Less: Allowance for uncollectibles	-	-	-	-	-	-
Net Receivables	\$ 36,270	-	-	-	-	36,270

Business-type Activities	Waste		Bath House Fund	Total Receivables
	Water Fund			
Accounts	\$ 49,370	-	-	49,370
Taxes:				
Property	-	-	-	-
State	-	-	-	-
Other intergovernmental	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Subtotal	49,370	-	-	49,370
Less: Allowance for uncollectibles	-	-	-	-
Net Receivables	\$ 49,370	-	-	49,370

Estimated uncollectible accounts are not material and therefore the Village has not established an allowance for doubtful accounts.

In accordance with GASB No. 33, the property tax revenues totaling \$4,541 that were not collected within the period of availability have been reclassified as deferred revenue in the governmental fund financial statements.

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 5 – CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2013 follows.

	Balance				Balance
GOVERNMENTAL ACTIVITIES	06/30/12	Additions	Deletions	Reclass	06/30/13
Non-depreciable capital assets:					
Land	\$ 413,584	-	-	-	413,584
Total non-depreciable capital assets	413,584	-	-	-	413,584
Capital assets being depreciated:					
Buildings	929,100	-	-	-	929,100
Building and land improvements	209,761	30,064	-	26,002	265,827
Furniture, fixtures & equipment	692,230	-	-	(545,538)	146,692
Vehicles	-	62,707	(119,462)	519,536	462,781
Infrastructure	2,281,228	-	-	-	2,281,228
Total capital assets being depreciated	4,112,319	92,771	(119,462)	-	4,085,628
Less accumulated depreciation for:					
Buildings	(984,320)	(13,397)	-	842,825	(154,892)
Building and land improvements	-	(15,809)	-	(89,113)	(104,922)
Furniture, fixtures & equipment	-	(8,811)	-	(120,941)	(129,752)
Vehicles	-	(32,995)	103,847	(388,881)	(318,029)
Infrastructure	-	(51,924)	-	(243,890)	(295,814)
Total accumulated depreciation	(984,320)	(122,936)	103,847	-	(1,003,409)
Total capital assets being depreciated	3,127,999	(30,165)	(15,615)	-	3,082,219
Total capital assets, net of depreciation	\$ 3,541,583	(30,165)	(15,615)	-	3,495,803
BUSINESS-TYPE ACTIVITIES					
Non-depreciable capital assets:					
Land	\$ 15,125	-	-	-	15,125
Total non-depreciable capital assets	15,125	-	-	-	15,125
Capital assets being depreciated:					
Buildings	1,191,839	-	-	-	1,191,839
Building and land improvements	24,952	-	-	-	24,952
Furniture, fixtures & equipment	478,142	-	-	(26,980)	451,162
Vehicles	-	-	-	26,980	26,980
Infrastructure	671,940	-	-	-	671,940
Total capital assets being depreciated	2,366,873	-	-	-	2,366,873
Less accumulated depreciation for:					
Buildings	(610,925)	(29,796)	-	310,446	(330,275)
Building and land improvements	-	(1,365)	-	(10,728)	(12,093)
Furniture, fixtures & equipment	-	(7,903)	-	(148,501)	(156,404)
Vehicles	-	-	-	(26,980)	(26,980)
Infrastructure	-	(16,798)	-	(124,237)	(141,035)
Total accumulated depreciation	(610,925)	(55,862)	-	-	(666,787)
Total capital assets being depreciated	1,755,948	(55,862)	-	-	1,700,086
Total capital assets, net of depreciation	\$ 1,771,073	(55,862)	-	-	1,715,211

Land and construction in progress are not subject to depreciation. Depreciation expense for the year ended June 30, 2013 was charged to the following functions and funds:

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VILLAGE OF JEMEZ SPRINGS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Governmental activities:			
General government	\$	25,899	
Public safety		42,744	
Public works		51,924	
Culture and recreation		2,369	
Total governmental activities	\$	<u>122,936</u>	
Business type activities:			
Waste water	\$	54,497	
Bath house		1,365	
Total business type activities	\$	<u>55,862</u>	

NOTE 6 – LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2013, was as follows:

	Balance			Balance	Amount due
	June 30, 2012	Increases	Decreases	June 30, 2013	within one
					year
Governmental funds debt					
Compensated absences	\$ 3,154	11,610	(9,053)	5,711	4,569
Notes payable	36,775	63,919	(36,775)	63,919	9,810
Total governmental activities	\$ <u>39,929</u>	<u>75,529</u>	<u>(45,828)</u>	<u>69,630</u>	<u>14,379</u>
Business-type funds debt					
Compensated absences	\$ 4,733	9,832	(7,472)	7,093	5,675
Total business-type activities	\$ <u>4,733</u>	<u>9,832</u>	<u>(7,472)</u>	<u>7,093</u>	<u>5,675</u>

Long-term liabilities are liquidated from the general fund and special revenue funds. Business-type long-term liabilities are liquidated from the waste water and bath house fund as applicable. No short-term debt was incurred during fiscal year 2013.

The annual principal and interest requirements on long-term debt outstanding as of June 30, 2013 are as follows.

Governmental activities

Notes payable

JVCU - Police Vehicles

On June 24, 2013, the Village borrowed \$63,919 from the Jemez Valley Credit Union. The note matures on August 1, 2018, and accrues interest at 4.50% per annum. The proceeds of the loan were used for the purchase of two police vehicles. The payments of principal and interest are paid from pledged law enforcement protection fund distributions. The note is secured by the vehicles, which have a current book value of \$51,747. The future payments required on the note payable are as follows:

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

JVCU - Police Vehicles			
	Principal	Interest	Total
2014	\$ 9,810	2,106	11,916
2015	10,133	1,783	11,916
2016	10,467	1,449	11,916
2017	10,812	1,104	11,916
2018	11,168	748	11,916
2019-2023	11,529	380	11,909
Total	\$ 63,919	7,570	71,489

NMFA – Fire Tanker

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. The note was fully repaid during the year ended June 30, 2013.

NMFA – Police Vehicle

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. The note was fully repaid during the year ended June 30, 2013.

NOTE 7 – INTERFUND BALANCES AND TRANSFERS

The Village recorded interfund transfers to reflect activity occurring between funds. Transfers and payments within the Village are substantially for the purpose of subsidizing operating functions and funding various projects within the Village. Transfers to the Genreal Fund from the enterprise funds represent administrative fees charged to these funds for administrative functions provided throughout the year. All transfers made during the year were considered routine and were consistent with the general characteristics of the Village’s transfer policy.

The composition of interfund transfers during the year ended June 30, 2013 was as follows:

	Transfers In	
	General	Total
Transfers Out		
Waste water fund	\$ 6,305	6,305
Bath house fund	35,682	35,682
Total	\$ 41,987	41,987

The Village recorded interfund receivables/payables to reflect temporary loans between funds. The purpose of the loans was for payment of payroll tax initially paid by the general fund. In addition, loans were made to cover cash shortages until grant reimbursements or other funding measures

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

could be obtained. All interfund balances are expected to be repaid within one year. Interfund balances as of June 30, 2013, are as follows:

Due To Fund	Due From Fund	Amount
General Fund	Waste water fund - proprietary fund	\$ 2,018
General Fund	Bath house fund - proprietary fund	5,116
General Fund	Court fund - agency fund	548
		<u>\$ 7,682</u>

NOTE 8 – RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries and natural disasters.

Village of Jemez Springs has joined together with other local governments in the state and obtained insurance through the New Mexico Self-Insurers Fund, a public entity risk pool currently operating as a common risk management and insurance program for local governments. The Village pays an annual premium to New Mexico Self-Insured Fund for coverage that 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. All risk of loss is transferred. The premium paid for the year ended June 30, 2013 was \$35,349.

NOTE 9 – PERA PENSION PLAN

Plan Description. Substantially all of the Village's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978.) The Public Employee 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 to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123. 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 are established in State statute under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Village's contributions to PERA for the years ending June 30, 2013, 2012, 2011, and were \$19,230, \$19,984, and \$22,369 respectively, which equal the amount of the required contributions for each fiscal year.

NOTE 10 – 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

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VILLAGE OF JEMEZ SPRINGS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; 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. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary.

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VILLAGE OF JEMEZ SPRINGS
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FOR THE YEAR ENDED JUNE 30, 2013**

For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Village's contributions to the RHCA for the years ended June 30, 2013, 2012, 2011 were \$5,376, \$4,729, and \$5,080, respectively, which equal the required contributions for each year.

NOTE 11 – RENT REVENUE

The Village receives rental income for the old fire station building. During the year ended June 30, 2013, \$1,500 was received in rental income. On July 1, 2010, the lessor exercised the rental agreement option for an additional five years.

NOTE 12 – FUND DEFICITS AND NON-COMPLIANCE

Deficit Fund Balances

The following fund incurred a deficit fund balance at June 30, 2013:

Fund	Fund Type	Amount
Bath House Fund	Enterprise Fund	\$ (2,775)

Management intends to transfer sufficient funds from General Fund to cover any deficits.

Legal Compliance with Budget

The Village was not in compliance with Section 6-6-6 of the New Mexico State Statutes regarding legal compliance with approved budgets.

The following funds had actual total expenditures that exceeded approved budgeted amounts for the year ended June 30, 2013.

Fund	Category	Budget Amount	Actual Amount	Over Expended
General Fund	Expenditures	\$ 355,174	392,736	(37,562)
Lodgers' tax fund	Expenditures	16,311	17,046	(735)
NM HIDTA fund	Expenditures	\$ -	127	(127)

NOTE 13 – CONTINGENCIES

The Village participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Village may be required to reimburse the grantor government. As of June 30, 2013, significant amounts of grant expenditures have not been audited by the grantor agencies.

Management believes that any disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds of the overall financial position of the Village.

The Village is party to various legal proceedings, which are the unavoidable results of governmental operations. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Village's legal counsel that resolution of these matters will not have a material effect on the financial condition of the Village.

NOTE 14 – RESTATEMENTS OF BEGINNING FUND BALANCES/NET POSITION

The following restatements were made to beginning fund balance:

Fund	Purpose/Reason	Amount
Governmental funds		
Major funds		
General fund	Prior year taxes receivable were understated	\$ 32,097
Total governmental funds		<u>32,097</u>
Government-wide statements	Applicable adjustments from above	32,097
Total governmental activities		<u>\$ 32,097</u>

NOTE 15 – EVALUATION OF SUBSEQUENT EVENTS

The Village has evaluated subsequent events through June 2, 2014, the date which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

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.

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.

DWI Fund – To account for state and county grants specific to DWI.

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COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
As of June 30, 2013

	<u>Special Revenue Funds</u>	<u>Total</u>
Assets:		
Cash and cash equivalents	\$ <u>86,169</u>	<u>86,169</u>
Total assets	\$ <u><u>86,169</u></u>	<u><u>86,169</u></u>
 Liabilities and fund balances:		
Liabilities:		
Accounts payable	\$ <u>1,400</u>	<u>1,400</u>
Total liabilities	1,400	1,400
 Fund balances:		
Nonspendable	-	-
Restricted	84,769	84,769
Committed	-	-
Assigned	-	-
Unassigned	<u>-</u>	<u>-</u>
Total fund balances	<u><u>84,769</u></u>	<u><u>84,769</u></u>
Total liabilities and fund balances	\$ <u><u>86,169</u></u>	<u><u>86,169</u></u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
FINANCIAL STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2013

	Special Revenue Funds	Totals
Revenues:		
Taxes		
Other	\$ 12,345	12,345
Intergovernmental revenue		-
State grants	9,136	9,136
Miscellaneous income	11,405	11,405
Total revenues	38,200	38,200
Expenditures:		
Current:		
General government	16,966	16,966
Public safety	5,097	5,097
Public works	-	-
Culture and recreation	21,180	21,180
Total expenditures	43,243	43,243
Excess (deficiency) of revenues over (under) expenditures	(5,043)	(5,043)
Net change in fund balances	(5,043)	(5,043)
Beginning fund balance	89,812	89,812
Ending fund balance	\$ 84,769	84,769

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
As of June 30, 2013

	Correction Fund	Recreation Fund	EMS Fund	Library Fund	Lodgers' Tax	Performing Arts Fund	DWI fund	Totals
Assets:								
Cash and cash equivalents	\$ 73,301	447	288	4,621	4,756	741	2,015	86,169
Total assets	\$ 73,301	447	288	4,621	4,756	741	2,015	86,169
Liabilities and fund balances:								
Liabilities:								
Accounts payable	\$ -	-	-	1,400	-	-	-	1,400
Total liabilities	-	-	-	1,400	-	-	-	1,400
Fund balances:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	73,301	447	288	3,221	4,756	741	2,015	84,769
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	73,301	447	288	3,221	4,756	741	2,015	84,769
Total liabilities and fund balances	\$ 73,301	447	288	4,621	4,756	741	2,015	86,169

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2013

	Correction Fund	Recreation Fund	EMS Fund	Library Grant Fund	Lodgers' Tax	Performing Arts Fund	DWI fund	Totals
Revenues:								
Taxes								
Other	\$ -	-	-	-	12,345	-	-	12,345
Intergovernmental revenue								
State grants	-	-	2,250	6,886	-	-	-	9,136
Miscellaneous income	-	-	-	11,405	-	-	-	11,405
Total revenues	2,380	-	2,250	18,291	12,345	868	2,066	38,200
Expenditures:								
Current:								
General government	-	-	-	-	16,966	-	-	16,966
Public safety	-	-	2,496	-	-	-	2,601	5,097
Public works	-	-	-	-	-	-	-	-
Culture and recreation	-	341	-	20,775	-	64	-	21,180
Health and welfare	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	-	341	2,496	20,775	16,966	64	2,601	43,243
Excess (deficiency) of revenues over (under) expenditures	2,380	(341)	(246)	(2,484)	(4,621)	804	(535)	(5,043)
Other financing sources (uses):								
Proceeds from debt issuance	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses):	-	-	-	-	-	-	-	-
Net change in fund balances	2,380	(341)	(246)	(2,484)	(4,621)	804	(535)	(5,043)
Beginning fund balance	70,921	788	534	5,705	9,377	(63)	2,550	89,812
Ending fund balance	\$ 73,301	447	288	3,221	4,756	741	2,015	84,769

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
CORRECTIONS FUND - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Favorable (Unfavorable)
	Original	Final		
Revenues:				
Licenses and permits	\$ 9,000	9,000	2,380	(6,620)
Total revenues	9,000	9,000	2,380	(6,620)
Expenditures:				
Current:				
Public safety	500	500	-	500
Total expenditures	500	500	-	500
Excess (deficiency) of revenues over (under) expenditures	8,500	8,500	2,380	(6,120)
Other financing sources (uses):				
Total other financing sources (uses):	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	8,500	8,500	2,380	(6,120)
Budgeted cash carryover	-	-		
Net change in fund balance	\$ 8,500	8,500		
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ 2,380	
Adjustments to revenue not necessary			-	
Adjustments to expenditures not necessary			-	
Net change in fund balance (GAAP)			\$ 2,380	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
PARKS AND RECREATION FUND - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ -	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
Culture and recreation	500	500	349	151
Total expenditures	<u>500</u>	<u>500</u>	<u>349</u>	<u>151</u>
Excess (deficiency) of revenues over (under) expenditures	(500)	(500)	(349)	151
Other financing sources (uses):				
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(500)	(500)	<u>(349)</u>	<u>151</u>
Budgeted cash carryover	<u>500</u>	<u>500</u>		
Net change in fund balance	\$ <u>-</u>	<u>-</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ (349)	
Adjustments to revenue not necessary			-	
Adjustments to expenditures for accrued wages and expenditures			<u>8</u>	
Net change in fund balance (GAAP)			\$ <u>(341)</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
EMS FUND - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State grants	\$ 5,000	5,000	2,250	(2,750)
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>2,250</u>	<u>(2,750)</u>
Expenditures:				
Current:				
Public safety	4,000	4,000	2,496	1,504
Total expenditures	<u>4,000</u>	<u>4,000</u>	<u>2,496</u>	<u>1,504</u>
Excess (deficiency) of revenues over (under) expenditures	1,000	1,000	(246)	(1,246)
Other financing sources (uses):				
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	1,000	1,000	<u>(246)</u>	<u>(1,246)</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Net change in fund balance	<u>\$ 1,000</u>	<u>1,000</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ (246)	
Adjustments to revenue not necessary			-	
Adjustments to expenditures not necessary			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ (246)</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
LIBRARY GRANTS - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue				
State grants	\$ -	-	10,253	10,253
Miscellaneous income	<u>18,811</u>	<u>21,658</u>	<u>11,405</u>	<u>(10,253)</u>
Total revenues	<u>18,811</u>	<u>21,658</u>	<u>21,658</u>	<u>-</u>
Expenditures:				
Current:				
Culture and recreation	<u>15,650</u>	<u>19,375</u>	<u>19,375</u>	<u>-</u>
Total expenditures	<u>15,650</u>	<u>19,375</u>	<u>19,375</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	3,161	2,283	2,283	-
Other financing sources (uses):				
Total other financing sources (uses):	<u>750</u>	<u>750</u>	<u>-</u>	<u>750</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	3,911	3,033	<u>2,283</u>	<u>750</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Net change in fund balance	\$ <u>3,911</u>	<u>3,033</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ 2,283	
Adjustments to revenue for tax and other miscellaneous revenue accruals			(3,367)	
Adjustments to expenditures for accrued wages and expenditures			<u>(1,400)</u>	
Net change in fund balance (GAAP)			\$ <u>(2,484)</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
LODGERS TAX FUND - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes				
Other	\$ 15,000	15,000	14,245	(755)
Total revenues	<u>15,000</u>	<u>15,000</u>	<u>14,245</u>	<u>(755)</u>
Expenditures:				
Current:				
General government	<u>14,880</u>	<u>16,311</u>	<u>17,046</u>	<u>(735)</u>
Total expenditures	<u>14,880</u>	<u>16,311</u>	<u>17,046</u>	<u>(735)</u>
Excess (deficiency) of revenues over (under) expenditures	120	(1,311)	(2,801)	(1,490)
Other financing sources (uses):				
Transfers out	<u>(300)</u>	<u>(300)</u>	-	<u>(300)</u>
Total other financing sources (uses):	<u>(300)</u>	<u>(300)</u>	-	<u>(300)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(180)	(1,611)	<u>(2,801)</u>	<u>(1,790)</u>
Budgeted cash carryover	<u>180</u>	<u>1,611</u>		
Net change in fund balance	\$ <u>-</u>	<u>-</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ (2,801)	
Adjustments to revenue for tax and other miscellaneous revenue accruals			(1,900)	
Adjustments to expenditures for accrued wages and expenditures			<u>80</u>	
Net change in fund balance (GAAP)			<u>\$ (4,621)</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
PERFORMING ARTS FUND - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Licenses and permits	\$ -	-	868	868
Total revenues	<u>-</u>	<u>-</u>	<u>868</u>	<u>868</u>
Expenditures:				
Current:				
Culture and recreation	-	-	127	(127)
Total expenditures	<u>-</u>	<u>-</u>	<u>127</u>	<u>(127)</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	741	741
Other financing sources (uses):				
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	<u>741</u>	<u>741</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Net change in fund balance	<u>\$ -</u>	<u>-</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ 741	
Adjustments to revenue not necessary			-	
Adjustments to expenditures for accrued wages and expenditures			<u>63</u>	
Net change in fund balance (GAAP)			<u>\$ 804</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
DWI FUND - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>			Favorable (Unfavorable) Difference
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental revenue				
Federal grants	\$ 10,000	1,963	2,066	103
Total revenues	<u>10,000</u>	<u>1,963</u>	<u>2,066</u>	<u>103</u>
Expenditures:				
Current:				
Public safety	10,000	10,000	2,601	7,399
Total expenditures	<u>10,000</u>	<u>10,000</u>	<u>2,601</u>	<u>7,399</u>
Excess (deficiency) of revenues over (under) expenditures	-	(8,037)	(535)	7,502
Other financing sources (uses):				
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	(8,037)	<u>(535)</u>	<u>7,502</u>
Budgeted cash carryover	<u>-</u>	<u>8,037</u>		
Net change in fund balance	<u>\$ -</u>	<u>-</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ (535)	
Adjustments to revenue not necessary			-	
Adjustments to expenditures not necessary			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ (535)</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
WASTE WATER FUND - PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 94,300	289,198	138,334	(150,864)
Total operating revenues	<u>94,300</u>	<u>289,198</u>	<u>138,334</u>	<u>(150,864)</u>
Operating expenses:				
Personnel services	86,527	128,337	54,498	73,839
Operating expenses	<u>-</u>	<u>-</u>	<u>73,839</u>	<u>(73,839)</u>
Total operating expenses	86,527	128,337	128,337	-
Operating income (loss)	7,773	160,861	9,997	(150,864)
Non-operating revenues (expenses):				
Interest income	<u>200</u>	<u>200</u>	<u>226</u>	<u>26</u>
Total non-operating revenues (expenses)	<u>200</u>	<u>200</u>	<u>226</u>	<u>26</u>
Income (loss) before transfers	7,973	161,061	10,223	(150,838)
Transfers out	<u>-</u>	<u>(161,486)</u>	<u>(6,305)</u>	<u>155,181</u>
	<u>-</u>	<u>(161,486)</u>	<u>(6,305)</u>	<u>155,181</u>
Change in net position	7,973	(425)	<u>3,918</u>	<u>4,343</u>
Budgeted cash carryover	<u>-</u>	<u>425</u>		
Total	\$ <u>7,973</u>	<u>-</u>		
Reconciliation From Budget/Actual to GAAP				
Change in net position (Non-GAAP budgetary basis)			\$ 3,918	
Adjustments to revenue for tax and other miscellaneous revenue accruals			9,080	
Adjustments to expenditures for accrued wages and expenditures			5,816	
Depreciation and other non-cash items			<u>(54,497)</u>	
Change in net position (GAAP)			<u>\$ (35,683)</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
BATH HOUSE FUND - PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 372,500	338,712	213,708	(125,004)
Total operating revenues	<u>372,500</u>	<u>338,712</u>	<u>213,708</u>	<u>(125,004)</u>
Operating expenses:				
Personnel services	352,535	332,429	138,852	193,577
Operating expenses	<u>-</u>	<u>-</u>	<u>67,945</u>	<u>(67,945)</u>
Total operating expenses	352,535	332,429	206,797	125,632
Operating income (loss)	19,965	6,283	6,911	628
Non-operating revenues (expenses):				
Interest income	<u>-</u>	<u>-</u>	<u>55</u>	<u>55</u>
Total non-operating revenues (expenses)	<u>-</u>	<u>-</u>	<u>55</u>	<u>55</u>
Income (loss) before transfers	19,965	6,283	6,966	683
Transfers out	<u>-</u>	<u>-</u>	<u>(35,682)</u>	<u>(35,682)</u>
	<u>-</u>	<u>-</u>	<u>(35,682)</u>	<u>(35,682)</u>
Change in net position	19,965	6,283	<u>(28,716)</u>	<u>(34,999)</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Total	\$ <u>19,965</u>	<u>6,283</u>		
Reconciliation From Budget/Actual to GAAP				
Change in net position (Non-GAAP budgetary basis)			\$ (28,716)	
Adjustments to revenue for tax and other miscellaneous revenue accruals			(13,793)	
Adjustments to expenditures for accrued wages and expenditures			28,321	
Depreciation and other non-cash items			<u>(1,365)</u>	
Change in net position (GAAP)			<u>\$ (15,553)</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2013

	<u>Balance</u> <u>6/30/2012</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>6/30/2013</u>
Municipal court bonds				
Assets:				
Cash	\$ 2,508	1,071	(996)	2,583
Due from general fund	-	-	-	-
Total assets	<u>\$ 2,508</u>	<u>1,071</u>	<u>(996)</u>	<u>2,583</u>
Liabilities:				
Accounts payable	\$ -	548	-	548
Held for others	2,508	523	(996)	2,035
Total liabilities	<u>\$ 2,508</u>	<u>1,071</u>	<u>(996)</u>	<u>2,583</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
SCHEDULE OF FUND BALANCES
As of June 30, 2013

	Major Funds				Non-Major Governmental Funds	Total Funds
	General Fund	Spec Revenue		Road Fund		
		Fire Fund	Enforcemen t Fund			
Fund Balances:						
Nonspendable:						
Prepaid expenses	\$ 1,296	6,933	-	-	-	8,229
Subtotal nonspendable funds	<u>1,296</u>	<u>6,933</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,229</u>
Restricted for:						
Road improvements	-	-	-	87,381	-	87,381
Providing emergency medical services	-	-	-	-	288	288
Fire fighting efforts/equipment	-	39,253	-	-	-	39,253
Operate/maintain recreational facilities	-	-	-	-	447	447
Provide performing arts events	-	-	-	-	741	741
Public safety and law enforcement efforts	-	-	16,658	-	75,316	91,974
Economic development efforts	-	-	-	-	4,756	4,756
Operate/maintain library	-	-	-	-	3,221	3,221
Subtotal restricted funds	<u>-</u>	<u>39,253</u>	<u>16,658</u>	<u>87,381</u>	<u>84,769</u>	<u>228,061</u>
Committed to:						
Subtotal committed funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Assigned to:						
Subtotal assigned funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	<u>146,818</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>146,818</u>
	<u>\$ 148,114</u>	<u>46,186</u>	<u>16,658</u>	<u>87,381</u>	<u>84,769</u>	<u>383,108</u>

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
SCHEDULE OF DEPOSITORIES
As of June 30, 2013

Account name	Type	Interest bearing	Wells Fargo Bank	Jemez Vally Credit Union	Plus Deposits in Transit	Less O/S Checks	Balance Per Books
Governmental pooled cash	CK	No	\$ 183,334		-	(3,539)	179,795
Waste water fund	CK	Yes		20,532	244	(6,970)	13,806
Waste water fund - reserve	CK	Yes		18,122	-	-	18,122
Bath house fund	CK	Yes		8,793	1,007	(6,355)	3,445
Bath house fund - reserve	CK	Yes		984	-	-	984
Volunteer fire savings	CK	Yes		8,788	-	-	8,788
Maintenance reserve	CK	Yes		10,090	-	-	10,090
GRT reserve	CK	Yes		109,778	-	-	109,778
EMS funds	CK	Yes		309	-	-	309
Corrections funds	CK	Yes		59,325	-	-	59,325
Petty cash							650
Total cash and equivalents			<u>183,334</u>	<u>236,721</u>	<u>1,251</u>	<u>(16,864)</u>	<u>405,092</u>
Total amount on deposit			183,334	236,721	1,251	(16,864)	405,092
FDIC coverage			<u>(250,000)</u>	<u>(250,000)</u>			
Total uninsured public funds			<u>(66,666)</u>	<u>(13,279)</u>			
50% collateral requirement (Section 6-10-17 NMSA-1978)			N/A	N/A			
Amount (over)/under collateralized			\$ <u>(66,666)</u>	<u>(13,279)</u>			

Collateralization not currently required.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
SCHEDULE OF JOINT POWERS AGREEMENTS AND MEMORANDUMS OF UNDERSTANDING
As of June 30, 2013

Sewer Disconnection Powers - Joint Powers Agreement

Participants: Village of Jemez Springs and Jemez Springs Water Coop
Responsible party: Joint
Description: The purpose of this JPA is to jointly enforce nonpayment of sewer accounts
Period: Perpetual
Project costs: Undeterminable
Village contributions: None
Audit responsibility: Village of Jemez Springs

Floodplain Administrator - Memorandum of Understanding

Participants: Village of Jemez Springs and County of Sandoval
Responsible party: Joint
Description: The purpose of this MOU is to promote the public health safety, and general welfare and to minimize public and private loss due to flood conditions
Period: Perpetual
Project costs: Based on cost of actual service.
Village contributions: None
Audit responsibility: N/A



**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***

Hector H. Balderas
New Mexico State Auditor
The Board of Trustees
Village of Jemez Springs, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue funds of the Village of Jemez Springs, State of New Mexico, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and the combining and individual funds as related budgetary comparisons of the Village, presented as supplemental information, and have issued our report thereon dated June 2, 2014.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses: 2013-001.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described in the accompany schedule of findings and responses to be significant deficiencies: 2001-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2012-002, 2013-002, 2013-03, and 2013-004.

Village of Jemez Springs, State of New Mexico's Response to Findings

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

Purpose of this Report

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

Integrity Accounting + Consulting, LLC

Integrity Accounting & Consulting, LLC
Albuquerque, NM

June 2, 2014

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2013**

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements:

- | | | | |
|----|---|--|-------------|
| 1. | Type of auditors' report issued | | Unqualified |
| 1. | Internal control over financial reporting: | | |
| a. | Material weakness identified? | | Yes |
| b. | Significant deficiencies identified not considered to be material weaknesses? | | Yes |
| c. | Noncompliance material to the financial statements noted? | | No |
| d. | Other matters? | | Yes |

Summary of findings:

		Status of	
<u>Finding</u>		<u>Current and</u>	<u>Financial</u>
		<u>Prior Year</u>	<u>Statement</u>
		<u>Findings</u>	<u>Finding</u>
Prior Year Findings			
2001-001	Overspending of Funds and Budgets	Repeated/ Modified	Yes
2011-001	Reconciliation of Total Cash and Investments to DFA Report	Resolved	Yes
2012-001	Underpayment of RHCA benefits	Resolved	Yes
2012-002	Late filing of audit report	Repeated/ Modified	Yes
Current Year Findings			
2013-001	Material Auditor Adjustments	Current	Yes
2013-002	Capital Assets	Current	Yes
2013-003	Deposit Timeliness	Current	Yes
2013-004	Audit Contract Timeliness	Current	Yes

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2013**

SECTION II FINDINGS – FINANCIAL STATEMENTS

PRIOR YEAR FINDINGS

2001-001 – OVERSPENDING OF FUNDS AND BUDGETS – SIGNIFICANT DEFICIENCY – REPEATED/MODIFIED

Condition

The Village’s actual expenditures exceeded approved budgeted expenditures within several funds. There did not appear to be an effective process in place to monitor budgetary activity and make adjustments, as necessary.

The following funds exceeded approved budgeted expenditures.

Fund	Category	Budget Amount	Actual Amount	Over Expended
General Fund	Expenditures	\$ 355,174	392,736	(37,562)
Lodgers' tax fund	Expenditures	16,311	17,046	(735)
NM HIDTA fund	Expenditures	\$ -	127	(127)

A budget adjustment was done at fiscal yearend, however it did not capture all funds that were overspent at that time.

Criteria

New Mexico State Statutes Section 6-6-6 NMSA 1978 restricts all officials and governing authorities from approving claims in excess of the approved budget. Additionally, Section 6-6-6 prohibits any payments in excess of the approved budget. Village officials and governing authorities have the obligation to follow applicable state statutes.

Cause

The Village did not have an effective process for monitoring budgetary compliance.

Effect

The Village was in violation of State Statute and could be subject to fines or other restrictions.

Recommendation

It is recommended the Village implement a process for routine monitoring of its’ budgetary compliance. Further, it is recommended that the Village review its budgetary performance mid-year and at year end to determine if budget adjustments are needed to ensure adequate budget level are maintained.

Response

The Village will monitor its budgetary compliance more stringently.

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2013**

2012-002 – LATE FILING OF AUDIT REPORT – OTHER NONCOMPLIANCE – REPEATED/MODIFIED

Condition

The audit report for the year ended June 30, 2013 was not submitted to the state auditor's office by the December 1, 2013 due date. There were delays in the contracting process which did not allow the FY13 audit contract to be approved until March 2014.

Criteria

By statute, Section 2.2.2.9 NMAC (State Auditor Rule), the deadline for submission of this report was December 1, 2013.

Effect

The Village was not in compliance with State statute. The Village is potentially subject to state funding cuts and delays due to the untimely audit.

Cause

The FY13 audit contract was not signed until March 2014.

Recommendation

The Village should ensure that the documented contracting timeline as established in 2.2.2 NMAC is adhered to.

Response

The Village will take steps to ensure the contracting process is timely and the annual audit is completed by the due date.

CURRENT YEAR FINDINGS

2013-001 – MATERIAL AUDITOR ADJUSTMENTS – MATERIAL WEAKNESS

Statement of Condition

While conducting the audit of the Village, it was necessary for the auditor to make multiple material adjustments. These adjustments included:

- Adjustments for payroll liabilities
- Adjustments for the issuance of debt
- Adjustments to bring transition from the cash-basis to the modified accrual basis of accounting for financial statement presentation.

Criteria

Accounting standards hold:

- The auditor cannot be part of a client's internal control. Becoming part of a client's internal control impairs the auditor's independence.

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2013**

- What the auditor does is independent of the client's internal control over financial reporting. Therefore, the auditor cannot be a compensating control for the client.
- A system of internal control over the financial reporting does not stop at the general ledger; rather it includes controls over the preparation of the financial statements.

Recording these adjustments is considered a significant process that the client needs to maintain.

Effect

Because these adjustments were made/identified by the auditor, and not by the Village, it shows an internal control weakness in maintaining the general ledger at the modified accrual level and would potentially extend to the audit report. This significantly increases the potential for misstated financial statements.

Cause

The Village's personnel and internal control procedures were not effective in identifying and correcting necessary accruals to the general ledger that would have resulted in material misstatement of the financial statements had they not been identified/corrected by the auditor.

Recommendation

We recommend that the Village make adjustments to their general ledger in a timely manner. Asking for technical advice from the auditor or from someone else when these adjustments are needed is not considered a control deficiency as long as the staff of the Village initiates/makes the adjustment and understands how and why the adjustments were made. We recommend that at year end and in the months directly after year end, the Village identify those accruals and deferrals necessary to take the books into the modified-accrual basis. This information should be provided to the auditors during the annual audit for further testing.

Response

The Village will implement processes to record all material adjustments of liability and assets to come to the modified the financial statement.

2013-002 – CAPITAL ASSETS – OTHER NONCOMPLIANCE

Statement of Condition

The Village did not conduct an annual inventory of its capital assets costing more than five thousand dollars and certification of the correctness of the inventory was not completed.

Criteria

Section 12-6-10, NMSA, 1978 and NMAC 2.20.1.16 require that at the end of each fiscal year, a physical inventory be conducted of movable chattels and equipment costing more than five thousand dollars. Upon completion, the inventory shall be certified by the governing authority as to its correctness.

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2013**

Effect

The Village is noncompliant with Section 12-6-10, NMSA, 1978 nor NMAC 2.20.1.16. There are no internal controls implemented for safeguarding assets and establishing accountability for their custody and use. The capital asset inventory listing was not complete and account balances may potentially be misstated as of June 30, 2013.

Cause

Village personnel were not fully aware of all the requirements related to the management of capital asset controls.

Recommendation

The Village should ensure a documented/approved physical inventory is conducted of its capital assets each fiscal year.

Response

All capital assets are annually inventoried and reviewed , recorded and sent to the New Mexico Self Insurers fund, which they insure our capital assets. This process will be amended to include official certification that the list is complete.

2013-003 – DEPOSIT TIMELINESS – OTHER NONCOMPLIANCE

Statement of Condition

During our test work of receipts, we noted several instances in which a receipt was not deposited timely (within 24 hours).

- Waste water – Four instances out of thirty-five tested deposits totaling \$1,577.88
- Bath house – Twenty-eight of thirty tested deposits totaling \$5,016.35

Criteria

State Statute requires that deposits must be made within a 24 hour period from the receipt of the funds.

Effect

Non-adherence to state statutes places the Village in noncompliance and lack of timeliness of deposits could subject the Village to a possible losses due to errors or fraud.

Cause

The staff of the Village did not deposit the funds within 24 hours after receipt. Proper procedures relating to cash receipts were not followed

Recommendation

We recommend that the Village emphasize the importance of timely deposits of receipts and monitor receipts more closely in order to be compliant with state statutes. The Village should cross-train employees so that more than one individual is able to make deposits to ensure daily deposits are possible.

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2013**

Response

The Village will be implementing the recommendations of the Auditor to be in compliance with the 24 hour time period.

2013-004 – AUDIT CONTRACT TIMELINESS – OTHER NONCOMPLIANCE

Statement of Condition

The Village submitted it completed IPA recommendation form and audit contract after the deadline set by the Office of the State Auditor. The recommendation form and contract was signed and submitted to the Office of the State Auditor in February 2014.

Criteria

By statute, Section 2.2.2.8(G)(6)(c) NMAC (State Auditor Rule), the deadline for submission of the completed IPA recommendation form and audit contract was May 15, 2013.

Effect

Non-adherence to state statutes places the Village in noncompliance and lack of timeliness of audit contracting could result in delays of the Village's annual audit.

Cause

The staff of the Village was not able to complete the required forms timely.

Recommendation

We recommend that the Village ensure compliance with state statutes as they relate to audit contracting.

Response

The Village will make every effort to submit the necessary forms by the deadline.

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
OTHER DISCLOSURES
FOR THE YEAR ENDED JUNE 30, 2013**

A. AUDITOR PREPARED FINANCIAL STATEMENTS

Presentation: The accompanying financial statements are the responsibility of the Village and are based on information from the Village's financial records. Assistance was provided by Integrity Accounting & Consulting to the Village in preparing the financial statements.

B. EXIT CONFERENCE

The contents of the report for the Village of Jemez Springs were discussed on June 2, 2014. The following individuals were in attendance.

Village of Jemez Springs Officials

Robert Wilson, Mayor

Suzette Walker, Trustee

Ona Trujillo, Town Clerk/Treasurer

Integrity Accounting & Consulting

Erick Robinson, CPA, CFE Partner