

**State of New Mexico
Village of San Jon**

**Basic Financial Statements and
Supplementary Information
for the Year Ended June 30, 2013
and Independent Auditors' Report**

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

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VILLAGE OF SAN JON**

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VILLAGE OF SAN JON**

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**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**DIRECTORY OF OFFICIALS
JUNE 30, 2013**

Board of Trustees

Billie Jo Barnes
Leo Thrasher
Darrell Musick
Sherry Ford
Jarrod Archuleta

Mayor
Mayor Pro Tem
Trustee
Trustee
Trustee

Other Officials

Toni Stoner
Cynthia Lee

Village Treasurer
Clerk

INDEPENDENT AUDITORS' REPORT

Hector H. Balderas, State Auditor
and the Mayor and Village Council of the
Village of San Jon, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the budgetary comparisons for the general fund and major special revenue funds of the Village of San Jon, New Mexico (the "Village"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements and the budgetary comparisons for the capital projects fund and the debt service fund, presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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, business type activities, and each major fund, and the aggregate fund information of the Village as of June 30, 2013, and the respective changes in financial position and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements, the combining and individual fund financial statements, and the budgetary comparison that collectively comprise the Village basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2013 on our consideration of Village 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 the 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 internal control over financial reporting and compliance.



El Paso, Texas

November 29, 2013

BASIC FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**STATEMENT OF NET POSITION
JUNE 30, 2013**

	Primary Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 530,515	\$ 150,027	\$ 680,542
Receivables, net of allowance for uncollectibles	<u>46,828</u>	<u>26,437</u>	<u>73,265</u>
Total current assets	577,343	176,464	753,807
Noncurrent assets			
Restricted assets - cash	31,851	5,778	37,629
Capital assets	4,114,891	4,581,340	8,696,231
Less accumulated depreciation	<u>(1,632,442)</u>	<u>(1,379,903)</u>	<u>(3,012,345)</u>
Total noncurrent assets	<u>2,514,300</u>	<u>3,207,215</u>	<u>5,721,515</u>
Total assets	<u>\$ 3,091,643</u>	<u>\$ 3,383,679</u>	<u>\$ 6,475,322</u>
LIABILITIES			
Current liabilities			
Accounts payable	\$ 1,431	\$ 20,721	\$ 22,152
Accrued wages and benefits	1,336	-	1,336
Accrued interest	-	4,568	4,568
Current portion of long-term debt	<u>31,123</u>	<u>3,170</u>	<u>34,293</u>
Total current liabilities	33,890	28,459	62,349
Long-term liabilities:			
Non-current portion of long-term debt	99,478	188,934	288,412
Compensated absences	4,040	5,408	9,448
Customer deposits	<u>-</u>	<u>5,778</u>	<u>5,778</u>
Total noncurrent liabilities	<u>103,518</u>	<u>200,120</u>	<u>303,638</u>
Total liabilities	<u>137,408</u>	<u>228,579</u>	<u>365,987</u>
NET POSITION			
Net investment in capital assets	2,482,449	3,009,333	5,491,782
Restricted : Special revenue	170,479	-	170,479
Unrestricted	<u>301,307</u>	<u>145,767</u>	<u>447,074</u>
Total net position	<u>2,954,235</u>	<u>3,155,100</u>	<u>6,109,335</u>
Total liabilities and net position	<u>\$ 3,091,643</u>	<u>\$ 3,383,679</u>	<u>\$ 6,475,322</u>

See independent auditors' report and accompanying notes to financial statements.

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

Functions/Programs:	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 123,644	\$ 520	\$ 42,400	\$ -	\$ (80,724)	\$ -	\$ (80,724)
Public safety	146,402	-	101,235	-	(45,167)	-	(45,167)
Public works	44,708	4,625	-	311,500	271,417	-	271,417
Culture and recreation	43,072	-	19,948	-	(23,124)	-	(23,124)
Interest on long-term debt	4,781	-	-	-	(4,781)	-	(4,781)
Total governmental activities	362,607	5,145	163,583	311,500	117,621	-	117,621
Business-type activities:							
Water	141,168	73,493	-	-	-	(67,675)	(67,675)
Wastewater	60,770	28,666	-	-	-	(32,104)	(32,104)
Solid waste	49,791	46,658	-	-	-	(3,133)	(3,133)
Total business-type activities	251,729	148,817	-	-	-	(102,912)	(102,912)
Total primary government	\$ 614,336	\$ 153,962	\$ 163,583	\$ 311,500	\$ 117,621	\$ (102,912)	\$ 14,709

General Revenues and Transfers:

Taxes:							
Gross receipts					143,325	31,528	174,853
Other taxes					792	-	792
Gasoline					26,483	-	26,483
Franchise					4,879	-	4,879
Property					11,408	-	11,408
Miscellaneous					22,604	-	22,604
Interest income					1,715	226	1,941
Total general revenues and transfers					211,206	31,754	242,960
Change in net position					328,827	(71,158)	257,669
Net position, beginning of year					2,625,408	3,226,258	5,851,666
Net position, end of year					\$ 2,954,235	\$ 3,155,100	\$ 6,109,335

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF SAN JON

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	Fire Fund	Municipal Street Fund	Fire/EMS Fund	Senior Citizens Fund	Special Approp. Fund	Debt Service Fund	Non-Major Funds	Total Governmental Funds
ASSETS									
Current assets									
Cash and cash equivalents	\$ 391,537	\$ 47,838	\$ 34,515	\$ -	\$ 16	\$ 19,838	\$ -	\$ 36,771	\$ 530,515
Restricted cash	-	31,851	-	-	-	-	-	-	31,851
Accounts and taxes receivable	45,958	-	870	-	-	-	-	-	46,828
Total assets	\$ 437,495	\$ 79,689	\$ 35,385	\$ -	\$ 16	\$ 19,838	\$ -	\$ 36,771	\$ 609,194
LIABILITIES AND FUND BALANCE									
LIABILITIES									
Current liabilities									
Accounts payable	\$ 211	\$ 75	\$ 830	\$ -	\$ 114	\$ -	\$ -	\$ 201	\$ 1,431
Accrued payroll	1,336	-	-	-	-	-	-	-	1,336
Total liabilities	1,547	75	830	-	114	-	-	201	2,767
FUND BALANCES									
Unassigned, reported in:									
General fund	435,948	-	-	-	-	-	-	-	435,948
Restricted, reported in:									
Special revenue funds	-	79,614	34,555	-	(98)	19,838	-	36,570	170,479
Total fund balances	435,948	79,614	34,555	-	(98)	19,838	-	36,570	606,427
Total liabilities and fund balances	\$ 437,495	\$ 79,689	\$ 35,385	\$ -	\$ 16	\$ 19,838	\$ -	\$ 36,771	\$ 609,194

See independent auditors' report and accompanying notes to financial statements.

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2013**

Total fund balances for governmental funds \$ 606,427

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.

The cost of capital assets	4,114,891
Accumulated depreciation	<u>(1,632,442)</u>

Net capital assets	2,482,449
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Long-term liabilities and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year end consist of:

Notes payable	(130,601)
Compensated absences	<u>(4,040)</u>

Net long-term liabilities	<u>(134,641)</u>
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Net position of governmental activities	<u>\$ 2,954,235</u>
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See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF SAN JON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Fire Fund	Municipal Street Fund	Fire/EMS Fund	Senior Citizens Fund	Special Approp. Fund	Debt Service Fund	Non-Major Funds	Total Governmental Funds
REVENUES:									
Taxes:									
Gross receipt taxes	\$ 143,325	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 143,325
Gas taxes	14,900	-	11,583	-	-	-	-	-	26,483
Property taxes	11,408	-	-	-	-	-	-	-	11,408
Franchise taxes	775	-	4,104	-	-	-	-	-	4,879
Other taxes	792	-	-	-	-	-	-	-	792
Grants	42,400	68,885	-	12,350	19,948	311,500	-	20,000	475,083
Charges for services	-	-	-	-	-	-	-	4,625	4,625
Licenses and permits	520	-	-	-	-	-	-	-	520
Interest income	1,647	9	9	-	-	-	-	50	1,715
Miscellaneous	12,481	-	-	-	-	4,858	-	5,264	22,603
Total revenues	228,248	68,894	15,696	12,350	19,948	316,358	-	29,939	691,433
EXPENDITURES:									
Current:									
Finance department	109,307	-	-	-	-	-	-	-	109,307
Public safety	-	31,083	-	12,350	-	-	-	2,447	45,880
Public works	34	-	14,967	-	-	6,644	-	7,386	29,031
Culture and recreation	5,690	-	-	-	19,935	-	-	2,981	28,606
Capital outlay	-	-	77,577	-	-	311,500	-	17,553	406,630
Debt service:									
Principal	-	-	-	-	-	-	33,746	-	33,746
Interest	-	-	-	-	-	-	4,781	-	4,781
Total expenditures	115,031	31,083	92,544	12,350	19,935	318,144	38,527	30,367	657,981
Excess (deficiency) of revenues over expenditures	113,217	37,811	(76,848)	-	13	(1,786)	(38,527)	(428)	33,452

(Continued)

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF SAN JON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Fire Fund	Municipal Street Fund	Fire/EMS Fund	Senior Citizens Fund	Special Approp. Fund	Debt Service Fund	Non-Major Funds	Total Governmental Funds
Other financing sources (uses)									
Transfers in	79,500	-	77,229	3,000	4,500	-	69,811	-	234,040
Transfers out	(121,437)	(32,590)	(41,229)	(3,000)	(4,500)	-	(31,284)	-	(234,040)
Total other sources (uses)	(41,937)	(32,590)	36,000	-	-	-	38,527	-	-
Net change in fund balance	71,280	5,221	(40,848)	-	13	(1,786)	-	(428)	33,452
Fund balance at beginning of year	364,668	74,393	75,403	-	(111)	21,624	-	36,998	572,975
Fund balance at end of year	\$ 435,948	\$ 79,614	\$ 34,555	\$ -	\$ (98)	\$ 19,838	\$ -	\$ 36,570	\$ 606,427

(Concluded)

See independent auditors' report and accompanying notes to financial statements.

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

Net change in fund balances - total governmental funds \$ 33,452

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays in the period.

Depreciation expense	(144,564)
Capital outlays	406,630

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 33,746

Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (437)

Change in net position of governmental activities \$ 328,827

See independent auditors' report and accompanying notes to financial statements.

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL ON BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes:				
Gross receipt taxes	\$ 86,000	\$ 124,000	\$ 98,824	\$ (25,176)
Gas taxes	19,000	19,000	13,443	(5,557)
Property taxes	10,932	10,932	11,408	476
Franchise taxes	650	650	775	125
Other taxes	700	700	792	92
License and permits	600	600	520	(80)
Charges for services	100	100	-	(100)
Grants	36,400	42,400	42,400	-
Interest income	1,800	1,800	1,647	(153)
Miscellaneous	<u>10,120</u>	<u>10,120</u>	<u>12,481</u>	<u>2,361</u>
Total revenues	166,302	210,302	182,290	(28,012)
EXPENDITURES				
Current:				
Finance department	106,890	106,890	107,760	(870)
Public works	3,400	3,400	34	3,366
Culture and recreation	<u>18,666</u>	<u>24,666</u>	<u>5,690</u>	<u>18,976</u>
Total expenditures	<u>128,956</u>	<u>134,956</u>	<u>113,484</u>	<u>21,472</u>
Excess of revenues over expenditures	<u>37,346</u>	<u>75,346</u>	<u>68,806</u>	<u>(6,540)</u>
Other financing sources (uses)				
Transfers in	-	-	79,500	79,500
Transfers out	<u>(3,506)</u>	<u>(46,470)</u>	<u>(121,437)</u>	<u>(74,967)</u>
Total other financing other sources (uses)	<u>(3,506)</u>	<u>(46,470)</u>	<u>(41,937)</u>	<u>4,533</u>
Net change in fund balance	33,840	28,876	26,869	(2,007)
Fund balance beginning of year	<u>337,493</u>	<u>337,493</u>	<u>337,493</u>	<u>-</u>
Fund balance end of year	<u>\$ 371,333</u>	<u>\$ 366,369</u>	<u>\$ 364,362</u>	<u>\$ (2,007)</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance budgetary basis			\$ 26,869	
Revenue accruals			45,958	
Expenditure accruals			<u>(1,547)</u>	
Net change in fund balance - GAAP basis			<u>\$ 71,280</u>	

See independent auditors' report and accompanying notes to financial statements.

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL ON BUDGETARY BASIS
SPECIAL REVENUE FUND - FIRE FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
REVENUES				
Taxes:				
Grant	\$ 55,501	\$ 65,375	\$ 68,885	\$ 3,510
Miscellaneous	3,510	3,510	-	(3,510)
Interest income	-	-	9	9
Total revenues	<u>59,011</u>	<u>68,885</u>	<u>68,894</u>	<u>9</u>
EXPENDITURES				
Current:				
Public safety	<u>28,750</u>	<u>41,329</u>	<u>31,009</u>	<u>10,320</u>
Total expenditures	<u>28,750</u>	<u>41,329</u>	<u>31,009</u>	<u>10,320</u>
Excess of revenues over expenditures	30,261	27,556	37,885	10,329
Other financing uses				
Transfers out	<u>(26,746)</u>	<u>(24,041)</u>	<u>(32,590)</u>	<u>(8,549)</u>
Total other financing other uses	<u>(26,746)</u>	<u>(24,041)</u>	<u>(32,590)</u>	<u>(8,549)</u>
Net change in fund balance	3,515	3,515	5,295	1,780
Fund balance beginning of year	74,455	74,455	74,455	-
Fund balance end of year	<u>\$ 77,970</u>	<u>\$ 77,970</u>	<u>\$ 79,750</u>	<u>\$ 1,780</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance			\$ 5,295	
Expenditure accruals			<u>(74)</u>	
Net change in fund balance - GAAP basis			<u>\$ 5,221</u>	

See independent auditors' report and accompanying notes to financial statements.

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL ON BUDGETARY BASIS
SPECIAL REVENUE FUND - MUNICIPAL STREETS FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
REVENUES				
Taxes:				
Gas taxes	\$ 15,000	\$ 15,000	\$ 10,713	\$ (4,287)
Interest income	-	-	9	9
Miscellaneous	4,650	4,650	4,104	(546)
Total revenues	19,650	19,650	14,826	(4,824)
EXPENDITURES				
Current:				
Public works	19,411	19,411	14,139	5,272
Capital outlay	-	92,071	77,577	14,494
Total expenditures	19,411	111,482	91,716	19,766
Excess of revenues over expenditures	239	(91,832)	(76,890)	14,942
Other financing uses				
Transfers in (out)	-	77,220	36,000	41,220
Total other uses	-	77,220	36,000	41,220
Net changes in fund balance	239	(14,612)	(40,890)	(26,278)
Fund balance beginning of year	76,271	76,271	76,271	-
Fund balance end of year	\$ 76,510	\$ 61,659	\$ 35,381	\$ (26,278)
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance			\$ (40,890)	
Revenue accruals			870	
Expenditure accruals			(828)	
Net change in fund balance - GAAP basis			\$ (40,848)	

See independent auditors' report and accompanying notes to financial statements.

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL ON BUDGETARY BASIS
SPECIAL REVENUE FUND - FIRE/EMS FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
REVENUES				
Grants	\$ 12,350	\$ 12,350	\$ 12,350	\$ -
Total revenues	12,350	12,350	12,350	-
EXPENDITURES				
Current				
Public safety	12,350	12,350	12,350	-
Total expenditures	12,350	12,350	12,350	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other financing sources (uses)				
Transfers in	3,000	3,000	3,000	-
Transfers in	(3,000)	(3,000)	(3,000)	-
Total other sources (uses)	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -
Reconciliation of Budgetary Basis to GAAP Basis				
Net changes in fund balance			\$ -	
Net change in fund balance - GAAP basis			\$ -	

See independent auditors' report and accompanying notes to financial statements.

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL ON BUDGETARY BASIS
SPECIAL REVENUE FUND - SENIOR CITIZENS
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Grants	\$ 19,948	\$ 19,948	\$ 19,948	\$ -
Total revenues	19,948	19,948	19,948	-
EXPENDITURES				
Current:				
Culture and recreation	19,948	19,948	19,822	126
Total expenditures	19,948	19,948	19,822	126
Excess of revenues over expenditures	-	-	126	126
Other financing sources (uses)				
Transfers in	4,500	4,500	4,500	-
Transfers out	(4,500)	(4,500)	(4,500)	-
Total other sources (uses)	-	-	-	-
Net change in fund balance	-	-	126	126
Fund balance, beginning of year	15	15	15	-
Fund balance, end of year	<u>\$ 15</u>	<u>\$ 15</u>	<u>\$ 141</u>	<u>\$ 126</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net changes in fund balance			\$ 126	
Expenditure accruals			<u>(113)</u>	
Net change in fund balance - GAAP basis			<u>\$ 13</u>	

See independent auditors' report and accompanying notes to financial statements.

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Water</u>	<u>Waste Water</u>	<u>Solid Waste</u>	<u>Total</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 63,588	\$ 26,056	\$ 60,383	\$ 150,027
Accounts receivable	<u>13,934</u>	<u>3,014</u>	<u>9,489</u>	<u>26,437</u>
Total current assets	77,522	29,070	69,872	176,464
Noncurrent assets				
Customer deposits	5,778	-	-	5,778
Capital assets	3,083,282	1,443,015	55,043	4,581,340
Less accumulated depreciation and amortization	<u>(883,651)</u>	<u>(441,209)</u>	<u>(55,043)</u>	<u>(1,379,903)</u>
Total noncurrent assets	<u>2,205,409</u>	<u>1,001,806</u>	<u>-</u>	<u>3,207,215</u>
Total assets	<u>\$ 2,282,931</u>	<u>\$ 1,030,876</u>	<u>\$ 69,872</u>	<u>\$ 3,383,679</u>
LIABILITIES				
Current liabilities				
Accounts payable	\$ 793	\$ 19,928	\$ -	\$ 20,721
Accrued expenses	2,629	1,718	221	4,568
Notes payable within one year	<u>1,000</u>	<u>2,170</u>	<u>-</u>	<u>3,170</u>
Total current liabilities	4,422	23,816	221	28,459
Noncurrent liabilities				
Notes payable, net of current portion	71,434	117,500	-	188,934
Customer deposits	5,778	-	-	5,778
Accrued compensated absences	<u>2,489</u>	<u>1,458</u>	<u>1,461</u>	<u>5,408</u>
Total noncurrent liabilities	<u>79,701</u>	<u>118,958</u>	<u>1,461</u>	<u>200,120</u>
Total liabilities	84,123	142,774	1,682	228,579
NET POSITION				
Net investment in capital assets	2,127,197	882,136	-	3,009,333
Unrestricted	<u>71,611</u>	<u>5,966</u>	<u>68,190</u>	<u>145,767</u>
Total net position	<u>\$ 2,198,808</u>	<u>\$ 888,102</u>	<u>\$ 68,190</u>	<u>\$ 3,155,100</u>

See independent auditors' report and accompanying notes to financial statements.

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Water</u>	<u>Waste Water</u>	<u>Solid Waste</u>	<u>Total</u>
Operating revenues				
Sales and service	\$ 71,543	\$ 26,137	\$ 42,319	\$ 139,999
Fees and penalties	<u>1,950</u>	<u>2,529</u>	<u>4,339</u>	<u>8,818</u>
Total operating revenues	73,493	28,666	46,658	148,817
Operating expenses				
Personnel services	25,102	11,695	12,521	49,318
Professional services	20,038	1,942	32,566	54,546
Utilities	7,942	2,538	333	10,813
Operating expenses	7,709	5,298	4,371	17,378
Depreciation expense	<u>76,072</u>	<u>33,896</u>	<u>-</u>	<u>109,968</u>
Total operating expenses	<u>136,863</u>	<u>55,369</u>	<u>49,791</u>	<u>242,023</u>
Operating loss	<u>(63,370)</u>	<u>(26,703)</u>	<u>(3,133)</u>	<u>(93,206)</u>
Nonoperating revenues (expenses)				
Gross receipts tax	17,519	-	14,009	31,528
Grants	-	-	-	-
Interest income	40	6	180	226
Interest expense	<u>(4,305)</u>	<u>(5,401)</u>	<u>-</u>	<u>(9,706)</u>
Total nonoperating revenues (expenses)	<u>13,254</u>	<u>(5,395)</u>	<u>14,189</u>	<u>22,048</u>
Change in net position	(50,116)	(32,098)	11,056	(71,158)
Other financing sources				
Transfers in	4,700	-	-	4,700
Transfers out	<u>(4,700)</u>	<u>-</u>	<u>-</u>	<u>(4,700)</u>
Total other sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in net position	(50,116)	(32,098)	11,056	(71,158)
Net position, beginning of year	<u>2,248,924</u>	<u>920,200</u>	<u>57,134</u>	<u>3,226,258</u>
Net position, end of year	<u>\$ 2,198,808</u>	<u>\$ 888,102</u>	<u>\$ 68,190</u>	<u>\$ 3,155,100</u>

See independent auditors' report and accompanying notes to financial statements.

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	Water	Waste Water	Solid Waste	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 71,386	28,284	\$ 44,979	\$ 144,649
Cash payments to suppliers and employees	<u>(59,917)</u>	<u>(21,127)</u>	<u>(52,140)</u>	<u>(133,184)</u>
Net cash provided by (used in) operating activities	11,469	7,157	(7,161)	11,465
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Taxes	<u>17,519</u>	<u>-</u>	<u>14,009</u>	<u>31,528</u>
Net cash provided by non-capital financing activities	17,519	-	14,009	31,528
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of property and equipment	-	-	-	-
Transfers	-	-	-	-
Principal payments	(1,000)	(2,000)	-	(3,000)
Interest payments	<u>(4,305)</u>	<u>(5,400)</u>	<u>-</u>	<u>(9,705)</u>
Net cash used in capital and related financing activities	(5,305)	(7,400)	-	(12,705)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	<u>40</u>	<u>6</u>	<u>180</u>	<u>226</u>
Net cash provided by investing activities	40	6	180	226
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	23,723	(237)	7,028	30,514
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>39,865</u>	<u>26,293</u>	<u>53,355</u>	<u>119,513</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 63,588</u>	<u>\$ 26,056</u>	<u>\$ 60,383</u>	<u>\$ 150,027</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating loss	\$ (63,370)	(26,703)	(3,133)	(93,206)
Adjustment to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation	76,072	33,896	-	109,968
Change in:				
Accounts receivable	(2,107)	(382)	(1,679)	(4,168)
Accounts payable	260	(12)	(2,709)	(2,461)
Accrued expenses	46	27	26	99
Compensated absences	<u>568</u>	<u>331</u>	<u>334</u>	<u>1,233</u>
Total adjustments	<u>74,839</u>	<u>33,860</u>	<u>(4,028)</u>	<u>104,671</u>
Net cash provided by (used in) operating activities	<u>\$ 11,469</u>	<u>\$ 7,157</u>	<u>\$ (7,161)</u>	<u>\$ 11,465</u>

See independent auditors' report and accompanying notes to financial statements.

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of San Jon (the "Village") have been prepared in accordance with general accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements. The more significant of the Village's accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments. Some of the significant changes in the Statement include the following:

- A Management's Discussion and Analysis (MD&A) providing an analysis of the Village's overall financial position and results of operations.
- Financial Statements prepared using full-accrual accounting for all the Village's activities.
- A change in fund financial statements to focus on major funds.

These and other changes are reflected in the accompanying financial statements (including the notes to the financial statements) as of June 30, 2013.

In addition, in June 2001, the GASB issued Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus - an amendment of GASB Statement No. 21 and No. 34 and Statement No. 38, Certain Financial Note Disclosures. These two statements clarify, modify, establish and rescind certain disclosure requirements under GASB No. 34. Both statements are being implemented in conjunction with GASB Statement No. 34. These statements do not have an impact on the results of operations or the financial position of the Village.

Reporting Entity

The Village of San Jon was incorporated under the laws of the State of New Mexico. The Village operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, culture-recreation, public improvements, planning and zoning, and general administrative service matters.

A GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Village is considered a primary government, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Village may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its

own taxes or set rates or charges and issue bonded debt.

The Village has no component units, defined by GASB Statement No. 14 as other legally separate organizations for which the elected Village members are financially accountable. There are no other primary governments with which the Village Board Members are financially accountable. There are no other primary governments with which the Village has a significant relationship.

The accounts of the Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The funds of the Village are classified into two categories: governmental and proprietary. In turn, each category is divided into separate fund types.

Basis of Presentation

Government-Wide Financial Statements (GWFS) - The government-wide financial statements (the statement of net position and the statement of changes in net position) report information on all of the activities of the Village. Fiduciary funds are not included in the GWFS. Fiduciary Funds are reported only in the Statement of Fiduciary Net Position at the fund financial statement level. The Village has no Fiduciary Funds. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include: Charges for services is the term used for a broad category of program revenues that arise from charges to customers, applicants, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services. Revenues in this category include fees charged for specific services, such as water use or garbage collection; licenses and permits, such as dog licenses, liquor licenses, and building permits; operating special assessments, such as for street cleaning or special street lighting; and any other amounts charged to service recipients. Fines and forfeitures are also included in this category because they result from direct charges to those who are otherwise directly affected by a program or service, even though specific grants and contributions (operating and capital) include revenues arising from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program. Some grants and contributions consist of capital assets or resources that are restricted for capital purposes to purchase, construct, or renovate capital assets associated with a specific program. These should be reported separately from grants and contributions that may be used either for operating expenses or for capital expenditures of the program at the discretion of the reporting government. These categories of program revenue are specifically attributable to a program and reduce the net expense of that program to the reporting government.

The Village segregates transactions related to certain functions or activities in separate

funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Village has presented the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Village and accounts for all revenues and expenditures of the Village not encompassed within other funds.

Special Revenue Funds

Fire Fund - To account for the operation and maintenance of the Village Fire Department. Financing is primarily from an annual state fire allotment. The fund was created by the authority of state grant provisions. (NMSA 59A-53-1)

Municipal Streets - To account for the one-cent gasoline tax being allocated to the Village for the explicit purpose of street repair. The authority for the allocation and setup of the fund is 7-1-6-27, NMSA, 1978 Compilation, 1989 supplement.

EMS/Ambulance - To account for the operation and maintenance of the Village EMS Department. Financing is primarily from an annual EMS allotment and fees collected for emergency transportation. The fund was created by the authority of state grant provisions. (NMSA 59A-53-1)

Senior Citizens - To account for the operation and maintenance of the Senior Citizens' Building. Financing is provided by the Area on Aging. The fund was created by the authority of state statute. (NMSA 7-12-15)

Capital Projects Fund - Special Appropriations Fund - The Capital Projects Fund is used to account for all resources for the acquisition of capital facilities by the Village.

Debt Service fund - The Debt Service Fund is used to account for all resources for the payment of debt by the Village.

Proprietary Funds - To account for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. The Village has presented the following major proprietary funds:

Water, Waste Water and Solid Waste Funds - The funds are used to account for the provision of water, sewer and garbage services to the residents of the Village. Activities of the funds include administration, operations and maintenance of the water and sewer system and billing and collection activities. The funds also account for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

Additionally, the Village reports the following non-major fund types:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Measurement Focus, Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Village gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Derived tax revenue, such as franchise and sales tax revenue, is recognized when the underlying exchange transaction occurs.

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the Village's taxpayer or citizenry, as a whole; program revenues reduced the cost of the function to be financed from the Village's general revenues. Program revenues include charges for services or applicants who purchase, use or directly benefit from the goods or services provided by the given function.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e. when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Village considers property taxes as available if they are collected within 30 days after year end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due. The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

Budgetary Control

1. Prior to June 1st, the Village's Clerk-Treasurer submits the budget for the fiscal year commencing the following July 1st. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to July 1st, the budget is legally enacted through passage of an ordinance and then must be approved by Local Government Division of the State Department of Finance and Administration.
3. The Village treasurer is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Village Trustees and the State Department of Finance and Administration.
4. Formal budgetary integration is employed as a management control device during the year for all funds.
5. The level of budget authority is at the fund level.

Cash and 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 is authorized under the provisions of Chapter 6, Article 10, paragraph 10, NMSA 1978, to deposit its money in banks, savings and loan associations and/or credit unions whose accounts are insured by an agency of the United States.

Investments

All money not immediately necessary for the public uses of the Village may be invested in:

(a) bonds or negotiable securities of the United States, the state or any county, municipality or Village which has a taxable valuation of real property for the last preceding year of at least one million dollars (1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or

(b) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government; or

(c) in contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The collateral required for investment in the contracts provided for in this subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with investment.

Prepaid Items

Prepaid balances are for payments made by the Village in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

Receivables and Payables

Receivables include property taxes, interfund loans that are expected to be paid back and amount due from state government agencies related to various grant agreements. Payables represent routine monthly bills for services rendered and products purchased and accrued salaries.

Property Taxes

The County collects the Village's share of property taxes assessed. Property taxes attach an enforceable lien on property as of January 1st. Tax notices are sent by the County treasurer to property owners by November 1st of each year to be paid in whole or in two installments by November 10th and April 10th of each year. The County collects such taxes and distributes them to the Village on a monthly basis. The Village accounts for its share of property taxes in the General Fund. Only those collections received are recorded as revenues for the budget presentation.

Elimination and Reclassifications of Certain Receivables and Payables

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Capital Assets

Capital assets, which includes property, buildings, equipment (including software), and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets are recorded at historical costs and depreciated over their estimated useful lives (with no salvage value). Capital assets are defined by the Village as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The construction period interest is not capitalized in the proprietary funds.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Buildings, improvements and infrastructure	20 - 65 Years
Equipment	3 - 15 Years

Use of Restricted Funds

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

Revenue

The policy for defining the proprietary fund's operating revenues and expenses is how individual transactions would be categorized for purposes of preparing a statement of cash flows. Transactions for which cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities normally are not reported as components of operating income.

Compensated Absences

All full-time employees are entitled to a minimum of two weeks per year and a maximum of 22 days per year based upon the length of service.

Each permanent employee of the Village accrues sick leave as working days with full pay on the basis of one (1) day per each month of employment. Sick leave may be granted only from duty because of personal illness, legal quarantine, or medical, dental, or optical appointments. In case of an extended sickness in excess of the accumulated sick leave, annual leave may be applied to sick leave. The employee may be eligible to sell sick leave in excess of 10 days at the rate of 75% of regular pay, only upon approval of the board.

Net Position and Fund Balances

Net position represent the difference between assets and liabilities. Net investment in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net investment in capital assets, net of related debt excludes unspent debt proceeds. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Village or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

In the fund financial statements, governmental fund balances are classified as follows:

Nonspendable - fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes amounts to be held in perpetuity.

Restricted - Fund balance should be reported when constraints placed on the use of resources are either:

- a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
- b. Imposed by law through constitutional provisions or enabling legislation.
- c. Enabling legislation, as the term is used in this Statement, authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that a government can be compelled by an external party-such as citizens, public interest groups, or the judiciary-to use resources created by enabling legislation only for the purposes specified by the legislation.

Unassigned - fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The Village's policy is to apply restricted resources first, committed sources second, assigned resources third, and unassigned resources last when an expense is incurred for purposes for which all or any fund balance classification is available.

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

New Governmental Accounting Standards

In February 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions, which is effective for financial statements for periods beginning after June 15, 2010, and earlier application is encouraged. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The Village is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year. The Village incorporated this statement for the current fiscal year and believes it had no significant effect on the financial statement for the year.

In December 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 57 OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, which is effective upon issuance for certain provisions of the statement and for periods beginning after June 15, 2011 for other provisions. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit plans. The Village is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In December 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 58 Accounting and Financial Reporting for Chapter 9 Bankruptcies, which is effective for reporting periods beginning after June 15, 2009. The objective of this Statement is to provide accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. It requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms (that is, approves) a new payment plan. The Village incorporated this statement for the current fiscal year and

believes it had no significant effect on the financial statement for the year.

In June 2010, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 59 Financial Instruments Omnibus, which is effective for financial statements for periods beginning after June 15, 2010. Earlier application is encouraged. The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. This Statement provides for the following amendments: National Council on Governmental Accounting Statement 4, Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences, is updated to be consistent with the amendments to GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, regarding certain financial guarantees. Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, are amended to remove the fair value exemption for unallocated insurance contracts. The effect of this amendment is that investments in unallocated insurance contracts should be reported as interest-earning investment contracts according to the provisions of paragraph 8 of Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. Statement 31, is clarified to indicate that a 2a7-like pool, as described in Statement 31, is an external investment pool that operates in conformity with the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Statement No. 40, Deposit and Investment Risk Disclosures, is amended to indicate that interest rate risk information should be disclosed only for debt investment pools—such as bond mutual funds and external bond investment pools—that do not meet the requirements to be reported as a 2a7-like pool. Statement 53 is amended to: – Clarify that the net settlement characteristic of Statement 53 that defines a derivative instrument is not met by a contract provision for a penalty payment for nonperformance – Provide that financial guarantee contracts included in the scope of Statement 53 are limited to financial guarantee contracts that are considered to be investment derivative instruments entered into primarily for the purpose of obtaining income or profit – Clarify that certain contracts based on specific volumes of sales or service revenues are excluded from the scope of Statement 53 – Provide that one of the “leveraged yield” criteria of Statement 53 is met if the initial rate of return on the companion instrument has the potential for at least a doubled yield. The Village is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In November 2010, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 60 Accounting and Financial Reporting for Service Concession Arrangements, which is effective for financial statements for periods beginning after December 15, 2011. The provisions of this Statement generally are required to be applied retroactively for all periods presented. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a “facility”) in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The Village is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the

upcoming year.

In November 2010, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 61 The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34, which is effective for financial statements for periods beginning after June 15, 2012. Earlier application is encouraged. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, The Financial Reporting Entity, and the related financial reporting requirements of Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The Village is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In June 2011, the GASB issued Statement No. 63, Financial reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, which is effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. The objective of this statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The Village is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In June 2011, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 64 Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53, which is effective for financial statements for periods beginning after June 15, 2011. Earlier application is encouraged. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty’s credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The Village is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In March 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 65 Items Previously Reported as Assets and Liabilities, which is effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The objective of this Statement is to improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting.

The Village is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In March 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 66 Technical Corrections-2012- an amendment of GASB Statements No. 10 and No. 62, which is effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The Village is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 67 Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25. Earlier application is encouraged. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. The Village is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68 Accounting and Financial Reporting for Pensions- an amendment of GASB Statement No. 27. Earlier application is encouraged. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. The Village is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

2. CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Cash and investments - The Village is required by New Mexico State Statute (Section 6-10-17) to be 50 percent collateralized. Following is a schedule calculating the requirement and disclosing the pledged securities.

Wells Fargo			
<u>Name of Account</u>	<u>Balance Per Bank 06/30/13</u>	<u>Reconciled Balance</u>	<u>Type</u>
General Fund	\$ 82	\$ 82	Checking
Street Fund Savings	-	-	Savings
Water Reserve	1,097	1,097	Savings
Total Deposited	1,179	<u>\$ 1,179</u>	
Less: FDIC Coverage	(250,000)		
Uninsured amount	(248,821)		
50% collateral requirement	(124,411)		
Pledged securities	-		
Over (under) requirement	<u>\$ 124,411</u>		
Citizens Bank			
<u>Name of Account</u>	<u>Balance Per Bank 06/30/13</u>	<u>Reconciled Balance</u>	<u>Type</u>
Fire Department	\$ 2,311	\$ 2,311	Savings
Waste Water	1,591	1,591	Savings
Solid Waste	1,095	1,095	Savings
Water Deposits	9,952	9,952	Savings
Cemetery	12,481	12,481	Savings
Total Deposited	27,430	<u>\$ 27,430</u>	
Less: FDIC Coverage	(250,000)		
Uninsured amount	(222,570)		
50% collateral requirement	(111,285)		
Pledged securities	-		
Over (under) requirement	<u>\$ 111,285</u>		

Tucumcari Federal Savings & Loan

<u>Name of Account</u>	Balance Per Bank 06/30/13	Reconciled Balance	Type
General Fund	\$ 42,157	\$ 42,331	CD
Total Deposited	42,157	<u>\$ 42,331</u>	
Less: FDIC Coverage	<u>(250,000)</u>		
Uninsured amount	(207,843)		
50% collateral requirement	(103,922)		
Pledged securities	<u>22,640</u>		
Over (under) requirement	<u>\$ (289,125)</u>		

First National Bank

<u>Name of Account</u>	Balance Per Bank 06/30/13	Reconciled Balance	Type
Operating Account	\$ 515,319	\$ 506,627	Checking
General Fund	20,306	20,306	CD
Quay County Gaming Authority	17,624	17,589	Checking
Quay County Gaming Authority	<u>208</u>	<u>208</u>	Savings
Total Deposited	553,457	<u>\$ 544,730</u>	
Less: FDIC Coverage	<u>(250,000)</u>		
Uninsured amount	303,457		
50% collateral requirement	151,728		
Pledged securities	<u>218,360</u>		
Over (under) requirement	<u>\$ 66,632</u>		

Quay Schools FCU

<u>Name of Account</u>	Balance Per Bank 06/30/13	Reconciled Balance	Type
Solid Waste	\$ 21,851	\$ 21,851	CD
General Fund	<u>43,158</u>	<u>43,021</u>	CD
Total Deposited	65,009	<u>\$ 64,872</u>	
Less: FDIC Coverage	<u>(250,000)</u>		
Uninsured amount	(184,991)		
50% collateral requirement	-		
Pledged securities	<u>-</u>		
Over (under) requirement	<u>\$ 184,991</u>		

NMFA

<u>Name of Account</u>	Balance Per Bank 06/30/13	Reconciled Balance	Type
Restricted Cash - NMFA Loan	<u>\$ 48,952</u>	<u>\$ 37,629</u>	Savings

The following securities are pledged at First National Bank:

Description	CUSIP#	Fair Value	Maturity Date	Location
Eastern NM University	276785UA8	\$ 26,058	4/01/2014	FHLB Dallas, TX
Belen NM Consol Sch Dist	077581MZ6	109,167	8/01/2015	FHLB Dallas, TX
LEA County New Mexico Public School District	521513CC3	31,157	7/15/2017	FHLB Dallas, TX
Portales New Mexico Mun School District 1	736151CZ2	<u>51,978</u>	2/01/2016	FHLB Dallas, TX
		<u>\$ 218,360</u>		

The following securities are pledged at Tucumcari Federal:

Description	CUSIP#	Fair Value	Maturity Date	Location
FHLMC Arm 606070	31348HW79	\$ 11,320	4/1/2018	FHLB Dallas, TX
FHLMC Arm 60607	52002728	<u>11,320</u>	4/02/2018	FHLB Dallas, TX
		<u>\$ 22,640</u>		

Custodial Credit Risk-Deposits

Depository Account

Bank Balance

Custodial credit risk is the risk that in the event of a failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2013, \$0 of the Village's bank balance of \$689,232, was exposed to custodial credit risk as follows:

Insured	\$ 689,232
Uninsured and collateral held by pledging banks trust department not in the Village's name.	<u>-</u>
Total Deposits	<u>\$ 689,232</u>

3. CAPITAL ASSETS

Changes in Capital Assets-Capital asset activity for the City's primary government for the year ended June 30, 2013, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfer/ Adjustments</u>	<u>Ending Balance</u>
Government activities:					
Capital assets not being depreciated:					
Land	\$ 59,816	\$ -	\$ -	\$ -	\$ 59,816
Construction in progress	<u>26,256</u>	<u>389,077</u>	<u>-</u>	<u>(415,333)</u>	<u>-</u>
Total capital assets not depreciated	86,072	389,077	-	(415,333)	59,816
Capital Assets, being depreciated					
Buildings and improvements	2,614,898	-	-	-	2,614,898
Equipment	844,289	17,553	-	-	861,842
Infrastructure	<u>163,002</u>	<u>-</u>	<u>-</u>	<u>415,333</u>	<u>578,335</u>
Total capital assets, depreciated	<u>3,622,189</u>	<u>17,553</u>	<u>-</u>	<u>415,333</u>	<u>4,055,075</u>
Total capital assets	<u>3,708,261</u>	<u>406,630</u>	<u>-</u>	<u>-</u>	<u>4,114,891</u>
Less accumulated depreciation for:					
Buildings and improvements	362,111	32,152	-	-	394,263
Equipment	1,027,922	96,178	-	-	1,124,100
Infrastructure	<u>97,845</u>	<u>16,234</u>	<u>-</u>	<u>-</u>	<u>114,079</u>
Total accumulated depreciation	<u>1,487,878</u>	<u>144,564</u>	<u>-</u>	<u>-</u>	<u>1,632,442</u>
Total other capital assets, net	<u>\$ 2,220,383</u>	<u>\$ 262,066</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,482,449</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 13,899
Public Safety	100,522
Public Works	15,677
Culture & Recreation	<u>14,466</u>
Total depreciation expense	<u>\$ 144,564</u>

Water

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Decreases</u>	<u>Transfer/ Adjustments</u>	<u>Ending Balance</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 61,599	\$ -	\$ -	\$ -	\$ 61,599
Total capital assets not depreciated	61,599	-	-	-	61,599
Other Capital Assets					
Buildings and improvements	2,953,729	-	-	-	2,953,729
Equipment	67,954	-	-	-	67,954
Total capital assets at cost	3,021,683	-	-	-	3,021,683
Total capital assets	3,083,282	-	-	-	3,083,282
Less accumulated depreciation					
Buildings and improvements	773,532	72,674	-	-	846,206
Equipment	34,047	3,398	-	-	37,445
Total capital assets depreciated, net	807,579	76,072	-	-	883,651
Business-type activities capital assets	\$ 2,275,703	\$ (76,072)	\$ -	\$ -	\$ 2,199,631

Waste Water

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Decreases</u>	<u>Transfer/ Adjustments</u>	<u>Ending Balance</u>
Business-type activities:					
System	\$ 1,436,015	\$ -	\$ -	\$ -	\$ 1,436,015
Construction in progress	-	-	-	-	-
Equipment	7,000	-	-	-	7,000
Total capital assets	1,443,015	-	-	-	1,443,015
Less accumulated depreciation					
Improvements	400,312	33,897	-	-	434,209
Equipment	7,000	-	-	-	7,000
Total accumulated depreciation	407,312	33,897	-	-	441,209
Business-type activities capital assets	\$ 1,035,703	\$ (33,897)	\$ -	\$ -	\$ 1,001,806

Solid Waste

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Equipment	\$ 55,043	\$ -	\$ -	\$ 55,043
Assets at historical cost	55,043	-	-	55,043
Less accumulated depreciation				
Equipment	55,043	-	-	55,043
Total accumulated depreciation	55,043	-	-	55,043
Business-type activities capital assets, net	\$ -	\$ -	\$ -	\$ -

4. LONG-TERM DEBT

A summary of activity of long term debt is as follows:

	<u>Balance 6/30/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 06/30/13</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Notes payable	\$ 164,347	\$ -	\$ 33,746	\$ 130,601	\$ 31,123
Total notes payable	164,347	-	33,746	130,601	31,123
Other liabilities					
Compensated absences	3,603	3,192	2,755	4,040	-
Total other liabilities	3,603	3,192	2,755	4,040	-
Total	\$ 167,950	\$ 3,192	\$ 36,501	\$ 134,641	\$ 31,123

The compensated absences ultimately will be liquidated by the General Fund or Water Fund as they have been in the past.

Notes Payable

The Village entered into a loan with the State of New Mexico in 2006 for the financing of a fire truck for the Fire Department. The original amount of the loan was \$294,445. The interest rate is 3.1450%. Principal payments will range between \$29,320 to \$30,200.

The annual requirements to amortize the 2006 loan as of June 30, 2013, including interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	31,123	4,262	35,385
2015	32,102	3,286	35,388
2016	33,139	3,286	36,425
2017	34,237	2,191	36,428
	<u>\$ 130,601</u>	<u>\$ 13,025</u>	<u>\$ 143,626</u>

Proprietary Funds

A summary of activity in long term debt is as follows:

	<u>Balance</u> <u>6/30/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/13</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Business-type activities					
Loans payable	\$ 195,104	\$ -	\$ 3,000	\$ 192,104	\$ 3,170
Compensated absences	<u>4,175</u>	<u>4,108</u>	<u>2,875</u>	<u>5,408</u>	<u>-</u>
Long-term	<u>\$ 199,279</u>	<u>\$ 4,108</u>	<u>\$ 5,875</u>	<u>\$ 197,512</u>	<u>\$ 3,170</u>

The Village entered into a loan with the Rural Utility Services (RUSS) to help finance the water project. The annual payments range from \$1,000 to \$2,000 for 40 years. The interest rate is 4.5%. The debt payments will be made from the Water Utility Fund.

The annual requirements to retire the loan at June 30, 2013, including interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	1,000	3,220	4,220
2015	1,000	3,170	4,170
2016	1,000	3,130	4,130
2017	1,000	3,080	4,080
2018 - 2022	8,000	14,690	22,690
2023 - 2027	10,000	12,700	22,700
2028 - 2032	11,000	10,450	21,450
2033 - 2037	15,000	7,540	22,540
2038 - 2042	18,000	4,020	22,020
2043 - 2047	<u>6,434</u>	<u>290</u>	<u>6,724</u>
	<u>\$ 72,434</u>	<u>\$ 62,290</u>	<u>\$ 134,724</u>

The Village entered into a loan with the Rural Utility Services (RUSS) to help finance the waste water project. The annual payments vary from \$5,456 to \$5,900 for 40 years. The interest rate is 2.75%. The debt payments will be made from the Waste Water Fund.

The annual requirements to retire the loan at June 30, 2013, including interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	2,170	3,286	5,456
2015	2,229	3,227	5,456
2016	2,291	3,165	5,456
2017	2,354	3,102	5,456
2018 - 2022	12,775	14,505	27,280
2023 - 2027	14,631	12,649	27,280
2028 - 2032	16,756	10,523	27,279
2033 - 2037	19,190	8,089	27,279
2038 - 2042	21,978	5,301	27,279
2043 - 2047	25,295	2,110	27,405
	<u>\$ 119,669</u>	<u>\$ 65,957</u>	<u>\$ 185,626</u>

5. **PROPERTY TAXES**

Quay County collects the Village's share of property taxes assessed. Property taxes attach an enforceable lien on property as of January 1st. Tax notices are sent by the County treasurer to property owners by November 1st of each year to be paid in whole or in two installments by November 10th and April 10th of each year. The County collects such taxes and distributes them to the Village on a monthly basis. The Village accounts for its share of property taxes in the General and Capital Projects Funds. Only those collections received are recorded as revenues for the budget presentation.

6. **RETIREMENT PLAN**

Plan Description - Ordinance No. 162 dated December 14, 1999 provides a SIMPLE (Savings Incentive Match Plan) retirement plan to the full-time employees of the Village.

All of the Village's full time employees participate in a SIMPLE retirement plan. The plan was established by ordinance requiring the employer to match the employee contribution up to 3% of the employee's salary. The employee is limited to a maximum contribution of \$7,000 annually. For the year ending June 30, 2013 employer contributions were \$2,993.

The retirement fund is established through Modern Woodmen of America.

7. **POST-EMPLOYMENT BENEFITS**

The Retiree Health Care Act (Chapter 10, Article 7C NMSA 1978) provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The Village has elected not to participate in the program by adoption of an ordinance.

8. RECEIVABLES

Receivables as of June 30, 2013, were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Accounts receivable	\$ -	\$ 16,592
Gasoline taxes	2,326	-
Gross receipts taxes	<u>44,502</u>	<u>9,845</u>
	<u>\$ 46,828</u>	<u>\$ 26,437</u>

Taxes receivable for the governmental funds consists primarily of taxes collected by the collection agency in the current year but not remitted to the Village until after year-end. All governmental fund receivables are considered collectible.

9. RISK MANAGEMENT

The Village participates in the New Mexico Self-Insurers Fund for medical insurance coverage for their employees. Commercial insurance covers all other losses. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years. There are no claim liabilities at year end.

10. INTERFUND TRANSFERS

Interfund transfers during the year ended June 30, 2013 consisted of transfers out from the general fund for capital outlay and operating expenditures were as follows:

	Transfers In	Transfers Out
General Fund	\$ 79,500	\$ 121,437
Fire Fund	-	32,590
Fire/EMS Fund	3,000	3,000
Senior Citizens Fund	4,500	4,500
Debt Service Fund	69,811	31,284
Municipal Street	<u>77,229</u>	<u>41,229</u>
Total	<u>\$ 234,040</u>	<u>\$ 234,040</u>

11. JOINT POWERS AGREEMENTS

New Mexico Community Development Council and the New Mexico Department of Finance

A joint powers agreement (JPA) was entered into the 9th day of May, 2000 between the Village of San Jon and the New Mexico Community Development Council and the New Mexico Department of Finance (DFA) and Administration. It shall remain in effect unless terminated by either of the parties by written notice. This agreement authorizes the Department to apply for any US government funds available to the Department. The Village may jointly authorize the Department to administer the fund, setting rules and regulations, taking applications, rating and ranking projects and making funding recommendations to the Council, who will then award funds in the form of loans to particular Local Public Bodies in the amounts for purposes to be determined by the Department and Council. Village of San Jon did not contribute to the JPA for the year ending June 30, 2013. The Village is only a participant, DFA is responsible for the operations, audit responsibility, and the acting fiscal agent. At June 30, 2011, the Village had chosen not to renew the agreement.

San Jon Cooperative Ambulance

The Village entered into a joint powers agreement with the San Jon Cooperative Ambulance, a non-profit association of the State of New Mexico on December 10, 1996. The purpose of the agreement is to provide ambulance services in the San Jon, Quay County area. The agreement shall be continued from year to year subject to termination by either party by giving written notice of such intention between the end of October and the 1st day of January following during any year in the operation of the program. The joint powers agreement is financed by collection of fees for ambulance services. The Cooperative is responsible for the records of all receipts and disbursements incurred in the operation. The Village's total estimated amount of project and portion applicable to the Village is \$7,000. The Village of San Jon is the fiscal agent as well as having audit responsibilities. The Local Government Division is the government agency where revenues and expenditures are reported.

Quay County Gaming Authority

The Village of San Jon and the communities of Logan, San Jon and Tucumcari have entered into an Agreement with the Quay County Gaming Authority on April 1, 2007. Whereas, all parties are interested in creating economic development in Quay County after years of economic stagnation; and whereas the State of New Mexico have entered into gambling compacts with the New Mexico Indian Tribes, which allows the State of New Mexico to issue an additional license to conduct Para-mutual horse racing in the State of New Mexico, and whereas a study completed by the Greater Tucumcari Economic Development Corporation has determined that Quay County would be an ideal place for a Par-mutual horse racing track and casino; whereas the Parties believe that it would be in the best interest of the State of New Mexico as well as each Party to this Agreement that the license, track facility and casino be owned and operated by the entities which are Parties to this Agreement; and whereas the Parties desire to pursue the acquisition of a license and ownership of a race track and casino by a Joint Powers Agreement; and whereas it is the desire that Quay County Gaming Authority have the power to carry out the purposes and functions as set forth herein.

The Purposes: The purposes of this Agreement are to pursue through all appropriate means an application for a license to conduct a horse racing meet pursuant to the New Mexico Horse Racing Act and regulations of the State Racing Commission. Also to provide a mechanism, upon being granted a license to conduct a horse racing track and casino for the benefit of the State of New Mexico and Parties to this Agreement.

Contributions: The initial contribution for each entity is as follows: 1.City of Tucumcari: \$24,000 2.County of Quay: \$18,000 3.Village of Logan \$9,004.Village of San Jon \$6,000.

Income Distribution: The Parties anticipate there will be income to distribute to each Party on an annual basis after the payment of all operating expenses, debt service and management fees. The amount subject to distribution, or "net profit", shall be distributed to each Party on an annual basis as follows: 1.City of Tucumcari 40% 2.County of Quay 30% 3.Village of Logan 15% 4.Village of San Jon 10% 5.Quay County Gaming Authority 5%.

Books and Records: Detailed records of all transactions made pursuant to this Joint Powers Agreement shall be kept and maintained by the Village Council. Books and records shall be available for inspection subject to applicable statues and shall be available to any of the member's Party to this Agreement upon reasonable request for access to the records. The financial records of the Village shall be audited annually and reviewed and approved by the State Auditor's Office. The results of the audit shall be reported to the Village Council.

Termination and Distribution of Assets: In the event of dissolution of the Authority, for any reason, or termination of this Agreement, the assets of the Village shall be distributed to the Parties, with each receiving as its share of the distribution the same percentage of that Party's share of the distributable income as set forth in Article VI. An independent appraisal of all of the properties, improvements, equipment and other assets of the Village shall be conducted and shall form the basis of the distribution of the assets according to this termination section. In the event of dissolution, termination or withdrawal, the Parties shall not be entitled to a refund of the amounts paid. In the event that all the Parties to the Agreement should elect to terminate this Agreement, the Village Council shall undertake to immediately establish the conditions shall undertake to immediately establish the conditions under which distribution of assets shall be undertaken in accordance with the provisions of this section. During and after termination is shall be the responsibility of the Village Council to coordinate the distribution of the assets and conduct a final audit on the operations of the Authority and to deliver such audit to the appropriate state authorities and local jurisdictions that were party to the Agreement during the year in which the termination occurred.

Severability: It is hereby declared to be the intention of the Parties that the articles, sections, subsections, paragraphs, sentences, clauses, and phrases of this Agreement are severable, and if any phrase, clause, sentence, paragraph, section, or article of this Agreement shall be declared unconstitutional by the valid judgment or decree of any court of competent jurisdiction, such unconstitutionality shall not affect any of the remaining phrases, clauses, sentences, paragraphs, sections, and articles of this Agreement, since the same would have been entered into by the Parties without such invalid portion.

12. SURETY BOND

The officials and certain employees of the Village are covered by a surety bond as required by Section 126- 7, NMSA, 1978 Compilation.

13. BUDGETED DEFICIT

The following funds budgeted a deficit as of June 30, 2013:

Senior Citizen Fund	\$	98
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**SUPPLEMENTAL INFORMATION RELATED
TO NON MAJOR FUNDS**

VILLAGE OF SAN JON, NEW MEXICO

Description of Non-Major Governmental Funds

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. The special revenue funds are as follows:

Law Enforcement Fund

To account for the operation and maintenance of the Village's youth recreation program. Financing is provided by the state shared cigarette tax. The fund was created by the authority of the state statute. (NMSA 7-12-15)

Cemetery Fund

To account for the operations and maintenance of the cemetery. Financing is primarily from the sale of burial lots. The fund was authorized by NMSA 1978-3-40-1 through 9.

Recreation

To account for the operation and maintenance of the Village's youth recreation program. Financing is provided by the state shared cigarette tax. The fund was created by the authority of state statute. (NMSA 7-12-15)

Veterans Memorial

To account for contributions from the citizens to be used to construct a Veterans Memorial located within village limits. The fund was created by local authority.

Quay County Gaming Authority

To account for contributions for a joint powers agreement to promote a horse racing track and gaming casino. The fund was created by the joint powers agreement.

STATE OF NEW MEXICO
VILLAGE OF SAN JON

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013

	Law Enforcement	Cemetery	Recreation	Veterans Memorial	Quay County Gaming Authority	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ 17,564	\$ 1,211	\$ 200	\$ 17,796	\$ 36,771
Total assets	\$ -	\$ 17,564	\$ 1,211	\$ 200	\$ 17,796	\$ 36,771
LIABILITIES AND FUND BALANCE						
Liabilities						
Accounts payable	\$ -	\$ -	\$ 201	\$ -	\$ -	\$ 201
Total liabilities	\$ -	\$ -	201	-	-	201
Fund balance						
Restricted, reported in:						
Special revenue funds	-	17,564	1,010	200	17,796	36,570
Total fund balance	-	17,564	1,010	200	17,796	36,570
Total liabilities and fund balance	\$ -	\$ 17,564	\$ 1,211	\$ 200	\$ 17,796	\$ 36,771

See independent auditors' report to financial statements.

STATE OF NEW MEXICO
VILLAGE OF SAN JON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Law Enforcement	Cemetery	Recreation	Veterans Memorial	Quay County Gaming Authority	Total
REVENUES:						
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants	20,000	-	-	-	-	20,000
Charges for services	-	4,625	-	-	-	4,625
Interest income	-	50	-	-	-	50
Other	-	2,705	2,459	100	-	5,264
Total revenues	20,000	7,380	2,459	100	-	29,939
EXPENDITURES:						
Public safety	2,447	-	-	-	-	2,447
Public works	-	7,386	-	-	-	7,386
Culture and recreation	-	-	2,981	-	-	2,981
Capital outlay	17,553	-	-	-	-	17,553
Total expenditures	20,000	7,386	2,981	-	-	30,367
Excess (deficiency) of revenues over expenditures	-	(6)	(522)	100	-	(428)
Net change in fund balance	-	(6)	(522)	100	-	(428)
Fund balance, beginning of year	-	17,570	1,532	100	17,796	36,998
Fund balance, end of year	\$ -	\$ 17,564	\$ 1,010	\$ 200	\$ 17,796	\$ 36,570

See independent auditors' report to financial statements.

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**LAW ENFORCEMENT PROTECTION FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2013**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
REVENUES				
Grants	\$ 20,000	\$ 20,000	\$ 20,000	\$ -
Total revenues	20,000	20,000	20,000	-
EXPENDITURES				
Capital outlay	20,000	20,000	20,000	-
Total expenditures	20,000	20,000	20,000	-
Excess of revenues over expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -
Reconciliation of Budgetary Basis to GAAP Basis				
Net changes in fund balance			\$ -	
Net change in fund balance - GAAP basis			\$ -	

See independent auditors' report to financial statements.

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

CEMETERY

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2013**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 7,000	\$ 9,000	\$ 4,625	\$ (4,375)
Interest income	50	50	50	-
Miscellaneous	-	-	2,705	2,705
Total revenues	<u>7,050</u>	<u>9,050</u>	<u>7,380</u>	<u>(1,670)</u>
EXPENDITURES				
Current:				
Public works	<u>6,685</u>	<u>8,685</u>	<u>7,386</u>	<u>1,299</u>
Total expenditures	<u>6,685</u>	<u>8,685</u>	<u>7,386</u>	<u>1,299</u>
Excess (deficiency) of revenues over expenditures	365	365	(6)	(371)
Fund balance, beginning of year	<u>17,570</u>	<u>17,570</u>	<u>17,570</u>	<u>-</u>
Fund balance, end of year	<u>\$ 17,935</u>	<u>\$ 17,935</u>	<u>\$ 17,564</u>	<u>\$ (371)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net changes in fund balance			<u>\$ (6)</u>	
Net change in fund balance - GAAP basis			<u>\$ (6)</u>	

See independent auditors' report to financial statements.

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

RECREATION

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2013**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
REVENUES				
Taxes:				
Miscellaneous	\$ 3,100	\$ 3,100	\$ 2,459	\$ (641)
Total revenues	3,100	3,100	2,459	(641)
EXPENDITURES				
Current				
Culture and recreation	3,025	3,025	2,981	44
Total expenditures	3,025	3,025	2,981	44
Excess (deficiency) of revenues over expenditures	75	75	(522)	(597)
Fund balance, beginning of year	1,694	1,694	1,532	162
Fund balance, end of year	<u>\$ 1,769</u>	<u>\$ 1,769</u>	<u>\$ 1,010</u>	<u>\$ (597)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net changes in fund balance			\$ (522)	
Net change in fund balance - GAAP basis			<u>\$ (522)</u>	

See independent auditors' report to financial statements.

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**VETERANS MEMORIAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2013**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
REVENUES				
Interest income	\$ -	\$ -	\$ 100	\$ 100
Total revenues	-	-	100	100
EXPENDITURES				
Current				
Public works	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	-	-	100	100
Fund balance, beginning of year	100	100	100	-
Fund balance, end of year	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 200</u>	<u>\$ 100</u>

Reconciliation of Budgetary Basis to GAAP Basis

Net changes in fund balance	<u>\$ 100</u>
Net change in fund balance - GAAP basis	<u>\$ 100</u>

See independent auditors' report to financial statements.

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**QUAY COUNTY GAMING AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2013**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
REVENUES				
Interest	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Contract services	-	-	-	-
Miscellaneous	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Fund balance, beginning of year	17,796	17,796	17,796	-
Fund balance, end of year	\$ 17,796	\$ 17,796	\$ 17,796	\$ -
Reconciliation of Budgetary Basis to GAAP Basis				
Net changes in fund balance			\$ -	
Revenue accruals			-	
Expenditure accruals			-	
Net change in fund balance - GAAP basis			\$ -	

See independent auditors' report to financial statements.

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**PROPRIETARY FUND - WATER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2013**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
REVENUES				
Sales and service	\$ 61,100	\$ 61,100	\$ 71,543	\$ 10,443
Fees and penalties	-	-	1,950	1,950
Governmental gross receipts tax	11,000	11,000	17,519	6,519
Legislative appropriation	2,500	2,500	-	-
Interest income	50	50	40	(10)
Total revenues	<u>74,650</u>	<u>74,650</u>	91,052	18,902
EXPENDITURES				
Personnel services	-	-	25,102	(25,102)
Professional services	-	-	20,038	(20,038)
Utilities	-	-	7,942	(7,942)
Operating expenses	69,080	69,080	7,709	61,371
Interest expense	-	-	4,305	(4,305)
Total expenditures	<u>69,080</u>	<u>69,080</u>	<u>65,096</u>	<u>3,984</u>
Excess of revenues over expenditures	5,570	5,570	25,956	22,886
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(4,700)	(4,700)	-	(4,700)
Total other financing sources (uses)	<u>(4,700)</u>	<u>(4,700)</u>	<u>-</u>	<u>(4,700)</u>
Net change in fund balance	870	870	25,956	(25,086)
Fund balance, beginning of year	<u>1,851,900</u>	<u>1,851,900</u>	<u>2,248,924</u>	<u>(397,024)</u>
Fund balance, end of year	<u>\$ 1,852,770</u>	<u>\$ 1,852,770</u>	<u>\$ 2,274,880</u>	<u>\$ 22,886</u>

Reconciliation of Budgetary Basis to GAAP Basis

Net changes in fund balance	\$ 25,956
Depreciation	<u>(76,072)</u>
Net change in fund balance - GAAP basis	<u>\$ (50,116)</u>

See independent auditors' report to financial statements.

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**PROPRIETARY FUND - WASTE WATER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2013**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
REVENUES				
Sales and service	\$ 28,500	\$ 28,500	\$ 26,137	\$ (2,363)
Fees and penalties	1,000	1,000	2,529	1,529
Interest income	10	10	6	(4)
Total revenues	<u>29,510</u>	<u>29,510</u>	<u>28,672</u>	<u>(838)</u>
EXPENDITURES				
Personnel services	-	-	11,695	(11,695)
Professional services	-	-	1,942	(1,942)
Utilities	-	-	2,538	(2,538)
Operating expenses	29,549	29,549	5,298	24,251
Interest expense	-	-	5,401	(5,401)
Total expenditures	<u>29,549</u>	<u>29,549</u>	<u>26,874</u>	<u>2,675</u>
Excess of revenues over expenditures	(39)	(39)	1,798	1,837
Other financing sources (uses)				
Transfers out	<u>(5,456)</u>	<u>(5,456)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(5,456)</u>	<u>(5,456)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(5,495)	(5,495)	1,798	1,837
Fund balance, beginning of year	<u>897,875</u>	<u>897,875</u>	<u>920,200</u>	<u>(22,325)</u>
Fund balance, end of year	<u>\$ 892,380</u>	<u>\$ 892,380</u>	<u>\$ 921,998</u>	<u>\$ 1,837</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net changes in fund balance			\$ 1,798	
Depreciation			<u>(33,896)</u>	
Net change in fund balance - GAAP basis			<u>\$ (32,098)</u>	

See independent auditors' report to financial statements.

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**PROPRIETARY FUND - SOLID WASTE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2013**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
REVENUES				
Sales and service	\$ 45,000	\$ 45,000	\$ 42,319	\$ (2,681)
Fees and penalties	1,600	1,600	4,339	2,739
Gross receipt taxes	8,100	8,100	14,009	5,909
Interest income	300	300	180	(120)
	<u>55,000</u>	<u>55,000</u>	<u>60,847</u>	<u>5,847</u>
EXPENDITURES				
Personnel services	-	-	12,521	(12,521)
Professional services	-	-	32,566	(32,566)
Utilities	-	-	333	(333)
Operating expenses	54,996	54,996	4,371	50,625
	<u>54,996</u>	<u>54,996</u>	<u>49,791</u>	<u>5,205</u>
Excess (deficiency) of revenues over expenditures	4	4	11,056	11,052
Fund balance, beginning of year	61,335	61,335	57,134	4,201
Fund balance, end of year	<u>\$ 61,339</u>	<u>\$ 61,339</u>	<u>\$ 68,190</u>	<u>\$ 11,052</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net changes in fund balance			<u>\$ 11,056</u>	
Net change in fund balance - GAAP basis			<u>\$ 11,056</u>	

See independent auditors' report to financial statements.

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**CAPITAL PROJECTS FUND - SPECIAL APPROPRIATIONS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL ON BUDGETARY BASIS
YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Grants	\$ 199,755	\$ 382,106	\$ 316,358	\$ (65,748)
Total revenues	199,755	382,106	316,358	(65,748)
EXPENDITURES				
Current:				
Public works	199,755	382,106	6,644	375,462
Capital outlay	-	-	311,500	(311,500)
Total expenditures	199,755	382,106	318,144	63,962
Excess of revenues over expenditures	-	-	(1,786)	(129,710)
Other financing uses				
Transfers in	-	36,000	-	(36,000)
Total other financing uses	-	36,000	-	(36,000)
Net change in fund balance	-	36,000	(1,786)	(37,786)
Fund balance, beginning of year	66,075	66,075	21,624	-
Fund balance, end of year	<u>\$ 66,075</u>	<u>\$ 102,075</u>	<u>\$ 19,838</u>	<u>\$ 13,379</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance			\$ (1,786)	
Revenue accruals			-	
Expenditure accruals			-	
Net change in fund balance - GAAP basis			<u>\$ (1,786)</u>	

See independent auditors' report to financial statements.

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL ON BUDGETARY BASIS
YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES				
Debt service				
Principal	\$ 30,252	\$ 33,746	\$ 33,746	\$ -
Interest	5,456	4,781	4,781	-
Total expenditures	<u>35,708</u>	<u>38,527</u>	<u>38,527</u>	<u>-</u>
Deficiency of revenues over expenditures	(35,708)	(38,527)	(38,527)	-
OTHER FINANCING (USES)				
Transfers in	35,708	33,003	69,811	36,808
Transfers out	<u>-</u>	<u>-</u>	<u>(31,284)</u>	<u>(31,284)</u>
Total other financing uses	<u>35,708</u>	<u>33,003</u>	<u>38,527</u>	<u>5,524</u>
Net change in fund balance	-	(5,524)	-	5,524
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ (5,524)</u>	<u>\$ -</u>	<u>\$ 5,524</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance			<u>\$ -</u>	
Net change in fund balance - GAAP basis			<u>\$ -</u>	

See independent auditors' report to financial statements.

SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY FOR PUBLIC FUNDS
AS OF JUNE 30, 2013**

Description of Pledged Collateral	Amount	Name and Location
Eastern New Mexico University Revs, CUSIP#276785UA8, Maturing 4/01/2014	\$ 26,058	Federal Home Loan Bank of Dallas
Belen NM Consolidated Sch District, CUSIP#077581MZ6, Maturing 8/01/15	109,167	Federal Home Loan Bank of Dallas
LEA County New Mexico Public School District, CUSIP#521513CC3, Maturing 07/15/17	31,157	Federal Home Loan Bank of Dallas
Portales New Mexico Muncipal School District 1, CUSIP#736151CZ2, Maturing 02/01/16	51,978	Federal Home Loan Bank of Dallas
FHLMC Arm 606070, CUSIP#31348HW79, Maturing 4/01/2018	11,320	Federal Home Loan Bank of Dallas
FHLMC Arm 606070, CUSIP#52002728, Maturing 4/01/2018	<u>11,320</u>	Federal Home Loan Bank of Dallas
 Total pledged securities	 <u>\$ 241,000</u>	

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COMPLIANCE SECTION

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Hector H. Balderas, State Auditor
and the Mayor and Village Council of the
Village of San Jon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the 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 and the budgetary comparisons of the general fund, and the budgetary comparisons presented as supplemental information of the Village of San Jon (the "Village") as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the basic financial statements, and the combining and individual funds and related budgetary comparisons of the Village presented as supplemental information, and have issued our report thereon dated November 29, 2013.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. Given the limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies (2013-01).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of 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 result 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 2013-01.

Village of San Jon's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Village's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 result of the 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.



El Paso, Texas
November 29, 2013

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2013**

CURRENT YEAR FINDINGS:

Late Audit Report (IC 2013-01)

CONDITION	The audit report was submitted to the State Auditor after the required deadline.
CRITERIA	Village audits are required to be submitted to the State Auditor by November 15. This is a requirement of the State Auditors Office Rule 2.2.2.9A(1)(C)
CAUSE	The audit report was submitted to the State Auditor's Office on November 15th, but had revisions from the State Auditor's Office.
EFFECT	State Auditor regulations have not been adhered to. Also, the users of the financial statements such as legislators, creditors, bondholders, State and Federal grantors, etc., do not have timely audit reports and financial statements for their review. Late audit reports could have an effect on State and Federal funding.
RECOMMENDATION	The Village should work closely with its auditor to make sure that audit reports are submitted in advance of the required deadline in the event that there are revisions required by the State Auditor.
RESPONSE	The Village will work closely with its auditor to make sure audit reports are submitted in advance of the required deadline.

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**FINANCIAL STATEMENT PREPARATION
FOR THE YEAR ENDED JUNE 30, 2013**

The financial statements of the Village of San Jon as of, and for the year ended, June 30, 2013 were prepared by White + Samaniego + Campbell, LLP, with the aid of responsible Village personnel. Official responsible personnel agree that the presentations are made with their knowledge and agreement.

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2013**

An exit conference was conducted November 29, 2013 in a closed meeting of the Village of San Jon pursuant to Section 12-6-5 NMSA, 1978 with the following individuals in attendance:

Village of San Jon

Jarrold Archuleta
Cynthia Lee

Trustee
Clerk

White + Samaniego + Campbell, LLP

Jorge Almuina

Staff, Audit Department