

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

Annual Financial Report
For the Year Ended June 30, 2017

INTRODUCTORY SECTION

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VILLAGE OF JEMEZ SPRINGS
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June 30, 2017

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STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
Official Roster
June 30, 2017

Name

Title

Elected Officials

| | |
|--|---------------|
| Robert Wilson | Mayor |
| Roger Sweet (as of May, 2017) | Mayor Pro-Tem |
| David Ryan | Trustee |
| Manolito Sanchez | Trustee |
| Dr. Juliette Mulgrew (as of May, 2017) | Trustee |

Administrative Personnel

| | |
|---------------------------------------|-------------------------|
| Lupita de Herrera (through July 2016) | Village Clerk/Treasurer |
| Yvonne Dickey (as of October 2016) | Village Clerk/Treasurer |

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Mayor and Board of Trustees
Village of Jemez Springs
Jemez Springs, New Mexico
and
Wayne A. Johnson
New Mexico State Auditor

Report on 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 and capital projects funds of the Village of Jemez Springs (Village), New Mexico, as of and for the year ended June 30, 2017, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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.

Auditors' 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 and budgetary comparisons of the general fund, major special revenue and capital projects funds of the Village, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted 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.

Accounting principles generally accepted in the United States of America require that the Schedule of Proportionate Share of the Net Pension Liability, the Schedule of Contributions, and the 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.

Other Information


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The combining and individual nonmajor fund financial statements, and 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 combining and individual nonmajor fund financial statements, and 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, the combining and individual nonmajor fund financial statements, and the other schedules required by 2.2.2 NMAC are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2017, 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.


Burt & Company CPAs, LLC

December 14, 2017

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
Statement of Net Position
June 30, 2017

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|-------------|
| Assets and deferred outflows of resources: | | | |
| Assets: | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 232,234 | 81,320 | 313,554 |
| Receivables: | | | |
| Accounts receivable | 2,153 | 7,478 | 9,631 |
| Taxes receivable | 39,892 | - | 39,892 |
| Due from other funds | 2,543 | - | 2,543 |
| Inventories | - | 6,385 | 6,385 |
| Restricted Cash | - | 22,975 | 22,975 |
| Total current assets | 276,822 | 118,158 | 394,980 |
| Non-current assets: | | | |
| Capital assets | 5,126,235 | 2,683,941 | 7,810,176 |
| Less: Accumulated depreciation | (1,489,848) | (921,007) | (2,410,855) |
| Total non-current assets | 3,636,387 | 1,762,934 | 5,399,321 |
| Total assets | 3,913,209 | 1,881,092 | 5,794,301 |
| Deferred outflows of resources: | | | |
| Deferred outflows of resources due to pension plan | 208,912 | - | 208,912 |
| Total deferred outflows of resources | 208,912 | - | 208,912 |
| Total assets and deferred outflows of resources | \$ 4,122,121 | 1,881,092 | 6,003,213 |
| Liabilities, deferred inflows of resources and net position: | | | |
| Liabilities: | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 6,255 | 2,409 | 8,664 |
| Accrued payroll liabilities | 7,104 | 6,059 | 13,163 |
| Other accrued liabilities | - | 10,898 | 10,898 |
| Due to other funds | - | 149 | 149 |
| Due to other government | - | - | - |
| Current portion of compensated absences | 7,620 | 12,735 | 20,355 |
| Current portion of long-term debt | 19,576 | 5,520 | 25,096 |
| Total current liabilities | 40,555 | 37,770 | 78,325 |
| Non-current liabilities | | | |
| Compensated absences | - | 1,600 | 1,600 |
| Notes payable | 73,262 | 114,749 | 188,011 |
| Net pension liability | 467,686 | - | 467,686 |
| Total non-current liabilities | 540,948 | 116,349 | 657,297 |
| Total liabilities | 581,503 | 154,119 | 735,622 |
| Deferred inflows of resources: | | | |
| Deferred inflows of resources due to pension plan | 20,700 | - | 20,700 |
| Total deferred inflows of resources | 20,700 | - | 20,700 |
| Net position | | | |
| Net investment in capital assets | 3,543,549 | 1,648,185 | 5,191,734 |
| Restricted net position | 75,530 | - | 75,530 |
| Unrestricted net position | (99,161) | 78,788 | (20,373) |
| Total net position | 3,519,918 | 1,726,973 | 5,246,891 |
| Total liabilities, deferred inflows of resources and net position | \$ 4,122,121 | 1,881,092 | 6,003,213 |

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, 2017

| Functions/programs | Net (Expense) Revenue and Changes in Net Position | | | | | | |
|--|---|----------------------|------------------------------------|----------------------------------|-----------------------|--------------------------|-----------|
| | Program Revenues | | | | Primary Government | | |
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Government Activities | Business-Type Activities | Total |
| Primary government | | | | | | | |
| Governmental activities | | | | | | | |
| General government | \$ 369,032 | - | 55,542 | 99,806 | (213,684) | - | (213,684) |
| Public safety | 170,114 | - | - | - | (170,114) | - | (170,114) |
| Public works | 39,878 | - | - | - | (39,878) | - | (39,878) |
| Culture and recreation | 108,545 | - | - | - | (108,545) | - | (108,545) |
| Interest expense | 1,462 | - | - | - | (1,462) | (3,351) | (4,813) |
| Total government activities | \$ 689,031 | - | 55,542 | 99,806 | (533,683) | (3,351) | (537,034) |
| Business-type activities | | | | | | | |
| Utilities: | | | | | | | |
| Waste water | \$ 174,673 | 111,087 | - | - | - | (63,586) | (63,586) |
| Bath house | 309,850 | 295,898 | - | - | - | (13,952) | (13,952) |
| Total business-type activities | \$ 484,523 | 406,985 | - | - | - | (77,538) | (77,538) |
| Total primary government | | | | | (533,683) | (80,889) | (614,572) |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes levied for general purposes | | | | | 48,234 | - | 48,234 |
| Gross receipts taxes | | | | | 198,023 | - | 198,023 |
| Other taxes and fees | | | | | 30,256 | - | 30,256 |
| Licenses and permits | | | | | 3,240 | - | 3,240 |
| Fines, forfeitures, and penalties | | | | | 5,596 | - | 5,596 |
| Interest income | | | | | 593 | 253 | 846 |
| Miscellaneous income | | | | | 173,107 | - | 173,107 |
| Transfers | | | | | - | - | - |
| Total general revenues and transfers | | | | | 459,049 | 253 | 459,302 |
| Changes in net position | | | | | (74,634) | (80,636) | (155,270) |
| Beginning net position | | | | | 3,594,552 | 1,807,609 | 5,402,161 |
| Net position, end of year | | | | | \$ 3,519,918 | 1,726,973 | 5,246,891 |

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

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
Balance Sheet – Governmental Funds
June 30, 2017

| | Major Funds | | | | | | Total Funds |
|--|-------------------|-----------------|---------------------------|---------------|---------------------------|---------------------------|----------------|
| | General Fund | Special Revenue | | | Capital Project | | |
| | | Fire Fund | Law Enforce- ment Fund | Road Fund | Municipal Improvements | Total Non- Major Funds | |
| Assets and deferred outflows of resources: | | | | | | | |
| Assets: | | | | | | | |
| Current assets: | | | | | | | |
| Cash and cash equivalents | \$ 156,704 | - | 2,611 | 66,224 | 301 | 6,394 | 232,234 |
| Receivables: | | | | | | | |
| Accounts receivable | 2,153 | - | - | - | - | - | 2,153 |
| Taxes receivable | 39,892 | - | - | - | - | - | 39,892 |
| Due from other funds | 2,543 | - | - | - | - | - | 2,543 |
| Due from other governments | - | - | - | - | - | - | - |
| Prepaid expenses | - | - | - | - | - | - | - |
| Total current assets | <u>201,292</u> | <u>-</u> | <u>2,611</u> | <u>66,224</u> | <u>301</u> | <u>6,394</u> | <u>276,822</u> |
| Deferred outflows of resources: | | | | | | | |
| Total deferred outflows of resources | - | - | - | - | - | - | - |
| Total assets and deferred outflows of resources | \$ <u>201,292</u> | <u>-</u> | <u>2,611</u> | <u>66,224</u> | <u>301</u> | <u>6,394</u> | <u>276,822</u> |
| Liabilities, deferred inflows of resources and fund balances: | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | \$ 6,255 | - | - | - | - | - | 6,255 |
| Accrued payroll liabilities | 7,104 | - | - | - | - | - | 7,104 |
| Due to other funds | - | - | - | - | - | - | - |
| Due to other governments | - | - | - | - | - | - | - |
| Total liabilities | <u>13,359</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>13,359</u> |
| Deferred inflows of resources: | | | | | | | |
| "Unavailable" revenues | - | - | - | - | - | - | - |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities and deferred inflows of resources | 13,359 | - | - | - | - | - | 13,359 |
| Fund balances: | | | | | | | |
| Nonspendable | - | - | - | - | - | - | - |
| Restricted | - | - | 2,611 | 66,224 | 301 | 6,394 | 75,530 |
| Committed | 35,017 | - | - | - | - | - | 35,017 |
| Assigned | - | - | - | - | - | - | - |
| Unassigned | <u>152,916</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>152,916</u> |
| Total fund balances | <u>187,933</u> | <u>-</u> | <u>2,611</u> | <u>66,224</u> | <u>301</u> | <u>6,394</u> | <u>263,463</u> |
| Total liabilities, deferred inflows of resources and fund balances | \$ <u>201,292</u> | <u>-</u> | <u>2,611</u> | <u>66,224</u> | <u>301</u> | <u>6,394</u> | <u>276,822</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
June 30, 2017

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

| | | |
|--|-----------|------------------|
| Total fund balance - Governmental funds | \$ | 263,463 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds | | 3,636,387 |
| 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 due to pension plan | | 208,912 |
| Deferred inflows of resources due to pension plan | | (20,700) |
| 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 | (467,686) | |
| Current compensated absences | (7,620) | |
| Noncurrent compensated absences | - | |
| Current notes payable | (19,576) | |
| Noncurrent notes payable | (73,262) | |
| | | <u>(568,144)</u> |
| Net position of governmental activities | \$ | <u>3,519,918</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, 2017

| | Major Funds | | | | | | Total Non-Major Funds | Total Funds |
|---|-----------------|-----------|----------------------|-----------|------------------------|----------|-----------------------|-------------|
| | Special Revenue | | | | Capital Project | | | |
| | General Fund | Fire Fund | Law Enforcement Fund | Road Fund | Municipal Improvements | | | |
| Revenues: | | | | | | | | |
| Taxes | | | | | | | | |
| Property taxes | \$ 48,234 | - | - | - | - | - | 48,234 | |
| Gross receipts | 198,023 | - | - | - | - | - | 198,023 | |
| Other | 13,735 | - | - | - | - | 16,521 | 30,256 | |
| Licenses and permits | 3,240 | - | - | - | - | - | 3,240 | |
| Charges for services | 55,542 | - | - | - | - | - | 55,542 | |
| Fines and forfeitures | 4,160 | - | - | - | - | 1,436 | 5,596 | |
| Intergovernmental revenue: | | | | | | | | |
| State grants | 97,733 | - | - | - | - | - | 97,733 | |
| Local grants | - | - | - | - | - | 2,073 | 2,073 | |
| Interest income | 593 | - | - | - | - | - | 593 | |
| Miscellaneous income | 16,414 | 50,447 | 20,600 | 35,000 | - | 50,646 | 173,107 | |
| Total revenues | 437,674 | 50,447 | 20,600 | 35,000 | - | 70,676 | 614,397 | |
| Expenditures: | | | | | | | | |
| Current: | | | | | | | | |
| General government | 147,114 | - | - | - | - | 26,514 | 173,628 | |
| Public safety | 99,844 | 55,055 | 12,952 | - | - | 1,734 | 169,585 | |
| Public works | 39,879 | - | - | - | - | - | 39,879 | |
| Culture and recreation | 88,001 | - | - | - | - | 20,544 | 108,545 | |
| Capital outlay | 5,756 | - | - | 53,726 | 189,846 | 28,655 | 277,983 | |
| Debt service: | | | | | | | | |
| Principal | - | - | - | - | - | 10,454 | 10,454 | |
| Interest | - | - | - | - | - | 1,462 | 1,462 | |
| Total expenditures | 380,594 | 55,055 | 12,952 | 53,726 | 189,846 | 89,363 | 781,536 | |
| Excess (deficiency) of revenues over (under) expenditures | 57,080 | (4,608) | 7,648 | (18,726) | (189,846) | (18,687) | (167,139) | |
| Other financing sources (uses) | | | | | | | | |
| Proceeds from issuance of debt | 70,529 | - | - | - | - | - | 70,529 | |
| Transfers in | - | 81,214 | - | 35,513 | 109,465 | 12,235 | 238,427 | |
| Transfers out | (117,046) | (109,465) | (11,916) | - | - | - | (238,427) | |
| Total other financing sources (uses) | (46,517) | (28,251) | (11,916) | 35,513 | 109,465 | 12,235 | 70,529 | |
| Net change in fund balance | 10,563 | (32,859) | (4,268) | 16,787 | (80,381) | (6,452) | (96,610) | |
| Beginning fund balance | 177,370 | 32,859 | 6,879 | 49,437 | 80,682 | 12,846 | 360,073 | |
| Ending fund balance | \$ 187,933 | - | 2,611 | 66,224 | 301 | 6,394 | 263,463 | |

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
For the Year Ended June 30, 2017

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

| | | |
|---|----|------------------------|
| Total net change in fund balances - governmental funds | \$ | (96,610) |
| <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense:</p> | | |
| Capital expenditures recorded as capital outlay or other expenses | | 277,454 |
| <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 an expenditure in governmental funds</p> | | |
| | | (144,079) |
| <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 in deferred inflows | | (2,541) |
| Proceeds from issuance of debt | | (70,529) |
| Principal payments on long-term debt | | 10,454 |
| <p>Expenditures in the statement of activities 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 | | 22,545 |
| Pension expense | | <u>(71,328)</u> |
| Change in net position of governmental activities | \$ | <u><u>(74,634)</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 Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended June 30, 2017

| | <u>Budgeted Amounts</u> | | Actual (Non- GAAP Budgetary Basis) | Favorable (Unfavorable) |
|--|-------------------------|------------------|---|----------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Taxes | | | | |
| Property | \$ 45,000 | 45,000 | 49,028 | 4,028 |
| Gross receipts | 153,000 | 153,000 | 204,135 | 51,135 |
| Other | 10,000 | 10,000 | 13,735 | 3,735 |
| Licenses and permits | 4,000 | 4,000 | 3,240 | (760) |
| Charges for services | 55,575 | 55,575 | 55,542 | (33) |
| Fines and forfeitures | 20,000 | 20,000 | 4,160 | (15,840) |
| Intergovernmental revenue | | | | |
| State grants | 90,000 | 90,000 | 97,733 | 7,733 |
| Interest income | 200 | 200 | 593 | 393 |
| Miscellaneous income | 19,800 | 19,800 | 16,414 | (3,386) |
| Total revenues | <u>397,575</u> | <u>397,575</u> | <u>444,580</u> | <u>47,005</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 163,888 | 203,630 | 150,342 | 53,288 |
| Public safety | 99,149 | 95,455 | 99,844 | (4,389) |
| Public works | 37,413 | 37,413 | 39,879 | (2,466) |
| Culture and recreation | 96,464 | 83,702 | 88,001 | (4,299) |
| Total expenditures | <u>396,914</u> | <u>420,200</u> | <u>378,066</u> | <u>42,134</u> |
| Excess (deficiency) of revenues over (under) expenditures | 661 | (22,625) | 66,514 | 89,139 |
| Other financing sources (uses): | | | | |
| Proceeds from issuance of debt | - | - | 70,529 | 70,529 |
| Transfers in | - | - | - | - |
| Transfers out | (9,313) | (116,843) | (117,046) | (203) |
| Total other financing sources (uses) | <u>(9,313)</u> | <u>(116,843)</u> | <u>(46,517)</u> | <u>70,326</u> |
| Excess (deficiency) of revenue over expen- ditures & other financing sources (uses) | (8,652) | (139,468) | 19,997 | 159,465 |
| Budgeted cash carryover | <u>(39,130)</u> | <u>239,849</u> | | |
| Net change in fund balance | \$ <u>(47,782)</u> | <u>100,381</u> | | |
| Reconciliation from budget/actual to GAAP | | | | |
| Net change in fund balance (Non-GAAP budgetary basis) | | | 19,997 | |
| Adjustments to revenue for tax accruals and other miscellaneous revenue accruals | | | (6,906) | |
| Adjustments to expenditures for accrued wages and expenditures | | | <u>(2,528)</u> | |
| Net change in fund balance (GAAP basis) | | \$ | <u>10,563</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 Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Fire Fund – Special Revenue Fund
For the Year Ended June 30, 2017

| | <u>Budgeted Amounts</u> | | Actual (Non- GAAP Budgetary Basis) | Favorable (Unfavorable) |
|---|-------------------------|-----------------|---|----------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Intergovernmental revenue | | | | |
| State grants | \$ 50,448 | 50,448 | 50,447 | (1) |
| Miscellaneous income | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total revenues | 50,448 | 50,448 | 50,447 | (1) |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | 75,026 | 55,055 | 55,055 | - |
| Capital outlay | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>75,026</u> | <u>55,055</u> | <u>55,055</u> | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures | (24,578) | (4,607) | (4,608) | (1) |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | 81,214 | 81,214 |
| Transfers out | <u>-</u> | <u>(28,252)</u> | <u>(109,465)</u> | <u>(81,213)</u> |
| Total other financing sources (uses) | <u>-</u> | <u>(28,252)</u> | <u>(28,251)</u> | <u>1</u> |
| Excess (deficiency) of revenue over expenditures and other financing sources (uses) | (24,578) | (32,859) | (32,859) | - |
| Budgeted cash carryover | <u>25,601</u> | <u>32,859</u> | | |
| Net change in fund balance | \$ <u>1,023</u> | <u>-</u> | | |
| Reconciliation from budget/actual to GAAP | | | | |
| Net change in fund balance (Non-GAAP budgetary basis) | | | (32,859) | |
| Adjustments to revenue for tax accruals and other miscellaneous revenue accruals | | | - | |
| Adjustments to expenditures for accrued wages and expenditures | | | <u>-</u> | |
| Net change in fund balance (GAAP basis) | | | \$ <u>(32,859)</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 Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Law Enforcement Fund – Special Revenue Fund
For the Year Ended June 30, 2017

| | <u>Budgeted Amounts</u> | | Actual (Non- GAAP | Favorable (Unfavorable) |
|---|-------------------------|-------------------|--------------------------|----------------------------|
| | <u>Original</u> | <u>Final</u> | Budgetary Basis) | |
| Revenues: | | | | |
| Intergovernmental revenue | | | | |
| State grants | \$ 20,600 | 20,600 | 20,600 | - |
| Total revenues | <u>20,600</u> | <u>20,600</u> | <u>20,600</u> | - |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | <u>15,149</u> | <u>15,149</u> | <u>12,952</u> | <u>2,197</u> |
| Total expenditures | <u>15,149</u> | <u>15,149</u> | <u>12,952</u> | <u>2,197</u> |
| Excess (deficiency) of revenues over (under) expenditures | 5,451 | 5,451 | 7,648 | 2,197 |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | <u>(11,916)</u> | <u>(11,916)</u> | <u>(11,916)</u> | - |
| Total other financing sources (uses) | <u>(11,916)</u> | <u>(11,916)</u> | <u>(11,916)</u> | - |
| Excess (deficiency) of revenue over expenditures and other financing sources (uses) | (6,465) | (6,465) | (4,268) | 2,197 |
| Budgeted cash carryover | <u>7,204</u> | <u>6,879</u> | | |
| Net change in fund balance | \$ <u><u>739</u></u> | <u><u>414</u></u> | | |
| Reconciliation from budget/actual to GAAP | | | | |
| Net change in fund balance (Non-GAAP budgetary basis) | | | (4,268) | |
| Adjustments to revenue for tax accruals and other miscellaneous revenue accruals | | | - | |
| Adjustments to expenditures for accrued wages and expenditures | | | <u>-</u> | |
| Net change in fund balance (GAAP basis) | | | \$ <u><u>(4,268)</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 Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Road Fund – Special Revenue Fund
For the Year Ended June 30, 2017

| | <u>Budgeted Amounts</u> | | Actual (Non- GAAP | Favorable (Unfavorable) |
|---|-------------------------|---------------|----------------------|----------------------------|
| | <u>Original</u> | <u>Final</u> | Budgetary Basis) | |
| Revenues: | | | | |
| Taxes | | | | |
| Other | \$ - | - | - | - |
| Intergovernmental revenue | - | - | - | - |
| State grants | 35,000 | 35,000 | 35,000 | - |
| Miscellaneous income | - | - | - | - |
| Total revenues | <u>35,000</u> | <u>35,000</u> | <u>35,000</u> | - |
| Expenditures: | | | | |
| Current: | | | | |
| Public works | <u>93,750</u> | <u>93,750</u> | <u>53,726</u> | <u>40,024</u> |
| Total expenditures | <u>93,750</u> | <u>93,750</u> | <u>53,726</u> | <u>40,024</u> |
| Excess (deficiency) of revenues over (under) expenditures | (58,750) | (58,750) | (18,726) | 40,024 |
| Other financing sources (uses): | | | | |
| Transfers in | 9,313 | 35,513 | 35,513 | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>9,313</u> | <u>35,513</u> | <u>35,513</u> | - |
| Excess (deficiency) of revenue over expenditures and other financing sources (uses) | (49,437) | (23,237) | 16,787 | 40,024 |
| Budgeted cash carryover | <u>49,437</u> | <u>49,437</u> | | |
| Net change in fund balance | \$ <u>-</u> | <u>26,200</u> | | |
| Reconciliation from budget/actual to GAAP | | | | |
| Net change in fund balance (Non-GAAP budgetary basis) | | | 16,787 | |
| Adjustments to revenue for tax accruals and other miscellaneous revenue accruals | | | - | |
| Adjustments to expenditures for accrued wages and expenditures | | | - | |
| Net change in fund balance (GAAP basis) | | | <u>\$ 16,787</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
June 30, 2017

| | Business-Type Activities | | |
|---|--------------------------|------------|-------------|
| | Enterprise Funds | | |
| | Waste Water | Bath House | Total Funds |
| | Fund | Fund | Total Funds |
| Assets: | | | |
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 43,118 | 38,202 | 81,320 |
| Receivables | | | |
| Accounts receivable | 5,744 | 1,734 | 7,478 |
| Inventories | - | 6,385 | 6,385 |
| Restricted cash | 22,975 | - | 22,975 |
| Total current assets | 71,837 | 46,321 | 118,158 |
| Non-current assets | | | |
| Capital assets | 2,639,805 | 44,136 | 2,683,941 |
| Less: Accumulated depreciation | (884,272) | (36,735) | (921,007) |
| Total non-current assets | 1,755,533 | 7,401 | 1,762,934 |
| Total assets | \$ 1,827,370 | 53,722 | 1,881,092 |
| Liabilities and net position | | | |
| Liabilities: | | | |
| Current liabilities: | | | |
| Accounts payable | \$ - | 2,409 | 2,409 |
| Accrued payroll liabilities | 2,273 | 3,786 | 6,059 |
| Other accrued liabilities | 453 | 10,445 | 10,898 |
| Due to other funds | 149 | - | 149 |
| Current portion of compensated absences | 8,000 | 4,735 | 12,735 |
| Current portion of long-term debt | 5,520 | - | 5,520 |
| Total current liabilities | 16,395 | 21,375 | 37,770 |
| Non-current liabilities | | | |
| Compensated absences | 1,600 | - | 1,600 |
| Notes payable | 114,749 | - | 114,749 |
| Total non-current liabilities | 116,349 | - | 116,349 |
| Total liabilities | 132,744 | 21,375 | 154,119 |
| Net position | | | |
| Net investment in capital assets | 1,635,264 | 7,401 | 1,642,665 |
| Unrestricted net position | 59,362 | 24,946 | 84,308 |
| Total net position | 1,694,626 | 32,347 | 1,726,973 |
| Total liabilities and net position: | \$ 1,827,370 | 53,722 | 1,881,092 |

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, 2017

| | <u>Business-Type Activities</u> | | |
|---|---------------------------------|----------------------------|-------------------------|
| | <u>Enterprise Funds</u> | | |
| | <u>Waste Water Fund</u> | <u>Bath House Fund</u> | <u>Total Funds</u> |
| Operating revenues: | | | |
| Charges for services: | | | |
| Waste water | \$ 109,818 | - | 109,818 |
| Bath house services | - | 295,898 | 295,898 |
| Miscellaneous | 1,269 | - | 1,269 |
| Total operating revenues | <u>111,087</u> | <u>295,898</u> | <u>406,985</u> |
| Operating expenses: | | | |
| Personnel services | 54,836 | 96,224 | 151,060 |
| Operating expenses | 42,829 | 212,261 | 255,090 |
| Depreciation and amortization | 77,008 | 1,365 | 78,373 |
| Total operating expenses | <u>174,673</u> | <u>309,850</u> | <u>484,523</u> |
| Operating income (loss) | (63,586) | (13,952) | (77,538) |
| Non-operating revenues (expenses): | | | |
| Grant revenues | - | - | - |
| Interest income | 175 | 78 | 253 |
| Interest expense | (3,351) | - | (3,351) |
| Total non-operating revenues (expenses) | <u>(3,176)</u> | <u>78</u> | <u>(3,098)</u> |
| Income (loss) before transfers | (66,762) | (13,874) | (80,636) |
| Transfers in | - | - | - |
| Transfers out | - | - | - |
| Change in net position | (66,762) | (13,874) | (80,636) |
| Net position, beginning of year | <u>1,761,388</u> | <u>46,221</u> | <u>1,807,609</u> |
| Net position, end of year | \$ <u><u>1,694,626</u></u> | <u><u>32,347</u></u> | <u><u>1,726,973</u></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, 2017

| | Business-Type Activities | | |
|---|--------------------------|------------|-------------|
| | Enterprise Funds | | |
| | Waste | Bath House | Total Funds |
| | Water Fund | Fund | |
| Cash flows from operating activities: | | | |
| Receipts from customers and users | \$ 110,202 | 294,700 | 404,902 |
| Payments to employees | (52,478) | (96,224) | (148,702) |
| Payments to suppliers | (41,822) | (200,818) | (242,640) |
| Net cash provided by (used) for operating activities | 15,902 | (2,342) | 13,560 |
| Cash flows from noncapital financing activities | | | |
| Transfers from other funds | - | - | - |
| Intergovernmental receipts | - | - | - |
| Net cash provided by (used for) noncapital financing activities | - | - | - |
| Cash flows from capital and related financing activities: | | | |
| Acquisition and construction of capital assets | - | - | - |
| Principal paid on long-term debt | (5,203) | - | (5,203) |
| Interest paid on long-term debt | (3,351) | - | (3,351) |
| Net cash used for capital and related financing activities | (8,554) | - | (8,554) |
| Cash flows from investing activities: | | | |
| Interest and dividends | 175 | 78 | 253 |
| Net cash provided by investing activities | 175 | 78 | 253 |
| Net increase (decrease) in cash and cash equivalents | 7,523 | (2,264) | 5,259 |
| Cash and cash equivalents - Beginning of year | 58,570 | 40,466 | 99,036 |
| Cash and cash equivalents - End of year | \$ 66,093 | 38,202 | 104,295 |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities | | | |
| Operating income (loss) | \$ (63,586) | (13,952) | (77,538) |
| Adjustments | | | |
| Depreciation and amortization | 77,008 | 1,365 | 78,373 |
| Bad debts expense | 858 | - | 858 |
| Changes in assets and liabilities: | | | |
| Receivables | (885) | (1,198) | (2,083) |
| Inventories | - | (267) | (267) |
| Accounts payable | - | 2,409 | 2,409 |
| Accrued expenses and other liabilities | (842) | 6,287 | 5,445 |
| Due to other funds | 149 | - | 149 |
| Compensated absences | 3,200 | 3,014 | 6,214 |
| Net cash provided by operating activities | \$ 15,902 | (2,342) | 13,560 |

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
June 30, 2017

| | |
|-----------------------|--------------------------|
| Assets: | |
| Cash | \$ 100 |
| Due from general fund | <u>9</u> |
| Total assets | \$ <u><u>109</u></u> |
| Liabilities: | |
| Accounts payable | \$ 9 |
| Held for others | <u>100</u> |
| Total Liabilities | \$ <u><u>109</u></u> |

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

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
Notes to Financial Statements
June 30, 2017

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 Financial Statements
June 30, 2017

1. Summary of Significant Accounting Policies (continued)

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 Financial Statements
June 30, 2017

1. Summary of Significant Accounting Policies (continued)

B. Basis of Accounting/Measurement Focus (continued)

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 *Municipal Improvement 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.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
Notes to Financial Statements
June 30, 2017

1. Summary of Significant Accounting Policies (continued)

B. Basis of Accounting/Measurement Focus (continued)

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

Under the terms of grant agreements, the Village funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when 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 Fiduciary Assets and Liabilities. 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 primary Agency Fund 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 Financial Statements
June 30, 2017

1. Summary of Significant Accounting Policies (continued)

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.

Reserve Requirements

The New Mexico Department of Finance and Administration (DFA) requires New Mexico municipalities to maintain a cash balance in the General Fund of at least 1/12th (8.33%) of the General Fund's budgeted expenditures in order to maintain adequate cash flow until the next significant property tax collection. The Village met and exceeded the State's cash reserve requirements. The General Fund's cash reserve at June 30, 2017 was \$156,704 or 37.29% of the General Fund's final budget, exceeding the 1/12th reserve requirement.

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 not all receivables to be collectible at this time. As a result, an 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 opera-

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
Notes to Financial Statements
June 30, 2017

1. Summary of Significant Accounting Policies (continued)

C. Assets, Liabilities and Equity (continued)

Inventories and Prepaid Items (continued)

tions and are recorded as expenditures when consumed rather than when purchased. A manual inventory count is conducted monthly on the Bath House inventory.

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

Capital Assets

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

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

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

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.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
Notes to Financial Statements
June 30, 2017

1. Summary of Significant Accounting Policies (continued)

C. Assets, Liabilities and Equity (continued)

Capital Assets (continued)

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

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

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, 2017.

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 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 \$208,912 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.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
Notes to Financial Statements
June 30, 2017

1. Summary of Significant Accounting Policies (continued)

C. Assets, Liabilities and Equity (continued)

Deferred Inflows of Resources (continued)

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 \$0 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 \$1,897 related to change in assumptions and \$18,803 related to the net difference in expected and actual experience and changes in share of contributions. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

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

The Village allows full-time and regular part-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.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
Notes to Financial Statements
June 30, 2017

1. Summary of Significant Accounting Policies (continued)

C. Assets, Liabilities and Equity (continued)

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.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
Notes to Financial Statements
June 30, 2017

1. Summary of Significant Accounting Policies (continued)

C. Assets, Liabilities and Equity (continued)

Fund Balance (continued)

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 58 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.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
Notes to Financial Statements
June 30, 2017

1. Summary of Significant Accounting Policies (continued)

C. Assets, Liabilities and Equity (continued)

Net Position (continued)

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

D. Inter-Fund Transactions

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

Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

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.

F. 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 install-

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
Notes to Financial Statements
June 30, 2017

1. Summary of Significant Accounting Policies (continued)

F. Property Taxes (continued)

ments 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 after year end are carried in the deferred inflow of resources section of the balance sheet as “unavailable revenue” on the fund basis financial statements.

G. 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 2014. For the year ended June 30, 2017, no interest or penalties were recorded or included in the financial statements.

H. 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.

I. Fund Balance for Subsequent Years Expenditures

According to New Mexico State Statute and the New Mexico Department of Finance and Administration (DFA), the Village of Jemez Springs is required to reserve 1/12th of the General Fund's budgeted expenditures (\$156,704) for subsequent year expenditures to maintain an adequate cash flow. The Village has incorporated this reserve requirement within its financial policies approved by the Village Council. These balances are reported as assigned to subsequent years expenditures in the General Fund. The Village is in compliance with these DFA requirements.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
Notes to Financial Statements
June 30, 2017

2. Stewardship, Compliance, and Accountability

The Village adopts budgets for each individual fund (governmental and proprietary). The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

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

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

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

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

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

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

STATE OF NEW MEXICO
 VILLAGE OF JEMEZ SPRINGS
 Notes to Financial Statements
 June 30, 2017

2. Stewardship, Compliance, and Accountability (continued)

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, 2017 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.

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 in the accompanying Schedule of Depositories.

The following is a summary of the Village's cash and cash equivalents balances by fund type as of June 30, 2017:

| Fund Type | Amount |
|---------------------------------|-------------------|
| Cash and cash equivalents | |
| Governmental funds | \$ 232,234 |
| Business-type activities | 81,320 |
| Fiduciary funds | 100 |
| Total cash and cash equivalents | \$ <u>313,654</u> |
| Restricted cash | |
| Business-type activities | \$ <u>22,975</u> |
| Total restricted cash | \$ <u>22,975</u> |

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

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

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
Notes to Financial Statements
June 30, 2017

3. Cash and Cash Equivalents (continued)

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.

As of June 30, 2017, the Village's bank balances of \$360,099 were exposed to custodial credit risk as follows:

| | | |
|--|----|---------|
| Insured through federal depository insurance | \$ | 360,099 |
| Uninsured, collateralized with securities held by pledging financial institution's trust department or agent in the Village's name | | - |
| Uninsured and uncollateralized | | - |
| Total deposits | \$ | 360,099 |

4. Receivables

Receivables as of June 30, 2017 are as follows:

| | | General Fund | Total Receivables |
|-----------------------------------|----|--------------|----------------------|
| <u>Governmental Activities</u> | | | |
| Accounts | \$ | 2,153 | 2,153 |
| Taxes: | | | |
| Property | | - | - |
| State | | 39,892 | 39,892 |
| Subtotal | | 42,045 | 42,045 |
| Less: Allowance for uncollectible | | - | - |
| Net receivables | \$ | 42,045 | 42,045 |
| | | Waste Water | Bath House |
| | | Fund | Fund |
| <u>Business-type Activities</u> | | | Total Receivables |
| Accounts receivable | \$ | 12,154 | 1,734 |
| Less: Allowance for uncollectible | | (6,410) | - |
| Net receivables | \$ | 5,744 | 7,478 |

The Village maintains a receivable balance in the Waste Water Fund that consists of balances that are not expected to be collected within one year and which are deemed uncollectible. These balances became legally uncollectible when "any debt that is not enforceable in a judicial proceeding because the applicable statute of limitations has run out" NMAC 12.2.12.7(I). The Village may remove legally uncollectible debt that is four years old, and that is contractually six years old as permitted by NMSA 1978 3-37-7.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
Notes to Financial Statements
June 30, 2017

5. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2017 follows.

| Governmental Activities | Balance 6/30/16 | Additions | Deletions | Adjustments | Balance 6/30/17 |
|--|---------------------|------------------|---------------|-------------|--------------------|
| Non-depreciable capital assets: | | | | | |
| Land | \$ 413,584 | - | - | - | 413,584 |
| Construction expenditures | - | - | - | - | - |
| Total non-depreciable capital assets | <u>413,584</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>413,584</u> |
| Capital assets being depreciated: | | | | | |
| Buildings | 1,258,080 | - | - | - | 1,258,080 |
| Buildings and improvements | 261,806 | 81,147 | - | - | 342,953 |
| Furniture, fixtures & equipment | 155,604 | - | (18,730) | - | 136,874 |
| Vehicles | 462,781 | 142,582 | - | - | 605,363 |
| Infrastructure | 2,315,655 | 53,725 | - | - | 2,369,380 |
| Total capital assets being depreciated | 4,453,926 | 277,454 | (18,730) | - | 4,712,650 |
| Less accumulated depreciation for: | | | | | |
| Buildings | (203,226) | (31,867) | - | - | (235,093) |
| Buildings and improvements | (142,845) | (13,710) | - | - | (156,555) |
| Furniture, fixtures & equipment | (143,233) | (3,934) | 18,730 | - | (128,437) |
| Vehicles | (417,656) | (37,962) | - | - | (455,618) |
| Infrastructure | (457,538) | (56,606) | - | - | (514,144) |
| Total accumulated depreciation | <u>(1,364,498)</u> | <u>(144,079)</u> | <u>18,730</u> | <u>-</u> | <u>(1,489,847)</u> |
| Total capital assets being depreciated | <u>3,089,428</u> | <u>133,375</u> | <u>-</u> | <u>-</u> | <u>3,222,803</u> |
| Total capital assets, net of depreciation | \$ <u>3,503,012</u> | <u>133,375</u> | <u>-</u> | <u>-</u> | <u>3,636,387</u> |
| | | | | | |
| Business-type Activities | Balance 6/30/16 | Additions | Deletions | Adjustments | Balance 6/30/17 |
| Non-depreciable capital assets: | | | | | |
| Land | \$ 15,125 | - | - | - | 15,125 |
| Construction in progress | - | - | - | - | - |
| Total capital assets not being depreciated | <u>15,125</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>15,125</u> |
| Capital assets being depreciated: | | | | | |
| Buildings | 1,480,635 | - | - | - | 1,480,635 |
| Buildings and improvements | 24,952 | - | - | - | 24,952 |
| Furniture, fixtures & equipment | 466,699 | - | (1,390) | - | 465,309 |
| Vehicles | 25,980 | - | - | - | 25,980 |
| Infrastructure | 671,940 | - | - | - | 671,940 |
| Total capital assets being depreciated | 2,670,206 | - | (1,390) | - | 2,668,816 |
| Less accumulated depreciation for: | | | | | |
| Buildings | (424,665) | (49,049) | - | - | (473,714) |
| Buildings and improvements | (16,188) | (1,364) | - | - | (17,552) |
| Furniture, fixtures & equipment | (185,760) | (11,160) | 1,390 | - | (195,530) |
| Vehicles | (25,980) | - | - | - | (25,980) |
| Infrastructure | (191,432) | (16,800) | - | 1 | (208,231) |
| Total accumulated depreciation | <u>(844,025)</u> | <u>(78,373)</u> | <u>1,390</u> | <u>1</u> | <u>(921,007)</u> |
| Total capital assets being depreciated | <u>1,826,181</u> | <u>(78,373)</u> | <u>-</u> | <u>1</u> | <u>1,747,809</u> |
| Total capital assets, net of depreciation | \$ <u>1,841,306</u> | <u>(78,373)</u> | <u>-</u> | <u>1</u> | <u>1,762,934</u> |

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
Notes to Financial Statements
June 30, 2017

5. Capital Assets (continued)

Land and construction in progress are not subject to depreciation. Depreciation expense for the year ended June 30, 2017 was charged to the following functions and funds:

| | |
|--------------------------------|-------------------|
| Governmental activities: | |
| General government | \$ 38,252 |
| Public safety | 45,287 |
| Public works | 56,606 |
| Culture and recreation | <u>3,934</u> |
| Total governmental activities | <u>\$ 144,079</u> |
| | |
| Business-type activities: | |
| Waste water | \$ 77,008 |
| Bath house | <u>1,365</u> |
| Total business-type activities | <u>\$ 78,373</u> |

6. Long-Term Debt

Long-term liability activity for the year ended June 30, 2017 was as follows:

| | Balance 6/30/16 | Increases | Decreases | Balance 6/30/17 | Due within one year |
|--------------------------------|--------------------|---------------|-----------------|--------------------|------------------------|
| Governmental funds debt | | | | | |
| Compensated absences | \$ 5,079 | 15,002 | (12,461) | 7,620 | 7,620 |
| Notes payable | <u>32,763</u> | <u>70,529</u> | <u>(10,454)</u> | <u>92,838</u> | <u>19,576</u> |
| Total governmental activities | <u>\$ 37,842</u> | <u>85,531</u> | <u>(22,915)</u> | <u>100,458</u> | <u>27,196</u> |
| | | | | | |
| Business-type funds debt | | | | | |
| Compensated absences | \$ 8,121 | 15,596 | (9,382) | 14,335 | 12,735 |
| Notes payable | <u>125,472</u> | <u>-</u> | <u>(5,202)</u> | <u>120,270</u> | <u>5,520</u> |
| Total business-type activities | <u>\$ 133,593</u> | <u>15,596</u> | <u>(14,584)</u> | <u>134,605</u> | <u>18,255</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 2017.

The annual principal and interest requirements on long-term debt outstanding as of June 30, 2017 are as follows.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
Notes to Financial Statements
June 30, 2017

6. Long-Term Debt (continued)

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 \$1,580. The future payments required on the note payable are as follows:

| | | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------|----|------------------|-----------------|---------------|
| 2018 | \$ | 10,912 | 1,004 | 11,916 |
| 2019 | | <u>11,397</u> | <u>500</u> | <u>11,897</u> |
| | \$ | <u>22,309</u> | <u>1,504</u> | <u>23,813</u> |

NMFA – Brush Truck with Associated Equipment

On June 16, 2017, the Village borrowed \$70,529 from New Mexico Finance Authority (NMFA). The note matures on May 1, 2024, and accrues interest at 1.559643% per annum. The proceeds of the loan are to be used for the purchase of one brush truck with associated equipment to be used by the Governmental Unit’s fire department. The payments of the principal are paid from pledged net revenues of the fire protection funds. The revenues pledged totaled \$74,907 at June 30, 2017, and equal 21.21% of future estimated net revenues at their current rate. During the year ended June 30, 2017, the City collected \$50,448 in pledged revenues, and retired \$0 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> |
|-----------|----|------------------|-----------------|---------------|
| 2018 | \$ | 8,664 | 869 | 9,533 |
| 2019 | | 9,984 | 912 | 10,896 |
| 2020 | | 10,092 | 803 | 10,895 |
| 2021 | | 10,216 | 679 | 10,895 |
| 2022-2026 | | <u>31,573</u> | <u>1,115</u> | <u>32,688</u> |
| | \$ | <u>70,529</u> | <u>4,378</u> | <u>74,907</u> |

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
Notes to Financial Statements
June 30, 2017

6. Long-Term Debt (continued)

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 \$154,947 at June 30, 2017, and equal 8.3% of future estimated net revenues at their current rate. During the year ended June 30, 2017, the Village collected \$109,818 in pledged revenues, and retired \$8,554 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> |
|-----------|----|------------------|-----------------|----------------|
| 2018 | \$ | 5,520 | 3,603 | 9,123 |
| 2019 | | 5,685 | 3,438 | 9,123 |
| 2020 | | 5,856 | 3,267 | 9,123 |
| 2021 | | 6,031 | 3,092 | 9,123 |
| 2022-2026 | | 32,982 | 12,633 | 45,615 |
| 2027-2031 | | 38,235 | 7,080 | 45,315 |
| 2032-2034 | | <u>25,961</u> | <u>1,564</u> | <u>27,525</u> |
| | \$ | <u>120,270</u> | <u>34,677</u> | <u>154,947</u> |

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. All transfers made during the year were considered routine and were consistent with the general characteristics of the Village’s transfer policy.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
Notes to Financial Statements
June 30, 2017

7. Interfund Balances and Transfers (continued)

The composition of interfund transfers during the year ended June 30, 2017 was as follows:

| Transfers Out | Transfers In | | | | | Total |
|----------------------|---------------------|---------------|-----------------|--------------------------|----------------------|----------------|
| | Road Fund | Fire Fund | Library Fund | Capital Projects Fund | Debt Service Fund | |
| General Fund | \$ 35,513 | 81,214 | 319 | - | - | 117,046 |
| Fire Fund | - | - | - | 109,465 | - | 109,465 |
| Law Enforcement Fund | - | - | - | - | 11,916 | 11,916 |
| Total | \$ 35,513 | 81,214 | 319 | 109,465 | 11,916 | 238,427 |

8. Operating Leases

The Village has entered an operating lease for three copiers, which contains cancellation provisions and is subject to annual appropriations. The rent expenditures for this lease are primarily from the General Fund. Future minimum lease payments are:

| Fiscal Year Ending June 30, | Amount |
|------------------------------------|---------------|
| 2018 | \$ 5,469 |
| 2019 | 5,469 |
| 2020 | 5,469 |
| 2021 | 4,558 |
| Total | \$ 20,965 |

Rental payments charged to current operations for the year ended June 30, 2017 totaled \$4,861.

9. 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, 2017 were \$44,912.

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10. 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 the 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, 2016 available at: http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/2016-CAFR_12.22.2016_FINAL-with-corrections.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 FY16 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on page 43 of the PERA FY16 annual audit report at: http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/2016-CAFR_12.22.2016_FINAL-with-corrections.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 \$22,545 and no employer paid member benefits that were “picked up” by the employer for the year ended June 30, 2017.

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, 2015. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2016, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2016.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
Notes to Financial Statements
June 30, 2017

10. PERA Pension Plan (continued)

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, 2016. Only employer contributions for the pay period end dates that fell within the period of July 1, 2015 to June 30, 2016 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2016 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, 2017, the Village reported a liability of \$365,865 for its proportionate share of the net pension liability. At June 30, 2016, the Village’s proportion was 0.0229 percent, which was changed from its proportion measured as of June 30, 2015, of .0221 percent.

For the year ended June 30, 2017, the Village recognized PERA Fund Division Municipal General Pension expense of \$26,613. At June 30, 2017, the Village reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

| | | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|----|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ | 18,280 | (3,570) |
| Changes of assumptions | | 21,454 | (61) |
| Net difference between projected and actual earnings on pension plan investments | | 67,318 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | | 11,474 | - |
| Village contributions subsequent to the measurement date | | 17,945 | - |
| Total | \$ | 136,471 | (3,631) |

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VILLAGE OF JEMEZ SPRINGS
Notes to Financial Statements
June 30, 2017

10. PERA Pension Plan (continued)

Village of Jemez Springs contributions subsequent to the measurement date June 30, 2016 in the amount of \$17,945 and reported as deferred outflows of resources will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. 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: | | |
|---------------------|----|----------------|
| 2018 | \$ | 26,907 |
| 2019 | | 26,907 |
| 2020 | | 43,865 |
| 2021 | | 17,216 |
| 2022 | | - |
| Thereafter | | - |
| | \$ | <u>114,895</u> |

For PERA Fund Division Municipal Police, at June 30, 2017, the Village reported a liability of \$101,821 for its proportionate share of the net pension liability. At June 30, 2016, the Village's proportion was 0.0138 percent, which was changed from its proportion measured as of June 30, 2015 of 0.0032 percent.

For the year ended June 30, 2017, the Village recognized PERA Fund Division Municipal Police pension expense of \$23,769. At June 30, 2017, the Village reported PERA Fund Division Municipal Police deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 7,476 | - |
| Changes of assumptions | 6,744 | (1,836) |
| Net difference between projected and actual earnings on pension plan investments | 16,103 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 37,518 | (15,233) |
| Village contributions subsequent to the measurement date | <u>4,600</u> | <u>-</u> |
| Total | \$ <u>72,441</u> | <u>(17,069)</u> |

Village of Jemez Spring contributions subsequent to the measurement date June 30, 2017 in the amount of \$4,600 and reported as deferred inflows of resources will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred

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Notes to Financial Statements
June 30, 2017

10. PERA Pension Plan (continued)

outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | | |
|---------------------|----|---------------|
| Year ended June 30: | | |
| 2018 | \$ | 12,111 |
| 2019 | | 12,111 |
| 2020 | | 21,338 |
| 2021 | | 5,212 |
| 2022 | | - |
| Thereafter | | - |
| | \$ | <u>50,772</u> |

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, 2015 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, 2016 using generally accepted actuarial principles. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2016 actuarial valuation.

| | |
|---------------------------------|--|
| Actuarial valuation date | June 30, 2015 |
| Actuarial cost method | Entry age normal |
| Amortization method | Level percentage of pay, open |
| Amortization period | Solved for based on statutory rates |
| Asset valuation method | Fair value |
| Actuarial assumptions: | |
| Investment rate of return | 7.48% annual rate, net of investment expense |
| Projected benefit payment | 100 years |
| Payroll growth | 2.75% for first 10 years, then 3.25% annual rate |
| Projected salary increases | 2.75% to 14.00% annual rate |
| Includes inflation at | 2.25% annual rate first 10 years, 2.75% all other years |
| Mortality assumption | RP-2000 Mortality Tables (combined table for healthy post-retirement, employee table for active members, and disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA. |
| Experience study dates | July 1, 2008 to June 30, 2013 (demographic) and July 1, 2010 through June 20, 2015 (economic) |

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

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
Notes to Financial Statements
June 30, 2017

10. PERA Pension Plan (continued)

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:

| All Funds - Asset Class | Target Allocation | Long-term Expected Rate of Return |
|------------------------------|-------------------|-----------------------------------|
| Global Equity | 43.50% | 7.39% |
| Risk Reduction & Mitigation | 21.50% | 1.79% |
| Credit Oriented Fixed Income | 15.00% | 5.77% |
| Real Assets | <u>20.00%</u> | 7.35% |
| | <u>100.00%</u> | |

Discount rate: The discount rate is 7.25% for the first 10 years (select period) and 7.75% for other years (ultimate). The equivalent blended rate is 7.48% and will be used to measure the total pension liability. 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 GASB 67. Therefore, the 7.48% assumed long-term 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 a discount rate one percentage point lower (6.48%) or one percentage point higher (8.48%) than the single discount rate.

| | 1% Decrease (6.48%) | Current Discount Rate (7.48%) | 1% Increase (8.48%) |
|--|------------------------|-------------------------------------|---------------------------|
| <u>PERA Fund Division - Municipal General</u> | | | |
| Village's proportionate share of the net pension liability | \$ 545,472 | 365,865 | 216,890 |
| <u>PERA Fund Division - Municipal Police</u> | | | |
| Village's proportionate share of the net pension liability | \$ 149,803 | 101,821 | 62,576 |

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY16 Restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
Notes to Financial Statements
June 30, 2017

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5 muni-

STATE OF NEW MEXICO
 VILLAGE OF JEMEZ SPRINGS
 Notes to Financial Statements
 June 30, 2017

11. Post-Employment Benefits (continued)

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, 2016, 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, 2017, 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, 2017, 2016, and 2015, were \$5,446, \$6,316, and \$5,051, respectively, which equal the required contributions for each year.

12. Fund Deficits and Non-Compliance

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

A. Deficit Fund Balance

The following fund balance was a deficit balance as of June 30, 2017:

| Fund | Fund Type | Amount |
|---------|-----------------|--------|
| Library | Special Revenue | \$ 897 |

13. Contingencies

The Village participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are 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, 2017, 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.

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Notes to Financial Statements
June 30, 2017

13. Contingencies (continued)

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.

14. Related Party Transactions

There are no related party transactions.

15. Evaluation of Subsequent Events

The Village has evaluated subsequent events through December 14, 2017, the date which the financial statements were available to be issued.

16. Subsequent Pronouncements

GASB 74

Governmental Accounting Standards Board Statement No. 74 Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans is intended to enhance the decision-usefulness of the financial reports of OPEB plans, their value for assessing accountability and their transparency by providing information about measures of net OPEB liabilities and explanations of how and why those liabilities changed from year to year. GASB 74 basically parallels GASB 67 and replaces Statements No. 43 Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. GASB 74 requires enhanced note disclosures and is effective for financial statements for fiscal years beginning after June 15, 2016 (FY17). The Village adopted GASB Statement No. 74 during fiscal year 2017, with no significant impact to the Village's financial statements.

GASB 75

Governmental Accounting Standards Board Statement No. 75 Accounting Financial Reporting for Postemployment Benefits Other Than Pensions establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB. This Statement applies to government employers who provide OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. GASB 75 is effective for fiscal years beginning after June 15, 2017 (FY18). Management has not yet fully determined the impact of GASB 75.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
Notes to Financial Statements
June 30, 2017

16. Subsequent Pronouncements (continued)

GASB 82

Governmental Accounting Standards Board Statement No. 82 Pension Issues - an amendment of GASB Statement Nos. 67, 68, and 73, addresses certain issues that have been raised with respect to Statement Nos. 67, 68, and 73, related to covered payroll and payments made by the employer to satisfy contribution requirements. GASB 82 is effective for reporting periods beginning after June 15, 2016. The Village adopted GASB Statement No. 82 during fiscal year 2017, with no significant impact to the Village's financial statements.

GASB 85

Governmental Accounting Standards Board Statement No. 85 Omnibus 2017 address practice issues identified during implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurements and application, and post-employment benefits (OPEB). GASB 85 is effective for fiscal years beginning after June 15, 2017 (FY18). Management has not yet fully determined the impact of GASB 85.

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
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*

| | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|-------------|-------------|-------------|
| Village of Jemez Spring's proportion of the net pension liability (asset) | 0.0229% | 0.0221% | 0.0212% |
| Village of Jemez Spring's proportionate share of the net pension liability (asset) | \$ 365,865 | 225,059 | 165,383 |
| Village of Jemez Spring's covered-employee payroll | \$ 242,494 | 264,491 | 306,752 |
| Village of Jemez Spring's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 151.00% | 85.09% | 53.91% |
| Plan fiduciary net position as a percentage of the total pension liability | 69.18% | 76.99% | 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 complied, the Village will present information for those years for which information is available.

See independent auditors' report.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
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>2017</u> | <u>2016</u> | <u>2015</u> |
|--|-------------|-------------|-------------|
| Village of Jemez Spring's proportion of the net pension liability (asset) | 0.0138% | 0.0032% | 0.0093% |
| Village of Jemez Spring's proportionate share of the net pension | \$ 101,821 | 15,387 | 30,317 |
| Village of Jemez Spring's covered-employee payroll | \$ 44,232 | 51,923 | 13,462 |
| Village of Jemez Spring's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 227.00% | 29.63% | 225.20% |
| Plan fiduciary net position as a percentage of the total pension liability | 69.18% | 76.99% | 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 complied, the Village will present information for those years for which information is available.

See independent auditors' report.

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*

| | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|-------------|-------------|-------------|
| Contractually required contribution | \$ 17,945 | 19,575 | 16,788 |
| Contributions in relation to the contractually required contribution | \$ 17,945 | 19,575 | 16,788 |
| Contribution deficiency (excess) | \$ - | - | - |
| Village's covered-employee payroll | \$ 242,494 | 264,491 | 306,752 |
| Contributions as a percentage of covered-employee payroll | 7.40% | 7.40% | 5.47% |

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

See independent auditors' report.

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>2017</u> | <u>2016</u> | <u>2015</u> |
|--|-------------|-------------|-------------|
| Contractually required contribution | \$ 4,600 | 5,400 | 1,230 |
| Contributions in relation to the contractually required contribution | \$ - | 5,400 | 1,230 |
| Contribution deficiency (excess) | \$ - | - | - |
| Village's covered-employee payroll | \$ 44,232 | 51,923 | 13,462 |
| Contributions as a percentage of covered-employee payroll | 10.40% | 10.40% | 9.14% |

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

See independent auditors' report.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
Schedule of Contributions
Notes to Required Supplementary Information
For the Year Ended June 30, 2017

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY16 audit available at: http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2016.pdf.

Changes of assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2016 report is available at <http://www.pera.org/assets/uploads/downloads/RetirementFundValuationReports/6-30-2016-PERA-Valuation-Report-FINAL.pdf>. For details about changes in the actuarial assumptions, see page 53 of the report.

SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
Non-Major Governmental Funds
For the Year Ended June 30, 2017

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.

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-IOA-A to 24-IOA-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.

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

NM Clean & Beautiful Fund – To account for the revenues and expenditures for the Litter Control & Beautification Grant received from the NM Tourism Department NMSA 67-16-12.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2017

| | Special Revenue Funds | Debt Service Funds | Total |
|--|-----------------------------|-----------------------|-------|
| | Funds | Funds | Total |
| Assets: | | | |
| Assets | | | |
| Cash and cash equivalents | \$ 6,394 | - | 6,394 |
| Due from other governments | - | - | - |
| Total current assets | 6,394 | - | 6,394 |
| Total assets | \$ 6,394 | - | 6,394 |
| Liabilities and fund balances: | | | |
| Liabilities | | | |
| Accounts payable | \$ - | - | - |
| Due to other funds | - | - | - |
| Total liabilities | - | - | - |
| Total liabilities | - | - | - |
| Fund balances: | | | |
| Nonspendable | - | - | - |
| Restricted | 6,394 | - | 6,394 |
| Committed | - | - | - |
| Assigned | - | - | - |
| Unassigned | - | - | - |
| Total fund balances | 6,394 | - | 6,394 |
| Total liabilities and fund balances: | \$ 6,394 | - | 6,394 |

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
Non-Major Governmental Funds
For the Year Ended June 30, 2017

| | Special Revenue Funds | Debt Service Funds | Totals |
|---|-----------------------------|-----------------------|----------|
| | | | |
| Revenues: | | | |
| Taxes | | | |
| Other | \$ 16,521 | - | 16,521 |
| Fines and forfeitures | 1,436 | - | 1,436 |
| Intergovernmental revenue | | | |
| State grants | - | | - |
| Local grants | 2,073 | - | 2,073 |
| Miscellaneous income | 50,646 | - | 50,646 |
| Total Revenues | 70,676 | - | 70,676 |
| Expenditures: | | | |
| Current: | | | |
| General government | 26,514 | - | 26,514 |
| Public safety | 1,734 | - | 1,734 |
| Culture and recreation | 20,544 | - | 20,544 |
| Capital Outlay | 28,655 | | 28,655 |
| Debt service: | | | |
| Principal | - | 10,454 | 10,454 |
| Interest | - | 1,462 | 1,462 |
| Total expenditures | 77,447 | 11,916 | 89,363 |
| Excess (deficiency) of revenues over (under) expenditures | (6,771) | (11,916) | (18,687) |
| Other financing sources (uses) | | | |
| Transfers in | 319 | 32,955 | 33,274 |
| Transfers out | - | (21,039) | (21,039) |
| Total other financing sources (uses) | 319 | 11,916 | 12,235 |
| Net change in fund balances | (6,452) | - | (6,452) |
| Beginning fund balance | 12,846 | - | 12,846 |
| Ending fund balance | \$ 6,394 | - | 6,394 |

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 Sheets
June 30, 2017

| | Correction Fund | EMS Fund | Library Fund | Lodgers' Tax | DWI Fund | NM Clean & Beautiful Fund | Total |
|--------------------------------------|--------------------|-------------|-----------------|-----------------|-------------|------------------------------|--------------|
| Assets: | | | | | | | |
| Assets | | | | | | | |
| Cash and cash equivalents | \$ 2,762 | 213 | (897) | 4,312 | 4 | - | 6,394 |
| Due from other governments | - | - | - | - | - | - | - |
| Total current assets | <u>2,762</u> | <u>213</u> | <u>(897)</u> | <u>4,312</u> | <u>4</u> | <u>-</u> | <u>6,394</u> |
| Total assets | <u>\$ 2,762</u> | <u>213</u> | <u>(897)</u> | <u>4,312</u> | <u>4</u> | <u>-</u> | <u>6,394</u> |
| Liabilities and fund balances: | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable | \$ - | - | - | - | - | - | - |
| Due to other funds | - | - | - | - | - | - | - |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances: | | | | | | | |
| Nonspendable | - | - | - | - | - | - | - |
| Restricted | 2,762 | 213 | (897) | 4,312 | 4 | - | 6,394 |
| Committed | - | - | - | - | - | - | - |
| Assigned | - | - | - | - | - | - | - |
| Unassigned | - | - | - | - | - | - | - |
| Total fund balances | <u>2,762</u> | <u>213</u> | <u>(897)</u> | <u>4,312</u> | <u>4</u> | <u>-</u> | <u>6,394</u> |
| Total liabilities and fund balances: | <u>\$ 2,762</u> | <u>213</u> | <u>(897)</u> | <u>4,312</u> | <u>4</u> | <u>-</u> | <u>6,394</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 Fund
Combining Balance Sheet
June 30, 2017

| | <u>Debt Service</u> | <u>Total</u> |
|---|---------------------------|------------------------|
| Assets: | | |
| Assets | | |
| Cash and cash equivalents | \$ <u> -</u> | <u> -</u> |
| Total current assets | <u> -</u> | <u> -</u> |
| Total assets and deferred outflows of resources | \$ <u> -</u> | <u> -</u> |
| Liabilities and fund balances: | | |
| Liabilities | | |
| Accounts payable | \$ <u> -</u> | <u> -</u> |
| Total liabilities | <u> -</u> | <u> -</u> |
| Fund balances: | | |
| Unassigned | <u> -</u> | <u> -</u> |
| Total fund balances | <u> -</u> | <u> -</u> |
| Total liabilities and fund balances | \$ <u> -</u> | <u> -</u> |

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

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
Non-Major Governmental Funds – Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2017

| | Correction Fund | EMS Fund | Library Fund | Lodgers' Tax | DWI Fund | NM Clean & Beautiful Fund | Total |
|--|--------------------|------------|-----------------|-----------------|--------------|------------------------------|---------------|
| Revenues: | | | | | | | |
| Taxes | | | | | | | |
| Other | \$ - | - | - | 16,521 | - | - | 16,521 |
| Fines and forfeitures | 1,436 | - | - | - | - | - | 1,436 |
| Intergovernmental revenue | - | - | - | - | - | - | - |
| State grants | - | - | - | - | - | - | - |
| Local grants | - | - | - | - | - | 2,073 | 2,073 |
| Miscellaneous income | - | - | 48,302 | 610 | 1,734 | - | 50,646 |
| Total revenues | <u>1,436</u> | <u>-</u> | <u>48,302</u> | <u>17,131</u> | <u>1,734</u> | <u>2,073</u> | <u>70,676</u> |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| General government | - | - | - | 24,441 | - | 2,073 | 26,514 |
| Public safety | - | - | - | - | 1,734 | - | 1,734 |
| Culture and recreation | - | - | 20,544 | - | - | - | 20,544 |
| Capital Outlay | - | - | 28,655 | - | - | - | 28,655 |
| Total expenditures | <u>-</u> | <u>-</u> | <u>49,199</u> | <u>24,441</u> | <u>1,734</u> | <u>2,073</u> | <u>77,447</u> |
| Excess (deficiency) of revenues over (under) expenditures | 1,436 | - | (897) | (7,310) | - | - | (6,771) |
| Other financing sources (uses) | | | | | | | |
| Transfers in | - | - | 319 | - | - | - | 319 |
| Transfers out | - | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>319</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>319</u> |
| Net change in fund balances | 1,436 | - | (578) | (7,310) | - | - | (6,452) |
| Beginning fund balance | <u>1,326</u> | <u>213</u> | <u>(319)</u> | <u>11,622</u> | <u>4</u> | <u>-</u> | <u>12,846</u> |
| Ending fund balance | \$ <u>2,762</u> | <u>213</u> | <u>(897)</u> | <u>4,312</u> | <u>4</u> | <u>-</u> | <u>6,394</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 Fund
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2017

| | Debt Service Fund | Total |
|---|-------------------------|----------|
| Revenues: | | |
| Miscellaneous income | \$ - | - |
| Total Revenues | - | - |
| Expenditures: | | |
| Current: | | |
| Debt Service | - | - |
| Principal | 10,454 | 10,454 |
| Interest | 1,462 | 1,462 |
| Total expenditures | 11,916 | 11,916 |
| Excess (deficiency) of revenues over (under) expenditures | (11,916) | (11,916) |
| Other financing sources (uses) | | |
| Transfers in | 32,955 | 32,955 |
| Transfers out | (21,039) | (21,039) |
| 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
Schedule of Changes in Fiduciary Assets and Liabilities -
Agency Funds
For the Year Ended June 30, 2017

| | Balance | | | Balance |
|---------------------------|---------------|------------|---------------|---------------|
| | June 30, 2016 | Receipts | Disbursements | June 30, 2017 |
| Municipal court | | | | |
| Assets: | | | | |
| Cash | \$ - | 627 | (627) | - |
| Due from general fund | - | - | 9 | 9 |
| Total assets | <u>\$ -</u> | <u>627</u> | <u>(618)</u> | <u>9</u> |
| Liabilities: | | | | |
| Accounts payable | \$ - | - | 9 | 9 |
| Held for others | - | 627 | (627) | - |
| Total liabilities | <u>\$ -</u> | <u>627</u> | <u>(618)</u> | <u>9</u> |
| Motor vehicle fund | | | | |
| Assets: | | | | |
| Cash | \$ 75 | 25 | - | 100 |
| Due from general fund | - | - | - | - |
| Total assets | <u>\$ 75</u> | <u>25</u> | <u>-</u> | <u>100</u> |
| Liabilities: | | | | |
| Accounts payable | \$ - | - | - | - |
| Held for others | 75 | 25 | - | 100 |
| Total liabilities | <u>\$ 75</u> | <u>25</u> | <u>-</u> | <u>100</u> |
| Total agency funds | | | | |
| Assets: | | | | |
| Cash | \$ 75 | 652 | (627) | 100 |
| Due from general fund | - | - | 9 | 9 |
| Total assets | <u>\$ 75</u> | <u>652</u> | <u>(618)</u> | <u>109</u> |
| Liabilities: | | | | |
| Accounts payable | \$ - | - | 9 | 9 |
| Held for others | 75 | 652 | (627) | 100 |
| Total liabilities | <u>\$ 75</u> | <u>652</u> | <u>(618)</u> | <u>109</u> |

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

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
Schedule of Fund Balances
June 30, 2017

| | Major Funds | | | | | | Total Funds |
|---|-----------------|--------------|---------------------|-----------|----------------------|------------------------------------|-------------|
| | General Fund | Spec Revenue | | | Cap Proj | Non-major Governmental Funds | |
| | | Fire Fund | Law | Road Fund | Municipal | | |
| | | | Enforcement Fund | | Improvements Fund | | |
| Fund balances: | | | | | | | |
| Nonspendable | | | | | | | |
| Prepaid expenses | \$ - | - | - | - | - | - | - |
| Subtotal nonspendable funds | - | - | - | - | - | - | - |
| Restricted for: | | | | | | | |
| Road improvements | - | - | - | 66,224 | - | - | 66,224 |
| Providing emergency medical services | - | - | - | - | - | 213 | 213 |
| Fire fighting efforts | - | - | - | - | - | - | - |
| Public safety and law enforcement efforts | - | - | 2,611 | - | - | 2,766 | 5,377 |
| Culture and recreation efforts | - | - | - | - | 301 | - | 301 |
| Economic development efforts | - | - | - | - | - | 3,415 | 3,415 |
| Subtotal restricted funds | - | - | 2,611 | 66,224 | 301 | 6,394 | 75,530 |
| Committed to: | | | | | | | |
| Subtotal committed funds | 35,017 | - | - | - | - | - | 35,017 |
| Assigned to: | | | | | | | |
| Subtotal assigned funds | - | - | - | - | - | - | - |
| Unassigned | 152,916 | - | - | - | - | - | 152,916 |
| | \$ 187,933 | - | 2,611 | 66,224 | 301 | 6,394 | 263,463 |

See independent auditors' report.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
Schedule of Depositories
June 30, 2017

| Account Name | Type | Interest Bearing | State | | | | Balance Per Books |
|---|----------|------------------|---------------------------|------------------------|--------------------------|-----------------|-------------------|
| | | | Jemez Valley Credit Union | Employees Credit Union | Plus Deposits in Transit | Less O/S Checks | |
| Payroll clearing acct | Checking | Yes | \$ 464 | - | - | (3,057) | (2,593) |
| General fund checking | Checking | Yes | 59,063 | - | - | (14,389) | 44,674 |
| Savings account | Savings | Yes | 146 | - | - | - | 146 |
| Savings account | Savings | Yes | - | 189,858 | - | - | 189,858 |
| Waste water fund - reserve | Savings | Yes | 52 | - | - | - | 52 |
| Waste water checking | Checking | Yes | 43,319 | - | 351 | (854) | 42,816 |
| Credit Card Clearing | Checking | Yes | 25 | - | - | - | 25 |
| Credit Card Clearing | Savings | Yes | 75 | - | - | - | 75 |
| Replacement reserve acct | Savings | Yes | 8,323 | - | - | (887) | 7,436 |
| Debt service acct | Savings | Yes | 14,652 | - | 887 | - | 15,539 |
| Bath house fund - reserve | Savings | Yes | 25 | - | - | - | 25 |
| Bath house checking | Checking | Yes | 43,998 | - | 744 | (7,066) | 37,676 |
| Motor vehicle savings | Savings | Yes | 25 | - | - | - | 25 |
| Motor vehicle checking | Checking | Yes | 75 | - | - | - | 75 |
| Petty cash | | | - | - | - | - | 800 |
| Total cash equivalents | | | <u>170,242</u> | <u>189,858</u> | <u>1,982</u> | <u>(26,253)</u> | <u>336,629</u> |
| Total amount on deposit | | | 170,242 | 189,858 | <u>1,982</u> | <u>(26,253)</u> | <u>336,629</u> |
| FDIC coverage | | | <u>(170,242)</u> | <u>(189,858)</u> | | | |
| Total uninsured public funds | | | - | - | | | |
| 50% collateral requirement (Section 6-10-17 NMSA-1978) | | | - | - | | | |
| Collateral provided | | | <u>-</u> | <u>-</u> | | | |
| Amount (over)/under collateralized | | | \$ <u>-</u> | <u>-</u> | | | |

See independent auditors' report.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
Schedule of Joint Powers Agreements
June 30, 2017

Sewer Disconnection Powers - Joint Powers Agreement

| | |
|------------------------|---|
| Participants: | Village of Jemez Springs and Jemez Springs Domestic Water Co-op |
| Responsible party: | Joint |
| Description: | The purpose of this JPA is to jointly enforce nonpayment of sewer accounts, i.e., Sewer Disconnection Powers. |
| Period: | Perpetual |
| Project costs: | Undeterminable |
| Village contributions: | None |
| Audit responsibility: | Village of Jemez Springs |

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
Schedule of Special, Deficiency, Specific and Capital Outlay Appropriations
For the Year Ended June 30, 2017

| Description | Appropriation # | Appropriation Period | Original Appropriation | Expenditures To Date | Outstanding Encumbrances | Unencumbered Balances |
|---|-----------------|----------------------------|------------------------|----------------------|--------------------------|-----------------------|
| Fund 89700 | | | | | | |
| Severance Tax Bonds Outstanding* | | | | | | |
| Laws 2013, Chapter 226, Section 31 | 13-1761 | 04/01/2013 - 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 | - | - |
| Laws 2015, Chapter 3, Section 28 | 15-0845 | 07/01/2015 - 06/30/2019 | 90,000 | - | - | - |
| Laws 2016, Chapter 81, Section 22 | A2493 | 06/23/2016 - 06/30/2020 | 25,000 | - | - | - |
| Total Amounts | | | \$ 390,000 | 275,000 | - | - |

* 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 auditors' 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 AUDITORS' REPORT

The Board of Trustees
Jemez Springs, New Mexico
and
Wayne A. Johnson
New Mexico State Auditor

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 and capital projects funds of the Village of Jemez Springs, State of New Mexico (the "Village"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and the combining and individual funds of the Village, presented as supplemental information, and have issued our report thereon dated December 14, 2017.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

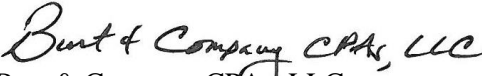
As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2017-001, 2017-002, 2017-003, 2017-004, 2017-005, and 2017-006.

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 Responses. 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.


Burt & Company CPAs, LLC

December 14, 2017

STATE OF NEW MEXICO
 VILLAGE OF JEMEZ SPRINGS
 Summary Schedule of Findings and Responses
 June 30, 2017

| <u>Prior Year Findings</u> | <u>Status</u> |
|---|----------------------|
| 2012-002 Late Filing of Audit Report – <i>Other noncompliance</i> | Resolved |
| 2013-003 Deposit Timeliness – <i>Significant Deficiency</i> | Resolved |
| 2015-001 Timeliness of PERA Contributions – <i>Other noncompliance</i> | Resolved |
| 2015-002 Controls over Bank Reconciliation – <i>Significant deficiency</i> | Resolved |
| 2016-001 Controls over Payroll - <i>Finding that does not rise to the level of significant deficiency</i> | Revised and repeated |
| 2016-002 Controls over Fixed Assets – <i>Other noncompliance</i> | Revised and repeated |
| 2016-003 Lack of Supporting Documentation over Deposits – <i>Significant Deficiency</i> | Revised and repeated |
| 2016-004 Lack of Approvals over Expenditures – <i>Finding that does not rise to the level of significant deficiency</i> | Revised and repeated |
| 2016-005 Expenditures in Excess of Budget – <i>Noncompliance</i> | Resolved |

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
Schedule of Findings and Responses
For the Year Ended June 30, 2017

CURRENT YEAR FINDINGS

2017-001 (2016-001) Controls Over Payroll – Finding that does not rise to the level of significant deficiency

Condition: During testing of controls over payroll, the following control deficiencies were noted:

- For 5 of the 30 timesheets tested, there was no approval noted

The Village has made progress toward resolving this finding and expects to have it fully resolved in the current fiscal year.

Criteria: Model accounting practices necessitate the maintenance of accurate and complete accounting records. Section 6-6-3 (A) NMSA 1978 defines local public body duties to keep all the books, records and accounts in their respective offices in the form prescribed by the local government division. Employees should be paid according to an approved pay rate. Timesheet should have proper approvals.

Effect: Lack of approved timesheets increases the risk of material misstatement.

Cause: The Village did not monitor proper supporting documentation over payroll.

Recommendation: The Village should maintain proper supporting documentation over payroll.

Response: The Village has made significant progress in resolving this finding. The Village Clerk will be responsible for ensuring that the proper approvals are on the timesheets and expects this to be fully resolved in FY18.

2017-002 (2016-004) Lack of Approvals Over Expenditures – Finding that does not rise to the level of significant deficiency

Condition: During testing of expenditures, the following deficiencies were noted:

- One expenditure in the amount of \$25 out of 43 expenditures tested had only one signature approval on the issued check.
- Four expenditures in the amount of \$3,804 out of 43 expenditures tested had a lack of sufficient supporting documentation.
- One expenditure in the amount of \$25 out of 43 expenditures tested was in excess of the amount of the authorized deduction form in the personnel file.
- Two expenditures in the amount of \$601 out of 43 expenditures tested had a lack of documentation of approval for the expenditure.

The Village has made significant progress toward resolving this finding and expects to have it fully resolved in the current fiscal year.

Criteria: According to Village of Jemez policy, expenditures should have approvals documented on the voucher, and should have sufficient supporting documentation.

STATE OF NEW MEXICO
VILLAGE OF JEMEZ SPRINGS
Schedule of Findings and Responses
For the Year Ended June 30, 2017

Effect: Lack of documented approvals over expenditures, increases the risk of material misstatement due to fraud or error. In addition, per policy, all checks must have two signatures. Also, all expenditures should have sufficient supporting documentation to evidence the expenditure.

Cause: The Village did not maintain proper approvals or sufficient support of documentation over expenditures.

Recommendations: The Village should maintain proper approvals over expenditures.

Response: The Village will continue to have a voucher sheet accompany each expenditure that shows the account code, voucher preparer and approver. The Village Clerk will ensure this process is fully implemented in FY18.

2017-003 (2016-002) Controls Over Fixed Assets – Other noncompliance

Condition: The Village has the following deficiencies over fixed assets:

- Items listed on the fixed asset listing which have been disposed.
- Items listed on the fixed asset listing which are fully depreciated and not still in use.

The Village has made progress toward resolving this finding and expects to have it fully resolved in the current fiscal year.

Criteria: Model accounting practices necessitate the maintenance of accurate and complete accounting records. Section 6-6-3 (A) NMSA 1978 defines local public body duties to keep all the books, records and accounts in their respective offices in the form prescribed by the local government division. Fixed asset records should be complete and accurate.

Effect: Fixed assets was not reviewed to record dispositions or fully depreciated items which are no longer in use.

Cause: The Village does not have adequate internal control procedures over the fixed assets.

Recommendations: The Village should establish and implement procedures over fixed assets to ensure that they are accounted for in accordance with regulations.

Response: The Village will implement procedures and assign responsibility for the fixed asset listing. The Mayor and the Village Clerk will be responsible for ensuring this process is implemented in the current fiscal year.

2017-004 RHCA Contribution Rate – Other noncompliance

Condition: During our compliance testing with the New Mexico Office of the State Auditor Rule 2.2.210J(17) NMAC, we noted that the Retiree Health Care Authority (RHCA) contributions for the Chief of Police were not remitted for July 2016 and August 2016 at the respective employee and employer statutory rates which resulted in 0.25% understatement of the employee's total wages for employee contributions and 0.50% understatement of the employee's total wages for employer contributions, resulting in a total 0.75% understatement of the employee's total wages.

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Criteria: Sections 10-7C-1 to 10-7C-19 NMSA 1978 of the RHCA Act requires that agencies submit employee and employer contributions on one hundred percent of qualified payroll.

Effect: The Village is in violation of Sections 10-7C-1 to 10-7C-19 NMSA 1978 relating to the RHCA Act.

Cause: The Village remitted the RHCA contributions for the Chief of Police for July 2016 and August 2016 at the Municipal rates of 1.00% and 2.00% for the employee and employer, respectively.

Recommendation: The Village should submit employee and employer contributions in accordance with the Act.

Response: The Village corrected the RHCA contributions in FY18 and the Village Clerk will ensure that the correct contributions are remitted correctly in the future. This process is expected to be fully implemented in FY18.

2017-005 (2016-003) Lack of Supporting Documentation Over Deposits – Finding that does not rise to the level of significant deficiency

Condition: The Village had a lack of supporting documentation, i.e., deposit slip, POS reconciliation summary, etc., over the following:

- Bath House – One of the twenty-five tested deposits totaling \$760.

The Village has made progress toward resolving this finding and expects to have it fully resolved in the current fiscal year.

Criteria: Model accounting practices necessitate the maintenance of accurate and complete accounting records. Section 6-6-3 (A) NMSA 1978 defines local public body duties to keep all the books, records and accounts in their respective offices in the form prescribed by the local government division. Deposits should be properly supported.

Effect: Lack of supporting documentation increases the risk of material misstatement due to fraud or error.

Cause: The Village does not maintain proper supporting documentation over deposits.

Recommendations: The Village should maintain proper supporting documentation over deposits.

Response: The person currently approving the deposit will continue to check for adequate documentation for each deposit. The Mayor and the Village Clerk will be responsible for ensuring this process is implemented in the current fiscal year.

2017-006 Public Employee Retiree Reported Wage – Other noncompliance

Condition: During our compliance testing with the New Mexico Office of the State Auditor Rule 2.2.2.10J(6) NMAC, we noted ten employees in which the wage rate to compute the PERA employee and employer contributions was understated by \$542.

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Criteria: Sections 10-11-1 to 10-11-141 NMSA 1978 of PERA requires that agencies submit employee and employer contributions on one hundred percent of qualified payroll.

Effect: The Village is in violation of Sections 10-11-1 to 10-11-141 NMSA 1978 relating to PERA.

Cause: The Village did not reconcile the PERA wages reported on the contribution forms to payroll register.

Recommendation: We recommend that the Village establish procedures to ensure that all PERA contributions are reconciled to the payroll register prior to remitting payment and all contributions are made in accordance with Sections 10-11-1 to 10-11-141 NMSA 1978.

Response: The Village corrected the PERA wages in FY18 and the Village Clerk will ensure that the correct wages are reported correctly in the future. This process is expected to be fully implemented in FY18.

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Other Disclosures
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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 Burt & Company CPAs, LLC 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 14, 2017. The following individuals were in attendance.

Village of Jemez Springs Officials

Robert Wilson, Mayor

Yvonne Dickey, Village Clerk/Treasurer

Burt & Company CPAs, LLC

Ronald E. Schranz, CPA, CVA, Audit Partner

Misty L. Schuck, CPA, CGMA, CFE