

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
FINANCIAL STATEMENTS
FOR THE YEAR-ENDED JUNE 30, 2014



INTRODUCTORY SECTION

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
TABLE OF CONTENTS
FOR THE YEAR ENDED JUNE 30, 2014**

	Page
INTRODUCTORY SECTION	
Table of contents	i-ii
Official roster	iii
FINANCIAL SECTION	
Independent auditors' report	1-3
Basic financial statements	
Government-wide financial statements:	
Statement of net position	4
Statement of activities	5
Fund financial statements:	
Balance sheet – Governmental funds	6
Reconciliation of the governmental fund balance to the statement of net position	7
Statement of revenues, expenditures, and changes in fund balances – Governmental funds	8
Reconciliation of the statement of revenues, expenditures and changes in fund balances of the governmental funds to the statement of activities	9
Statement of revenues, expenditures, and changes in fund balance – budget (non-GAAP budgetary basis) and actual – General fund	10
Statement of revenues, expenditures, and changes in fund balance – budget (non-GAAP budgetary basis) and actual – special revenue fund - Fire fund	11
Statement of revenues, expenditures, and changes in fund balance – budget (non-GAAP budgetary basis) and actual – special revenue fund - Law enforcement fund	12
Statement of revenues, expenditures, and changes in fund balance – budget (non-GAAP budgetary basis) and actual – special revenue fund - Road fund	13
Statement of net position – Proprietary funds	14
Statement of revenues, expenditures, and changes in fund net position – Proprietary funds	15
Statement of cash flows – Proprietary funds	16
Statement of fiduciary assets and liabilities – Agency funds	17
Notes to the financial statements	18-38
SUPPLEMENTAL INFORMATION	
Combining and individual fund statements and schedules:	
Nonmajor governmental fund descriptions	39
Combining balance sheet – non-major governmental funds	40
Combining statement of revenues, expenditures, and changes in fund balance – non-major governmental funds	41
Combining balance sheets – Nonmajor funds	42
Combining statements of revenues, expenditures and changes in fund balance – Nonmajor funds	43

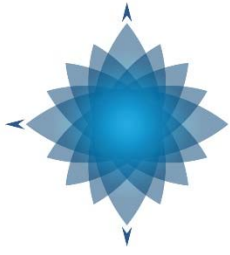
**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
TABLE OF CONTENTS
FOR THE YEAR ENDED JUNE 30, 2014**

	Page
Statement of revenues, expenditures, and changes in fund balance – budget (non-GAAP budgetary basis) and actual –	
Special revenue funds:	
Correction fund	44
Recreation fund	45
EMS fund	46
Library fund	47
Lodgers' tax fund	48
Performing arts fund	49
DWI grant fund	50
Capital project funds:	
Capital projects fund	51
Statement of revenues, expenditures, and changes in net position – budget (non-GAAP budgetary basis) and actual –	
Waste water fund	52
Bath house fund	53
Schedule of changes in fiduciary assets and liabilities – Agency funds	54
 OTHER SUPPLEMENTAL INFORMATION	
Schedule of fund balances	55
Schedule of depositories	56
Schedule of joint powers agreements and memorandums of understanding	57
Schedule of special, deficiency, specific and capital outlay appropriations	58
 COMPLIANCE SECTION	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	59-60
Schedule of Findings and Responses	61-68
 OTHER DISCLOSURES	 69

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
OFFICIAL ROSTER
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Elected Officials</u>	<u>Title</u>
Robert Wilson	Mayor
Pam Grider	Mayor Pro-Tem
David Ryan	Trustee
Mano Sanchez	Trustee
Suzette Walker	Trustee
<u>Administrative Personnel</u>	
Ona Trujillo	Town Clerk/Treasurer

FINANCIAL SECTION



Independent Auditor's Report

Timothy Keller
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, 2014, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village's non-major governmental funds, and the budgetary comparisons for the major capital projects fund, proprietary funds, and 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, 2014, 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, 2014, 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, 2014, and the respective changes in financial position and cash flows where applicable, thereof and the respective budgetary comparisons for the major capital projects fund, proprietary funds, and all non-major funds for the year then-ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America 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 Village'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 April 10, 2015, 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

April 10, 2015

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
STATEMENT OF NET POSITION
As of June 30, 2014**

	Governmental Activities	Business-Type Activities	Totals
Assets and deferred inflows of resources:			
Assets:			
Cash and cash equivalents	\$ 346,189	-	346,189
Receivables			
Accounts receivable	548	11,883	12,431
Taxes receivable	25,303	-	25,303
Due from other funds	25,069	-	25,069
Due from other governments	33,438	-	33,438
Prepaid expenses	6,933	-	6,933
Inventories	-	2,878	2,878
Total current assets	437,480	14,761	452,241
Non-current assets:			
Capital assets	4,621,676	2,635,254	7,256,930
Less: Accumulated depreciation	(1,124,547)	(722,636)	(1,847,183)
Total non-current assets	3,497,129	1,912,618	5,409,747
Total assets	3,934,609	1,927,379	5,861,988
Deferred Outflows of Resources:			
Total deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	\$ 3,934,609	1,927,379	5,861,988
Liabilities, deferred inflows of resources and net position:			
Liabilities:			
Accounts payable	\$ 10,423	3,158	13,581
Accrued payroll liabilities	7,819	7,399	15,218
Other accrued liabilities	-	12,148	12,148
Due to other funds	-	25,069	25,069
Current portion of compensated absences	3,257	5,587	8,844
Current portion of long-term debt	10,133	5,051	15,184
Total current liabilities	31,632	58,412	90,044
Non-current liabilities			
Compensated absences	814	1,396	2,210
Notes payable	43,976	130,675	174,651
Total non-current liabilities	44,790	132,071	176,861
Total liabilities	76,422	190,483	266,905
Deferred Inflows of Resources:			
Deferred revenue	-	-	-
Total deferred inflows of resources	-	-	-
Net position			
Net Investment in Capital Assets	3,443,020	1,776,892	5,219,912
Unrestricted Net Position	415,167	(39,996)	375,171
Total net position	3,858,187	1,736,896	5,595,083
Total liabilities, deferred inflows of resources and net position:	\$ 3,934,609	1,927,379	5,861,988

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, 2014

<u>Functions/programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes In Net</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>		
					<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Primary government:							
Governmental activities							
General government	\$ 208,283	11,217	40,094	-	(156,972)	-	(156,972)
Public safety	187,819	-	123,339	88,037	23,557	-	23,557
Public works	98,846	-	-	35,429	(63,417)	-	(63,417)
Culture and recreation	114,436	-	16,556	-	(97,880)	-	(97,880)
Interest expense	2,106	-	-	-	(2,106)	-	(2,106)
Total governmental activities	<u>611,490</u>	<u>11,217</u>	<u>179,989</u>	<u>123,466</u>	<u>(296,818)</u>	<u>-</u>	<u>(296,818)</u>
Business-type activities:							
Utilities							
Waste water	117,281	97,074	-	95,350	-	75,143	75,143
Bath house	176,274	162,106	-	-	-	(14,168)	(14,168)
Total business-type activities	<u>\$ 293,555</u>	<u>259,180</u>	<u>-</u>	<u>95,350</u>	<u>-</u>	<u>60,975</u>	<u>60,975</u>
Total primary government					<u>(296,818)</u>	<u>60,975</u>	<u>(235,843)</u>
General revenues:							
Taxes							
Property taxes levied for general purposes					\$ 46,084	-	46,084
Gross receipts taxes					116,623	-	116,623
Other taxes and fees					31,712	-	31,712
Licenses and permits					23,174	-	23,174
Fines, forfeitures, and penalties					16,976	-	16,976
Interest income					854	149	1,003
Miscellaneous income					44,329	2,747	47,076
Transfers					61,431	(61,431)	-
Total general revenue and transfers					<u>341,183</u>	<u>(58,535)</u>	<u>282,648</u>
Changes in net position					44,365	2,440	46,805
Beginning net position					3,813,822	1,769,116	5,582,938
Restatement					-	(34,660)	(34,660)
Beginning net position, as restated					<u>3,813,822</u>	<u>1,734,456</u>	<u>5,548,278</u>
Net position, end of year					<u>\$ 3,858,187</u>	<u>1,736,896</u>	<u>5,595,083</u>

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, 2014

	Major Funds						Total Non-Major Funds	Total Funds
	General Fund	Spec Revenue			Cap Proj			
		Fire Fund	Law Enforcement Fund	Road Fund	Capital Projects Fund			
Assets and deferred inflows of resources:								
Assets:								
Cash and cash equivalents	\$ 169,292	27,095	18,294	59,580	-	71,928	346,189	
Receivables								
Accounts receivable	548	-	-	-	-	-	548	
Taxes receivable	25,303	-	-	-	-	-	25,303	
Due from other funds	60,741	-	-	-	-	-	60,741	
Due from other governments	-	-	-	-	33,438	-	33,438	
Prepaid expenses	-	6,933	-	-	-	-	6,933	
Total current assets	<u>255,884</u>	<u>34,028</u>	<u>18,294</u>	<u>59,580</u>	<u>33,438</u>	<u>71,928</u>	<u>473,152</u>	
Deferred Outflows of Resources:								
Total deferred outflows of resourc	-	-	-	-	-	-	-	
Total assets and deferred outflows of resources	<u>\$ 255,884</u>	<u>34,028</u>	<u>18,294</u>	<u>59,580</u>	<u>33,438</u>	<u>71,928</u>	<u>473,152</u>	
Liabilities, deferred inflows of resources and fund balances:								
Liabilities:								
Accounts payable	\$ 10,423	-	-	-	-	-	10,423	
Accrued payroll liabilities	7,819	-	-	-	-	-	7,819	
Due to other funds	-	-	-	-	33,438	2,234	35,672	
Total liabilities	<u>18,242</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,438</u>	<u>2,234</u>	<u>53,914</u>	
Deferred Inflows of Resources:								
"Unavailable" revenues	<u>2,199</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,199</u>	
Total deferred inflows of resourc	<u>2,199</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,199</u>	
Fund balances:								
Nonspendable	-	6,933	-	-	-	-	6,933	
Restricted	-	27,095	18,294	59,580	-	71,928	176,897	
Committed	-	-	-	-	-	-	-	
Assigned	-	-	-	-	-	-	-	
Unassigned	<u>235,443</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,234)</u>	<u>233,209</u>	
Total fund balances	<u>235,443</u>	<u>34,028</u>	<u>18,294</u>	<u>59,580</u>	<u>-</u>	<u>69,694</u>	<u>417,039</u>	
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ 255,884</u>	<u>34,028</u>	<u>18,294</u>	<u>59,580</u>	<u>33,438</u>	<u>71,928</u>	<u>473,152</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, 2014

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

Total fund balance - Governmental funds	\$	417,039
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		3,497,129
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.		2,199
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	\$	(3,257)
Noncurrent compensated absences		(814)
Current notes payable		(10,133)
Noncurrent notes payable	\$	<u>(43,976)</u>
		(58,180)
Rounding		<u>-</u>
Net position for governmental activities	\$	<u><u>3,858,187</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, 2014

	Major Funds					Total Non-Major Funds	Total Funds
	Spec Revenue				Cap Projects		
	General Fund	Fire Fund	Law Enforcement Fund	Road Fund	Capital Projects Fund		
Revenues:							
Taxes							
Property	\$ 48,426	-	-	-	-	-	48,426
Gross receipts	116,623	-	-	-	-	-	116,623
Other	13,497	-	-	5,014	-	13,201	31,712
Licenses and permits	17,229	-	-	-	-	5,945	23,174
Charges for services	11,217	-	-	-	-	-	11,217
Fines and forfeitures	16,976	-	-	-	-	-	16,976
Intergovernmental revenue							
Federal grants	35,429	-	-	-	-	-	35,429
State grants	94,692	47,241	21,500	-	88,037	16,556	268,026
Interest income	854	-	-	-	-	-	854
Miscellaneous income	7,425	650	-	-	-	36,254	44,329
Total revenues	<u>362,368</u>	<u>47,891</u>	<u>21,500</u>	<u>5,014</u>	<u>88,037</u>	<u>71,956</u>	<u>596,766</u>
Expenditures:							
Current:							
General government	173,700	-	-	-	-	13,667	187,367
Public safety	60,822	55,176	6,195	-	-	12,107	134,300
Public works	47,172	-	-	32,815	-	-	79,987
Culture and recreation	64,776	-	-	-	-	47,257	112,033
Capital outlay	-	8,873	1,753	-	88,037	-	98,663
Debt service							
Principal	-	-	9,810	-	-	-	9,810
Interest	-	-	2,106	-	-	-	2,106
Total expenditures	<u>346,470</u>	<u>64,049</u>	<u>19,864</u>	<u>32,815</u>	<u>88,037</u>	<u>73,031</u>	<u>624,266</u>
Excess (deficiency) of revenues over (under) expenditures	15,898	(16,158)	1,636	(27,801)	-	(1,075)	(27,500)
Other financing sources (uses):							
Transfers in	75,911	4,000	-	-	-	-	79,911
Transfers out	(4,480)	-	-	-	-	(14,000)	(18,480)
Total other financing sources (uses):	<u>71,431</u>	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,000)</u>	<u>61,431</u>
Net change in fund balances	87,329	(12,158)	1,636	(27,801)	-	(15,075)	33,931
Beginning fund balance	<u>148,114</u>	<u>46,186</u>	<u>16,658</u>	<u>87,381</u>	<u>-</u>	<u>84,769</u>	<u>383,108</u>
Ending fund balance	<u>\$ 235,443</u>	<u>34,028</u>	<u>18,294</u>	<u>59,580</u>	<u>-</u>	<u>69,694</u>	<u>417,039</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, 2014**

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

Total net change in fund balances-governmental funds	\$	33,931
<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		122,464
<p>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.</p>		(121,138)
<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		1,640
Principal payments on long-term debt		9,810
<p>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.</p>		(2,343)
Rounding		<u>1</u>
Change in net position of governmental activities	\$	<u><u>44,365</u></u>

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, 2014**

	Budgeted Amounts		Actual	Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes				
Property	\$ 42,220	42,220	48,554	6,334
Gross receipts	121,200	121,200	117,392	(3,808)
Other	13,025	13,025	14,101	1,076
Licenses and permits	3,450	3,450	17,229	13,779
Charges for services	53,000	53,000	11,217	(41,783)
Fines and forfeitures	7,000	7,000	16,976	9,976
Intergovernmental revenue				
Federal grants	-	-	35,429	35,429
State grants	90,000	90,000	90,000	-
Interest income	500	500	727	227
Miscellaneous income	70,000	70,000	42,227	(27,773)
Total revenues	400,395	400,395	393,852	(6,543)
Expenditures:				
Current:				
General government	195,192	195,192	173,400	21,792
Public safety	83,031	83,031	60,822	22,209
Public works	40,850	40,850	47,172	(6,322)
Culture and recreation	62,255	62,255	64,776	(2,521)
Total expenditures	381,328	381,328	346,170	35,158
Excess (deficiency) of revenues over (under) expenditures	19,067	19,067	47,682	(41,701)
Other financing sources (uses):				
Transfers in	-	4,014	75,911	71,897
Transfers out	-	(7,106)	(4,480)	2,626
Total other financing sources (uses):	-	(3,092)	71,431	74,523
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	19,067	15,975	119,113	32,822
Budgeted cash carryover	-	-		
Net change in fund balance	\$ 19,067	15,975		
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ 119,113	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			(36,177)	
Adjustments to expenditures for accrued wages and expenditures			4,393	
Net change in fund balance (GAAP)			\$ 87,329	

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, 2014

	Budgeted Amounts		Actual	Favorable (Unfavorable)
	Original	Final		
Revenues:				
Intergovernmental revenue				
State grants	\$ 51,300	51,300	47,241	(4,059)
Miscellaneous income	300	300	650	350
Total revenues	51,600	51,600	47,891	(3,709)
Expenditures:				
Current:				
Public safety	51,342	60,856	55,176	5,680
Capital outlay	-	-	8,873	(8,873)
Total expenditures	51,342	60,856	64,049	(3,193)
Excess (deficiency) of revenues over (under) expenditures	258	(9,256)	(16,158)	(516)
Other financing sources (uses):				
Proceeds from debt issuance	-	-	-	-
Transfers in	-	-	4,000	4,000
Transfers out	-	-	-	-
Total other financing sources (uses):	-	-	4,000	4,000
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	258	(9,256)	(12,158)	3,484
Budgeted cash carryover	-	9,256		
Net change in fund balance	\$ 258	-		
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ (12,158)	
Adjustments to revenue for tax and other miscellaneous revenue accruals			-	
Adjustments to expenditures for accrued wages and expenditures			-	
Net change in fund balance (GAAP)			\$ (12,158)	

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue				
State grants	\$ 20,000	20,000	21,500	1,500
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>21,500</u>	<u>1,500</u>
Expenditures:				
Current:				
Public safety	20,000	20,000	6,195	13,805
Capital outlay	-	-	1,753	(1,753)
Debt service				
Principal	-	-	9,810	(9,810)
Interest	-	-	2,106	(2,106)
Total expenditures	<u>20,000</u>	<u>20,000</u>	<u>19,864</u>	<u>136</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	1,636	1,636
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
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>1,636</u>	<u>1,636</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)			\$ 1,636	
Adjustments to revenue for tax and other miscellaneous revenue accruals			-	
Adjustments to expenditures for accrued wages and expenditures			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ 1,636</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, 2014

	<u>Budgeted Amounts</u>			<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Taxes				
Other	\$ 5,004	5,004	5,014	10
Intergovernmental revenue				
State grants	<u>25,000</u>	<u>25,000</u>	-	<u>(25,000)</u>
Total revenues	<u>30,004</u>	<u>30,004</u>	5,014	<u>(24,990)</u>
Expenditures:				
Current:				
Public works	<u>75,000</u>	<u>75,000</u>	<u>34,448</u>	<u>40,552</u>
Total expenditures	<u>75,000</u>	<u>75,000</u>	<u>34,448</u>	<u>40,552</u>
Excess (deficiency) of revenues over (under) expenditures	(44,996)	(44,996)	(29,434)	15,562
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(44,996)	(44,996)	<u>(29,434)</u>	<u>15,562</u>
Budgeted cash carryover	<u>44,996</u>	<u>44,996</u>		
Net change in fund balance	\$ <u>-</u>	<u>-</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ (29,434)	
Adjustments to revenue for tax and other miscellaneous revenue accruals			-	
Adjustments to expenditures for accrued wages and expenditures			<u>1,633</u>	
Net change in fund balance (GAAP)			\$ <u>(27,801)</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, 2014**

	Business-Type Activities		
	Enterprise Funds		Total Funds
	Waste Water Fund	Bath House Fund	
Assets and deferred inflows of resources:			
Assets:			
Cash and cash equivalents	\$ -	-	-
Receivables			
Accounts receivable	11,883	-	11,883
Inventories	-	2,878	2,878
Total current assets	<u>11,883</u>	<u>2,878</u>	<u>14,761</u>
Non-current assets:			
Capital assets	2,589,728	45,526	2,635,254
Less: Accumulated depreciation	<u>(688,605)</u>	<u>(34,031)</u>	<u>(722,636)</u>
Total non-current assets	<u>1,901,123</u>	<u>11,495</u>	<u>1,912,618</u>
Total assets	<u>1,913,006</u>	<u>14,373</u>	<u>1,927,379</u>
Deferred Outflows of Resources:			
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Total assests and deferred outflows of resources	<u>\$ 1,913,006</u>	<u>14,373</u>	<u>1,927,379</u>
Liabilities, deferred inflows of resources and net position:			
Liabilities:			
Accounts payable	\$ 1,294	1,864	3,158
Accrued payroll liabilities	1,983	5,416	7,399
Other accrued liabilities	565	11,583	12,148
Due to other funds	4,726	20,343	25,069
Current portion of compensated absences	4,134	1,453	5,587
Current portion of long-term debt	<u>5,051</u>	<u>-</u>	<u>5,051</u>
Total current liabilities	17,753	40,659	58,412
Non-current liabilities			
Compensated absences	1,033	363	1,396
Notes payable	<u>130,675</u>	<u>-</u>	<u>130,675</u>
Total non-current liabilities	<u>131,708</u>	<u>363</u>	<u>132,071</u>
Total liabilities	149,461	41,022	190,483
Deferred Inflows of Resources:			
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Net position			
Net Investment in Capital Assets	1,765,397	11,495	1,776,892
Unrestricted Net Position	<u>(1,852)</u>	<u>(38,144)</u>	<u>(39,996)</u>
Total net position	<u>1,763,545</u>	<u>(26,649)</u>	<u>1,736,896</u>
Total liabilities, deferred inflows of resources and net position:	<u>\$ 1,913,006</u>	<u>14,373</u>	<u>1,927,379</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, 2014

	<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	\$ 97,074	-	97,074
Bath house services	-	119,850	119,850
Gift shop sales	-	42,256	42,256
Miscellaneous	-	2,747	2,747
Total operating revenues	<u>97,074</u>	<u>164,853</u>	<u>261,927</u>
Operating expenses:			
Personnel services	51,686	115,668	167,354
Operating expenses	9,687	59,241	68,928
Depreciation and amortization	<u>54,484</u>	<u>1,365</u>	<u>55,849</u>
Total operating expenses	115,857	176,274	292,131
Operating income (loss)	(18,783)	(11,421)	(30,204)
Non-operating revenues (expenses):			
Gain/(loss) on disposal of capital assets	-	-	-
Grant revenues	95,350	-	95,350
Gross receipts and other taxes	-	-	-
Interest income	127	22	149
Interest expense	<u>(1,424)</u>	<u>-</u>	<u>(1,424)</u>
Total non-operating revenues (expenses)	<u>94,053</u>	<u>22</u>	<u>94,075</u>
Income (loss) before transfers	75,270	(11,399)	63,871
Transfers in (out)	<u>(48,956)</u>	<u>(12,475)</u>	<u>(61,431)</u>
Change in net position	26,314	(23,874)	2,440
Net position, beginning of year	1,771,891	(2,775)	1,769,116
Restatement	(34,660)	-	(34,660)
Beginning net position, as restated	<u>1,737,231</u>	<u>(2,775)</u>	<u>1,734,456</u>
Net position, end of year	<u>\$ 1,763,545</u>	<u>(26,649)</u>	<u>1,736,896</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, 2014**

	<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	\$ 99,901	164,853	264,754
Payments to suppliers	(7,905)	(42,559)	(50,464)
Payments to employees	(51,643)	(114,770)	(166,413)
Net cash provided (used) for operating activities	<u>40,353</u>	<u>7,524</u>	<u>47,877</u>
Cash flows from noncapital financing activities:			
Transfers from other funds	480	-	480
Transfers to other funds	(49,436)	(12,475)	(61,911)
Intergovernmental receipts	<u>95,350</u>	<u>-</u>	<u>95,350</u>
Net cash provided (used) for noncapital financing activities	<u>46,394</u>	<u>(12,475)</u>	<u>33,919</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(253,255)	-	(253,255)
Interest paid on long-term debt	(1,424)	-	(1,424)
Long-term debt proceeds.	<u>135,726</u>	<u>-</u>	<u>135,726</u>
Net cash provided (used) for capital and related financing activities.	<u>(118,953)</u>	<u>-</u>	<u>(118,953)</u>
Cash flows from investing activities:			
Interest and dividends	<u>128</u>	<u>20</u>	<u>148</u>
Net cash provided (used) for investing activities.	<u>128</u>	<u>20</u>	<u>148</u>
Net increase (decrease) in cash and cash equivalents	(32,078)	(4,931)	(37,009)
Cash and cash equivalents – beginning of year	<u>32,078</u>	<u>4,931</u>	<u>37,009</u>
Cash and cash equivalents – end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (18,783)	(11,421)	(30,204)
Adjustments			
Depreciation and amortization	54,484	1,365	55,849
Changes in assets and liabilities:			
Receivables	2,827	-	2,827
Prepays	599	-	599
Inventories	-	1,748	1,748
Accounts payable	(1,525)	(293)	(1,818)
Accrued expenses and other liabilities	43	1,008	1,051
Due to other funds	2,708	15,227	17,935
Compensated absences	<u>-</u>	<u>(110)</u>	<u>(110)</u>
Net cash provided by operating activities	<u>\$ 40,353</u>	<u>7,524</u>	<u>47,877</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, 2014**

	<u>2014</u>
Assets:	
Cash	\$ <u>2,592</u>
Total assets	\$ <u><u>2,592</u></u>
Liabilities:	
Accounts payable	\$ -
Held for others	<u>2,592</u>
Total liabilities	\$ <u><u>2,592</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, 2014**

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, 2014**

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, 2014**

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

Capital Project Fund – The Capital Projects Fund is used to track revenues and expenses related to the Village's major governmental construction projects.

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.

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

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 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, 2014**

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, 2014

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, 2014**

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:

<u>Asset Type</u>	<u>Years</u>
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

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 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

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

There are two types of deferred inflows. 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 deferred inflow of resources (commonly referred to as unearned revenue). The other type of deferred inflow 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 deferred inflow of resources.

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 deferred inflow of resources section of the balance sheet as "unavailable revenue" on the fund basis financial statements.

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.

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

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 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 55 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

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

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.

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. The Village is generally no longer subject to examination by federal and state taxing authorities for years prior to 2011. For the year ended June 30, 2014, no interest or penalties were recorded or included in the financial statements.

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.

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

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 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.

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

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, 2014 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 56 of this report.

The following is a summary of the Village's cash and cash equivalents balances by fund type as of June 30, 2014:

Fund Type	Amount
Cash and equivalents	
Governmental funds	\$ 346,189
Business-type activities	-
Fiduciary funds	2,592
Total cash and cash equivalents	\$ 348,781

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, 2014.

As of June 30, 2014, the Village's bank balances of \$377,155 were exposed to custodial credit risk as follows:

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

Insured through federal depository insurance	\$ 377,155
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	\$ 377,155

NOTE 4 – RECEIVABLES

Receivables as of June 30, 2014 are as follows:

Governmental Activities	General Fund	Fire Fund	Law Enforcement Fund	Road Fund	Capital Projects Fund	Non- major Funds	Total Receivables
Accounts	\$ 548	-	-	-	-	-	548
Taxes:							
Property	2,886	-	-	-	-	-	2,886
State	22,417	-	-	-	-	-	22,417
Other intergovernmental	-	-	-	-	33,438	-	33,438
Subtotal	25,851	-	-	-	33,438	-	59,289
Less: Allowance for uncollectibles	-	-	-	-	-	-	-
Net Receivables	\$ 25,851	-	-	-	33,438	-	59,289

Business-type Activities	Waste Water Fund	Bath House Fund	Total Receivables
Accounts	\$ 11,883	-	11,883
Subtotal	11,883	-	11,883
Less: Allowance for uncollectibles	-	-	-
Net Receivables	\$ 11,883	-	11,883

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 \$2,199 that were not collected within the period of availability have been reclassified as deferred inflows of resources 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, 2014

NOTE 5 – CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2014 follows.

<u>GOVERNMENTAL ACTIVITIES</u>	<u>Balance</u> <u>06/30/13</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclass</u>	<u>Balance</u> <u>06/30/14</u>
Non-depreciable capital assets:					
Land	\$ 413,584	-	-	-	413,584
Construction in progress	-	88,037	-	-	88,037
Total non-depreciable capital assets	<u>413,584</u>	<u>88,037</u>	<u>-</u>	<u>-</u>	<u>501,621</u>
Capital assets being depreciated:					
Buildings	929,100	-	-	-	929,100
Building and land improvements	265,827	-	-	-	265,827
Furniture, fixtures & equipment	146,692	-	-	-	146,692
Vehicles	462,781	-	-	-	462,781
Infrastructure	<u>2,281,228</u>	<u>34,427</u>	<u>-</u>	<u>-</u>	<u>2,315,655</u>
Total capital assets being depreciated	4,085,628	34,427	-	-	4,120,055
Less accumulated depreciation for:					
Buildings	(154,892)	(13,397)	-	-	(168,289)
Building and land improvements	(104,922)	(15,705)	-	-	(120,627)
Furniture, fixtures & equipment	(129,752)	(5,541)	-	-	(135,293)
Vehicles	(318,029)	(33,209)	-	-	(351,238)
Infrastructure	<u>(295,814)</u>	<u>(53,286)</u>	<u>-</u>	<u>-</u>	<u>(349,100)</u>
Total accumulated depreciation	<u>(1,003,409)</u>	<u>(121,138)</u>	<u>-</u>	<u>-</u>	<u>(1,124,547)</u>
Total capital assets being depreciated	<u>3,082,219</u>	<u>(86,711)</u>	<u>-</u>	<u>-</u>	<u>2,995,508</u>
Total capital assets, net of depreciation	\$ <u>3,495,803</u>	<u>1,326</u>	<u>-</u>	<u>-</u>	<u>3,497,129</u>
BUSINESS-TYPE ACTIVITIES					
Non-depreciable capital assets:					
Land	\$ 15,125	-	-	-	15,125
Construction in progress	-	247,091	-	-	247,091
Total non-depreciable capital assets	<u>15,125</u>	<u>247,091</u>	<u>-</u>	<u>-</u>	<u>262,216</u>
Capital assets being depreciated:					
Buildings	1,191,839	-	-	-	1,191,839
Building and land improvements	24,952	-	-	-	24,952
Furniture, fixtures & equipment	451,162	6,164	-	-	457,326
Vehicles	26,980	-	-	-	26,980
Infrastructure	<u>671,940</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>671,940</u>
Total capital assets being depreciated	2,366,873	6,164	-	-	2,373,037
Less accumulated depreciation for:					
Buildings	(330,275)	(29,796)	-	-	(360,071)
Building and land improvements	(12,093)	(1,365)	-	-	(13,458)
Furniture, fixtures & equipment	(156,404)	(7,889)	-	-	(164,293)
Vehicles	(26,980)	-	-	-	(26,980)
Infrastructure	<u>(141,035)</u>	<u>(16,799)</u>	<u>-</u>	<u>-</u>	<u>(157,834)</u>
Total accumulated depreciation	<u>(666,787)</u>	<u>(55,849)</u>	<u>-</u>	<u>-</u>	<u>(722,636)</u>
Total capital assets being depreciated	<u>1,700,086</u>	<u>(49,685)</u>	<u>-</u>	<u>-</u>	<u>1,650,401</u>
Total capital assets, net of depreciation	\$ <u>1,715,211</u>	<u>197,406</u>	<u>-</u>	<u>-</u>	<u>1,912,617</u>

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

Land and construction in progress are not subject to depreciation. Depreciation expense for the year ended June 30, 2014 was charged to the following functions and funds:

Governmental activities:	
General government	\$ 22,751
Public safety	42,893
Public works	53,286
Culture and recreation	<u>2,208</u>
Total governmental activities	<u>\$ 121,138</u>
Business type activities:	
Waste water	\$ 54,484
Bath house	<u>1,365</u>
Total business type activities	<u>\$ 55,849</u>

NOTE 6 – LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2014, was as follows:

	Balance			Balance	Due within
	<u>June 30, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2014</u>	<u>one year</u>
Governmental funds debt					
Compensated absences	\$ 5,711	7,487	(9,127)	4,071	3,257
Notes payable	<u>63,919</u>	-	<u>(9,810)</u>	<u>54,109</u>	<u>10,133</u>
Total governmental activities	<u>\$ 69,630</u>	<u>7,487</u>	<u>(18,937)</u>	<u>58,180</u>	<u>13,390</u>
Business-type funds debt					
Compensated absences	\$ 7,093	4,505	(4,615)	6,983	5,587
Notes payable	-	<u>135,726</u>	-	<u>135,726</u>	<u>5,051</u>
Total business-type activities	<u>\$ 7,093</u>	<u>140,231</u>	<u>(4,615)</u>	<u>142,709</u>	<u>10,638</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 funds, as applicable. No short-term debt was incurred during fiscal year 2014.

The annual principal and interest requirements on long-term debt outstanding as of June 30, 2014 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 note is secured by the vehicles, which have a

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

current book value of \$39,205. The future payments required on the note payable are as follows:

JVCU - Police Vehicles				
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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		11,529	380	11,909
2020-2024		-	-	-
Total	\$	<u>54,109</u>	<u>5,464</u>	<u>59,573</u>

Business-type activities

Notes payable

NMED – CWSRF 019 – Wastewater System Improvements

On March 26, 2013, the Village entered into a note payable agreement for \$135,726 with the New Mexico Environment Department in connection with the State’s Clean Water State Revolving Fund Loan Program. The note matures on May 14, 2034, and carries a 3% interest rate per annum. The proceeds of the loan are to be used for improvements to the Village’s wastewater system. The payments of principal are paid from pledged net revenues of the Village’s wastewater utility system. The revenues pledged totaled \$182,458 at June 30, 2014, and equal 4.7% of future estimated net revenues at their current rate. During the year ended June 30, 2014, the City collected \$192,551 in pledged revenues. No amounts were retired on the note in the present year. The initial payment on the note is due May 14, 2015.

The future payments required on the note payable are as follows:

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$	5,051	4,072	9,123
2016		5,203	3,920	9,123
2017		5,359	3,764	9,123
2018		5,520	3,603	9,123
2019		5,685	3,438	9,123
2020-2024		31,088	14,526	45,614
2025-2029		36,040	9,575	45,615
2030-2034		<u>41,780</u>	<u>3,834</u>	<u>45,614</u>
Total	\$	<u>135,726</u>	<u>46,732</u>	<u>182,458</u>

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 General Fund from the enterprise funds represent administrative fees charged to these funds for administrative functions provided

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

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, 2014 was as follows:

		Transfers In			
		<u>General</u>	<u>Fire Fund</u>	<u>Waste Water</u>	<u>Total</u>
Transfers Out	General	-	4,000	480	4,480
	Non-Major Governmental	14,000	-	-	14,000
	Waste water fund	\$ 49,436	-	-	49,436
	Bath house fund	<u>12,475</u>	<u>-</u>	<u>-</u>	<u>12,475</u>
	Total	\$ <u>75,911</u>	<u>4,000</u>	<u>480</u>	<u>80,391</u>

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 could be obtained. All interfund balances are expected to be repaid within one year. Interfund balances as of June 30, 2014, are as follows:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>
General Fund	Capital projects fund - major fund	\$ 33,438
General Fund	Recreation fund - non-major spec rev fund	692
General Fund	DWI fund - non-major spec rev fund	1,542
General Fund	Waste water fund - proprietary fund	4,726
General Fund	Bath house fund - proprietary fund	<u>20,343</u>
		\$ <u>60,741</u>

NOTE 8 – RENT REVENUE

The Village receives rental income for the old fire station building. During the year ended June 30, 2014, \$1,500 was received in rental income. On July 1, 2010, the lessor exercised the rental agreement option for an additional five years.

NOTE 9 – OPERATING LEASES

The Village has entered into a number of operating leases, which contain cancellation provisions and are subject to annual appropriations. The rent expenditures for these leases were primarily from the General Fund. Future minimum lease payments are:

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

Fiscal Year	
<u>Ending June 30,</u>	<u>Amount</u>
2015	\$ 3,233
2016	3,233
2017	1,078
2018	-
2019	-
Total \$	<u>7,544</u>

Rental payments charged to current operations for the year ended June 30, 2014 totaled \$6,164.

NOTE 10 – 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 premiums paid for the year ended June 30, 2014 were \$38,145.

NOTE 11 – 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 <http://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 of the gross covered salary. 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, 2014, 2013, 2012, and were \$17,236, \$19,230, and \$19,984 respectively, which equal the amount of the required contributions for each fiscal year.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 12 – POST EMPLOYMENT BENEFITS

Plan Description. The Village contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and 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

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

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, 2014, the statutes required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Village's contributions to the RHCA for the years ended June 30, 2014, 2013, 2012 were \$4,955, \$5,376, and \$4,729, respectively, which equal the required contributions for each year.

NOTE 13 – FUND DEFICITS AND NON-COMPLIANCE

Deficit Fund Balances

The following fund incurred a deficit fund balance at June 30, 2014:

<u>Fund</u>	<u>Fund Type</u>	<u>Amount</u>
Bath House Fund	Enterprise Fund	\$ (26,649)
Recreation fund	Non-major special revenue fund	(692)
DWI fund	Non-major special revenue fund	\$ (1,542)

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, 2014.

<u>Fund</u>	<u>Category</u>	<u>Budget Amount</u>	<u>Actual Amount</u>	<u>Over Expended</u>
Fire Fund	Expenditures	\$ 60,856	64,049	(3,193)
Recreation fund	Expenditures	-	1,139	(1,139)
Performing arts fund	Expenditures	-	949	(949)
DWI fund	Expenditures	\$ -	3,557	(3,557)

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 14 – 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 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, 2014, 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 15 – COMMITMENTS

Commitments for engineering and construction projects relating to construction or major repairs in progress aggregated approximately \$305,000 as of June 30, 2014. The total amounts spent as of June 30, 2014 on the projects was \$244,404. The percentage of completion of the existing projects varies based on the project. These projects will be paid in future periods as work is performed. Payment will be made with proceeds remaining from debt issuances, operating revenues, and future grants to be received.

NOTE 16 – RESTATEMENTS OF BEGINNING FUND BALANCES/NET POSITION

The following restatements were made to beginning fund balance:

<u>Fund</u>	<u>Purpose/Reason</u>	<u>Amount</u>
Proprietary funds		
Major funds		
Waste water fund	Prior year accounts receivable were overstated	\$ <u>34,660</u>
Total proprietary funds		<u>34,660</u>
Government-wide statements	Applicable adjustments from above	<u>34,660</u>
Total proprietary funds		\$ <u>34,660</u>

NOTE 17 – EVALUATION OF SUBSEQUENT EVENTS

The Village has evaluated subsequent events through April 10, 2015, 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, 2014**

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.

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
As of June 30, 2014**

	Special Revenue Funds	Total
	<u> </u>	<u> </u>
Assets and deferred inflows of resources:		
Assets:		
Cash and cash equivalents	\$ 71,928	71,928
Total current assets	<u>\$ 71,928</u>	<u>71,928</u>
Deferred Outflows of Resources:		
Total deferred outflows of resources	<u> -</u>	<u> -</u>
Total assets and deferred outflows of resources	<u> 71,928</u>	<u> 71,928</u>
Liabilities, deferred inflows of resources and fund balances:		
Liabilities:		
Due to other fund	\$ 2,234	2,234
Total liabilities	<u> 2,234</u>	<u> 2,234</u>
Deferred Inflows of Resources:		
"Unavailable" revenues	<u> -</u>	<u> -</u>
Total deferred inflows of resources	<u> -</u>	<u> -</u>
Fund balances:		
Nonspendable	-	-
Restricted	71,928	71,928
Committed	-	-
Assigned	-	-
Unassigned	<u>(2,234)</u>	<u>(2,234)</u>
Total fund balances	<u> 69,694</u>	<u> 69,694</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ 71,928</u>	<u> 71,928</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, 2014**

	Special Revenue Funds	Totals
Revenues:		
Taxes		
Other	\$ 13,201	13,201
Licenses and permits	5,945	5,945
Intergovernmental revenue		
State grants	16,556	16,556
Miscellaneous income	36,254	36,254
Total revenues	71,956	71,956
Expenditures:		
Current:		
General government	13,667	13,667
Public safety	12,107	12,107
Public works	-	-
Culture and recreation	47,257	47,257
Health and welfare	-	-
Total expenditures	73,031	73,031
Excess (deficiency) of revenues over (under) expenditures	(1,075)	(1,075)
Other financing sources (uses):		
Transfers in	-	-
Transfers out	(14,000)	(14,000)
Total other financing sources (uses):	(14,000)	(14,000)
Net change in fund balances	(15,075)	(15,075)
Beginning fund balance	84,769	84,769
Ending fund balance	\$ 69,694	69,694

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, 2014

	Correction Fund	Recreation Fund	EMS Fund	Library Fund	Lodgers' Tax	Performing Arts Fund	DWI fund	Totals
Assets and deferred inflows of resources:								
Assets:								
Cash and cash equivalents	\$ 56,506	-	213	10,862	4,290	57	-	71,928
Total current assets	<u>\$ 56,506</u>	<u>-</u>	<u>213</u>	<u>10,862</u>	<u>4,290</u>	<u>57</u>	<u>-</u>	<u>71,928</u>
Deferred Outflows of Resources:								
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>56,506</u>	<u>-</u>	<u>213</u>	<u>10,862</u>	<u>4,290</u>	<u>57</u>	<u>-</u>	<u>71,928</u>
Liabilities, deferred inflows of resources and fund balances:								
Liabilities:								
Due to other funds	\$ -	692	-	-	-	-	1,542	2,234
Total liabilities	<u>-</u>	<u>692</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,542</u>	<u>2,234</u>
Deferred Inflows of Resources:								
"Unavailable" revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	56,506	-	213	10,862	4,290	57	-	71,928
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	<u>-</u>	<u>(692)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,542)</u>	<u>(2,234)</u>
Total fund balances	<u>56,506</u>	<u>(692)</u>	<u>213</u>	<u>10,862</u>	<u>4,290</u>	<u>57</u>	<u>(1,542)</u>	<u>69,694</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ 56,506</u>	<u>-</u>	<u>213</u>	<u>10,862</u>	<u>4,290</u>	<u>57</u>	<u>-</u>	<u>71,928</u>

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, 2014

	<u>Correction Fund</u>	<u>Recreation Fund</u>	<u>EMS Fund</u>	<u>Library Grant Fund</u>	<u>Lodgers' Tax</u>	<u>Performing Arts Fund</u>	<u>DWI Fund</u>	<u>Totals</u>
Revenues:								
Taxes								
Other	\$ -	-	-	-	13,201	-	-	13,201
Licenses and permits	5,680	-	-	-	-	265	-	5,945
Intergovernmental revenue								
State grants	-	-	-	16,556	-	-	-	16,556
Miscellaneous income	-	-	-	36,254	-	-	-	36,254
Total revenues	<u>5,680</u>	<u>-</u>	<u>-</u>	<u>52,810</u>	<u>13,201</u>	<u>265</u>	<u>-</u>	<u>71,956</u>
Expenditures:								
Current:								
General government	-	-	-	-	13,667	-	-	13,667
Public safety	8,475	-	75	-	-	-	3,557	12,107
Culture and recreation	-	1,139	-	45,169	-	949	-	47,257
Total expenditures	<u>8,475</u>	<u>1,139</u>	<u>75</u>	<u>45,169</u>	<u>13,667</u>	<u>949</u>	<u>3,557</u>	<u>73,031</u>
Excess (deficiency) of revenues over (under) expenditures	(2,795)	(1,139)	(75)	7,641	(466)	(684)	(3,557)	(1,075)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(14,000)	-	-	-	-	-	-	(14,000)
Total other financing sources (uses):	<u>(14,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,000)</u>
Net change in fund balances	(16,795)	(1,139)	(75)	7,641	(466)	(684)	(3,557)	(15,075)
Beginning fund balance	<u>73,301</u>	<u>447</u>	<u>288</u>	<u>3,221</u>	<u>4,756</u>	<u>741</u>	<u>2,015</u>	<u>84,769</u>
Ending fund balance	<u>\$ 56,506</u>	<u>(692)</u>	<u>213</u>	<u>10,862</u>	<u>4,290</u>	<u>57</u>	<u>(1,542)</u>	<u>69,694</u>

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Licenses and permits	\$ 4,000	4,000	5,680	1,680
Total revenues	<u>4,000</u>	<u>4,000</u>	<u>5,680</u>	<u>1,680</u>
Expenditures:				
Current:				
Public safety	500	22,475	8,475	14,000
Total expenditures	<u>500</u>	<u>22,475</u>	<u>8,475</u>	<u>14,000</u>
Excess (deficiency) of revenues over (under) expenditures	3,500	(18,475)	(2,795)	15,680
Other financing sources (uses):				
Transfers in	-	2,401	-	(2,401)
Transfers out	<u>-</u>	<u>-</u>	<u>(14,000)</u>	<u>(14,000)</u>
Total other financing sources (uses):	<u>-</u>	<u>2,401</u>	<u>(14,000)</u>	<u>(16,401)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	3,500	(16,074)	<u>(16,795)</u>	<u>(721)</u>
Budgeted cash carryover	<u>-</u>	<u>16,074</u>		
Net change in fund balance	\$ <u>3,500</u>	<u>-</u>		
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ (16,795)	
Adjustments to revenue not necessary			-	
Adjustments to expenditures not necessary			<u>-</u>	
Net change in fund balance (GAAP)			\$ <u>(16,795)</u>	

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, 2014

	Budgeted Amounts		Actual	Favorable (Unfavorable)
	Original	Final		
Revenues:				
Charges for services	\$ -	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Current:				
Culture and recreation	-	-	1,139	(1,139)
Total expenditures	-	-	1,139	(1,139)
Excess (deficiency) of revenues over (under) expenditures	-	-	(1,139)	(1,139)
Other financing sources (uses):				
Transfers in	-	(691)	-	(691)
Transfers out	-	-	-	-
Total other financing sources (uses):	-	(691)	-	(691)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	(691)	(1,139)	(1,830)
Budgeted cash carryover	-	691		
Net change in fund balance	\$ -	-		
Net change in fund balance (Non-GAAP budgetary basis)			\$ (1,139)	
Adjustments to revenue not necessary			-	
Adjustments to expenditures for accrued wages and expenditures			-	
Net change in fund balance (GAAP)			\$ (1,139)	

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue				
State grants	\$ 5,000	5,000	-	(5,000)
Total revenues	<u>5,000</u>	<u>5,000</u>	-	<u>(5,000)</u>
Expenditures:				
Current:				
Public safety	<u>4,000</u>	<u>4,055</u>	<u>75</u>	<u>3,980</u>
Total expenditures	<u>4,000</u>	<u>4,055</u>	<u>75</u>	<u>3,980</u>
Excess (deficiency) of revenues over (under) expenditures	1,000	945	(75)	(1,020)
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	1,000	945	<u>(75)</u>	<u>(1,020)</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Net change in fund balance	\$ <u>1,000</u>	<u>945</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ (75)	
Adjustments to revenue not necessary			-	
Adjustments to expenditures not necessary			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ (75)</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue				
State grants	\$ -	-	16,556	16,556
Miscellaneous income	<u>76,860</u>	<u>76,860</u>	<u>36,254</u>	<u>(40,606)</u>
Total revenues	<u>76,860</u>	<u>76,860</u>	52,810	(24,050)
Expenditures:				
Current:				
Culture and recreation	<u>60,000</u>	<u>60,000</u>	<u>46,569</u>	<u>13,431</u>
Total expenditures	<u>60,000</u>	<u>60,000</u>	<u>46,569</u>	<u>13,431</u>
Excess (deficiency) of revenues over (under) expenditures	16,860	16,860	6,241	(10,619)
Other financing sources (uses):				
Transfers in	750	750	-	750
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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)	17,610	17,610	<u>6,241</u>	<u>(9,869)</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Net change in fund balance	\$ <u>17,610</u>	<u>17,610</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ 6,241	
Adjustments to revenue for tax and other miscellaneous revenue accruals			-	
Adjustments to expenditures for accrued wages and expenditures			<u>1,400</u>	
Net change in fund balance (GAAP)			<u>\$ 7,641</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes				
Other	\$ 15,000	15,000	13,201	(1,799)
Total revenues	<u>15,000</u>	<u>15,000</u>	<u>13,201</u>	<u>(1,799)</u>
Expenditures:				
Current:				
General government	<u>14,880</u>	<u>14,880</u>	<u>13,667</u>	<u>1,213</u>
Total expenditures	<u>14,880</u>	<u>14,880</u>	<u>13,667</u>	<u>1,213</u>
Excess (deficiency) of revenues over (under) expenditures	120	120	(466)	(586)
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	<u>(300)</u>	<u>(300)</u>	<u>-</u>	<u>(300)</u>
Total other financing sources (uses):	<u>(300)</u>	<u>(300)</u>	<u>-</u>	<u>(300)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(180)	(180)	<u>(466)</u>	<u>(886)</u>
Budgeted cash carryover	<u>180</u>	<u>180</u>		
Net change in fund balance	\$ <u>-</u>	<u>-</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ (466)	
Adjustments to revenue for tax and other miscellaneous revenue accruals			-	
Adjustments to expenditures for accrued wages and expenditures			<u>-</u>	
Net change in fund balance (GAAP)			\$ <u>(466)</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Licenses and permits	\$ -	-	265	265
Total revenues	<u>-</u>	<u>-</u>	<u>265</u>	<u>265</u>
Expenditures:				
Current:				
Culture and recreation	-	-	949	(949)
Total expenditures	<u>-</u>	<u>-</u>	<u>949</u>	<u>(949)</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(684)	(684)
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	<u>(684)</u>	<u>(684)</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)			\$ (684)	
Adjustments to revenue not necessary			-	
Adjustments to expenditures for accrued wages and expenditures			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ (684)</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, 2014

	Budgeted Amounts			Favorable (Unfavorable) Difference
	Original	Final	Actual	
Revenues:				
Intergovernmental revenue				
Federal grants	\$ -	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Current:				
Public safety	-	-	3,557	(3,557)
Total expenditures	-	-	3,557	(3,557)
Excess (deficiency) of revenues over (under) expenditures	-	-	(3,557)	(3,557)
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses):	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	(3,557)	(3,557)
Budgeted cash carryover	-	-		
Net change in fund balance	\$ -	-		
Net change in fund balance (Non-GAAP budgetary basis)			\$ (3,557)	
Adjustments to revenue not necessary			-	
Adjustments to expenditures not necessary			-	
Net change in fund balance (GAAP)			\$ (3,557)	

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

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
CAPITAL PROJECT FUND -MAJOR CAPITAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2014

	Budgeted Amounts			Favorable (Unfavorable) Difference
	Original	Final	Actual	
Revenues:				
Intergovernmental revenue				
State grants	\$ 195,000	195,000	54,599	(140,401)
Total revenues	195,000	195,000	54,599	(140,401)
Expenditures:				
Current:				
Public works	-	-	-	-
Capital outlay	195,000	195,000	88,037	106,963
Total expenditures	195,000	195,000	88,037	106,963
Excess (deficiency) of revenues over (under) expenditures	-	-	(33,438)	(33,438)
Other financing sources (uses):				
Proceeds from debt issuance	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses):	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	(33,438)	(33,438)
Budgeted cash carryover	-	-		
Net change in fund balance	\$ -	-		
Net change in fund balance (Non-GAAP budgetary basis)			\$ (33,438)	
Adjustments to revenue for tax and other miscellaneous revenue accruals			33,438	
Adjustments to expenditures not necessary			-	
Net change in fund balance (GAAP)			\$ -	

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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 130,898	130,898	118,560	(12,338)
Total operating revenues	<u>130,898</u>	<u>130,898</u>	<u>118,560</u>	<u>(12,338)</u>
Operating expenses:				
Personnel services	421,851	421,851	53,942	367,909
Operating expenses	<u>-</u>	<u>-</u>	<u>264,812</u>	<u>(264,812)</u>
Total operating expenses	421,851	421,851	318,754	103,097
Operating income (loss)	(290,953)	(290,953)	(200,194)	90,759
Non-operating revenues (expenses):				
Gain/(loss) on disposal of capital assets	-	-	-	-
Grant revenues	303,640	303,640	95,350	(208,290)
Gross receipts and other taxes	-	-	-	-
Interest income	200	200	127	(73)
Interest expense	<u>-</u>	<u>-</u>	<u>(1,424)</u>	<u>(1,424)</u>
Total non-operating revenues (expenses)	<u>303,840</u>	<u>303,840</u>	<u>94,053</u>	<u>(209,787)</u>
Income (loss) before transfers	12,887	12,887	(106,141)	(119,028)
Transfers in	-	-	480	480
Transfers out	<u>(9,600)</u>	<u>(9,600)</u>	<u>(49,436)</u>	<u>(39,836)</u>
	<u>(9,600)</u>	<u>(9,600)</u>	<u>(48,956)</u>	<u>(39,356)</u>
Change in net position	3,287	3,287	<u>(155,097)</u>	<u>(158,384)</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Total	\$ <u>3,287</u>	<u>3,287</u>		
Reconciliation From Budget/Actual to GAAP				
Change in net position (Non-GAAP budgetary basis)			\$ (155,097)	
Adjustments to revenue for tax and other miscellaneous revenue accruals			(21,485)	
Adjustments to expenditures for accrued wages and expenditures			257,380	
Depreciation and other non-cash items			<u>(54,484)</u>	
Change in net position (GAAP)			\$ <u>26,314</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, 2014

	<u>Budgeted Amounts</u>			Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Operating revenues:				
Charges for services	\$ 246,700	246,700	165,652	(81,048)
Total operating revenues	<u>246,700</u>	<u>246,700</u>	<u>165,652</u>	<u>(81,048)</u>
Operating expenses:				
Personnel services	305,145	305,145	115,668	189,477
Operating expenses	<u>-</u>	<u>-</u>	<u>59,241</u>	<u>(59,241)</u>
Total operating expenses	305,145	305,145	174,909	130,236
Operating income (loss)	(58,445)	(58,445)	(9,257)	49,188
Non-operating revenues (expenses):				
Interest income	<u>-</u>	<u>-</u>	<u>22</u>	<u>22</u>
Total non-operating revenues (expenses)	<u>-</u>	<u>-</u>	<u>22</u>	<u>22</u>
Income (loss) before transfers	(58,445)	(58,445)	(9,235)	49,210
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>(12,475)</u>	<u>(12,475)</u>
	<u>-</u>	<u>-</u>	<u>(12,475)</u>	<u>(12,475)</u>
Change in net position	(58,445)	(58,445)	<u>(21,710)</u>	<u>36,735</u>
Budgeted cash carryover	<u>58,445</u>	<u>58,445</u>		
Total	\$ <u>-</u>	<u>-</u>		
Reconciliation From Budget/Actual to GAAP				
Change in net position (Non-GAAP budgetary basis)			\$ (21,710)	
Adjustments to revenue for tax and other miscellaneous revenue accruals			130	
Adjustments to expenditures for accrued wages and expenditures			(929)	
Depreciation and other non-cash items			<u>(1,365)</u>	
Change in net position (GAAP)			\$ <u>(23,874)</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, 2014

	<u>Balance</u> <u>6/30/2013</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>6/30/2014</u>
Municipal court bonds				
Assets:				
Cash	\$ 2,583	2,556	(2,547)	2,592
Total assets	<u>\$ 2,583</u>	<u>2,556</u>	<u>(2,547)</u>	<u>2,592</u>
Liabilities:				
Accounts payable	\$ 548	-	(548)	-
Held for others	2,035	2,556	(1,999)	2,592
Total liabilities	<u>\$ 2,583</u>	<u>2,556</u>	<u>(2,547)</u>	<u>2,592</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, 2014

	Major Funds				Cap Proj Capital Projects Fund	Non-Major Governmental Funds	Total Funds
	General Fund	Spec Revenue					
		Fire Fund	Law Enforce- ment Fund	Road Fund			
Fund Balances:							
Nonspendable:							
Prepaid expenses	\$ -	6,933	-	-	-	-	6,933
Subtotal nonspendable funds	<u>-</u>	<u>6,933</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,933</u>
Restricted for:							
Road improvements	-	-	-	59,580	-	-	59,580
Providing emergency medical services	-	-	-	-	-	213	213
Fire fighting efforts/equipment	-	27,095	-	-	-	-	27,095
Operate/maintain recreational facilities	-	-	-	-	-	-	-
Provide performing arts events	-	-	-	-	-	57	57
Public safety and law enforcement efforts	-	-	18,294	-	-	56,506	74,800
Economic development efforts	-	-	-	-	-	4,290	4,290
Operate/maintain library	-	-	-	-	-	10,862	10,862
Subtotal restricted funds	<u>-</u>	<u>27,095</u>	<u>18,294</u>	<u>59,580</u>	<u>-</u>	<u>71,928</u>	<u>176,897</u>
Committed to:							
Subtotal committed funds	<u>-</u>	<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>	<u>-</u>
Unassigned	<u>235,443</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,234)</u>	<u>233,209</u>
	<u>\$ 235,443</u>	<u>34,028</u>	<u>18,294</u>	<u>59,580</u>	<u>-</u>	<u>69,694</u>	<u>417,039</u>

See independent auditor's report.

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
SCHEDULE OF DEPOSITORIES
As of June 30, 2014**

<u>Account name</u>	<u>Type</u>	<u>Interest bearing</u>	<u>Wells Fargo Bank</u>	<u>Jemez Vally Credit Union</u>	<u>BBVA Compass Bank</u>	<u>Plus Deposits in Transit</u>	<u>Less O/S Checks</u>	<u>Balance Per Books</u>
Governmental pooled cash	CK	No	\$ 34,412	-	-	-	-	34,412
General fund checking	CK	Yes	-	152,156	-	-	(17,365)	134,791
Operating cash	CK	Yes	-	-	165,931	-	-	165,931
Waste water fund	CK	Yes	-	17,827	-	248	(4,796)	13,279
Waste water fund - reserve	CK	Yes	-	52	-	-	-	52
Bath house fund	CK	Yes	-	6,748	-	15	(7,125)	(362)
Bath house fund - reserve	CK	Yes	-	29	-	-	(1)	28
Petty cash								650
Total cash and equivalents			<u>34,412</u>	<u>176,812</u>	<u>165,931</u>	<u>263</u>	<u>(29,287)</u>	<u>348,781</u>
Total amount on deposit			34,412	176,812	165,931	263	(29,287)	348,781
FDIC coverage			<u>(34,412)</u>	<u>(176,812)</u>	<u>(165,931)</u>			
Total uninsured public funds			-	-	-			
50% collateral requirement (Section 6-10-17 NMSA-1978)			N/A	N/A	N/A			
Amount (over)/under collateralized			<u>\$ -</u>	<u>-</u>	<u>-</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, 2014

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

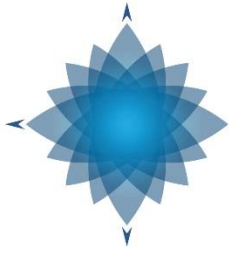
Participants: Village of Jemez Springs and County of Sandoval
Responsible party: Joint
Description: The purpose of this MOU is to promote the public health safety, and general welfare and to minimize public and private loss due to flood conditions
Period: Perpetual
Project costs: Based on cost of actual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

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
SCHEDULE OF SPECIAL, DEFICIENCY, SPECIFIC AND CAPITAL OUTLAY APPROPRIATIONS
For the Year Ended June 30, 2014

Description	Appropriation #	Appropriation Period	Original Appropriation	Expenditures To Date	Out-standing Encumbrances	Unencumbered Balances
Fund 89700						
Severance Tax Bonds Outstanding*						
Laws 2013 - Chapter 226, Section 31	13-1761	07/01/2013 - 06/30/2017	\$ 195,000	88,037	-	106,963
Laws 2014 - Chapter 66, Section 22	14-1987	07/01/2014 - 06/30/2018	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>80,000</u>
Total Amounts			<u>\$ 275,000</u>	<u>88,037</u>	<u>-</u>	<u>186,963</u>

*Revenue associated with severance tax bonds is recognized when eligibility requirements are met.

All unencumbered balances may be used during the appropriation period noted above.



**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***

INDEPENDENT AUDITOR'S REPORT

Timothy Keller
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, 2014, 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 April 10, 2015.

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, 2014-002, and 2014-003.

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 and 2014-001.

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, 2013-003, 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

April 10, 2015

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014**

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements:

- | | | |
|----|-------------------------------------------------------------------------------|------------|
| 1. | Type of auditors' report issued | Unmodified |
| 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:

<u>Finding</u>	<u>Status of Current and Prior Year Findings</u>	<u>Financial Statement Finding</u>
Prior Year Findings		
2001-001 Overspending of Funds and Budgets	Repeated/ Modified	Yes
2012-002 Late filing of audit report	Repeated/ Modified	Yes
2013-001 Material Auditor Adjustments	Repeated/ Modified	Yes
2013-002 Capital Assets	Repeated/ Modified	Yes
2013-003 Deposit Timeliness	Repeated/ Modified	Yes
2013-004 Audit Contract Timeliness	Repeated/ Modified	Yes
Current Year Findings		
2014-001 Bath House Inventory	Current	Yes
2014-002 Maintenance of General Ledger	Current	Yes
2014-003 Cash Controls	Current	Yes

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014**

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.

<u>Fund</u>	<u>Category</u>	<u>Budget Amount</u>	<u>Actual Amount</u>	<u>Over Expended</u>
Fire Fund	Expenditures	\$ 60,856	64,049	(3,193)
Recreation fund	Expenditures	-	1,139	(1,139)
Performing arts fund	Expenditures	-	949	(949)
DWI fund	Expenditures	\$ -	3,557	(3,557)

A budget adjustment was done at fiscal year end, 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 has implemented a process in which they will review each department and funds for the possibility of budgetary overruns. This process will be done on a quarterly basis and actual

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014**

budget adjustments will be done in January and May to eliminate the overspending of funds vs budget.

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

Condition

The audit report for the year ended June 30, 2014 was not submitted to the state auditor's office by the December 1, 2014 due date.

Criteria

By statute, Section 2.2.2.9 NMAC (State Auditor Rule), the deadline for submission of this report was December 1, 2014.

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 Village had transition at the Clerk/Treasurer position and was not able to begin the audit until after the due date.

Recommendation

The Village should ensure that audits are completed and submitted in accordance with state statute.

Response

The Village will have the 2014-2015 audit completed and submitted before the December due date.

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 - \$49,300
- Adjustments for the issuance of debt - \$135,726
- Adjustments to transfers between funds - 131,563

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.
- 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.

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014**

- 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 has implemented a process to review the general ledger on a monthly basis for possible adjustments. The general journal adjustments are done on a monthly basis, with hard copies and justification for each journal entry and keep in a binder on a monthly basis.

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.

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

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014**

custody and use. The capital asset inventory listing was not complete and account balances may potentially be misstated as of June 30, 2014.

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

The Village will implement a procedure in which a physical inventory will be conducted at the end of the fiscal year, to include the additions or deletions of any capital asset.

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 – Six instances out of forty tested deposits totaling \$2,515.52
- Bath house – Thirty-two of forty tested deposits totaling \$5,340.99

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, 2014**

Response

The Village has implemented a procedure in which all deposits will be made the next day. If a deposit is made on Friday after the morning bank run, the deposit will be dropped in the night deposit; this will allow the Village not to have any deposits over the weekend.

2013-004 – AUDIT CONTRACT TIMELINESS – OTHER NONCOMPLIANCE

Statement of Condition

The Village submitted its 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 June 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, 2014.

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 Village's FY13 audit was completed late and it was unable to submit the contract for the subsequent FY14 audit by the due date.

Recommendation

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

Response

The Village will make it a practice to submit the IPA recommendation form and audit contract before the deadline set by the Office of the State Auditor.

CURRENT YEAR FINDINGS

2014-001 – BATH HOUSE INVENTORY – SIGNIFICANT DEFICIENCY

Statement of Condition

The Village did not conduct an inventory of the Bath House merchandise for sale as of June 30, 2014. An inventory count was conducted in September 2014.

Criteria

Generally accepted accounting standards require inventories to be counted periodically to ensure proper balances are reported and to identify potential issues related to loss/shrinkage.

Effect

The Village's reported inventory is potentially misstated.

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014**

Cause

Due to personnel turnover in the Bath House during year end, an inventory was not conducted.

Recommendation

We recommend inventory counts are performed periodically on Bath house merchandise and that a full inventory is conducted at or around year end to ensure accurate inventory figures are reported in the Village's annual financial statements.

Response

The Village has implemented a practice of conducting physical inventory at the Bath House at the close of business on the last day of the month, or the first thing in the morning the first day of the month.

2014-002 – MAINTENANCE OF GENERAL LEDGER – MATERIAL WEAKNESS

Statement of Condition

While conducting the audit, there were weaknesses identified in the Village's maintenance of its general ledger. It was observed that journal entries were being utilized to record a significant amount of transactions entered into by the Village. Cash deposits, electronic funds transfer payments to vendors, payroll transactions, and transfers between funds were recorded as general journal entries instead of cash receipts, cash disbursement, or payroll transactions. In addition, it was observed that the journal entries were not being appropriately documented.

Criteria

According to 6-5-2C NMSA 1978, "state agencies shall implement accounting controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters."

Effect

The Village's financial statements are potentially materially misstated due to errors in general ledger postings.

Cause

Village personnel felt comfortable using general journal entries and did not consider the need for maintaining supporting documentation for each entry.

Recommendation

We recommend the Village minimize its use of general journal entries and when journal entries are necessary, they be fully documented and reviewed prior to posting to ensure they are necessary and accurate.

Response

The Village is utilizing the accounting software to record accounts receivable, accounts payable and payroll transactions. When it is necessary to utilize a journal entry, the journal entry is created in

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014**

hard copy form, with the appropriate documentation to substantiate the transaction, which is placed in binder for future reference, the journal entries are kept by month.

2014-003 – CASH CONTROLS – MATERIAL WEAKNESS

Condition

While conducting testwork related to cash, it was observed that the Village's reported cash balances were not accurate. The Village opened a new checking account in late FY14 and transferred the balances of seven existing bank accounts into the new account. Review of the general ledger as of June 30, 2014 showed balances totaling \$165,931 were still reflected in these seven accounts. In addition, the new account had not been created in the general ledger. Adjustments were necessary during the audit to zero-out the old bank accounts and to establish the new account in the Village's general ledger.

Criteria

Cash accounts should be reported at their reconciled balances. Transactions related to transferring cash balances should be recorded as they occur to maintain accurate records.

Cause

The entries related to the cash transfers were not recorded.

Effect

The Village's cash accounts were potentially materially misstated.

Recommendation

It is recommended that all cash accounts be carried in the general ledger at their reconciled balances.

Response

The Village has implemented a procedure in which all cash will be recorded correctly and in its proper fund. All bank statements are reconciled on a monthly basis. The monthly bank statement and the accounting software bank reconciliation are kept in a binder by bank account and month.

Now that the general ledger is reviewed on a monthly basis, any incorrect reporting of cash will be corrected in a timely manner.

**STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
OTHER DISCLOSURES
FOR THE YEAR ENDED JUNE 30, 2014**

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 March 27, 2015. The following individuals were in attendance.

Village of Jemez Springs Officials

Robert Wilson, Mayor

Lupita de Herrera, Village Clerk/Treasurer

Integrity Accounting & Consulting

Erick Robinson, CPA, CFE Partner