

STATE OF NEW MEXICO  
VILLAGE OF JEMEZ SPRINGS

Annual Financial Report  
For the Year Ended June 30, 2018

## **INTRODUCTORY SECTION**

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VILLAGE OF JEMEZ SPRINGS  
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June 30, 2018

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STATE OF NEW MEXICO  
VILLAGE OF JEMEZ SPRINGS  
Official Roster  
June 30, 2018

**Name**

**Title**

**Elected Officials**

Roger Sweet (as of March 2018)	Mayor
Robert Wilson (through February 2018)	Mayor
David Ryan (as of March 2018)	Mayor Pro-Tem
Roger Sweet (through February 2018)	Mayor Pro-Tem
Manolito Sanchez	Trustee
Dr. Juliette Mulgrew	Trustee
Robert Wilson (as of March 2018)	Trustee

**Administrative Personnel**

Yvonne Dickey	Village Clerk/Treasurer
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**FINANCIAL SECTION**

## INDEPENDENT AUDITORS' REPORT

The Honorable Roger Sweet, Mayor  
Board of Trustees of the State of New Mexico Village of Jemez Springs  
Jemez Springs, New Mexico  
and  
Mr. Brian S. Colon, Esq., 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 of the State of New Mexico Village of Jemez Springs (Village), as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents. We have also audited the Village's fiduciary funds as of and for the year ended June 30, 2018, 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 respective budgetary comparisons of the general fund and major special revenue funds of the Village, as of June 30, 2018, 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. In addition, in our opinion, the financial statements referred to above, present fairly in all material respects, the respective financial position of the fiduciary funds of the Village, as of June 30, 2018, in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As described in Note 18 to the financial statements, in 2018 the Village adopted new accounting guidance, GASB No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

## **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, Schedule of Contributions, Schedule of Employer's Proportionate Share of the Net Postemployment Benefits (OPEB) liability, Schedule of Employer's Contributions – New Mexico Retiree Health Care Authority, and the notes to the required Supplementary Information, as listed in the table of contents, 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*  
*Supplemental Information (SI)*


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The introductory section, combining and individual non-major 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 non-major 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 non-major 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.

The other supplemental information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2019, 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

April 1, 2019

STATE OF NEW MEXICO  
VILLAGE OF JEMEZ SPRINGS  
Statement of Net Position  
June 30, 2018

	Governmental Activities	Business-Type Activities	Total
Assets and deferred outflows of resources:			
Assets:			
Current assets:			
Cash and cash equivalents	\$ 269,956	91,252	361,208
Receivables:			
Accounts receivable	14,333	9,548	23,881
Taxes receivable	37,574	-	37,574
Due from other funds	17,083	-	17,083
Inventories	-	4,345	4,345
Restricted cash	-	27,479	27,479
Total current assets	338,946	132,624	471,570
Non-current assets:			
Capital assets	5,104,673	2,685,994	7,790,667
Less: accumulated depreciation	(1,593,897)	(991,287)	(2,585,184)
Total non-current assets	3,510,776	1,694,707	5,205,483
Total assets	3,849,722	1,827,331	5,677,053
Deferred outflows of resources:			
Deferred outflows of resources due to pension plan	83,010	32,116	115,126
Deferred outflows of resources due to OPEB	4,656	-	4,656
Total deferred outflows of resources	87,666	32,116	119,782
Total assets and deferred outflows of resources	\$ 3,937,388	1,859,447	5,796,835
Liabilities, deferred inflows of resources and net position:			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 19,842	8,108	27,950
Accrued payroll liabilities	6,200	4,985	11,185
Other accrued liabilities	-	11,705	11,705
Due to other funds	-	8,709	8,709
Current portion of compensated absences	7,780	4,600	12,380
Current portion of long-term debt	22,133	5,685	27,818
Total current liabilities	55,955	43,792	99,747
Non-current liabilities			
Compensated absences	4,843	6,439	11,282
Notes payable	51,881	109,064	160,945
Net pension liability	226,531	131,706	358,237
Net OPEB liability	309,060	-	309,060
Total non-current liabilities	592,315	247,209	839,524
Total liabilities	648,270	291,001	939,271
Deferred inflows of resources:			
Deferred inflows of resources due to pension plan	47,445	14,227	61,672
Deferred inflows of resources due to OPEB	70,341	-	70,341
Total deferred inflows of resources	117,786	14,227	132,013
Net position			
Net investment in capital assets	3,436,762	1,579,958	5,016,720
Restricted net position	85,705	27,479	113,184
Unrestricted net position	(351,135)	(53,218)	(404,353)
Total net position	3,171,332	1,554,219	4,725,551
Total liabilities, deferred inflows of resources and net position	\$ 3,937,388	1,859,447	5,796,835

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, 2018

Functions/programs	Expenses	Program Revenues			Net Program (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Government Activities	Business- Type Activities	Total
<b>Primary government</b>							
<b>Governmental activities</b>							
General government	\$ 238,159	50,258	-	107,826	(80,075)	-	(80,075)
Public safety	161,444	-	-	-	(161,444)	-	(161,444)
Public works	52,666	-	-	-	(52,666)	-	(52,666)
Culture and recreation	109,287	-	-	-	(109,287)	-	(109,287)
Interest expense	1,756	-	-	-	(1,756)	(3,080)	(4,836)
Total government activities	\$ <u>563,312</u>	<u>50,258</u>	<u>-</u>	<u>107,826</u>	<u>(405,228)</u>	<u>(3,080)</u>	<u>(408,308)</u>
<b>Business-type activities</b>							
Utilities:							
Waste water	\$ 219,350	110,311	-	-	-	(109,039)	(109,039)
Bath house	357,425	285,783	-	2,230	-	(69,412)	(69,412)
Total business-type activities	\$ <u>576,775</u>	<u>396,094</u>	<u>-</u>	<u>2,230</u>	<u>-</u>	<u>(178,451)</u>	<u>(178,451)</u>
<b>General revenues:</b>							
Taxes:							
Property taxes levied for general purposes					52,878	-	52,878
Gross receipts taxes					206,550	-	206,550
Other taxes and fees					33,668	-	33,668
Licenses and permits					2,660	-	2,660
Fines, forfeitures, and penalties					8,770	-	8,770
Interest income					349	181	530
Miscellaneous income					124,791	1,904	126,695
Transfers					(6,692)	6,692	-
Total general revenues and transfers					<u>422,974</u>	<u>8,777</u>	<u>431,751</u>
Changes in net position					17,746	(172,754)	(155,008)
Net position - beginning as previously stated					3,519,918	1,726,973	5,246,891
Prior period adjustment					(366,332)	-	(366,332)
Net position - beginning as restated					<u>3,153,586</u>	<u>1,726,973</u>	<u>4,880,559</u>
Net position - ending					\$ <u>3,171,332</u>	<u>1,554,219</u>	<u>4,725,551</u>

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, 2018

	Major Funds			
	General	Special Revenue	Total Non-	Total Funds
	Fund	Fire Fund	Major Funds	
Assets and deferred outflows of resources:				
Assets:				
Current assets:				
Cash and cash equivalents	\$ 185,019	14,526	70,411	269,956
Receivables:				
Accounts receivable	14,333	-	-	14,333
Taxes receivable	37,574	-	-	37,574
Due from other funds	17,083	-	-	17,083
Due from other governments	-	-	-	-
Prepaid expenses	-	-	-	-
Total current assets	254,009	14,526	70,411	338,946
Deferred outflows of resources:				
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	\$ 254,009	14,526	70,411	338,946
Liabilities, deferred inflows of resources and fund balances:				
Liabilities:				
Accounts payable	\$ 19,842	-	-	19,842
Accrued payroll liabilities	6,200	-	-	6,200
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Total liabilities	26,042	-	-	26,042
Deferred inflows of resources:				
"Unavailable" revenues	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Total liabilities and deferred inflows of resources	26,042	-	-	26,042
Fund balances:				
Nonspendable	-	-	-	-
Restricted	-	14,526	71,179	85,705
Subsequent years expenditures	32,887	-	-	32,887
Assigned	-	-	-	-
Unassigned	195,080	-	(768)	194,312
Total fund balances	227,967	14,526	70,411	312,904
Total liabilities, deferred inflows of resources and fund balances	\$ 254,009	14,526	70,411	338,946

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, 2018

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

Total fund balance - Governmental funds	\$	312,904
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		3,510,776
Deferred outflows of resources due to pension plan		83,010
Deferred outflows of resources due to OPEB		4,656
Deferred inflows of resources due to pension plan		(47,445)
Deferred inflows of resources due to OPEB		(70,341)
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		(226,531)
Net OPEB liability		(309,060)
Current compensated absences		(7,780)
Non-current compensated absences		(4,843)
Current notes payable		(22,133)
Non-current notes payable		(51,881)
Subtotal		<u>(622,228)</u>
Net position of governmental activities	\$	<u>3,171,332</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, 2018

	<u>Major Funds</u>		Total Non- Major Funds	Total Funds
	<u>General Fund</u>	<u>Special Revenue Fire Fund</u>		
Revenues:				
Taxes				
Property taxes	\$ 52,878	-	-	52,878
Gross receipts	206,550	-	-	206,550
Other	15,649	-	18,019	33,668
Licenses and permits	2,660	-	-	2,660
Charges for services	50,258	-	-	50,258
Fines and forfeitures	6,390	-	2,380	8,770
Intergovernmental revenue:				
State grants	97,598	-	-	97,598
Local grants	-	-	3,536	3,536
Interest income	349	-	-	349
Miscellaneous income	17,690	70,469	43,324	131,483
Total revenues	450,022	70,469	67,259	587,750
Expenditures:				
Current:				
General government	160,296	-	24,501	184,797
Public safety	105,960	55,943	11,829	173,732
Public works	44,425	-	16,448	60,873
Culture and recreation	100,088	-	9,199	109,287
Capital outlay	-	-	962	962
Debt service:				
Principal	-	-	10,160	10,160
Interest	-	-	1,756	1,756
Total expenditures	410,769	55,943	74,855	541,567
Excess (deficiency) of revenues over (under) expenditures	39,253	14,526	(7,596)	46,183
Other financing sources (uses)				
Proceeds from issuance of debt	-	-	-	-
Transfers in	6,000	15,533	32,593	54,126
Transfers out	(6,000)	(15,533)	(30,116)	(51,649)
Total other financing sources (uses)	-	-	2,477	2,477
Net change in fund balance	39,253	14,526	(5,119)	48,660
Fund balance, beg of year - previously stated	187,933	-	75,530	263,463
Prior period adjustment	781	-	-	781
Fund balance, beg of year - restated	188,714	-	75,530	264,244
Fund balance, end of year	\$ 227,967	14,526	70,411	312,904

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, 2018

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

Total net change in fund balances - governmental funds	\$	48,660
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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:

Capital expenditures recorded as capital outlay or other expenses		9,031
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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		(134,642)
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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.

Change in accrued compensated absences are expensed under the accrual method, and not the modified accrual method		(5,003)
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Principal payments on long-term debt		18,824
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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:

Recovery of pension expense		88,508
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OPEB expense is reported in the government-wide statement of activities and changes in net position, but does not require the use of current financial resources. Therefore, OPEB expense is not reported as an expenditure in governmental funds		<u>(7,632)</u>
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Change in net position of governmental activities	\$	<u><u>17,746</u></u>
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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, 2018

	Budgeted Amounts		Actual Amounts (Non-GAAP Budgetary Basis)	Favorable (Unfavorable)
	Original	Final		
	Original	Final	Basis)	(Unfavorable)
<b>Revenues:</b>				
Taxes				
Property	\$ 46,950	46,950	52,878	5,928
Gross receipts	177,320	177,320	246,421	69,101
Other	20,904	20,904	12,316	(8,588)
Licenses and permits	5,000	5,000	2,660	(2,340)
Charges for services	45,000	45,000	50,296	5,296
Fines and forfeitures	4,000	4,000	6,390	2,390
Intergovernmental revenue				
State grants	90,000	90,000	97,598	7,598
Interest income	450	450	349	(101)
Miscellaneous income	20,600	20,600	8,981	(11,619)
Total revenues	<u>410,224</u>	<u>410,224</u>	<u>477,889</u>	<u>67,665</u>
<b>Expenditures:</b>				
Current:				
General government	199,690	199,690	158,143	41,547
Public safety	105,309	105,309	105,960	(651)
Public works	-	-	44,425	(44,425)
Culture and recreation	89,647	89,647	100,088	(10,441)
Total expenditures	<u>394,646</u>	<u>394,646</u>	<u>408,616</u>	<u>(13,970)</u>
Excess (deficiency) of revenues over (under) expenditures	15,578	15,578	69,273	53,695
<b>Other financing sources (uses):</b>				
Proceeds from issuance of debt	-	-	-	-
Transfers in	10,684	16,684	6,000	(10,684)
Transfers out	(8,667)	(14,667)	(6,000)	8,667
Total other financing sources (uses)	<u>2,017</u>	<u>2,017</u>	<u>-</u>	<u>(2,017)</u>
<i>Change in net position</i>	17,595	17,595	69,273	51,678
<i>Beginning cash balance budgeted</i>	<u>165,177</u>	<u>165,177</u>		
<i>Total</i>	\$ <u>182,772</u>	<u>182,772</u>		
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in receivables			(27,867)	
Change in accrued liabilities			<u>(2,153)</u>	
Change in net position (GAAP)		\$	<u>39,253</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, 2018

	<u>Budgeted Amounts</u>		Actual Amounts (Non-GAAP Budgetary Basis)	Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental revenue				
State grants	\$ 39,058	39,058	67,324	28,266
Miscellaneous income	<u>10,684</u>	<u>10,684</u>	<u>3,145</u>	<u>(7,539)</u>
Total revenues	49,742	49,742	70,469	20,727
<b>Expenditures:</b>				
Current:				
Public safety	28,218	28,218	46,410	(18,192)
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>28,218</u>	<u>28,218</u>	<u>46,410</u>	<u>(18,192)</u>
Excess (deficiency) of revenues over (under) expenditures	21,524	21,524	24,059	(2,535)
<b>Other financing sources (uses):</b>				
Transfers in	-	6,000	6,000	-
Transfers out	<u>(21,524)</u>	<u>(37,057)</u>	<u>(15,533)</u>	<u>(21,524)</u>
Total other financing sources (uses)	<u>(21,524)</u>	<u>(31,057)</u>	<u>(9,533)</u>	<u>(21,524)</u>
<i>Change in net position</i>	-	(9,533)	14,526	(24,059)
<i>Beginning cash balance budgeted</i>	<u>14,526</u>	<u>14,526</u>		
<i>Total</i>	\$ <u>14,526</u>	<u>4,993</u>		

**RECONCILIATION TO GAAP BASIS:**

Change in receivables	-
Change in accrued liabilities	<u>-</u>
Net change in fund balance (GAAP basis)	\$ <u>14,526</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, 2018

	Business-Type Activities		
	Enterprise Funds		Total Funds
	Waste Water Fund	Bath House Fund	
Assets:			
Assets			
Current assets:			
Cash and cash equivalents	\$ 57,419	33,833	91,252
Receivables			
Accounts receivable	5,328	4,220	9,548
Inventories	-	4,345	4,345
Restricted cash	27,479	-	27,479
Total current assets	90,226	42,398	132,624
Non-current assets			
Capital assets	2,635,760	50,234	2,685,994
Less: accumulated depreciation	(956,258)	(35,029)	(991,287)
Total non-current assets	1,679,502	15,205	1,694,707
Deferred outflows of resources			
Deferred outflow of resources - due to pension	14,274	17,842	32,116
Deferred outflow of resources - due to OPEB	-	-	-
Total deferred outflows of resources	14,274	17,842	32,116
Total assets and deferred outflows of resources	\$ 1,784,002	75,445	1,859,447
Liabilities and net position			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 3,517	4,591	8,108
Accrued payroll liabilities	822	4,163	4,985
Other accrued liabilities	440	11,265	11,705
Due to other funds	8,709	-	8,709
Current portion of compensated absences	1,600	3,000	4,600
Current portion of long-term debt	5,685	-	5,685
Total current liabilities	20,773	23,019	43,792
Non-current liabilities			
Compensated absences	4,800	1,639	6,439
Notes payable	109,064	-	109,064
Net pension liability	58,536	73,170	131,706
Net OPEB liability	-	-	-
Total non-current liabilities	172,400	74,809	247,209
Total liabilities	193,173	97,828	291,001
Deferred inflows of resources			
Deferred inflow of resources - due to pensions	6,323	7,904	14,227
Deferred inflow of resources - due to OPEB	-	-	-
Total deferred inflows of resources	6,323	7,904	14,227
Net position			
Net investment in capital assets	1,564,753	15,205	1,579,958
Restricted for:			
Debt service	9,123	-	9,123
Replacement reserve	18,356	-	18,356
Total restricted net position	27,479	-	27,479
Unrestricted net position	(7,726)	(45,492)	(53,218)
Total net position	1,584,506	(30,287)	1,554,219
Total liabilities and net position:	\$ 1,784,002	75,445	1,859,447

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, 2018

	<u>Business-Type Activities</u>		
	<u>Enterprise Funds</u>		Total Enterprise Funds
	<u>Waste Water Fund</u>	<u>Bath House Fund</u>	
Operating revenues:			
Charges for services:			
Waste water	\$ 110,311	-	110,311
Bath house services	-	285,783	285,783
Miscellaneous	<u>1,904</u>	<u>-</u>	<u>1,904</u>
Total operating revenues	112,215	285,783	397,998
Operating expenses:			
Personal services	100,195	155,849	256,044
Operating expenses	43,124	200,211	243,335
Depreciation and amortization	<u>76,031</u>	<u>1,365</u>	<u>77,396</u>
Total operating expenses	<u>219,350</u>	<u>357,425</u>	<u>576,775</u>
Operating income (loss)	(107,135)	(71,642)	(178,777)
Non-operating revenues (expenses):			
Grant income	-	2,230	2,230
Interest income	95	86	181
Interest expense	<u>(3,080)</u>	<u>-</u>	<u>(3,080)</u>
Total non-operating revenues (expenses)	<u>(2,985)</u>	<u>2,316</u>	<u>(669)</u>
Income (loss) before transfers	(110,120)	(69,326)	(179,446)
Transfers in	9,123	9,169	18,292
Transfers out	<u>(9,123)</u>	<u>(2,477)</u>	<u>(11,600)</u>
Change in net position	(110,120)	(62,634)	(172,754)
Net position, beginning of year	<u>1,694,626</u>	<u>32,347</u>	<u>1,726,973</u>
Net position, end of year	\$ <u>1,584,506</u>	<u>(30,287)</u>	<u>1,554,219</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, 2018

	Business-Type Activities		
	Enterprise Funds		Total
	Waste Water Fund	Bath House Fund	Enterprise Funds
Cash flows from operating activities:			
Receipts from customers and users	\$ 112,631	283,297	395,928
Payments to employees	(54,274)	(92,336)	(146,610)
Payments to suppliers	(31,047)	(195,169)	(226,216)
Net cash provided by (used) for operating activities	27,310	(4,208)	23,102
Cash flows from noncapital financing activities:			
State appropriation receipts		2,230	2,230
Transfers from other funds	-	6,692	6,692
Net cash provided by noncapital financing activities	-	8,922	8,922
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	-	(9,169)	(9,169)
Principal paid on long-term debt	(5,520)	-	(5,520)
Interest paid on long-term debt	(3,080)	-	(3,080)
Net cash used for capital and related financing activities	(8,600)	(9,169)	(17,769)
Cash flows from investing activities:			
Interest and dividends	95	86	181
Net cash provided by investing activities	95	86	181
Net increase (decrease) in cash and cash equivalents	18,805	(4,369)	14,436
Cash and cash equivalents - Beginning of year	66,093	38,202	104,295
Cash and cash equivalents - End of year	\$ 84,898	33,833	118,731
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (107,135)	(71,642)	(178,777)
Adjustments			
Depreciation and amortization	76,031	1,365	77,396
Changes in assets and liabilities:			
Receivables	416	(2,486)	(2,070)
Inventories	-	2,040	2,040
Deferred outflows of resources	(14,274)	(17,842)	(32,116)
Accounts payable	3,517	2,182	5,699
Accrued payroll liabilities	(1,451)	377	(1,074)
Other accrued liabilities	(13)	820	807
Due to other funds	8,560	-	8,560
Compensated absences	(3,200)	(96)	(3,296)
Net pension liability	58,536	73,170	131,706
Deferred inflows of resources	6,323	7,904	14,227
Net cash provided by operating activities	\$ 27,310	(4,208)	23,102

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, 2018

Assets:	
Cash	\$ 52
Due from general fund	<u>93</u>
 Total assets	 \$ <u><u>145</u></u>
Liabilities:	
Due to general fund	\$ -
Held for others	<u>145</u>
 Total liabilities	 \$ <u><u>145</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, 2018

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 State of New Mexico Village of Jemez Springs (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, 2018

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, 2018

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.

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

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

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

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



STATE OF NEW MEXICO  
VILLAGE OF JEMEZ SPRINGS  
Notes to Financial Statements  
June 30, 2018

1. Summary of Significant Accounting Policies (continued)

B. Basis of Accounting/Measurement Focus (continued)

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.

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 pur-

STATE OF NEW MEXICO  
VILLAGE OF JEMEZ SPRINGS  
Notes to Financial Statements  
June 30, 2018

1. Summary of Significant Accounting Policies (continued)

C. Assets, Liabilities and Equity (continued)

Cash Equivalents (continued)

poses 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 1/12<sup>th</sup> (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, 2018 was \$185,019 which is 47% of the General Fund's final budget, exceeding the 1/12<sup>th</sup> 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 operations and are recorded as expenditures when consumed rather than when purchased.

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.

STATE OF NEW MEXICO  
VILLAGE OF JEMEZ SPRINGS  
Notes to Financial Statements  
June 30, 2018

1. Summary of Significant Accounting Policies (continued)

C. Assets, Liabilities and Equity (continued)

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.

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

<u>Asset Type</u>	<u>Years</u>
Construction in progress	Perpetuity
Buildings	39 - 40
Building and land improvements	10 - 39
Furniture, fixtures & equipment	5 - 25
Vehicles	5 - 10
Infrastructure	15 - 50

STATE OF NEW MEXICO  
VILLAGE OF JEMEZ SPRINGS  
Notes to Financial Statements  
June 30, 2018

1. Summary of Significant Accounting Policies (continued)

C. Assets, Liabilities and Equity (continued)

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, 2018.

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 \$119,782 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. The Village has one type of item that qualifies for reporting in this category. Accordingly, the item deferred inflows of resources due to pension plan and OPEB is \$132,013, as reported on the Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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.”

STATE OF NEW MEXICO  
VILLAGE OF JEMEZ SPRINGS  
Notes to Financial Statements  
June 30, 2018

1. Summary of Significant Accounting Policies (continued)

C. Assets, Liabilities and Equity (continued)

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.

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.

STATE OF NEW MEXICO  
VILLAGE OF JEMEZ SPRINGS  
Notes to Financial Statements  
June 30, 2018

1. Summary of Significant Accounting Policies (continued)

C. Assets, Liabilities and Equity (continued)

Fund Balance (continued)

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

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

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

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

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

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

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

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.

STATE OF NEW MEXICO  
VILLAGE OF JEMEZ SPRINGS  
Notes to Financial Statements  
June 30, 2018

1. Summary of Significant Accounting Policies (continued)

C. Assets, Liabilities and Equity (continued)

Fund Balance (continued)

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

Net Position

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

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

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

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

D. Inter-Fund Transactions

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

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 non-spendable fund balance to indicate that they are not available for appropriation and are not expendable available financial resources.

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1. Summary of Significant Accounting Policies (continued)

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. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Mexico Retiree Health Care Authority (NMRHCA) and additions to and deductions from NMRHCA's fiduciary net position have been determined on the same basis as they are reported by NMRHCA. For this purpose, NMRHCA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

G. Property Taxes

Property taxes attach an enforceable lien on property as of January 1. Tax notices are sent to property owners by November 1st of each year to be paid in whole in two installments by November 10th and April 10th of each year. Sandoval County bills and collects the property taxes and remits to the Village its proportional share. Unpaid taxes become delinquent after 30 days. Property tax revenue is recognized in the fiscal year it becomes available. Available means due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities in the current period.

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



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1. Summary of Significant Accounting Policies (continued)

H. 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 2015. For the year ended June 30, 2018, no interest or penalties were recorded or included in the financial statements.

I. 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.

J. 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 1/12<sup>th</sup> of the General Fund's budgeted expenditures (\$32,887) 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.

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.

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2. Stewardship, Compliance, and Accountability (continued)

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.

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, 2018 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.

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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, 2018:

<b>Fund Type</b>	<b>Amount</b>
Cash and cash equivalents	
Governmental funds	\$ 269,956
Business-type activities	91,252
Fiduciary funds	<u>52</u>
Total cash and cash equivalents	\$ <u><u>361,260</u></u>
Restricted cash	
Business-type activities	\$ <u>27,479</u>
Total restricted cash	\$ <u><u>27,479</u></u>

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

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

Based on the above, the Village is required to obtain from each bank that is a depository for public funds pledged collateral in an aggregate amount equal to 50% of the public money in each account. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency or political subdivision of the State of New Mexico.

As of June 30, 2018, the Village's bank balances of \$408,977 were exposed to custodial credit risk as follows:

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June 30, 2018

3. Cash and Cash Equivalents (continued)

Insured through federal depository insurance	\$	408,977
Uninsured, collateralized with securities held by pledging financial institution's trust department or agent in the Village's name		-
Uninsured and uncollateralized		-
Total deposits	\$	408,977

4. Receivables

Receivables as of June 30, 2018 are as follows:

		Total	
<u>Governmental Activities</u>	<u>General Fund</u>	<u>Receivables</u>	
Accounts receivable:			
Grants	\$ 11,000	11,000	
Other	3,333	3,333	
	14,333	14,333	
Taxes:			
State	37,574	37,574	
Subtotal	51,907	51,907	
Less: Allowance for uncollectible	-	-	
Net receivables	\$ 51,907	51,907	
	Waste Water	Bath House	Total
<u>Business-type Activities</u>	<u>Fund</u>	<u>Fund</u>	<u>Receivables</u>
Accounts receivable:	\$		
Grants	-	2,230	2,230
Other	12,596	1,990	14,586
Subtotal	12,596	4,220	16,816
Less: Allowance for uncollectible	(7,268)	-	(7,268)
Net receivables	\$ 5,328	4,220	9,548

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.

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5. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2018 follows.

Governmental Activities	Balance 6/30/17	Additions	Deletions	Adjustments	Balance 6/30/18
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	342,953	9,031	-	-	351,984
Furniture, fixtures & equipment	136,874	-	-	(30,592)	106,282
Vehicles	605,363	-	-	-	605,363
Infrastructure	<u>2,369,380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,369,380</u>
Total capital assets being depreciated	4,712,650	9,031	-	(30,592)	4,691,089
Less accumulated depreciation for:					
Buildings	(235,093)	(31,866)	-	-	(266,959)
Buildings and improvements	(156,555)	(16,069)	-	-	(172,624)
Furniture, fixtures & equipment	(128,437)	(2,732)	-	30,592	(100,577)
Vehicles	(455,618)	(26,174)	-	-	(481,792)
Infrastructure	<u>(514,144)</u>	<u>(57,801)</u>	<u>-</u>	<u>-</u>	<u>(571,945)</u>
Total accumulated depreciation	<u>(1,489,847)</u>	<u>(134,642)</u>	<u>-</u>	<u>30,592</u>	<u>(1,593,897)</u>
Total capital assets being depreciated, net of accumulated depreciation	3,222,803	(125,611)	-	-	3,097,192
Total capital assets, net of accumulated depreciation	\$ <u>3,636,387</u>	<u>(125,611)</u>	<u>-</u>	<u>-</u>	<u>3,510,776</u>
<u>Business-type Activities</u>					
Non-depreciable capital assets:					
Land	\$ 15,125	-	-	-	15,125
Construction in progress	-	9,169	-	-	9,169
Total capital assets not being depreciated	<u>15,125</u>	<u>9,169</u>	<u>-</u>	<u>-</u>	<u>24,294</u>
Capital assets being depreciated:					
Buildings	1,480,635	-	-	-	1,480,635
Buildings and improvements	24,952	-	-	-	24,952
Furniture, fixtures & equipment	465,309	-	-	(7,116)	458,193
Vehicles	25,980	-	-	-	25,980
Infrastructure	<u>671,940</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>671,940</u>
Total capital assets being depreciated	2,668,816	-	-	(7,116)	2,661,700
Less accumulated depreciation for:					
Buildings	(473,714)	(49,049)	-	-	(522,763)
Buildings and improvements	(17,552)	(1,365)	-	-	(18,917)
Furniture, fixtures & equipment	(195,530)	(10,184)	-	7,116	(198,598)
Vehicles	(25,980)	-	-	-	(25,980)
Infrastructure	<u>(208,231)</u>	<u>(16,798)</u>	<u>-</u>	<u>-</u>	<u>(225,029)</u>
Total accumulated depreciation	<u>(921,007)</u>	<u>(77,396)</u>	<u>-</u>	<u>7,116</u>	<u>(991,287)</u>
Total capital assets being depreciated, net of accumulated depreciation	1,747,809	(77,396)	-	-	1,670,413
Total capital assets, net of accumulated depreciation	\$ <u>1,762,934</u>	<u>(68,227)</u>	<u>-</u>	<u>-</u>	<u>1,694,707</u>

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5. Capital Assets (continued)

Land and construction in progress are not subject to depreciation. Depreciation expense for the year ended June 30, 2018 was charged to the following functions and funds:

Governmental activities:	
General government	\$ 39,248
Public safety	34,862
Public works	57,801
Culture and recreation	<u>2,732</u>
Total governmental activities	\$ <u>134,643</u>
Business-type activities:	
Waste water	\$ 76,032
Bath house	<u>1,365</u>
Total business-type activities	\$ <u>77,397</u>

6. Long-Term Debt

Long-term liability activity for the year ended June 30, 2018 was as follows:

	Balance 6/30/17	Increases	Decreases	Balance 6/30/18	Due within one year
Governmental funds debt					
Compensated absences	\$ 7,620	7,780	(2,777)	12,623	7,780
Notes payable	<u>92,838</u>	<u>-</u>	<u>(18,824)</u>	<u>74,014</u>	<u>22,133</u>
Total governmental activities	\$ <u>100,458</u>	<u>7,780</u>	<u>(21,601)</u>	<u>86,637</u>	<u>29,913</u>
Business-type funds debt					
Compensated absences	\$ 14,335	4,600	(7,896)	11,039	4,600
Notes payable	<u>120,270</u>	<u>-</u>	<u>(5,520)</u>	<u>114,750</u>	<u>5,685</u>
Total business-type activities	\$ <u>134,605</u>	<u>4,600</u>	<u>(13,416)</u>	<u>125,789</u>	<u>10,285</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 2018.

The annual principal and interest requirements on long-term debt outstanding as of June 30, 2018 are as follows.

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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 \$0. The future payments required on the note payable are as follows:

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$	12,149	500	12,649
	\$	<u>12,149</u>	<u>500</u>	<u>12,649</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 revenues of the fire protection funds. The revenues pledged totaled \$67,375 during the year ended June 30, 2018, and equal 16.18% of future estimated revenues at their current rate. During the year ended June 30, 2018, the City collected \$67,324 in pledged revenues, and retired \$9,533 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>
2019	\$	9,984	912	10,896
2020		10,092	804	10,896
2021		10,216	680	10,896
2022		10,358	538	10,896
2023		10,518	378	10,896
2024-2028		<u>10,697</u>	<u>198</u>	<u>10,895</u>
	\$	<u>61,865</u>	<u>3,510</u>	<u>65,375</u>

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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 net revenues pledged totaled \$9,123 at June 30, 2018, and equal 65.86% of future estimated net revenues at their current rate. During the year ended June 30, 2018, the Village collected \$112,310 in revenues, and retired \$9,123 in principal, interest, and administrative fees on the aforementioned note.

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

	<u>Principal</u>	<u>Interest</u>	<u>Admin</u>	<u>Total</u>
2019	\$ 5,685	2,939	499	9,123
2020	5,856	2,793	474	9,123
2021	6,031	2,643	449	9,123
2022	6,212	2,488	423	9,123
2023	6,399	2,329	396	9,124
2024-2028	34,991	9,083	1,543	45,617
2029-2033	40,564	4,318	736	45,618
2034	9,012	72	39	9,123
	<u>\$ 114,750</u>	<u>26,665</u>	<u>4,559</u>	<u>145,974</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.

The composition of interfund transfers during the year ended June 30, 2018 was as follows:



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7. Interfund Balances and Transfers (continued)

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
<b>Fund Financial Statements</b>			
Governmental Funds:			
General Fund	\$ 6,000	6,000	-
Other Governmental Funds	48,126	45,649	(2,477)
Total Transfers	\$ 54,126	51,649	(2,477)
 <b>Government Wide</b>			
Governmental Funds:			
General Fund	\$ 6,000	6,000	-
Other Governmental Funds	48,126	54,818	6,692
Total Governmental Funds	\$ 54,126	60,818	6,692
Business-Type Funds:			
Waste Water Fund	\$ 9,123	9,123	-
Bath House Fund	9,169	2,477	(6,692)
Total Business-Type Funds	18,292	11,600	(6,692)
Net Transfers	\$ 66,418	66,418	-

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:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 5,469
2020	5,469
2021	4,558
Total	\$ 15,496

Rental payments charged to current operations for the year ended June 30, 2018 totaled \$5,648.

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.

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9. Risk Management (continued)

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, 2018 were \$52,627.

10. Public Employees Retirement Fund Pension Plan (PERA)

**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 [www.nmpera.org](http://www.nmpera.org) or [www.saonm.org](http://www.saonm.org) using the Audit Report Search function for agency 366 or writing: PERA, P.O. Box 2123, Santa Fe, NM 87504-2123.

**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, 2017 available at:

<http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2017-FINAL.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 FY17 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on page 44 of the PERA FY17 available at:

[http://saonm.org/media/audits/366\\_Public\\_Employees\\_Retirement\\_Association\\_FY207.pdf](http://saonm.org/media/audits/366_Public_Employees_Retirement_Association_FY207.pdf)

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10. Public Employees Retirement Fund Pension Plan (PERA) (continued)

The PERA coverage options that apply to the Village are: Municipal General Division and Municipal Police Division. Statutorily required contributions to the pension plan from the Village were \$20,460 and no employer paid member benefits that were “picked up” by the employer for the year ended June 30, 2018.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:*** At June 30, 2018 the Village reported a liability of \$358,237 for its proportionate share of the net pension liability. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

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, 2017. Only employer contributions for the pay period end dates that fell within the period of July 1, 2016 to June 30, 2017 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2017 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.

PERA Municipal General Division

For PERA Municipal General Division, at June 30, 2018, the Village reported a liability of \$292,680 for its proportionate share of the net pension liability. At June 30, 2017, the Village's proportion was 0.0213%, which was changed from its proportion measured as of June 30, 2016, of 0.0229 %.

For the year ended June 30, 2018, the Village recognized PERA Municipal General Division pension expense of \$19,901. At June 30, 2018, the Village reported PERA Municipal General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

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10. Public Employees Retirement Fund Pension Plan (PERA) (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,500	14,991
Changes of assumptions	13,497	3,024
Net difference between projected and actual earnings on pension plan investments	24,013	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,118	13,599
Village contributions subsequent to the measurement date	<u>15,240</u>	<u>-</u>
Total	\$ <u><u>71,368</u></u>	<u><u>31,614</u></u>

\$15,240 reported as deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date of will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2019	\$ 7,947
2020	23,596
2021	(11)
2022	(7,018)
2023	-
Thereafter	<u>-</u>
	\$ <u><u>24,514</u></u>

PERA Municipal Police Division

For PERA Fund Municipal Police Division, at June 30, 2018, the Village reported a liability of \$65,557 for its proportionate share of the net pension liability. At June 30, 2017, the Village's proportion was 0.0118 %, which was changed from its proportion measured as of June 30, 2016 of 0.0138%.

For the year ended June 30, 2017, the Village recognized PERA Municipal Police Division pension expense of \$5,407. At June 30, 2018, the Village reported PERA Fund Municipal Police Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

STATE OF NEW MEXICO  
VILLAGE OF JEMEZ SPRINGS  
Notes to Financial Statements  
June 30, 2018

10. Public Employees Retirement Fund Pension Plan (PERA) (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,982	12,249
Changes of assumptions	3,900	1,524
Net difference between projected and actual earnings on pension plan investments	5,280	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	25,376	16,284
Village contributions subsequent to the measurement date	5,220	-
Total	\$ 43,758	30,057

\$5,220 reported as deferred inflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date 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:		
2019	\$	2,313
2020		10,965
2021		(3,254)
2022		(1,543)
2023		-
Thereafter		-
	\$	8,481

**Actuarial assumptions.** The total pension liabilities in the June 30, 2017 actuarial valuations was determined using the following significant actuarial assumptions applied to all periods included in the measurement.

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June 30, 2018

10. Public Employees Retirement Fund Pension Plan (PERA) (continued)

<b>Actuarial valuation date</b>	June 30, 2016
<b>Actuarial cost method</b>	Entry age normal
<b>Amortization method</b>	Level percentage of pay
<b>Amortization period</b>	Solved for based on statutory rates
<b>Asset valuation method</b>	4 year smoothed market value
<b>Actuarial assumptions:</b>	
Investment rate of return	7.51% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	2.75% for first 9 years, then 3.25% annual rate
Projected salary increases	2.75% to 14.00% annual rate
Includes inflation at	2.25% annual rate first 9 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, 2016 (economic)

The PERA pension liability, net pension liability amounts, and certain sensitivity information were based on an annual actuarial valuation performed as of June 30, 2016. The total pension liability for each division were rolled forward from the valuation date to the Plan year ending June 30, 2017, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2017.

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

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>	

STATE OF NEW MEXICO  
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Notes to Financial Statements  
June 30, 2018

10. Public Employees Retirement Fund Pension Plan (PERA) (continued)

**Discount rate:** A single discount rate is 7.51% was 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. Therefore 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 Net Pension Liability to Changes in the Discount Rate:** The following tables present the Village’s net pension liability in each PERA fund division the Village participates in calculated using the discount rate of 7.51% as well as what the Village’s proportionate liability would be if it were calculated using a discount rate one percentage point lower (6.51%) or one percentage point higher (8.51%) than the single discount rate.

		Current Discount Rate	1% Increase
	1% Decrease (6.51%)	(7.51%)	(8.51%)
<u>Municipal General Division</u>			
Net pension liability	\$ 458,726	292,680	154,589
<u>Municipal Police Division</u>			
Net pension liability	\$ 104,545	65,557	33,561

**Pension plan fiduciary net position.** Detailed information about the pension plan’s fiduciary net position is available in the separately issued FY17 PERA financial report. The report is available at <http://www.nmpera.org/publications.html>.

11. Other Post Employment Benefit Plan (OPEB)

**General Information about the OPEB**

**Plan Description.** Employers of the Village are provided with OPEB through to the Retiree Health Care Fund (Fund), a cost-sharing multiple-employer defined benefit OPEB plan administered by the New Mexico Retiree Health Care Authority (NMRHCA). The NMRHCA was formed February 13, 1990 under the New Mexico Retiree Health Care Act (Act) of New Mexico Statutes Annotated, as amended (NMSA 1978) to administer the Fund under Section 10-7C-1-19 NMSA 1978 to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents, and surviving spouses) who have retired or will retire from public service in New Mexico.

NMRHCA is an independent agency of the State of New Mexico. The funds administered by NMRHCA are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. NMRHCA's financial information is included with the financial presentation of the State of New Mexico.

STATE OF NEW MEXICO  
VILLAGE OF JEMEZ SPRINGS  
Notes to Financial Statements  
June 30, 2018

11. Other Post Employment Benefit Plan (OPEB) (continued)

**Benefits provided.** The Fund is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to the Fund and by co-payments or out-of-pocket payments of eligible retirees.

**Employees covered by benefit terms** - At June 30, 2017, the Fund's measurement date, the following employees were covered by the benefit terms:

Plan membership	
Current retirees and surviving spouses	51,208
Inactive and eligible for deferred benefit	11,478
Current active members	<u>97,349</u>
	<u>160,035</u>
Active membership	
State general	19,593
State police and corrections	1,886
Municipal general	21,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	<u>48,756</u>
	<u>97,349</u>

**Contributions** - Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee's salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer's participation in the Fund. Contributions to the Fund from the Village were \$4,656 for the year ended June 30, 2018.

***OPEB Liabilities, OPEB Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to OPEB***

At June 30, 2018, the Village reported liability of \$309,060 for its proportionate share of the net OPEB liability. The net OPEB liability was determined by an actuarial valuation as of that date. The Village's proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2017. At June 30, 2017, the Village's proportion was 0.00682%.



STATE OF NEW MEXICO  
VILLAGE OF JEMEZ SPRINGS  
Notes to Financial Statements  
June 30, 2018

11. Other Post Employment Benefit Plan (OPEB) (continued)

For the year ended June 30, 2018, the Village recognized OPEB expense of \$12,287. At June 30, 2018 the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ -	11,860
Changes of assumptions	-	54,035
Difference between actual and projected earnings on OPEB plan investments	-	4,446
Contributions made after the measurement date	4,656	-
	\$ 4,656	70,341

Deferred outflows of resources totaling \$4,656 represent Village contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<b>Year ended June 30:</b>	
2019	\$ (14,955)
2020	(14,955)
2021	(14,955)
2022	(14,955)
2023	(10,521)
Total	\$ (70,341)

**Actuarial assumptions.** The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions:

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VILLAGE OF JEMEZ SPRINGS  
Notes to Financial Statements  
June 30, 2018

11. Other Post Employment Benefit Plan (OPEB) (continued)

Valuation Date	June 30, 2017
Actuarial cost method	Entry age normal, level percent pay, calculated on individual employee basis
Asset valuation method	Market value assets
Actuarial assumptions:	
Inflation	2.50% for ERB; for PERA
Projected payroll increases	3.50%
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs

**Rate of Return.** The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns 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, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions.

The best estimates for the long-term expected rate of return is summarized as follows:

Asset Class	Long-term Expected Rate of Return
U.S. core fixed income	4.10%
U.S. equity - large cap	9.10%
Non U.S. - emerging markets	12.20%
Non U.S. - developed equities	9.80%
Private equity	13.80%
Credit and structured finance	7.30%
Real estate	6.90%
Absolute return	6.10%
U.S. equity - small/mid cap	9.10%

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VILLAGE OF JEMEZ SPRINGS  
Notes to Financial Statements  
June 30, 2018

11. Other Post Employment Benefit Plan (OPEB) (continued)

**Discount Rate.** The discount rate used to measure the Fund's total OPEB liability is 3.81% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2028. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 3.81% is the blended discount rate.

**Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates.** The following presents the net OPEB liability of the Village, as well as what the Village's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.81 percent) or 1-percentage-point higher (4.81 percent) than the current discount rate:

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase (4.81%)</u>
	(2.81%)	(3.81%)	(4.81%)
\$	374,885	309,060	257,414

The following presents the net OPEB liability of the Village, as well as what the Village's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
\$	262,877	309,060	345,072

**OPEB plan fiduciary net position.** Detailed information about the OPEB plan's fiduciary net position is available in NMRHCA's audited financial statements for the year ended June 30, 2017.

**Payable Changes in the Net OPEB Liability.** At June 30, 2018, the Village reported a payable of \$306 for outstanding contributions due to NMRHCA for the year ended June 30, 2018.

12. Fund Deficits and Non-Compliance

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

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VILLAGE OF JEMEZ SPRINGS  
Notes to Financial Statements  
June 30, 2018

12. Fund Deficits and Non-Compliance (continued)

A. Deficit Fund Balance

The following fund balance was a deficit balance as of June 30, 2018:

Fund	Fund Type	Amount
NM Clean & Beautiful Fund	Special Revenue	\$ 768
Bath House Fund	Proprietary	30,287

13. Adjustments to Fund Balances

**Restatement**

The Law Enforcement Fund was reported as a major fund in the prior year, but has been reported as non-major fund in the current year. The beginning fund balance for the major fund has been decreased by \$2,611 and, non-major funds have increased by the same amount.

The Road Fund was reported as major fund in the prior year, but has been reported as a non-major fund in the current year. The beginning fund balance for the major fund has been decreased by \$66,224 and non-major funds have increased by the same amount.

The Capital Projects Municipal Improvements Fund was reported as a major fund in the prior year, but has been reported as a non-major fund in the current year. The beginning fund balance for the major fund has been decreased by \$301, and non-major funds have increased by the same amount.

**Prior Period Adjustments to Fund Balances**

The Village has recorded prior period adjustments in the General Fund as a result of recording revenue and due from other funds in the amount of \$2,552 and not accruing franchise fee revenue in the amount of \$3,333. For the General Fund financials, the effect of the adjustment was on fund balance as follows:

	Governmental Activities
Fund balance at 6/30/17, as previously reported	\$ 187,933
Adjustment to correct State-Grants revenue	781
Fund balance at 6/30/17, as restated	\$ 188,714

OPEB costs of \$367,113 from the prior year were expenses and recorded as a prior period adjustments as required by GASB Statement No. 75.

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VILLAGE OF JEMEZ SPRINGS  
Notes to Financial Statements  
June 30, 2018

14. Contingencies

The Village participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Village may be required to reimburse the grantor government. As of June 30, 2018, significant amounts of grant expenditures have not been audited by the grantor agencies.

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

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

15. Related Party Transactions

There are no related party transactions.

16. GASB 77 Disclosures (Tax Abatements)

In accordance with 2.2.2.10(BB NMAC, the Village is required to make certain disclosures surrounding GASB 77, as applicable. Management of the Village is not aware of any tax abatement agreements that existed and require disclosure as of June 30, 2018.

17. Evaluation of Subsequent Events

The Village has evaluated subsequent events through April 1, 2019, the date which the financial statements were available to be issued.

18. Subsequent Pronouncements

GASB 75

GASB 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 out-

STATE OF NEW MEXICO  
VILLAGE OF JEMEZ SPRINGS  
Notes to Financial Statements  
June 30, 2018

18. Subsequent Pronouncements (continued)

flows of resources, deferred inflows of resources, and expense/expenditures. GASB 75 is effective for fiscal years beginning after June 15, 2018 (FY19). See footnote 11 for the impact of GASB 75 to the financial statements.

GASB 84

GASB Statement No. 84, *Fiduciary Activities*, has been issued and is effective for fiscal years ending on or after December 31, 2019, but is not yet effective at June 30, 2018.

GASB 85

GASB Statement No. 85 Omnibus 2018 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. GASB 85 is effective for fiscal years beginning after June 15, 2018 (FY19).

GASB 87

GASB Statement No. 87, *Leases*, has been issued and is effective for reporting periods beginning after December 15, 2019, but is not yet effective at June 30, 2018.

The Village will implement the GASB pronouncements in the fiscal year no later than the required effective date. The Village believes that the above-listed new GASB pronouncements will not have a significant financial impact to the Village or in issuing its financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

STATE OF NEW MEXICO  
VILLAGE OF JEMEZ SPRINGS  
Required Supplementary Information  
For the Year Ended June 30, 2018

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
Public Employees Retirement Association (PERA) Plan  
Municipal General Division  
Last 10 Fiscal Years\*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Village's proportion of the net pension liability (asset)	0.0213%	0.0229%	0.0221%	0.0093%
Village's proportionate share of the net pension liability (asset)	\$ 226,531	365,865	225,059	30,317
Village's covered-employee payroll	\$ 207,346	242,494	264,491	13,462
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	109.25%	151.00%	85.09%	225.20%
Plan fiduciary net position as a percentage of the total pension liability	73.74%	69.18%	76.99%	81.29%

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

SCHEDULE OF CONTRIBUTIONS  
Public Employees Retirement Association (PERA) Plan  
Municipal General Division  
Last 10 Fiscal Years\*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 15,240	17,945	19,575	16,788
Contributions in relation to the contractually required contribution	<u>(15,240)</u>	<u>(17,945)</u>	<u>(19,575)</u>	<u>(16,788)</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Village's covered-employee payroll	\$ 207,346	242,494	264,491	306,752
Contributions as a percentage of covered-employee payroll	7.40%	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 compiled, 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  
Required Supplementary Information  
For the Year Ended June 30, 2018

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
Public Employees Retirement Association (PERA) Plan  
PERA Municipal Police Division  
Last 10 Fiscal Years\*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Village's proportion of the net pension liability (asset)	0.0118%	0.0138%	0.0032%	0.0212%
Village's proportionate share of the net pension liability	\$ 65,557	101,821	15,387	165,383
Village's covered-employee payroll	\$ 50,194	44,232	51,923	306,752
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	130.61%	227.00%	29.63%	53.91%
Plan fiduciary net position as a percentage of the total pension liability	74.73%	69.18%	76.99%	81.29%

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

SCHEDULE OF CONTRIBUTIONS  
Public Employees Retirement Association (PERA) Plan  
PERA Municipal Police Division  
Last 10 Fiscal Years\*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 5,220	4,600	5,400	1,230
Contributions in relation to the contractually required contribution	<u>(5,220)</u>	<u>(4,600)</u>	<u>(5,400)</u>	<u>(1,230)</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Village's covered-employee payroll	\$ 50,194	44,232	51,923	13,462
Contributions as a percentage of covered-employee payroll	10.40%	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 compiled, 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  
Required Supplementary Information  
For the Year Ended June 30, 2018

SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
New Mexico Retiree Health Care Authority -Retiree Health Care Act  
Last 10 Fiscal Years\*

	2018
Village's proportion of the net OPEB liability (asset)	0.00682%
Village's proportionate share of the net OPEB liability (asset)	\$ 309,060
Village covered-employee payroll	\$ 284,097
Village's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	108.79%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	11.34%

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

SCHEDULE OF EMPLOYER'S CONTRIBUTIONS  
New Mexico Retiree Health Care Authority - Retiree Health Care Act  
Last 10 Fiscal Years\*

	2018
Contractually required contribution	\$ 21,657
Contributions in relation to the contractually required contribution	10,869
Contribution deficiency (excess)	\$ 10,788
Village's covered-employee payroll	\$ 284,097
Contributions as a percentage of covered-employee payroll	3.83%

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

See independent auditors' report.

STATE OF NEW MEXICO  
VILLAGE OF JEMEZ SPRINGS  
Notes to Required Supplementary Information  
For the Year Ended June 30, 2018

***Changes of benefit terms.*** The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY17 audit available at:

<http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-finance-reports/CAFR-2017.pdf>

***Assumptions.*** PERA of New Mexico Annual Actuarial Valuation as of June 30, 2017 report is available at:

[http://www.pera.org/assets/uploads/downloads/Retirement\\_Fund\\_Valuation\\_Reports/PERA-Valuation-6-30-2017-FINAL.pdf](http://www.pera.org/assets/uploads/downloads/Retirement_Fund_Valuation_Reports/PERA-Valuation-6-30-2017-FINAL.pdf).

***Changes of benefit terms.*** The Retiree Health Care Authority (RHCA) COLA and age eligibility benefits changes in recent years are described in the Notes to the RHCA FY18 audit available at:

<http://saonm.org>

***Assumptions.*** The Retiree Health Care Authority (RHCA) of New Mexico Biennial Actuarial Valuation as of June 30, 2017 report is available at <http://saonm.org>.

See independent auditors' report.

**SUPPLEMENTAL INFORMATION**

STATE OF NEW MEXICO  
VILLAGE OF JEMEZ SPRINGS  
Non-Major Governmental Funds  
For the Year Ended June 30, 2018

**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.

**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.

**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.

**Municipal Improvement Fund** - is used to track revenues and expenses related to the expansion of the Village's municipal complex.

STATE OF NEW MEXICO  
VILLAGE OF JEMEZ SPRINGS  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2018

	Special Revenue Funds	Debt Service Funds	<u>Total</u>
Assets:			
Assets			
Cash and cash equivalents	\$ 70,411	-	70,411
Due from other governments	<u>-</u>	<u>-</u>	<u>-</u>
Total current assets	<u>70,411</u>	<u>-</u>	<u>70,411</u>
 Total assets	 <u>\$ 70,411</u>	 <u>-</u>	 <u>70,411</u>
 Liabilities and fund balances:			
Liabilities			
Accounts payable	\$ -	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	-	-	-
 Total liabilities	 -	 -	 -
 Fund balances:			
Nonspendable	-	-	-
Restricted	71,179	-	71,179
Committed	-	-	-
Assigned	-	-	-
Unassigned	<u>(768)</u>	<u>-</u>	<u>(768)</u>
Total fund balances	<u>70,411</u>	<u>-</u>	<u>70,411</u>
 Total liabilities and fund balances:	 <u>\$ 70,411</u>	 <u>-</u>	 <u>70,411</u>

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, 2018

	Special Revenue Funds	Debt Service Funds	Totals
Revenues:			
Taxes			
Other	\$ 18,019	-	18,019
Fines and forfeitures	2,380	-	2,380
Intergovernmental revenue			
State grants	-	-	-
Local grants	3,536	-	3,536
Miscellaneous income	43,324	-	43,324
Total Revenues	67,259	-	67,259
Expenditures:			
Current:			
General government	24,501	-	24,501
Public safety	11,829	-	11,829
Public works	16,448	-	16,448
Culture and recreation	9,199	-	9,199
Capital outlay	962	-	962
Debt service:			
Principal	-	10,160	10,160
Interest	-	1,756	1,756
Total expenditures	62,939	11,916	74,855
Excess (deficiency) of revenues over (under) expenditures	4,320	(11,916)	(7,596)
Other financing sources (uses)			
Transfers in	11,144	21,449	32,593
Transfers out	(20,583)	(9,533)	(30,116)
Total other financing sources (uses)	(9,439)	11,916	2,477
Net change in fund balances	(5,119)	-	(5,119)
Beginning fund balance	75,530	-	75,530
Ending fund balance	\$ 70,411	-	70,411

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, 2018

	Correction Fund	EMS Fund	Library Fund	Lodgers' Tax	DWI Fund	NM Clean & Beautiful Fund	Law Enforce- ment Fund	Road Fund	Municipal Improvements	Total
Assets:										
Assets										
Cash and cash equivalents	\$ 5,142	213	642	2,628	244	(768)	3,064	58,945	301	70,411
Due from other governments	-	-	-	-	-	-	-	-	-	-
Total current assets	<u>5,142</u>	<u>213</u>	<u>642</u>	<u>2,628</u>	<u>244</u>	<u>(768)</u>	<u>3,064</u>	<u>58,945</u>	<u>301</u>	<u>70,411</u>
Total assets	\$ <u>5,142</u>	<u>213</u>	<u>642</u>	<u>2,628</u>	<u>244</u>	<u>(768)</u>	<u>3,064</u>	<u>58,945</u>	<u>301</u>	<u>70,411</u>
Liabilities and fund balances:										
Liabilities										
Accounts payable	\$ -	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-	-	-
Fund balances:										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	5,142	213	642	2,628	244	-	3,064	58,945	301	71,179
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(768)	-	-	-	(768)
Total fund balances	<u>5,142</u>	<u>213</u>	<u>642</u>	<u>2,628</u>	<u>244</u>	<u>(768)</u>	<u>3,064</u>	<u>58,945</u>	<u>301</u>	<u>70,411</u>
Total liabilities and fund balances:	\$ <u>5,142</u>	<u>213</u>	<u>642</u>	<u>2,628</u>	<u>244</u>	<u>(768)</u>	<u>3,064</u>	<u>58,945</u>	<u>301</u>	<u>70,411</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, 2018

	Debt Service	Total
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>

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, 2018

	Correction Fund	EMS Fund	Library Fund	Lodgers' Tax	DWI Fund	NM Clean & Beautiful Fund	Law Enforce- ment Fund	Road Fund	Municipal Improvements	Total
Revenues:										
Taxes										
Other	\$ -	-	-	18,019	-	-	-	-	-	18,019
Fines and forfeitures	2,380	-	-	-	-	-	-	-	-	2,380
Intergovernmental revenue:										
State grants	-	-	-	-	-	-	-	-	-	-
Local grants	-	-	-	-	-	3,536	-	-	-	3,536
Miscellaneous income	-	-	11,276	918	3,838	-	20,600	-	6,692	43,324
Total revenues	2,380	-	11,276	18,937	3,838	3,536	20,600	-	6,692	67,259
Expenditures:										
Current:										
General government	-	-	-	20,621	-	3,880	-	-	-	24,501
Public safety	-	-	-	-	3,598	-	8,231	-	-	11,829
Public works	-	-	-	-	-	-	-	7,279	9,169	16,448
Culture and recreation	-	-	9,199	-	-	-	-	-	-	9,199
Capital outlay	-	-	538	-	-	424	-	-	-	962
Total expenditures	-	-	9,737	20,621	3,598	4,304	8,231	7,279	9,169	62,939
Excess (deficiency) of revenues over (under) expenditures	2,380	-	1,539	(1,684)	240	(768)	12,369	(7,279)	(2,477)	4,320
Other financing sources (uses)										
Transfers in	-	-	-	-	-	-	-	8,667	2,477	11,144
Transfers out	-	-	-	-	-	-	(11,916)	(8,667)	-	(20,583)
Total other financing sources (uses)	-	-	-	-	-	-	(11,916)	-	2,477	(9,439)
Net change in fund balances	2,380	-	1,539	(1,684)	240	(768)	453	(7,279)	-	(5,119)
Fund balance, beginning of year	2,762	213	(897)	4,312	4	-	2,611	66,224	301	75,530
Fund balance (deficit), end of year	\$ 5,142	213	642	2,628	244	(768)	3,064	58,945	301	70,411

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, 2018

	<u>Debt Service Fund</u>	<u>Total</u>
Revenues:		
Miscellaneous income	\$ -	-
Total Revenues	-	-
Expenditures:		
Current:		
Debt Service	-	-
Principal	10,160	10,160
Interest	<u>1,756</u>	<u>1,756</u>
Total expenditures	<u>11,916</u>	<u>11,916</u>
Excess (deficiency) of revenues over (under) expenditures	(11,916)	(11,916)
Other financing sources (uses)		
Transfers in	21,449	21,449
Transfers out	<u>(9,533)</u>	<u>(9,533)</u>
Total other financing sources (uses)	<u>11,916</u>	<u>11,916</u>
Net change in fund balance	-	-
Fund balance, beginning of year	-	-
Fund balance, end of year	<u>\$ -</u>	<u>-</u>

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

STATE OF NEW MEXICO  
VILLAGE OF JEMEZ SPRINGS  
Statement of Revenues and Expenditures – Budget to Actual (Non-GAAP Budgetary Basis)  
Waste Water Fund  
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Non-GAAP Budgetary Basis)	Favorable (Unfavorable)
	Original	Final		
Operating revenues:				
Charges for services	\$ 110,000	110,000	111,321	1,321
Miscellaneous revenues	-	-	1,904	1,904
Total operating revenues	<u>110,000</u>	<u>110,000</u>	<u>113,225</u>	<u>3,225</u>
Operating expenses:				
Personal services	-	-	53,057	(53,057)
Operating expenses	<u>88,737</u>	<u>95,775</u>	<u>42,600</u>	<u>53,175</u>
Total operating expenditures	<u>88,737</u>	<u>95,775</u>	<u>95,657</u>	<u>118</u>
Operating income (loss)	21,263	14,225	17,568	3,343
Non-operating revenues (expenses):				
Gain/(loss) on disposal of capital assets	-	-	-	-
Grant revenues	-	-	-	-
Gross receipts and other taxes	-	-	-	-
Interest income	150	95	95	-
Interest expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>150</u>	<u>95</u>	<u>95</u>	<u>-</u>
Income (loss) before transfers	21,413	14,320	17,663	3,343
Transfers in	-	-	-	-
Transfers out	<u>(9,123)</u>	<u>(9,123)</u>	<u>(9,123)</u>	<u>-</u>
	<u>(9,123)</u>	<u>(9,123)</u>	<u>(9,123)</u>	<u>-</u>
<i>Change in net position</i>	12,290	5,197	8,540	3,343
<i>Beginning cash balance budgeted</i>	<u>53,902</u>	<u>53,902</u>		
<i>Total</i>	<u>\$ 66,192</u>	<u>59,099</u>		

RECONCILIATION TO GAAP BASIS:

Change in payables	(1,010)
Change in net pension liability	(50,585)
Change in accrued liabilities	8,967
Change in accumulated depreciation	<u>(76,032)</u>
Change in net position (GAAP)	\$ <u>(110,120)</u>

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

STATE OF NEW MEXICO  
VILLAGE OF JEMEZ SPRINGS  
Statement of Revenues and Expenditures – Budget to Actual (Non-GAAP Budgetary Basis)  
Bath House Fund  
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Non-GAAP Budgetary Basis)	Favorable (Unfavorable)
	Original	Final		
Operating revenues:				
Charges for services	\$ 305,000	286,150	288,901	2,751
Total operating revenues	305,000	286,150	288,901	2,751
Operating expenses:				
Personal services	-	-	93,006	(93,006)
Operating expenses	305,000	305,000	200,211	104,789
Total operating expenditures	305,000	305,000	293,217	11,783
Operating income (loss)	-	(18,850)	(4,316)	14,534
Non-operating revenues (expenses):				
Grant revenues	-	-	-	-
Interest income	250	85	86	1
Interest expense	-	-	-	-
Total non-operating revenues (expenses)	250	85	86	1
Income (loss) before transfers	250	(18,765)	(4,230)	14,535
Transfers in	-	-	-	-
Transfers out	-	-	(2,477)	(2,477)
	-	-	(2,477)	(2,477)
<i>Change in net position</i>	250	(18,765)	(6,707)	12,058
<i>Beginning cash balance budgeted</i>	29,242	29,242		
<i>Total</i>	\$ 29,492	10,477		

RECONCILIATION TO GAAP BASIS:

Change in receivables	2,230
Change in payables	(3,118)
Change in net pension liability	(63,232)
Change in accrued liabilities	389
Change in fixed assets	9,169
Change in accumulated depreciation	(1,365)
Change in net position (GAAP)	\$ (62,634)

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, 2018

	Balance June 30, 2017	Receipts	Disbursements	Balance June 30, 2018
<b>Municipal court</b>				
<b>Assets:</b>				
Cash	\$ -	945	(945)	-
Due from general fund	9	93	(9)	93
Total assets	<u>\$ 9</u>	<u>1,038</u>	<u>(954)</u>	<u>93</u>
<b>Liabilities:</b>				
Due to general fund	\$ 9	-	(9)	-
Held for others	-	945	(852)	93
Total liabilities	<u>\$ 9</u>	<u>945</u>	<u>(861)</u>	<u>93</u>
<b>Motor vehicle fund</b>				
<b>Assets:</b>				
Cash	\$ 100	16,908	(16,956)	52
Due from general fund	-	-	-	-
Total assets	<u>\$ 100</u>	<u>16,908</u>	<u>(16,956)</u>	<u>52</u>
<b>Liabilities:</b>				
Due to general fund	\$ -	-	-	-
Held for others	100	16,908	(16,956)	52
Total liabilities	<u>\$ 100</u>	<u>16,908</u>	<u>(16,956)</u>	<u>52</u>
<b>Total agency funds</b>				
<b>Assets:</b>				
Cash	\$ 100	17,853	(17,901)	52
Due from general fund	9	93	(9)	93
Total assets	<u>\$ 109</u>	<u>17,946</u>	<u>(17,910)</u>	<u>145</u>
<b>Liabilities:</b>				
Due to general fund	\$ 9	-	(9)	-
Held for others	100	17,853	(17,808)	145
Total liabilities	<u>\$ 109</u>	<u>17,853</u>	<u>(17,817)</u>	<u>145</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, 2018

	<u>Major Funds</u>			<u>Total Funds</u>
	<u>General Fund</u>	<u>Special Revenue Fire Fund</u>	<u>Non-major Governmental Funds</u>	
Fund balances:				
Nonspendable				
Prepaid expenses	\$ -	-	-	-
Subtotal nonspendable funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restricted for:				
Road improvements	-	-	58,945	58,945
Providing emergency medical services	-	-	213	213
Fire fighting efforts	-	14,526	-	14,526
Public safety and law enforcement efforts	-	-	8,450	8,450
Culture and recreation efforts	-	-	642	642
Economic development efforts	<u>-</u>	<u>-</u>	<u>2,929</u>	<u>2,929</u>
Subtotal restricted funds	<u>-</u>	<u>14,526</u>	<u>71,179</u>	<u>85,705</u>
Committed to:				
Subtotal committed funds	<u>32,887</u>	<u>-</u>	<u>-</u>	<u>32,887</u>
Assigned to:				
Subtotal assigned funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	<u>195,080</u>	<u>-</u>	<u>(768)</u>	<u>194,312</u>
	\$ <u>227,967</u>	<u>14,526</u>	<u>70,411</u>	<u>312,904</u>

See independent auditors' report.

STATE OF NEW MEXICO  
VILLAGE OF JEMEZ SPRINGS  
Schedule of Depositories  
June 30, 2018

Account Name	Type	Interest Bearing	Jemez Valley Credit Union	Los Alamos National Bank	Plus Deposits in Transit	Less O/S Checks	Balance Per Books
General fund checking	Checking	Yes	\$ 26	-	-	-	26
Payroll clearing acct	Checking	Yes	101	-	-	-	101
General fund checking	Checking	Yes	138,177	-	5,097	(16,311)	126,963
Savings account	Savings	Yes	146	-	-	-	146
Checking account	Checking	Yes	-	170,048	-	-	170,048
Waste water fund - reserve	Savings	Yes	52	-	-	-	52
Waste water checking	Checking	Yes	58,908	-	1,543	(3,234)	57,217
Bath house fund - reserve	Savings	Yes	25	-	-	-	25
Bath house checking	Checking	Yes	41,442	-	723	(8,856)	33,309
Motor vehicle savings	Savings	Yes	25	-	-	-	25
Motor vehicle checking	Checking	Yes	27	-	-	-	27
Petty cash			-	-	-	-	800
Total cash equivalents			<u>238,929</u>	<u>170,048</u>	<u>7,363</u>	<u>(28,401)</u>	<u>388,739</u>
Total amount on deposit			238,929	170,048	<u>7,363</u>	<u>(28,401)</u>	<u>388,739</u>
FDIC coverage			<u>(238,929)</u>	<u>(170,048)</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, 2018

**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, 2018

Description	Appropriation #	Appropriation Period	Original Appropriation	Expenditures To Date	Outstanding Encumbrances	Unencumbered Balances
<b>Fund 89700</b>						
<b>Severance Tax Bonds Outstanding*</b>						
Laws 2015, Chapter 3, Section 28	15-0845	07/01/2015 - 06/30/2020	90,000	9,169	-	-
Laws 2016, Chapter 81, Section 22	A2493	06/23/2016 - 06/30/2021	25,000	-	-	-
Total Amounts			\$ 115,000	9,169	-	-

\* 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

Board of Trustees of the State of New Mexico Village of Jemez Springs  
and  
Mr. Brian S. Colon, Esq., 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 (Village), as of and for the year ended June 30, 2018, 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 April 1, 2019.

**Internal Control over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings to be a material weakness. Finding: 2018-008.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings to be significant deficiencies. Findings: 2018-004, 2018-005, 2018-006, 2018-007 and 2018-009.

### **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 2018-001, 2018-002 and 2018-003.

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

The Village's response to the findings identified in our audit is described in the accompanying Schedule of Findings and 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

April 1, 2019

STATE OF NEW MEXICO  
VILLAGE OF JEMEZ SPRINGS  
Summary Schedule of Findings and Responses  
June 30, 2018

<u>Prior Year Findings</u>	<u>Status</u>
2017-001 (2016-001) Controls Over Payroll - Finding that does not rise to the level of significant deficiency	Revised and repeated
2017-002 (2016-004) Lack of Approvals Over Expenditures - Finding that does not rise to the level of significant deficiency	Resolved
2017-003 (2016-002) Controls Over Fixed Assets - Other noncompliance	Revised and repeated
2017-004 RHC Contribution Rate - Other noncompliance	Resolved
2017-005 (2016-003) Lack of Supporting Documentation Over Deposits - Finding that does not rise to the level of significant deficiency	Resolved
2017-006 Public Employee Retiree Reported Wage - Other noncompliance	Resolved

STATE OF NEW MEXICO  
VILLAGE OF JEMEZ SPRINGS  
Schedule of Findings and Responses  
June 30, 2018

**CURRENT YEAR FINDINGS**

**2018-001 Controls Over Inventory – Finding that does not rise to the level of significant deficiency**

Condition: The Village has the following deficiencies over inventory controls:

- Lack of reconciliation between the inventory Point-of-Sale (POS) system and accounting software.

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.

Effect: Lack of inventory records increases the risk of material misstatement.

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

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

Response: The only enterprise that has inventory is the Bath House. The Bath House got a new POS system, and nobody remembered how to obtain the inventory report from the old system. A physical inventory was taken at FYE and this worksheet was provided to the auditors. However, this report was in excel spreadsheet form, not from the actual POS system. Effective July 1, 2018, the Village changed to a cloud-based inventory system. The Village Clerk will reconcile POS system to actual inventory in the accounting software. This finding is expected to be fully resolved in FY19.

**2018-002 (2016-001) Controls Over Payroll – Other noncompliance**

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

- For 10 of the 30 employees tested, there was no PERA or RHC exemption form.
- For 9 of the 30 employees tested there was no W-4 form.

The Village has made improvements in documenting approval of time sheets from previous years and is currently working on improving their record retention in the employees personnel file.

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.

Effect: Lack of exemption forms and authorized deduction forms 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.

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Response: The Village Clerk will obtain all forms needed immediately in the personnel file and will maintain all forms going forward. This finding is expected to be fully resolved by the end of the fiscal year 2019.

**2018-003 Late Audit Report – Other noncompliance**

Condition: The audit for the year ended June 30, 2018 was not submitted to the state auditor’s office by the December 15, 2018 due date.

Criteria: By statute, Section 2.2.29 NMAC (State Auditor Rule), the deadline for submission of this report was December 15, 2018.

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

Cause: Completion of the current year audit was delayed due to the general ledger not being reconciled to the 4<sup>th</sup> quarter budget to actual report.

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

Response: The Village Clerk will work closely with the audit team to begin the audit earlier in the year in order to meet the deadline. This is expected to be fully resolved in FY19.

**2018-004 Controls Over Journal Entries – Significant deficiency**

Condition: During testing over revenue we noted journal entries were being made that overstated revenue by \$7,345.

Criteria: NMAC 2.20.5 requires that model accounting practices established by the local government division are followed by authorized personnel.

Effect: The Village does not have adequate internal control procedures over journal entries.

Cause: Journal entries were not reviewed for completeness, accuracy, classification and cutoff.

Recommendation: The Village should establish and implement procedures over journal entries to ensure that they are accounted for in accordance with regulations.

Response: Of the several thousand entries made each year, one journal entry was made in duplicate. The error was identified and corrected. The Village Clerk will review monthly journal entry reports to minimize the possibility of duplicate entries in the future. This is expected to be fully implemented by FY19.

**2018-005 Intergovernmental Agreements – Significant deficiency**

Condition: During testing over receivables it was noted that the Village had accrued \$3,749 in administration fees due to the general fund from the waste water and bath house funds. The Village did not have a reciprocating payable in the waste water and bath house funds as the checks written to the general fund for the administrative fees were held subsequent to the fiscal year end.

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Criteria: NMAC 2.20.5 requires that model accounting practices established by the local government division are followed by authorized personnel.

Effect: Funds were not in agreement for balances due.

Cause: Checks were not deposited timely and payables were not recorded correctly.

Recommendation: The Village should establish and implement procedures over intergovernmental administration fees and ensure that all checks are being deposited in a timely manner.

Response: The Village Clerk will implement procedures to book payables and receivables at FYE. This finding is expected to be fully resolved by fiscal year 2019.

**2018-006 Long Term Debt – Significant deficiency**

Condition: The Village has the following control deficiencies over long term debt:

- The Village entered into an Interim Loan Agreement with the New Mexico Environment Department Construction Programs Bureau for Clean Water State Revolving Fund (CWSRF) Program in fiscal year 2015. This agreement states that a debt service reserve in the amount of \$9,123 be placed in a separate debt service reserve account as well as a replacement reserve in the amount of \$15,250 be placed in a separate replacement reserve account.

Criteria: NMAC 2.20.5 requires that model accounting practices established by the local government division are followed by authorized personnel.

Effect: The Village has an increased risk of default and is not in compliance with loan covenants.

Cause: The Village closed the two accounts previously set up to maintain the debt service reserve and the replacement reserve. The Village has failed to separate the required amounts which have been included in the internally pooled cash account into their respective accounts in accordance with the loan agreement.

Recommendation: The Village should establish two separate accounts maintaining the required minimum balances for the debt service reserve and the replacement reserve.

Response: In an effort to simplify banking, superfluous accounts were closed, and the amounts required were included in pooled cash. These amounts are internally identified as being restricted for debt service requirements (set up as Claims against Cash with memos specifying their debt service purpose). The Village Clerk will establish separate bank accounts in order to be in compliance with the loan agreements. This is expected to be fully resolved by FY19.

**2018-007 (2016-002) Controls Over Fixed Assets – Significant deficiency**

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

- Professional fees as construction in progress in the amount of \$9,169 related to the bath house building improvements were not capitalized at year end.



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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 were not complete with construction in progress related expenditures incurred.

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: During the audit process, CWIP related to the Bath House was identified and capitalized. As part of audit preparation at FYE, the Village Clerk will review the fixed assets list and the general ledger for completeness to eliminate this finding in the future. This finding is expected to be fully resolved by fiscal year 2019.

**2018-008 Controls Over Accounts Payable – Material weakness**

Condition: The Village is back dating checks to June 2018 that were not written until July for invoices received after year end that were payables.

- \$19,842 checks were backdated in the Governmental Funds
- \$3,517 checks were backdated in the Bath House Fund
- \$4,591 checks were backdated in the Waste Water Fund

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: Cash and accounts payable were both understated at year end.

Cause: The Village does not have adequate internal control procedures over the accounts payable.

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

Response: The Village Clerk will implement procedures to book payables and receivables at FYE. This finding is expected to be fully resolved by fiscal year 2019.

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**2018-009 Controls Over Budget – Significant deficiency**

Condition: During testwork over the budgeting process, the following deficiencies were noted:

- General Fund (101) actual expenditures exceeded budgeted expenditures by \$13,970
- Fire Protection fund (209) actual expenditures exceeded budgeted expenditures by \$18,192

Criteria: NMSA 1978 Section 6-6-3 requires that every local public body keep all books, records, and accounts in their respective offices in the form prescribed by the local government division. The County does not have sufficient procedures to account for activity over the budgeting process.

Cause: The Village does not have adequate controls over the budgeting process.

Effect: The Village has an increased risk of over-expenditure of line item due to inadequate controls over the budgeting process. The Village is reporting incorrect amounts to the DFA on quarterly reporting statements.

Recommendation: The Village should establish and implement procedures over the budgeting process to ensure that they are accounted for timely and accurately.

Response: The Village Clerk will review expenditures at fiscal year-end and make budget adjustments accordingly. This finding is expected to be fully resolved by fiscal year 2019.

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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 April 1, 2019. The following individuals were in attendance.

Village of Jemez Springs Officials

Roger Sweet, Mayor  
Robert Wilson, Trustee  
Yvonne Dickey, Village Clerk/Treasurer

Burt & Company CPAs, LLC

Ronald E. Schranz, CPA, CVA, Audit Partner  
Misty L. Schuck, CPA, CGMA, CFE, CGFM (telephonically)