

**STATE OF NEW MEXICO**  
**VILLAGE OF JEMEZ SPRINGS**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR-ENDED JUNE 30, 2015**





## **INTRODUCTORY SECTION**

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VILLAGE OF JEMEZ SPRINGS  
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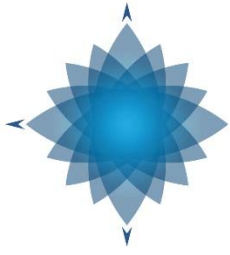
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**STATE OF NEW MEXICO  
VILLAGE OF JEMEZ SPRINGS  
OFFICIAL ROSTER  
FOR THE YEAR ENDED JUNE 30, 2015**

<b><u>Elected Officials</u></b>	<b><u>Title</u></b>
Robert Wilson	Mayor
Pam Grider	Mayor Pro-Tem
David Ryan	Trustee
Manolito Sanchez	Trustee
Suzette Walker	Trustee
<b><u>Administrative Personnel</u></b>	
Lupita De Herrera	Village 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 (Village), New Mexico, as of and for the year-ended June 30, 2015, 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, 2015, 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, 2015, 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, 2015, 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*

Accounting principles generally accepted in the United States of America require that the Schedule of proportionate share of the net pension liability and the schedule of contributions and notes to the Required Supplementary Information on pages 46-50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Management has omitted the Management 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.

The schedule of vendor information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 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

December 21, 2015

**STATE OF NEW MEXICO  
VILLAGE OF JEMEZ SPRINGS  
STATEMENT OF NET POSITION  
As of June 30, 2015**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
Assets and deferred inflows of resources:			
Assets:			
Cash and cash equivalents	\$ 249,790	68,899	318,689
Receivables			
Accounts receivable	525	12,651	13,176
Taxes receivable	51,423	-	51,423
Due from other funds	11,230	-	11,230
Prepaid expenses	6,933	-	6,933
Inventories	-	5,047	5,047
Total current assets	<u>319,901</u>	<u>86,597</u>	<u>406,498</u>
Non-current assets:			
Capital assets	4,871,531	2,642,626	7,514,157
Less: Accumulated depreciation	<u>(1,242,352)</u>	<u>(796,350)</u>	<u>(2,038,702)</u>
Total non-current assets	<u>3,629,179</u>	<u>1,846,276</u>	<u>5,475,455</u>
Total assets	<u>3,949,080</u>	<u>1,932,873</u>	<u>5,881,953</u>
Deferred Outflows of Resources:			
Employer contributions subsequent to the measurement date	<u>18,018</u>	-	<u>18,018</u>
Total deferred outflows of resources	<u>18,018</u>	<u>-</u>	<u>18,018</u>
Total assets and deferred outflows of resources	<u>\$ 3,967,098</u>	<u>1,932,873</u>	<u>5,899,971</u>
Liabilities, deferred inflows of resources and net position:			
Liabilities:			
Accounts payable	\$ -	3,081	3,081
Accrued payroll liabilities	12,388	12,840	25,228
Other accrued liabilities	-	11,679	11,679
Due to other funds	-	11,230	11,230
Due to other government	845	-	845
Current portion of compensated absences	5,150	6,175	11,325
Current portion of long-term debt	<u>9,997</u>	<u>5,051</u>	<u>15,048</u>
Total current liabilities	<u>28,380</u>	<u>50,056</u>	<u>78,436</u>
Non-current liabilities			
Compensated absences	1,287	1,543	2,830
Notes payable	32,763	125,624	158,387
Net pension liability	<u>195,700</u>	<u>-</u>	<u>195,700</u>
Total non-current liabilities	<u>229,750</u>	<u>127,167</u>	<u>356,917</u>
Total liabilities	<u>258,130</u>	<u>177,223</u>	<u>435,353</u>
Deferred Inflows of Resources:			
Change of assumptions	2,575	-	2,575
Investment experience	<u>75,975</u>	<u>-</u>	<u>75,975</u>
Total deferred inflows of resources	<u>78,550</u>	<u>-</u>	<u>78,550</u>
Net position			
Net Investment in Capital Assets	3,423,482	1,841,225	5,264,707
Unrestricted Net Position	<u>206,936</u>	<u>(85,575)</u>	<u>121,361</u>
Total net position	<u>3,630,418</u>	<u>1,755,650</u>	<u>5,386,068</u>
Total liabilities, deferred inflows of resources and net position:	<u>\$ 3,967,098</u>	<u>1,932,873</u>	<u>5,899,971</u>

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

STATE OF NEW MEXICO  
VILLAGE OF JEMEZ SPRINGS  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2015

Functions/programs	Program Revenues				Net (Expense) Revenue and Changes In Net		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
Governmental Activities					Business-Type Activities	Total	
<b>Primary government:</b>							
Governmental activities							
General government	\$ 324,696	6,376	90,000	-	(228,320)	-	(228,320)
Public safety	89,545	-	-	-	(89,545)	-	(89,545)
Public works	62,603	-	-	177,905	115,302	-	115,302
Culture and recreation	131,239	-	-	-	(131,239)	-	(131,239)
Interest expense	567	-	-	-	(567)	-	(567)
Total governmental activities	<u>608,650</u>	<u>6,376</u>	<u>90,000</u>	<u>177,905</u>	<u>(334,369)</u>	<u>-</u>	<u>(334,369)</u>
<b>Business-type activities:</b>							
Utilities							
Waste water	171,445	92,842	-	18,180	-	(60,423)	(60,423)
Bath house	167,319	161,304	-	-	-	(6,015)	(6,015)
Total business-type activities	<u>\$ 338,764</u>	<u>254,146</u>	<u>-</u>	<u>18,180</u>	<u>-</u>	<u>(66,438)</u>	<u>(66,438)</u>
Total primary government					<u>(334,369)</u>	<u>(66,438)</u>	<u>(400,807)</u>
<b>General revenues:</b>							
Taxes							
Property taxes levied for general purposes					\$ 46,970	-	46,970
Gross receipts taxes					218,738	-	218,738
Other taxes and fees					31,761	-	31,761
Licenses and permits					6,227	-	6,227
Fines, forfeitures, and penalties					750	-	750
Interest income					304	83	387
Miscellaneous income					152,185	70	152,255
Gain/(loss) on disposition of capital assets					-	-	-
Transfers					(15,000)	15,000	-
Total general revenue and transfers					<u>441,935</u>	<u>15,153</u>	<u>457,088</u>
Changes in net position					107,566	(51,285)	56,281
Beginning net position					3,858,187	1,736,896	5,595,083
Restatement					(335,335)	70,039	(265,296)
Beginning net position, as restated					<u>3,522,852</u>	<u>1,806,935</u>	<u>5,329,787</u>
Net position, end of year					<u>\$ 3,630,418</u>	<u>1,755,650</u>	<u>5,386,068</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, 2015

	Major Funds						
	General Fund	Spec Revenue			Cap Proj	Total Non- Major Funds	Total Funds
		Fire Fund	Law Enforce- ment Fund	Road Fund	Judicial Muni Complex		
Assets and deferred inflows of resources:							
Assets:							
Cash and cash equivalents	\$ 162,318	14,278	6,378	49,437	4,333	13,046	249,790
Receivables							
Accounts receivable	525	-	-	-	-	-	525
Taxes receivable	51,423	-	-	-	-	-	51,423
Due from other funds	11,230	-	-	-	-	-	11,230
Prepaid expenses	-	6,933	-	-	-	-	6,933
Total current assets	<u>225,496</u>	<u>21,211</u>	<u>6,378</u>	<u>49,437</u>	<u>4,333</u>	<u>13,046</u>	<u>319,901</u>
Deferred Outflows of Resources:							
Total deferred outflows of resources	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 225,496</u>	<u>21,211</u>	<u>6,378</u>	<u>49,437</u>	<u>4,333</u>	<u>13,046</u>	<u>319,901</u>
Liabilities, deferred inflows of resources and fund balances:							
Liabilities:							
Accrued payroll liabilities	\$ 12,388	-	-	-	-	-	12,388
Due to other funds	-	-	-	-	-	-	-
Due to other government	845	-	-	-	-	-	845
Total liabilities	13,233	-	-	-	-	-	13,233
Deferred Inflows of Resources:							
"Unavailable" revenues	3,257	-	-	-	-	-	3,257
Total deferred inflows of resources	<u>3,257</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,257</u>
Fund balances:							
Nonspendable	-	6,933	-	-	-	-	6,933
Restricted	-	14,278	6,378	49,437	4,333	13,046	87,472
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	209,006	-	-	-	-	-	209,006
Total fund balances	<u>209,006</u>	<u>21,211</u>	<u>6,378</u>	<u>49,437</u>	<u>4,333</u>	<u>13,046</u>	<u>303,411</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ 225,496</u>	<u>21,211</u>	<u>6,378</u>	<u>49,437</u>	<u>4,333</u>	<u>13,046</u>	<u>319,901</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, 2015**

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

Total fund balance - Governmental funds	\$	303,411
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		3,629,179
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.		3,257
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in the funds:		
Deferred outflows of resources related to employer contribution subsequent to the measurement date		18,018
Deferred inflows of resources related to change of assumptions		(2,575)
Deferred inflows of resources related to investment experience		(75,975)
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:		
Net pension liability	\$	(195,700)
Current compensated absences		(5,150)
Noncurrent compensated absences		(1,287)
Current notes payable		(9,997)
Noncurrent notes payable	\$	<u>(32,763)</u>
		<u>(244,897)</u>
Net position for governmental activities	\$	<u><u>3,630,418</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, 2015**

	<b>Major Funds</b>					<b>Total Non-Major Funds</b>	<b>Total Funds</b>
	<b>Spec Revenue</b>			<b>Cap Projects</b>			
	<b>General Fund</b>	<b>Fire Fund</b>	<b>Law Enforcement Fund</b>	<b>Road Fund</b>	<b>Judicial Muni Complex</b>		
Revenues:							
Taxes							
Property	\$ 45,912	-	-	-	-	-	45,912
Gross receipts	218,738	-	-	-	-	-	218,738
Other	13,870	-	-	5,008	-	12,882	31,760
Licenses and permits	6,227	-	-	-	-	-	6,227
Charges for services	6,376	-	-	-	-	-	6,376
Fines and forfeitures	664	-	-	-	-	86	750
Intergovernmental revenue							
State grants	90,000	50,000	-	-	177,905	-	317,905
Interest income	304	-	-	-	-	-	304
Miscellaneous income	3,566	3,474	-	40,000	-	55,145	102,185
Total revenues	<u>385,657</u>	<u>53,474</u>	<u>-</u>	<u>45,008</u>	<u>177,905</u>	<u>68,113</u>	<u>730,157</u>
Expenditures:							
Current:							
General government	209,163	-	-	-	-	4,425	213,588
Public safety	45,061	44,196	-	-	-	288	89,545
Public works	40,785	-	-	398	11,645	-	52,828
Culture and recreation	82,351	-	-	-	-	57,801	140,152
Capital outlay	-	5,352	-	-	245,365	-	250,717
Debt service							
Principal	-	-	-	-	-	11,349	11,349
Interest	-	-	-	-	-	567	567
Total expenditures	<u>377,360</u>	<u>49,548</u>	<u>-</u>	<u>398</u>	<u>257,010</u>	<u>74,430</u>	<u>758,746</u>
Excess (deficiency) of revenues over (under) expenditures	8,297	3,926	-	44,610	(79,105)	(6,317)	(28,589)
Other financing sources (uses):							
Transfers in	-	-	-	-	50,000	17,416	67,416
Transfers out	(70,500)	-	(11,916)	-	-	-	(82,416)
Total other financing sources (uses):	<u>(70,500)</u>	<u>-</u>	<u>(11,916)</u>	<u>-</u>	<u>50,000</u>	<u>17,416</u>	<u>(15,000)</u>
Net change in fund balances	(62,203)	3,926	(11,916)	44,610	(29,105)	11,099	(43,589)
Beginning fund balance	235,443	34,028	18,294	59,580	-	69,694	417,039
Restatement	35,766	(16,743)	-	(54,753)	33,438	(67,747)	(70,039)
Beginning fund balance, as restated	<u>271,209</u>	<u>17,285</u>	<u>18,294</u>	<u>4,827</u>	<u>33,438</u>	<u>1,947</u>	<u>347,000</u>
Ending fund balance	<u>\$ 209,006</u>	<u>21,211</u>	<u>6,378</u>	<u>49,437</u>	<u>4,333</u>	<u>13,046</u>	<u>303,411</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, 2015**

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

Total net change in fund balances-governmental funds	\$	(43,589)
<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		249,855
<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>		
		(117,805)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Change in deferred inflows of resources related to property taxes receivable		1,058
<p>THE ISSUANCE OF LONG-TERM DEBT (E.G. BONDS, NOTES, CAPITAL LEASES) PROVIDES current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net position. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>		
(Increase)/decrease in noncurrent and current compensated absences		(2,366)
Principal payments on long-term debt		11,349
<p>Expenditures in the statement of activities that do not provide current financial resources are not reported as expenditures in the funds</p>		
<p>Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense:</p>		
Employer contributions subsequent to the measurement date		18,018
Pension expense		(8,955)
Rounding		<u>1</u>
Change in net position of governmental activities	\$	<u><u>107,566</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, 2015**

	Budgeted Amounts		Actual	Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes				
Property	\$ 42,220	42,220	46,029	3,809
Gross receipts	118,500	118,500	190,107	71,607
Other	12,025	12,025	13,334	1,309
Licenses and permits	9,250	9,250	6,227	(3,023)
Charges for services	1,500	1,500	6,376	4,876
Fines and forfeitures	2,378	2,378	664	(1,714)
Intergovernmental revenue				
State grants	90,000	90,000	90,000	-
Interest income	750	750	304	(446)
Miscellaneous income	65,212	65,212	11,924	(53,288)
Total revenues	341,835	341,835	364,965	23,130
Expenditures:				
Current:				
General government	155,699	193,499	203,508	(10,009)
Public safety	83,031	83,031	44,888	38,143
Public works	40,850	40,850	40,696	154
Culture and recreation	62,255	62,255	81,917	(19,662)
Total expenditures	341,835	379,635	371,009	8,626
Excess (deficiency) of revenues over (under) expenditures	-	(37,800)	(6,044)	14,504
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(5,940)	(91,440)	(70,500)	20,940
Total other financing sources (uses):	(5,940)	(91,440)	(70,500)	20,940
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(5,940)	(129,240)	(76,544)	35,444
Budgeted cash carryover	5,940	129,240		
Net change in fund balance	\$ -	-		
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ (76,544)	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			19,014	
Adjustments to expenditures for accrued wages and expenditures			(4,673)	
Net change in fund balance (GAAP)			\$ (62,203)	

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, 2015

	<u>Budgeted Amounts</u>			Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental revenue				
State grants	\$ 50,000	50,000	50,000	-
Miscellaneous income	200	200	3,474	3,274
Total revenues	<u>50,200</u>	<u>50,200</u>	<u>53,474</u>	<u>3,274</u>
Expenditures:				
Current:				
Public safety	49,850	49,850	44,196	5,654
Capital outlay	-	-	5,352	(5,352)
Total expenditures	<u>49,850</u>	<u>49,850</u>	<u>49,548</u>	<u>302</u>
Excess (deficiency) of revenues over (under) expenditures	350	350	3,926	2,972
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)	350	350	<u>3,926</u>	<u>2,972</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Net change in fund balance	<u>\$ 350</u>	<u>350</u>		
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ 3,926	
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>\$ 3,926</u>	

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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue				
State grants	\$ -	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
Public safety	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>(11,916)</u>	<u>(11,916)</u>	<u>-</u>
Total other financing sources (uses):	<u>-</u>	<u>(11,916)</u>	<u>(11,916)</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	(11,916)	<u>(11,916)</u>	<u>-</u>
Budgeted cash carryover	<u>-</u>	<u>11,916</u>		
Net change in fund balance	<u>\$ -</u>	<u>-</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ (11,916)	
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>\$ (11,916)</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, 2015

	<u>Budgeted Amounts</u>			<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Taxes				
Other	\$ 5,004	5,004	5,008	4
Intergovernmental revenue				
State grants	40,000	40,000	40,000	-
Miscellaneous income	<u>8,333</u>	<u>8,333</u>	<u>-</u>	<u>(8,333)</u>
Total revenues	<u>53,337</u>	<u>53,337</u>	<u>45,008</u>	<u>(8,329)</u>
Expenditures:				
Current:				
Public works	<u>53,333</u>	<u>53,333</u>	<u>398</u>	<u>52,935</u>
Total expenditures	<u>53,333</u>	<u>53,333</u>	<u>398</u>	<u>52,935</u>
Excess (deficiency) of revenues over (under) expenditures	4	4	44,610	44,606
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)	4	4	<u>44,610</u>	<u>44,606</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Net change in fund balance	<u>\$ 4</u>	<u>4</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ 44,610	
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>\$ 44,610</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, 2015**

	<b>Business-Type Activities</b>		
	<b>Enterprise Funds</b>		<b>Total Funds</b>
	<b>Waste Water Fund</b>	<b>Bath House Fund</b>	
Assets and deferred inflows of resources:			
Assets:			
Cash and cash equivalents	\$ 53,106	15,793	68,899
Receivables			
Accounts receivable	12,651	-	12,651
Inventories	-	5,047	5,047
Total current assets	<u>65,757</u>	<u>20,840</u>	<u>86,597</u>
Non-current assets:			
Capital assets	2,597,100	45,526	2,642,626
Less: Accumulated depreciation	<u>(760,955)</u>	<u>(35,395)</u>	<u>(796,350)</u>
Total non-current assets	<u>1,836,145</u>	<u>10,131</u>	<u>1,846,276</u>
Total assets	<u>1,901,902</u>	<u>30,971</u>	<u>1,932,873</u>
Deferred Outflows of Resources:			
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Total assests and deferred outflows of resources	<u>\$ 1,901,902</u>	<u>30,971</u>	<u>1,932,873</u>
Liabilities, deferred inflows of resources and net position:			
Liabilities:			
Accounts payable	\$ -	3,081	3,081
Accrued payroll liabilities	4,776	8,064	12,840
Other accrued liabilities	-	11,679	11,679
Due to other funds	3,392	7,838	11,230
Current portion of compensated absences	4,134	2,041	6,175
Current portion of long-term debt	<u>5,051</u>	<u>-</u>	<u>5,051</u>
Total current liabilities	17,353	32,703	50,056
Non-current liabilities			
Compensated absences	1,033	510	1,543
Notes payable	<u>125,624</u>	<u>-</u>	<u>125,624</u>
Total non-current liabilities	<u>126,657</u>	<u>510</u>	<u>127,167</u>
Total liabilities	144,010	33,213	177,223
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	1,705,470	10,131	1,715,601
Unrestricted Net Position	<u>52,422</u>	<u>(12,373)</u>	<u>40,049</u>
Total net position	<u>1,757,892</u>	<u>(2,242)</u>	<u>1,755,650</u>
Total liabilities, deferred inflows of resources and net position:	<u>\$ 1,901,902</u>	<u>30,971</u>	<u>1,932,873</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, 2015**

	<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	\$ 92,842	-	92,842
Bath house services	-	161,304	161,304
Miscellaneous	70	-	70
Total operating revenues	<u>92,912</u>	<u>161,304</u>	<u>254,216</u>
Operating expenses:			
Personnel services	49,449	111,811	161,260
Operating expenses	46,165	54,143	100,308
Depreciation and amortization	<u>72,350</u>	<u>1,365</u>	<u>73,715</u>
Total operating expenses	167,964	167,319	335,283
Operating income (loss)	(75,052)	(6,015)	(81,067)
Non-operating revenues (expenses):			
Grant revenues	18,180	-	18,180
Interest income	57	26	83
Interest expense	<u>(3,481)</u>	<u>-</u>	<u>(3,481)</u>
Total non-operating revenues (expenses)	<u>14,756</u>	<u>26</u>	<u>14,782</u>
Income (loss) before transfers	(60,296)	(5,989)	(66,285)
Transfers in	-	15,000	15,000
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(60,296)	9,011	(51,285)
Net position, beginning of year	1,763,545	(26,649)	1,736,896
Restatement	54,643	15,396	70,039
Beginning net position, as restated	<u>1,818,188</u>	<u>(11,253)</u>	<u>1,806,935</u>
Net position, end of year	<u>\$ 1,757,892</u>	<u>(2,242)</u>	<u>1,755,650</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, 2015**

	<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	\$ 92,142	161,304	253,446
Payments to suppliers	(48,793)	(67,600)	(116,393)
Payments to employees	(47,220)	(108,332)	(155,552)
Net cash provided (used) for operating activities	<u>(3,871)</u>	<u>(14,628)</u>	<u>(18,499)</u>
Cash flows from noncapital financing activities:			
Transfers from other funds	-	15,000	15,000
Intergovernmental receipts	<u>18,180</u>	<u>-</u>	<u>18,180</u>
Net cash provided (used) for noncapital financing activities	<u>18,180</u>	<u>15,000</u>	<u>33,180</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(7,372)	-	(7,372)
Principal paid on long-term debt	(5,051)	-	(5,051)
Interest paid on long-term debt	<u>(3,481)</u>	<u>-</u>	<u>(3,481)</u>
Net cash provided (used) for capital and related financing activities.	<u>(15,904)</u>	<u>-</u>	<u>(15,904)</u>
Cash flows from investing activities:			
Interest and dividends	<u>58</u>	<u>45</u>	<u>103</u>
Net cash provided (used) for investing activities.	<u>58</u>	<u>45</u>	<u>103</u>
Net increase (decrease) in cash and cash equivalents	(1,537)	417	(1,120)
Cash and cash equivalents – beginning of year	-	-	-
Restatement	<u>54,643</u>	<u>15,376</u>	<u>70,019</u>
Cash and cash equivalents – beginning of year, as restated	<u>54,643</u>	<u>15,376</u>	<u>70,019</u>
Cash and cash equivalents – end of year	<u>\$ 53,106</u>	<u>15,793</u>	<u>68,899</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (75,052)	(6,015)	(81,067)
Adjustments			
Depreciation and amortization	72,350	1,365	73,715
Changes in assets and liabilities:			
Receivables	(770)	-	(770)
Inventories	-	(2,169)	(2,169)
Accounts payable	(1,294)	(4,945)	(6,239)
Accrued expenses and other liabilities	2,229	2,744	4,973
Due to other funds	(1,334)	(6,343)	(7,677)
Compensated absences	<u>-</u>	<u>735</u>	<u>735</u>
Net cash provided by operating activities	<u>\$ (3,871)</u>	<u>(14,628)</u>	<u>(18,499)</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, 2015**

	<u>2015</u>
Assets:	
Cash	\$ 1,017
Total assets	\$ <u>1,017</u>
Liabilities:	
Accounts payable	\$ -
Held for others	<u>1,017</u>
Total liabilities	\$ <u>1,017</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, 2015**

**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 and 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, 2015**

*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, 2015**

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 *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

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.

Capital Project Fund – The Judicial Municipal Complex Project Fund is used to track revenues and expenses related to the expansion of the Village's municipal complex.

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, 2015**

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 as of June 30, 2015 is the *Motor Vehicle Fund* used to account for activities related to the Village's motor vehicle division office.

**STATE OF NEW MEXICO  
VILLAGE OF JEMEZ SPRINGS  
NOTES TO THE FINANCIAL STATEMENTS  
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*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.

Receivables and Payables

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 primarily of receivables from current and delinquent billings for sewer usage, maintained on computerized records as well as receivables related to reimbursable grants. Management considers all receivables to be collectible at this time. As a result, no allowance for doubtful accounts has been established at this time.

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

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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.

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

**Analysis of Impairment**

Management reviews long-lived assets and intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In management's opinion, there is no impairment of such Village assets at June 30, 2015.

**Deferred Outflows of Resources**

In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The Village has one type of item that qualifies for

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reporting in this category. Accordingly, the item, employer contributions subsequent to measurement date and change in assumptions, are reported on the Statement of Net Position. The Village has recorded \$18,018 related to employer contributions subsequent to measurement date. These amounts are deferred and recognized as an outflow of resources in the period the amounts become available.

Deferred Inflows of Resources

In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized.

If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources.

The Village has two types of items which arises under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the items, unavailable revenue – property taxes and unavailable revenue - grants, are reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The Village has recorded \$3,257 related to property taxes and \$-0- related to grants that are considered “unavailable”.

In addition, the Village has two types of items present on the Statement of Net Position which arise due to the implementation of GASB 68 and the related net pension liability. Accordingly, the items, net difference between expected and actual earnings and change in assumptions, are reported on the Statement of Net Position. The Village has recorded \$2,575 related to change in assumptions and \$75,975 related to the net difference between expected and actual earnings. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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.



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

Long-Term Obligations

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

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

Fund Balance

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

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

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

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

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

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*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 69 for additional information about fund balances.

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

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

Net Position

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

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

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

*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.

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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.

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.

*E. Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

*E. Property Taxes*

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.

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

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resources section of the balance sheet as “unavailable revenue” on the fund basis financial statements.

*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 2012. For the year ended June 30, 2015, 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.

**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 1<sup>st</sup>. 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.

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

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

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

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

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2015 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 70 of this report.

The following is a summary of the Village's cash and cash equivalents balances by fund type as of June 30, 2015:

Fund Type	Amount
Cash and equivalents	
Governmental funds	\$ 249,790
Business-type activities	68,898
Fiduciary funds	1,017
Total cash and cash equivalents	\$ 319,705

*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.

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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. The Village's Schedule of Collateral is presented on page 71 of this report.

As of June 30, 2015, the Village's bank balances of \$394,803 were exposed to custodial credit risk as follows:

Insured through federal depository insurance	\$ 390,083
Uninsured, collateralized with securities held by pledging financial institution's trust department or agent in the Village's name.	4,720
Uninsured and uncollateralized	<u>-</u>
Total deposits	<u>\$ 394,803</u>

**NOTE 4 – RECEIVABLES**

Receivables as of June 30, 2015 are as follows:

Governmental Activities	General Fund	Fire Fund	Law Enforce- ment Fund	Road Fund	Capital Projects Fund	Non- major Funds	Total Receivables
Accounts	\$ 525	-	-	-	-	-	525
Taxes:							
Property	3,827	-	-	-	-	-	3,827
State	<u>47,596</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,596</u>
Subtotal	51,948	-	-	-	-	-	51,948
Less: Allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Receivables	<u>\$ 51,948</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,948</u>
Business-type Activities			Waste Water Fund	Bath House Fund	Total Receivables		
Accounts			\$ 12,651	-	12,651		
Subtotal			12,651	-	12,651		
Less: Allowance for uncollectibles			<u>-</u>	<u>-</u>	<u>-</u>		
Net Receivables			<u>\$ 12,651</u>	<u>-</u>	<u>12,651</u>		

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The Village considers all receivables to be collectible at this time. Accordingly, no allowance for uncollectible amounts has been established.

In accordance with GASB No. 33, the property tax revenues totaling \$3,257 that were not collected within the period of availability have been reclassified as deferred inflows of resources in the governmental fund financial statements.

**NOTE 5 – CAPITAL ASSETS**

A summary of capital assets and changes occurring during the year ended June 30, 2015 follows.

<u>GOVERNMENTAL ACTIVITIES</u>	<u>Balance 06/30/14</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/15</u>
<b>Non-depreciable capital assets:</b>				
Land	\$ 413,584	-	-	413,584
Construction in progress	88,037	240,943	-	328,980
Total non-depreciable capital assets	<u>501,621</u>	<u>240,943</u>	<u>-</u>	<u>742,564</u>
<b>Capital assets being depreciated:</b>				
Buildings	929,100	-	-	929,100
Building and land improvements	265,827	-	-	265,827
Furniture, fixtures & equipment	146,692	8,912	-	155,604
Vehicles	462,781	-	-	462,781
Infrastructure	2,315,655	-	-	2,315,655
Total capital assets being depreciated	4,120,055	8,912	-	4,128,967
<b>Less accumulated depreciation for:</b>				
Buildings	(168,289)	(13,105)	-	(181,394)
Building and land improvements	(120,627)	(13,397)	-	(134,024)
Furniture, fixtures & equipment	(135,293)	(3,875)	-	(139,168)
Vehicles	(351,238)	(33,209)	-	(384,447)
Infrastructure	(349,100)	(54,219)	-	(403,319)
Total accumulated depreciation	<u>(1,124,547)</u>	<u>(117,805)</u>	<u>-</u>	<u>(1,242,352)</u>
Total capital assets being depreciated	<u>2,995,508</u>	<u>(108,893)</u>	<u>-</u>	<u>2,886,615</u>
Total capital assets, net of depreciation	<u>\$ 3,497,129</u>	<u>132,050</u>	<u>-</u>	<u>3,629,179</u>

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<b>BUSINESS-TYPE ACTIVITIES</b>	<b>Balance 06/30/14</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 06/30/15</b>
<b>Non-depreciable capital assets:</b>				
Land	\$ 15,125	-	-	15,125
Construction in progress	247,091	-	(247,091)	-
Total non-depreciable capital assets	<u>262,216</u>	<u>-</u>	<u>(247,091)</u>	<u>15,125</u>
<b>Capital assets being depreciated:</b>				
Buildings	1,191,839	247,091	-	1,438,930
Building and land improvements	24,952	-	-	24,952
Furniture, fixtures & equipment	457,326	7,374	-	464,700
Vehicles	26,980	-	-	26,980
Infrastructure	671,940	-	-	671,940
Total capital assets being depreciated	<u>2,373,037</u>	<u>254,465</u>	<u>-</u>	<u>2,627,502</u>
<b>Less accumulated depreciation for:</b>				
Buildings	(360,071)	(46,268)	-	(406,339)
Building and land improvements	(13,458)	(1,365)	-	(14,823)
Furniture, fixtures & equipment	(164,293)	(9,283)	-	(173,576)
Vehicles	(26,980)	-	-	(26,980)
Infrastructure	(157,834)	(16,799)	-	(174,633)
Total accumulated depreciation	<u>(722,636)</u>	<u>(73,715)</u>	<u>-</u>	<u>(796,351)</u>
Total capital assets being depreciated	<u>1,650,401</u>	<u>180,750</u>	<u>-</u>	<u>1,831,151</u>
Total capital assets, net of depreciation	<u>\$ 1,912,617</u>	<u>180,750</u>	<u>(247,091)</u>	<u>1,846,276</u>

Land and construction in progress are not subject to depreciation. Depreciation expense for the year ended June 30, 2015 was charged to the following functions and funds:

Governmental activities:	
General government	\$ 20,150
Public safety	39,680
Public works	54,219
Culture and recreation	<u>3,756</u>
Total governmental activities	<u>\$ 117,805</u>
Business type activities:	
Waste water	\$ 72,350
Bath house	<u>1,365</u>
Total business type activities	<u>\$ 73,715</u>



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**NOTE 6 – LONG-TERM DEBT**

Long-term liability activity for the year ended June 30, 2015, was as follows:

	Balance <u>June 30, 2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2015</u>	Due within <u>one year</u>
<b>Governmental funds debt</b>					
Compensated absences	\$ 4,071	8,235	(5,869)	6,437	5,150
Notes payable	<u>54,109</u>	<u>-</u>	<u>(11,349)</u>	<u>42,760</u>	<u>9,997</u>
Total governmental activities	<u>\$ 58,180</u>	<u>8,235</u>	<u>(17,218)</u>	<u>49,197</u>	<u>15,147</u>
<b>Business-type funds debt</b>					
Compensated absences	\$ 6,983	4,017	(3,282)	7,718	6,175
Notes payable	<u>135,726</u>	<u>-</u>	<u>(5,051)</u>	<u>130,675</u>	<u>5,203</u>
Total business-type activities	<u>\$ 142,709</u>	<u>4,017</u>	<u>(8,333)</u>	<u>138,393</u>	<u>11,378</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 2015.

The annual principal and interest requirements on long-term debt outstanding as of June 30, 2015 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 current book value of \$26,663. The future payments required on the note payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 9,997	1,919	11,916
2017	10,442	1,474	11,916
2018	10,911	1,004	11,915
2019	11,410	500	11,910
2020	-	-	-
2020-2024	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 42,760</u>	<u>4,897</u>	<u>47,657</u>

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**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 \$173,334 at June 30, 2015, and equal 9.8% of future estimated net revenues at their current rate. During the year ended June 30, 2015, the City collected \$92,842 in pledged revenues, and retired \$9,123 in principal and interest on the aforementioned note.

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

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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		5,856	3,267	9,123
2020-2024		32,021	13,593	45,614
2025-2029		37,121	8,493	45,614
2030-2034		<u>33,910</u>	<u>2,581</u>	<u>36,491</u>
Total	\$	<u><u>130,675</u></u>	<u><u>42,659</u></u>	<u><u>173,334</u></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 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, 2015 was as follows:

		<b>Transfers In</b>			
		Judicial	Non-Major	Bath	
		Muni	Govern-	House	
		<u>Complex</u>	<u>mental</u>	<u>House</u>	<u>Total</u>
General	\$	50,000	5,500	15,000	70,500
Law enforcement fund		-	11,916	-	11,916
Total	\$	<u><u>50,000</u></u>	<u><u>17,416</u></u>	<u><u>15,000</u></u>	<u><u>82,416</u></u>

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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, 2015, are as follows:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>
General Fund	Waste water fund - proprietary fund	\$ 3,392
General Fund	Bath house fund - proprietary fund	<u>7,838</u>
Total interfund receivable/payables		<u>\$ 11,230</u>

**NOTE 8 – RENT REVENUE**

The Village receives rental income for the old fire station building. During the year ended June 30, 2015, \$1,500 was received in rental income. On July 1, 2015, 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:

<u>Fiscal Year</u>	<u>Ending June 30,</u>	<u>Amount</u>
2016	\$	3,233
2017		1,078
2018		-
2019		-
2020		<u>-</u>
Total \$		<u><u>4,311</u></u>

Rental payments charged to current operations for the year ended June 30, 2015 totaled \$3,940.

**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, 2015 were \$55,425.

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**NOTE 11 – PERA PENSION PLAN**

**Plan description.** The Public Employees Retirement Fund (PERA Fund) is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C- 1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 366.

**Benefits provided.** For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2014 available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf).

**Contributions.** The contribution requirements of defined benefit plan members and the Village of Jemez Spring are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at [http://osanm.org/media/audits/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf). The PERA coverage options that apply to the Village are: Municipal General and Municipal Police. Statutorily required contributions to the pension plan from the Village were \$18,018 and no employer paid member benefits that were “picked up” by the employer for the year ended June 30, 2015.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:** The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2014.

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The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred inflows and outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The Village's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2014. Only employer contributions for the pay period end dates that fell within the period of July 1, 2013 to June 30, 2014 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2014 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Division Municipal General, at June 30, 2015, the Village reported a liability of \$165,383 for its proportionate share of the net pension liability. At June 30, 2014, the Village's proportion was 0.0212 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the Village recognized PERA Fund Division Municipal General pension expense of \$6,900. At June 30, 2015, the Village reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ -	112
Net difference between projected and actual earnings on pension plan investments	-	64,702
Village contributions subsequent to the measurement date	<u>17,154</u>	<u>        </u>
	<u>\$ 17,154</u>	<u>64,814</u>

\$17,154 reported as deferred outflows of resources related to pensions resulting from Village of Jemez Springs contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year ended June 30:		
2016	\$	(16,203)
2017		(16,203)
2018		(16,203)
2019		(16,204)
2020		(1)
Thereafter	\$	-

For PERA Fund Division Municipal Police, at June 30, 2015, the Village reported a liability of \$30,317 for its proportionate share of the net pension liability. At June 30, 2014, the Village's proportion was 0.0093 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the Village recognized PERA Fund Division Municipal Police pension expense of \$2,036. At June 30, 2015, the Village reported PERA Fund Division Municipal Police deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions	\$ -	2,463
Net difference between projected and actual earnings on pension plan investments	-	11,273
Village contributions subsequent to the measurement date	864	
	\$ 864	13,736

\$864 reported as deferred outflows of resources related to pensions resulting from Village of Jemez Spring contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2016	\$	(3,431)
2017		(3,431)
2018		(3,431)
2019		(3,431)
2020		(12)
Thereafter	\$	-

**Actuarial assumptions.** As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2013 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the evaluation date to the Plan year ending June 30, 2014 using generally accepted actuarial

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principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2014 actuarial valuation.

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return	7.75% annual rate, net of investment expense
Payroll growth	3.50% annual rate
Projected salary increases	3.50% to 14.25% annual rate
Includes inflation at	3.00% annual rate

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>ALL FUNDS - Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Equity	21.10%	5.00%
International Equity	24.80%	5.20%
Private Equity	7.00%	8.20%
Core and Global Fixed Income	26.10%	1.85%
Fixed Income Plus Sectors	5.00%	4.80%
Real Estate	5.00%	5.30%
Real Assets	7.00%	5.70%
Absolute Return	4.00%	4.15%
	<u>100.00%</u>	

**Discount rate:** The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed longterm expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Village's proportionate share of the net pension liability to changes in the discount rate. The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the Village's net pension liability in each PERA Fund Division that Village participates in, under the current single rate assumption, as if it were calculated using

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a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

<u>PERA Fund Division - Municipal General</u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Village's proportionate share of the net pension liability	\$ 311,784	165,383	52,281
<u>PERA Fund Division - Municipal Police</u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Village's proportionate share of the net pension liability	\$ 57,815	30,317	9,785

***Pension plan fiduciary net position.*** Detailed information about the pension plan's fiduciary net position is available in the separately issued FY14 Restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

**NOTE 12 – POST EMPLOYMENT BENEFITS**

*Plan Description.* Village of Jemez Springs 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



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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](http://www.nmrhca.state.nm.us).

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2015, 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, 2015, 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, 2015, 2014, 2013 were \$5,051, \$4,955, and \$5,376, 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, 2015:

<u>Fund</u>	<u>Fund Type</u>	<u>Amount</u>
Bath House Fund	Proprietary fund	\$ (2,242)

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

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Legal Compliance with Budget

The Village was in compliance with Section 6-6-6 of the New Mexico State Statues regarding legal compliance with approved budgets. No funds exceeded budget at the fund level for the year ended June 30, 2015.

**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, 2015, 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, 2015. The total amounts spent as of June 30, 2015 on the projects was \$274,500. 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**

During the year ended June 30, 2015, the Village adopted GASB Statements No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* (“GASB 68”), and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68* (“GASB 71”). These two Statements are required to be implemented at the same time. GASB 68 addresses accounting and financial reporting for pensions that are provided to the employees of state and local governments through pension plans that are administered through trusts that have certain characteristics. GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. At transition to Statement 68, Statement 71 requires the employer or nonemployer contributing entity to recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning

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net pension liability but before the start of the government's fiscal year, thus avoiding possible understatement of an employer or non-employer contributing entity's beginning net position and expense in the initial period of implementation. Additional information regarding the adoption of GASB 68 can be found in Note 1 and Note 11.

The Village has a prior period adjustment of \$(265,295) which was required due to the adoption of GASB 68. This adjustment reflects a beginning net pension liability of \$(284,374) and a beginning deferred outflow of resources – employer contributions subsequent to the measurement date of \$19,079.

During the year ended June 30, 2015, as part of the transition to a new accounting system, the Village did an analysis of its fund balances to ensure accuracy. As a result of this analysis, equity transfers totaling \$144,468 were made between the general fund and major and nonmajor special revenue funds. The transfers did not result in an overall increase or decrease of fund balance.

The Village "forgave" certain amounts due between the general fund and other major and non-major funds. As a result, fund balance in the general fund was decreased \$50,899. Additionally, the Village determined that transfers reported in prior years between the general fund and waste water fund were overstated. As a result, fund balance in the general fund was decreased \$54,812 and net position in the waste water fund was increased \$54,812.

The net impact on fund equity is as follows:

<u>Fund</u>	<u>Purpose/Reason</u>	<u>Amount</u>
Governmental funds		
Major funds		
General fund	Equity transfer as result of fund balance analysis	\$ 141,477
	Equity transfer for "forgiven" due to/froms	(50,899)
	Prior year transfers between funds were overstated	<u>(54,812)</u>
Total general fund		35,766
Fire fund	Equity transfer as result of fund balance analysis	(16,743)
Road fund	Equity transfer as result of fund balance analysis	(54,753)
Judicial municipal complex fund	Equity transfer for "forgiven" due to/froms	33,438
Nonmajor special revenue funds		
Corrections fund	Equity transfer as result of fund balance analysis	(56,506)
Recreation fund	Equity transfer for "forgiven" due to/froms	692
Library grant fund	Equity transfer as result of fund balance analysis	(16,466)
Events fund	Equity transfer as result of fund balance analysis	2,991
DWI fund	Equity transfer for "forgiven" due to/froms	<u>1,542</u>
Total governmental funds		<u>\$ (70,039)</u>

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Proprietary funds			
Major funds			
Waste water fund	Prior year transfers between funds were overstated	\$	54,812
Bath house fund	Equity transfer for "forgiven" due to/froms		<u>15,227</u>
Total proprietary funds		\$	<u><u>70,039</u></u>
Government-wide statements			
Governmental activities	Applicable adjustments from above		(70,039)
	Implementation of GASB 68	\$	<u>(265,296)</u>
Total governmental activities		\$	<u><u>(335,335)</u></u>
Business-type activities	Applicable adjustments from above		<u>70,039</u>
Total business-type activities		\$	<u><u>70,039</u></u>

**NOTE 17 – EVALUATION OF SUBSEQUENT EVENTS**

The Village has evaluated subsequent events through December 21, 2015, the date which the financial statements were available to be issued.

**NOTE 18 – SUBSEQUENT PRONOUNCEMENTS**

In February 2015, GASB Statement No. 72 Fair Value Measurement and Application, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The Village will implement this standard during the fiscal year ended June 30, 2016. The Village is still evaluating how this pronouncement will affect the financial statements.

In June 2015, GASB Statement No. 73 Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2016. Earlier application is encouraged. The Village is still evaluating how this pronouncement will affect the financial statements.

In June 2015, GASB Statement No. 74 Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2016. The Village is still evaluating how this pronouncement will affect the financial statements.

In June 2015, GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2018. The Village is still evaluating how this pronouncement will affect the financial statements.

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In June 2015, GASB Statement No. 76 The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The Village will implement this standard during the fiscal year ended June 30, 2016. The Village expects the pronouncement to have a material effect on the financial statements.

In August 2015, GASB Statement No. 77 Tax Abatement Disclosures, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged. The Village will implement this standard during the fiscal year ended June 30, 2017. The Village is still evaluating how this pronouncement will effect the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO  
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SCHEDULE OF PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY OF PERA FUND DIVISION MUNICIPAL GENERAL  
Public Employees Retirement Association (PERA) Plan  
Last 10 Fiscal Years\***

	<b>2015</b>
Village of Jemez Springs's proportion of the net pension liability (asset)	0.0212%
Village of Jemez Springs's proportionate share of the net pension liability (asset)	\$ 165,383
Village of Jemez Springs's covered-employee payroll	\$ 306,752
Village of Jemez Springs's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	53.91%
Plan fiduciary net position as a percentage of the total pension liability	81.29%

\*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.

See independent auditors' report  
See notes to required supplementary information

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SCHEDULE OF PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY OF PERA FUND DIVISION MUNICIPAL POLICE  
Public Employees Retirement Association (PERA) Plan  
Last 10 Fiscal Years\***

	<u>2015</u>
Village of Jemez Springs's proportion of the net pension liability (asset)	0.0093%
Village of Jemez Springs's proportionate share of the net pension liability (asset)	\$ 30,317
Village of Jemez Springs's covered-employee payroll	\$ 13,462
Village of Jemez Springs's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	225.20%
Plan fiduciary net position as a percentage of the total pension liability	81.29%

\*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.

See independent auditors' report  
See notes to required supplementary information



**STATE OF NEW MEXICO**  
**VILLAGE OF JEMEZ SPRINGS**  
**SCHEDULE OF CONTRIBUTIONS**  
**Public Employees Retirement Association (PERA) Plan**  
**PERA Municipal General Division**  
**Last 10 Fiscal Years\***

Contractually required contribution	\$	<u>2015</u> 16,788
Contributions in relation to the contractually required contribution		<u>16,788</u>
Contribution deficiency (excess)		<u><u>-</u></u>
Village's covered-employee payroll		306,752
Contributions as a percentage of covered-employee payroll		5.47%

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

See independent auditors' report  
 See notes to required supplementary information

**STATE OF NEW MEXICO**  
**VILLAGE OF JEMEZ SPRINGS**  
**SCHEDULE OF CONTRIBUTIONS**  
**Public Employees Retirement Association (PERA) Plan**  
**PERA Municipal Police Division**  
**Last 10 Fiscal Years\***

	<u>2015</u>
Contractually required contribution	\$ 1,230
Contributions in relation to the contractually required contribution	<u>1,230</u>
Contribution deficiency (excess)	<u><u>-</u></u>
Village's covered-employee payroll	13,462
Contributions as a percentage of covered-employee payroll	9.14%

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

See independent auditors' report  
 See notes to required supplementary information

**STATE OF NEW MEXICO  
VILLAGE OF JEMEZ SPRINGS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2015**

***Changes of benefit terms.*** The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf).

***Changes of assumptions.***

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2014 report is available at [http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report\\_FINAL.pdf](http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report_FINAL.pdf). The summary of Key Findings for the PERA Fund (on page 2 of the report) states “based on a recent experience study for the five-year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of \$30.8 million to Fund liabilities and an increase of 0.13% to the funded ratio. For details about changes in the actuarial assumptions, see Appendix B on page 60 of the report.

## **SUPPLEMENTAL INFORMATION**

**STATE OF NEW MEXICO  
VILLAGE OF JEMEZ SPRINGS  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

**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

**Events 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, 2015

	Special Revenue Funds	Debt Service Funds	Total
Assets and deferred inflows of resources:			
Assets:			
Cash and cash equivalents	\$ 13,046	-	13,046
Total current assets	\$ 13,046	-	13,046
Deferred Outflows of Resources:			
Total deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	13,046	-	13,046
Liabilities, deferred inflows of resources and fund balances:			
Liabilities:			
Accounts payable	\$ -	-	-
Total liabilities	-	-	-
Deferred Inflows of Resources:			
"Unavailable" revenues	-	-	-
Total deferred inflows of resources	-	-	-
Fund balances:			
Nonspendable	-	-	-
Restricted	13,046	-	13,046
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	13,046	-	13,046
Total liabilities, deferred inflows of resources and fund balances:	\$ 13,046	-	13,046

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

**STATE OF NEW MEXICO  
VILLAGE OF JEMEZ SPRINGS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2015**

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Totals</u>
Revenues:			
Taxes			
Other	\$ 12,882	-	12,882
Fines and forfeitures	86	-	86
Miscellaneous income	55,145	-	55,145
Total revenues	<u>68,113</u>	<u>-</u>	<u>68,113</u>
Expenditures:			
Current:			
General government	4,425	-	4,425
Public safety	288	-	288
Culture and recreation	57,801	-	57,801
Debt service			
Principal	-	11,349	11,349
Interest	-	567	567
Total expenditures	<u>62,514</u>	<u>11,916</u>	<u>74,430</u>
Excess (deficiency) of revenues over (under) expenditures	5,599	(11,916)	(6,317)
Other financing sources (uses):			
Transfers in	5,500	11,916	17,416
Transfers out	-	-	-
Total other financing sources (uses):	<u>5,500</u>	<u>11,916</u>	<u>17,416</u>
Net change in fund balances	11,099	-	11,099
Beginning fund balance	69,694	-	69,694
Restatement	<u>(67,747)</u>	<u>-</u>	<u>(67,747)</u>
Beginning fund balance, as restated	<u>1,947</u>	<u>-</u>	<u>1,947</u>
Ending fund balance	<u>\$ 13,046</u>	<u>-</u>	<u>13,046</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 BALANCE SHEET  
As of June 30, 2015

	<u>Correction</u> <u>Fund</u>	<u>Rec</u> <u>Fund</u>	<u>EMS</u> <u>Fund</u>	<u>Library</u> <u>Fund</u>	<u>Lodgers'</u> <u>Tax</u>	<u>Events</u> <u>Fund</u>	<u>DWI</u> <u>fund</u>	<u>Totals</u>
Assets and deferred inflows of resources:								
Assets:								
Cash and cash equivalents	\$ 86	-	213	-	12,747	-	-	13,046
Total current assets	\$ 86	-	213	-	12,747	-	-	13,046
Deferred Outflows of Resources:								
Total deferred outflows of resources	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>86</u>	<u>-</u>	<u>213</u>	<u>-</u>	<u>12,747</u>	<u>-</u>	<u>-</u>	<u>13,046</u>
Liabilities, deferred inflows of resources and fund balances:								
Liabilities:								
Accounts payable	\$ -	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-
Deferred Inflows of Resources:								
Total deferred inflows of resources	-	-	-	-	-	-	-	-
Fund balances:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	86	-	213	-	12,747	-	-	13,046
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>86</u>	<u>-</u>	<u>213</u>	<u>-</u>	<u>12,747</u>	<u>-</u>	<u>-</u>	<u>13,046</u>
Total liabilities, deferred inflows of resources and fund balances:	\$ <u>86</u>	<u>-</u>	<u>213</u>	<u>-</u>	<u>12,747</u>	<u>-</u>	<u>-</u>	<u>13,046</u>

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



**STATE OF NEW MEXICO**  
**VILLAGE OF JEMEZ SPRINGS**  
**NON-MAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS**  
**COMBINING BALANCE SHEET**  
**As of June 30, 2015**

	<b>Debt Service</b>	<b>Totals</b>
Assets and deferred inflows of resources:		
Assets:		
Cash and cash equivalents	\$ -	-
Total current assets	-	-
Deferred Outflows of Resources:		
Total deferred outflows of resources	-	-
Total assets and deferred outflows of resources	\$ -	-
Liabilities, deferred inflows of resources and fund balances:		
Liabilities:		
Accounts payable	\$ -	-
Total liabilities	-	-
Deferred Inflows of Resources:		
Total deferred inflows of resources	-	-

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, 2015**

	<u>Correction</u>	<u>Rec</u>	<u>EMS</u>	<u>Library</u>	<u>Lodgers'</u>	<u>Events</u>	<u>DWI</u>	<u>Totals</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Grant</u>	<u>Tax</u>	<u>Fund</u>	<u>Fund</u>	
Revenues:								
Taxes								
Other	\$ -	-	-	-	12,882	-	-	12,882
Fines and forfeitures	86	-	-	-	-	-	-	86
Intergovernmental revenue								
State grants	-	-	-	-	-	-	-	-
Miscellaneous income	-	-	-	52,287	-	2,570	288	55,145
Total revenues	<u>86</u>	<u>-</u>	<u>-</u>	<u>52,287</u>	<u>12,882</u>	<u>2,570</u>	<u>288</u>	<u>68,113</u>
Expenditures:								
Current:								
General government	-	-	-	-	4,425	-	-	4,425
Public safety	-	-	-	-	-	-	288	288
Culture and recreation	-	500	-	46,683	-	10,618	-	57,801
Total expenditures	<u>-</u>	<u>500</u>	<u>-</u>	<u>46,683</u>	<u>4,425</u>	<u>10,618</u>	<u>288</u>	<u>62,514</u>
Excess (deficiency) of revenues over (under) expenditures	86	(500)	-	5,604	8,457	(8,048)	-	5,599
Other financing sources (uses):								
Transfers in	-	500	-	-	-	5,000	-	5,500
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses):	<u>-</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>5,500</u>
Net change in fund balances	86	-	-	5,604	8,457	(3,048)	-	11,099
Beginning fund balance	56,506	(692)	213	10,862	4,290	57	(1,542)	69,694
Restatement	(56,506)	692	-	(16,466)	-	2,991	1,542	(67,747)
Beginning fund balance, as restated	<u>-</u>	<u>-</u>	<u>213</u>	<u>(5,604)</u>	<u>4,290</u>	<u>3,048</u>	<u>-</u>	<u>1,947</u>
Ending fund balance	<u>\$ 86</u>	<u>-</u>	<u>213</u>	<u>-</u>	<u>12,747</u>	<u>-</u>	<u>-</u>	<u>13,046</u>

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

**STATE OF NEW MEXICO**  
**VILLAGE OF JEMEZ SPRINGS**  
**NON-MAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**For the Year Ended June 30, 2015**

	<b>Debt Service Fund</b>	<b>Totals</b>
Revenues:		
Miscellaneous income	\$ -	-
Total revenues	-	-
Expenditures:		
Current:		
Debt service		
Principal	11,349	11,349
Interest	567	567
Total expenditures	11,916	11,916
Excess (deficiency) of revenues over (under) expenditures	(11,916)	(11,916)
Other financing sources (uses):		
Transfers in	11,916	11,916
Transfers out	-	-
Total other financing sources (uses):	11,916	11,916
Net change in fund balances	-	-
Beginning fund balance	-	-
Ending fund balance	\$ -	-

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, 2015

	Budgeted Amounts		Actual	Favorable (Unfavorable)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 4,000	4,000	86	(3,914)
Total revenues	4,000	4,000	86	(3,914)
Expenditures:				
Current:				
Public safety	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	4,000	4,000	86	(3,914)
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses):	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	4,000	4,000	86	(3,914)
Budgeted cash carryover	-	-		
Net change in fund balance	\$ 4,000	4,000		
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ 86	
Adjustments to revenue not necessary			-	
Adjustments to expenditures not necessary			-	
Net change in fund balance (GAAP)			\$ 86	

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

STATE OF NEW MEXICO  
VILLAGE OF JEMEZ SPRINGS  
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, 2015

	<u>Budgeted Amounts</u>			<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Miscellaneous income	\$ -	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
Culture and recreation	-	500	500	-
Total expenditures	<u>-</u>	<u>500</u>	<u>500</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	(500)	(500)	-
Other financing sources (uses):				
Transfers in	-	500	500	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses):	<u>-</u>	<u>500</u>	<u>500</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	<u>-</u>	<u>-</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)			\$ -	
Adjustments to revenue not necessary			-	
Adjustments to expenditures not necessary			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ -</u>	

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

STATE OF NEW MEXICO  
VILLAGE OF JEMEZ SPRINGS  
EMS FUND - SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>			<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental revenue				
State grants	\$ -	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
Public safety	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
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>-</u>	<u>-</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)			\$ -	
Adjustments to revenue not necessary			-	
Adjustments to expenditures not necessary			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ -</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Miscellaneous income	\$ 60,044	71,167	52,287	(18,880)
Total revenues	<u>60,044</u>	<u>71,167</u>	<u>52,287</u>	<u>(18,880)</u>
Expenditures:				
Current:				
Culture and recreation	60,044	71,167	46,683	24,484
Total expenditures	<u>60,044</u>	<u>71,167</u>	<u>46,683</u>	<u>24,484</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	5,604	5,604
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>5,604</u>	<u>5,604</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)			\$ 5,604	
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>\$ 5,604</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes				
Other	\$ 15,000	15,000	12,882	(2,118)
Total revenues	<u>15,000</u>	<u>15,000</u>	<u>12,882</u>	<u>(2,118)</u>
Expenditures:				
Current:				
General government	<u>15,000</u>	<u>15,000</u>	<u>4,425</u>	<u>10,575</u>
Total expenditures	<u>15,000</u>	<u>15,000</u>	<u>4,425</u>	<u>10,575</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	8,457	8,457
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>8,457</u>	<u>8,457</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)			\$ 8,457	
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>\$ 8,457</u>	

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



STATE OF NEW MEXICO  
VILLAGE OF JEMEZ SPRINGS  
EVENTS 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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Miscellaneous income	\$ -	-	2,570	2,570
Total revenues	<u>-</u>	<u>-</u>	<u>2,570</u>	<u>2,570</u>
Expenditures:				
Current:				
Culture and recreation	-	10,700	10,618	82
Total expenditures	<u>-</u>	<u>10,700</u>	<u>10,618</u>	<u>82</u>
Excess (deficiency) of revenues over (under) expenditures	-	(10,700)	(8,048)	2,652
Other financing sources (uses):				
Transfers in	-	5,000	5,000	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses):	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	(5,700)	<u>(3,048)</u>	<u>2,652</u>
Budgeted cash carryover	<u>-</u>	<u>5,700</u>		
Net change in fund balance	<u>\$ -</u>	<u>-</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ (3,048)	
Adjustments to revenue not necessary			-	
Adjustments to expenditures for accrued wages and expenditures			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ (3,048)</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, 2015

	<u>Budgeted Amounts</u>			Favorable (Unfavorable) Difference
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Miscellaneous income	\$ -	2,500	288	(2,212)
Total revenues	<u>-</u>	<u>2,500</u>	<u>288</u>	<u>(2,212)</u>
Expenditures:				
Current:				
Public safety	-	2,500	288	2,212
Total expenditures	<u>-</u>	<u>2,500</u>	<u>288</u>	<u>2,212</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
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>-</u>	<u>-</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)			\$ -	
Adjustments to revenue not necessary			-	
Adjustments to expenditures not necessary			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ -</u>	

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

STATE OF NEW MEXICO  
VILLAGE OF JEMEZ SPRINGS  
JUDICIAL MUNICIPAL COMPLEX 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, 2015

	<u>Budgeted Amounts</u>			Favorable (Unfavorable) Difference
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental revenue				
State grants	\$ 203,499	283,499	211,343	(72,156)
Total revenues	<u>203,499</u>	<u>283,499</u>	<u>211,343</u>	<u>(72,156)</u>
Expenditures:				
Current:				
Public safety	203,499	328,499	11,645	316,854
Capital outlay	-	-	245,365	(245,365)
Total expenditures	<u>203,499</u>	<u>328,499</u>	<u>257,010</u>	<u>71,489</u>
Excess (deficiency) of revenues over (under) expenditures	-	(45,000)	(45,667)	(667)
Other financing sources (uses):				
Transfers in	-	50,000	50,000	-
Transfers out	-	-	-	-
Total other financing sources (uses):	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	5,000	<u>4,333</u>	<u>(667)</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Net change in fund balance	\$ <u>-</u>	<u>5,000</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ 4,333	
Adjustments to revenue for tax and other miscellaneous revenue accruals			(33,438)	
Adjustments to expenditures not necessary			<u>-</u>	
Net change in fund balance (GAAP)			\$ <u>(29,105)</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, 2015

	Budgeted Amounts		Actual	Favorable (Unfavorable)
	Original	Final		
Operating revenues:				
Charges for services	\$ 212,550	212,550	159,809	(52,741)
Total operating revenues	212,550	212,550	159,809	(52,741)
Operating expenses:				
Personnel services	120,000	120,000	111,334	8,666
Operating expenses	92,533	92,533	56,274	36,259
Total operating expenses	212,533	212,533	167,608	44,925
Operating income (loss)	17	17	(7,799)	(7,816)
Non-operating revenues (expenses):				
Grant revenues	-	-	-	-
Interest income	-	-	26	26
Interest expense	-	-	-	-
Total non-operating revenues (expenses)	-	-	26	26
Income (loss) before transfers	17	17	(7,773)	(7,790)
Transfers in	-	30,000	15,000	(15,000)
Transfers out	-	-	-	-
	-	30,000	15,000	(15,000)
Change in net position	17	30,017	7,227	(22,790)
Budgeted cash carryover	-	-		
Total	\$ 17	30,017		
Reconciliation From Budget/Actual to GAAP				
Change in net position (Non-GAAP budgetary basis)			\$ 7,227	
Adjustments to revenue for tax and other miscellaneous revenue accruals			1,495	
Adjustments to expenditures for accrued wages and expenditures			1,654	
Depreciation and other non-cash items			(1,365)	
Change in net position (GAAP)			\$ 9,011	

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, 2015

	Budgeted Amounts		Actual	Favorable (Unfavorable)
	Original	Final		
Operating revenues:				
Charges for services	\$ 108,000	108,000	95,110	(12,890)
Miscellaneous revenues	0	0	70	70
Total operating revenues	108,000	108,000	95,180	(12,820)
Operating expenses:				
Personnel services	50,000	50,000	49,353	647
Operating expenses	57,125	57,125	59,935	(2,810)
Total operating expenses	107,125	107,125	109,288	(2,163)
Operating income (loss)	875	875	(14,108)	(14,983)
Non-operating revenues (expenses):				
Gain/(loss) on disposal of capital assets	-	-	-	-
Grant revenues	-	-	18,180	18,180
Gross receipts and other taxes	-	-	-	-
Interest income	110	110	36	(74)
Interest expense	-	-	(3,481)	(3,481)
Total non-operating revenues (expenses)	110	110	14,735	14,625
Income (loss) before transfers	985	985	627	(358)
Transfers in	-	-	-	-
Transfers out	(9,123)	(9,123)	-	9,123
	(9,123)	(9,123)	-	9,123
Change in net position	(8,138)	(8,138)	627	8,765
Budgeted cash carryover	8,138	8,138		
Total	\$ -	-		
Reconciliation From Budget/Actual to GAAP				
Change in net position (Non-GAAP budgetary basis)			\$ 627	
Adjustments to revenue for tax and other miscellaneous revenue accruals			(2,247)	
Adjustments to expenditures for accrued wages and expenditures			22,308	
Depreciation and other non-cash items			(80,985)	
Change in net position (GAAP)			\$ (60,297)	

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, 2015**

	<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	\$ 2,592	632	(3,224)	-
Due from general fund	-	-	-	-
Total assets	<u>\$ 2,592</u>	<u>632</u>	<u>(3,224)</u>	<u>-</u>
Liabilities:				
Accounts payable	-	-	-	-
Held for others	2,592	632	(3,224)	-
Total liabilities	<u>\$ 2,592</u>	<u>632</u>	<u>(3,224)</u>	<u>-</u>
Motor vehicle fund				
Assets:				
Cash	\$ -	19,498	(18,481)	1,017
Total assets	<u>\$ -</u>	<u>19,498</u>	<u>(18,481)</u>	<u>1,017</u>
Liabilities:				
Held for others	\$ -	19,498	(18,481)	1,017
Total liabilities	<u>\$ -</u>	<u>19,498</u>	<u>(18,481)</u>	<u>1,017</u>
Total agency funds				
Assets:				
Cash	\$ 2,592	20,130	(21,705)	1,017
Due from general fund	-	-	-	-
Total assets	<u>\$ 2,592</u>	<u>20,130</u>	<u>(21,705)</u>	<u>1,017</u>
Liabilities:				
Accounts payable	\$ -	-	-	-
Held for others	2,592	20,130	(21,705)	1,017
Total liabilities	<u>\$ 2,592</u>	<u>20,130</u>	<u>(21,705)</u>	<u>1,017</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, 2015

	Major Funds					Non-Major Governmental Funds	Total Funds
	General Fund	Spec Revenue			Cap Proj		
		Fire Fund	Law Enforce- ment Fund	Road Fund	Capital Projects 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	-	-	-	49,437	-	-	49,437
Providing emergency medical services	-	-	-	-	-	213	213
Fire fighting efforts/equipment	-	14,278	-	-	-	-	14,278
Public safety and law enforcement efforts	-	-	6,378	-	-	86	6,464
Economic development efforts	-	-	-	-	-	12,747	12,747
Subtotal restricted funds	<u>-</u>	<u>14,278</u>	<u>6,378</u>	<u>49,437</u>	<u>4,333</u>	<u>13,046</u>	<u>87,472</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>209,006</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>209,006</u>
	<u>\$ 209,006</u>	<u>21,211</u>	<u>6,378</u>	<u>49,437</u>	<u>4,333</u>	<u>13,046</u>	<u>303,411</u>

See independent auditor's report.

**STATE OF NEW MEXICO  
VILLAGE OF JEMEZ SPRINGS  
SCHEDULE OF DEPOSITORIES  
As of June 30, 2015**

<u>Account name</u>	<u>Type</u>	<u>Interest bearing</u>	<u>Jemez Vally Credit Union</u>	<u>State Employees Credit Union</u>	<u>Plus Deposits in Transit</u>	<u>Less O/S Checks</u>	<u>Balance Per Books</u>
General fund checking	CK	Yes	\$ 200,248	-	2,871	(59,234)	143,885
Payroll clearing acct	CK	No	10,133	-	6	-	10,139
GRT reserve checking	CK	Yes	145	-	-	-	145
Waste water checking	CK	Yes	11,993	-	970	(5,721)	7,242
Waste water fund - reserve	CK	No	52	-	-	-	52
Debt service acct	CK	Yes	1,529	-	-	-	1,529
Replacement reserve acct	CK	Yes	2,972	-	-	-	2,972
Bath house checking	CK	Yes	25,429	-	719	(14,264)	11,884
Bath house fund - reserve	CK	No	25	-	-	-	25
Motor vehicle checking	CK	Yes	2,194	-	-	(1,177)	1,017
Savings account	CK	Yes	-	140,083	-	(67)	140,016
Petty cash							800
Total cash and equivalents			<u>254,720</u>	<u>140,083</u>	<u>4,566</u>	<u>(79,219)</u>	<u>319,706</u>
Total amount on deposit			254,720	140,083	<u>4,566</u>	<u>(79,219)</u>	<u>319,706</u>
FDIC coverage			<u>(250,000)</u>	<u>(140,083)</u>			
Total uninsured public funds			4,720	-			
50% collateral requirement (Section 6-10-17 NMSA-1978)			2,360	N/A			
Collateral provided			16,939	-			
Amount (over)/under collateralized			<u>\$ (14,579)</u>	<u>-</u>			

See independent auditor's report.



STATE OF NEW MEXICO  
VILLAGE OF JEMEZ SPRINGS  
SCHEDULE OF PLEDGED COLLATERAL BY DEPOSITORY  
As of June 30, 2015

<u>Cuspid</u>	<u>Description/ Maturity</u>	<u>Coupon</u>	<u>Pledged Percent</u>	<u>Original Face</u>	<u>Par</u>	<u>Book Value</u>	<u>Market Value</u>
<i>US Bank of Cincinnati</i>							
<i>Safekeeping Location - Federal Reserve Bank</i>							
31415QS56	FNMS 8/1/2018	5.50	8.47%	\$ 200,000	16,939	16,939	16,939
				\$ 200,000	16,939	16,939	16,939

See independent auditor's report.

**STATE OF NEW MEXICO**  
**VILLAGE OF JEMEZ SPRINGS**  
**SCHEDULE OF JOINT POWERS AGREEMENTS AND MEMORANDUMS OF UNDERSTANDING**  
**As of June 30, 2015**

**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, 2015

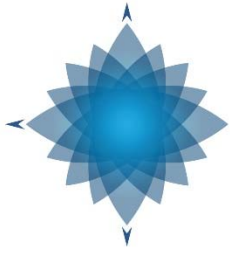
Description	Appropriation #	Appropriation Period	Original Appropriation	Expenditures To Date	Out-standing Encumbrances	Unencumbered Balances
<b>Fund 89700</b>						
<b>Severance Tax Bonds Outstanding*</b>						
Laws 2013 - Chapter 226, Section 31	13-1761	07/01/2013 - 06/30/2017	\$ 195,000	195,000	-	-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

\*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.

See independent auditor's report.





**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, 2015, 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 December 21, 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, and 2015-002.

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 deficiency described in the accompany schedule of findings and responses to be a significant deficiency: 2015-001.

### **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 and 2013-003.

### **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  
December 21, 2015

**STATE OF NEW MEXICO  
VILLAGE OF JEMEZ SPRINGS  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2015**

**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>
<b>Prior Year Findings</b>		
2001-001	Overspending of Funds and Budgets	Resolved
2012-002	Late filing of audit report	Repeated/ Modified
2013-001	Material Auditor Adjustments	Repeated/ Modified
2013-002	Capital Assets	Resolved
2013-003	Deposit Timeliness	Repeated/ Modified
2013-004	Audit Contract Timeliness	Resolved
2014-001	Bath House Inventory	Resolved
2014-002	Maintenance of General Ledger	Resolved
2014-003	Cash Controls	Resolved
<b>Current Year Findings</b>		
2015-001	Timeliness of PERA Contributions	Current
2015-002	Bank Reconciliation Variances	Current

**STATE OF NEW MEXICO  
VILLAGE OF JEMEZ SPRINGS  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2015**

**SECTION II FINDINGS – FINANCIAL STATEMENTS**

**PRIOR YEAR FINDINGS REPEATED/MODIFIED IN CURRENT YEAR**

**2012-002 – LATE FILING OF AUDIT REPORT – Other noncompliance**

**Condition**

The audit report for the year ended June 30, 2015 was not submitted to the state auditor's office by the December 15, 2015 due date.

This is a repeat finding from prior audits. The prior year audit was completed on April 10, 2015. During the year ended June 30, 2015, the Village completed the implementation of a new accounting software system. As part of this transition, an analysis was done on the Village's fund balances and interfund payables/receivables. Working through the results of this analysis delayed completion of the audit

**Criteria**

By statute, Section 2.2.2.9 NMAC (State Auditor Rule), the deadline for submission of this report was December 15, 2015.

**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**

Completion of the current year audit was delayed due to additional analysis that was performed on fund balances and interfund payables/receivables. This analysis was facilitated by the transition to a new more complete accounting system which was completed during the year ended June 30, 2015.

**Recommendation**

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

**Response**

Now that the Village has completed its transition to the new accounting system and it has been fully implemented, the Village will have the FY16 audit completed and submitted before the December 15, 2016 due date. The Mayor will oversight this process.

**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:

- Eliminate closed cash accounts - \$14,924



**STATE OF NEW MEXICO  
VILLAGE OF JEMEZ SPRINGS  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2015**

- Adjustments to correct accrued liabilities – \$18,652
- Adjustments to debt service reserve lines - \$14,727

This is a repeat finding from prior audits. During the year ended June 30, 2015, the Village implemented a new accounting software system and restructured their bookkeeping to better identify necessary misstatements. The number of auditor identified adjustments dropped significantly from prior years, however the Village ultimately did not identify all necessary adjustments.

**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.
- 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.

**Response**

With the change of accounting software, some of the balances, including the effect of prior year adjustments had not been analyzed correctly. Adjustments will be made and reviewed for fiscal year 2016 in July 2016 as part of our closeout process. The Mayor and Village Treasurer will oversight this process.

**STATE OF NEW MEXICO  
VILLAGE OF JEMEZ SPRINGS  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2015**

**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).

- General Fund – Two instances out of twenty-five tested deposits totaling \$7,268.58
- Bath house – Four of twenty tested deposits totaling \$1,520.06

This is a repeat finding from prior years. Management implemented a process to improve the timeliness of deposits during the year ended June 30, 2015. While the number of untimely deposits identified dropped from 48% to 13% of the population tested, the Village still has not been successful in fully addressing the issue.

**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.

**Response**

Greater effort will be made to deposit within 24 hours. The office will increase monitoring the progress toward this goal effective as of December 30, 2015. The Mayor and Village Treasurer will oversight this process.

**CURRENT YEAR FINDINGS**

**2015-001 –TIMELINESS OF PERA CONTRIBUTIONS – Significant deficiency**

**Condition**

While conducting testwork related to PERA contributions, it was observed that the Village was not timely in its remittance of PERA contributions. It was observed that PERA remittances were late on 26 of 26 pay periods.

**STATE OF NEW MEXICO  
VILLAGE OF JEMEZ SPRINGS  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2015**

**Criteria**

Per NMAC 2.80.500.8.B, employers shall transmit to PERA the member and employer contributions for every member in its employ for each pay period on or before the fifth working day following the payday applicable to the pay period. Additionally, Per NMAC 2.80.500.8.D, contributions are considered untimely when submitted more than fifteen (15) days after the end of the month in which the transmittal report was due.

**Cause**

Due to transition within the Villages finance department, PERA contributions were not consistently being remitted.

**Effect**

The Village is subject to penalties of \$50 per day and associated interested for each late remittance.

**Recommendation**

It is recommended that the Village ensure PERA contributions are remitted timely in accordance with applicable statutes.

**Response**

Effective December 2015, controls are in place now to pay contributions as part of the payroll process. The Mayor and Village Treasurer will oversight this process.

**2015-002 – BANK RECONCILIATION VARIANCES – Material weakness**

**Condition**

While conducting testwork related to the Village’s cash balances, we noted that multiple bank accounts had variances between the bank reconciliation and the reported cash balance. These accounts included:

<u>Account</u>	<u>Variance</u>
General fund operating	\$406.83
Waste water operating	263.50
Bath house operating	\$8,094.97

We were able to determine the variances stemmed from activity recorded after the reconciliation was completed.

Additionally, it was observed that several accounts did not have routine bank reconciliation performed on them. These included:

<u>Account</u>	<u>Balance</u>
Payroll Impress Clearing – GF	\$13,439.24
Payroll Impress Clearing – BH	3,383.20
State Employee CU Savings	140,015.89
Bath house operating	\$8,094.97

**STATE OF NEW MEXICO  
VILLAGE OF JEMEZ SPRINGS  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2015**

**Criteria**

Standard business practice holds that all bank accounts should be reconciled timely to ensure the reported balances are accurate. Once a reconciliation is completed, no additional activity should be recorded in the reconciled timeframe.

**Cause**

Village personnel did not consider the impact on the reconciled balances when entering additional activity. Due to the nature of the unreconciled accounts, the Village did not feel reconciliations on these accounts were necessary.

**Effect**

The Village's is susceptible to cash reporting errors whether caused by error or fraud due to the lack of complete reconciliations.

**Recommendation**

It is recommended that the Village ensure all bank accounts are reconciled monthly or as often as statements are provided. Additionally, no entries or adjustments should be made in a period that has already been reconciled unless a new reconciliation is created to account for the additional activity.

**Response**

Effective with the December 2015 bank reconciliations, controls have been established to ensure that cash entries will not be made after bank accounts are reconciled. Also bank accounts will be reconciled on a timely basis. The Mayor and Village Treasurer will oversight this process.

**STATE OF NEW MEXICO  
VILLAGE OF JEMEZ SPRINGS  
OTHER DISCLOSURES  
FOR THE YEAR ENDED JUNE 30, 2015**

**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 December 21, 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