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STATE OF NEW MEXICO  
Village of San Jon  
June 30, 2014

Financial Statements and Supplementary Information  
As Of And For The Year Ended June 30, 2014  
With Independent Auditor's Report Thereon

*Sandra Rush*  
*Certified Public Accountant, PC*

*1101 E Llano Estacado*  
*Clovis, New Mexico 88101*

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## Introductory Section

STATE OF NEW MEXICO  
VILLAGE OF SAN JON

Official Roster  
For the year ended June 30, 2014

Board of Trustees

Billie Jo Barnes

Mayor

Leo Thrasher

Trustee / Mayor Pro

Therese Schleizer

Trustee

Jarrold Archuleta

Trustee

Darrell Musick

Trustee

Administrative Officials

Cynthia Lee

Clerk

Toni Stoner

Treasurer

STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
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## Financial Section

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# *Sandra Rush*

*Certified Public Accountant PC*

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1101 E Llano Estacado • Clovis, New Mexico 88101 • 575-763-2245

## Independent Auditor's Report

Hector H. Balderas  
New Mexico State Auditor  
The Office of Management and Budget and  
The Governing Board  
Village of San Jon  
San Jon, New Mexico

### **Report on Financial Statements**

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Village of San Jon (the Village), as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents. I also have audited the financial statements of each of the Village's nonmajor governmental, fiduciary fund and the budgetary comparisons for the major capital project fund, debt service fund, and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2014, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### **Basis for Qualified Opinion**

I was not able to verify balances due to inadequate accounting records relating to the Village's capital assets, accumulated depreciation, and depreciation expense accounts as of and for the year ended June 30, 2014. Furthermore, evidence supporting historical cost of capital assets maintained by the Village was not available. I was not able to verify either accumulated depreciation at July 1, 2013 or the depreciation expense for the fiscal year ended June 30, 2014. I was unable to determine these amounts through the use of alternative procedures and, as such, am unable to express an opinion on capital assets as of June 30, 2014 and the depreciation accrual for the year then ended. The effect on assets, net position, and expenditures of the governmental activities is not readily determinable.

### **Qualified Opinion**

In my opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in my opinion, except for the possible effects of the matters described in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Village as of June 30, 2014, and the respective changes in financial position, thereof and the respective budgetary comparisons for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in my opinion, except for the possible effects of the matters described in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the budgetary comparisons of the general fund and each of the Village's nonmajor funds for the year then ended June 30, 2014 in conformity with the budgetary basis more fully described in Note 2, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Other Information*

My audit was conducted for the purpose of forming opinions on the Village's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The other schedules as required by Section 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other schedules required by Section 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial

statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the other schedules required by Section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated November 13, 2014 on my consideration of the Village's internal control over financial reporting and on my 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 my 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 the Village's internal control over financial reporting and compliance.

*Sandra Rush CPA PC*

Sandra Rush CPA PC  
Clovis, New Mexico  
November 13, 2014

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## Basic Financial Statements

## Government-wide Financial Statements



STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
Statement of Net Position  
June 30, 2014

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 597,108	\$ 199,977	\$ 797,085
Investment	108,412	-	108,412
Accounts receivable:			
Taxes	24,900	4,966	29,866
Sales	-	12,248	12,248
Other	403	-	403
 Total current assets	 <u>730,823</u>	 <u>217,191</u>	 <u>948,014</u>
Noncurrent assets:			
Restricted cash	53,049	6,093	59,142
Capital assets	4,385,162	4,581,340	8,966,502
Less: accumulated depreciation	<u>(1,777,601)</u>	<u>(1,489,871)</u>	<u>(3,267,472)</u>
 Total noncurrent assets	 <u>2,660,610</u>	 <u>3,097,562</u>	 <u>5,758,172</u>
 Total assets	 <u>\$ 3,391,433</u>	 <u>\$ 3,314,753</u>	 <u>\$ 6,706,186</u>
 <u>LIABILITIES AND NET POSITION</u>			
Current liabilities:			
Accounts payable	\$ 4,714	\$ 5,867	\$ 10,581
Accrued salaries and benefits	2,006	1,427	3,433
Current portion of long-term debt	<u>32,102</u>	<u>4,000</u>	<u>36,102</u>
 Total current liabilities	 <u>38,822</u>	 <u>11,294</u>	 <u>50,116</u>
Non-current liabilities:			
Customer meter deposits	-	6,093	6,093
Accrued compensated absences	4,461	4,626	9,087
Long-term debt	<u>67,376</u>	<u>184,104</u>	<u>251,480</u>
 Total liabilities	 <u>110,659</u>	 <u>206,117</u>	 <u>316,776</u>
 <u>NET POSITION</u>			
Net investment in capital assets	2,508,083	2,903,365	5,411,448
Restricted:			
Special revenue	136,811	-	136,811
Debt service	53,049	-	53,049
Unrestricted	<u>582,831</u>	<u>205,271</u>	<u>788,102</u>
 Total net position	 <u>3,280,774</u>	 <u>3,108,636</u>	 <u>6,389,410</u>
 Total liabilities and net position	 <u>\$ 3,391,433</u>	 <u>\$ 3,314,753</u>	 <u>\$ 6,706,186</u>

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

STATE OF NEW MEXICO  
 VILLAGE OF SAN JON

Statement of Activities  
 For the year ended June 30, 2014

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
General government	\$ 127,653	\$ 6,984	\$ 10,105	\$ -
Public safety	146,689	-	100,997	-
Public works	39,303	3,150	17,129	-
Culture and recreation	65,458	2,619	24,973	-
Capital outlay	-	-	-	255,872
Interest	3,936	-	-	-
<b>Total governmental activities</b>	<b>383,039</b>	<b>12,753</b>	<b>153,204</b>	<b>255,872</b>
<b>Business-type activities:</b>				
Water	143,109	77,747	-	-
Solid waste	55,723	6,022	40,235	-
Waste water	57,003	30,901	-	-
<b>Total business-type activities</b>	<b>255,835</b>	<b>114,670</b>	<b>40,235</b>	<b>-</b>
<b>Total governmental and business-type activities</b>	<b>\$ 638,874</b>	<b>\$ 127,423</b>	<b>\$ 193,439</b>	<b>\$ 255,872</b>

General Revenues:

Taxes:

- Property taxes
- Motor vehicle fees
- Contributions
- Interest income
- State sources
- State shared taxes

Total general revenues

Change in net position

Net position, beginning

Restatement

Net position, beginning restated

Net position, ending

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

Net (Expenses) Revenues		
Governmental Activities	Business-type Activities	Total
\$ (110,564)	\$ -	\$ (110,564)
(45,692)	-	(45,692)
(19,024)	-	(19,024)
(37,866)	-	(37,866)
255,872	-	255,872
<u>(3,936)</u>	<u>-</u>	<u>(3,936)</u>
38,790	-	38,790
-	(65,362)	(65,362)
-	(9,466)	(9,466)
<u>-</u>	<u>(26,102)</u>	<u>(26,102)</u>
-	(100,930)	(100,930)
<u>\$ 38,790</u>	<u>\$ (100,930)</u>	<u>\$ (62,140)</u>
13,673	-	13,673
799	-	799
7,319	-	7,319
2,482	264	2,746
90,000	-	90,000
<u>169,826</u>	<u>35,158</u>	<u>204,984</u>
284,099	35,422	114,537
322,889	(65,508)	257,381
2,954,235	3,155,100	6,109,335
<u>3,650</u>	<u>19,044</u>	<u>22,694</u>
<u>2,957,885</u>	<u>3,174,144</u>	<u>6,132,029</u>
<u>\$ 3,280,774</u>	<u>\$ 3,108,636</u>	<u>\$ 6,389,410</u>

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## Fund Financial Statements

STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
Balance Sheet  
Governmental Funds  
June 30, 2014

	General 101	Fire Protection 209	Capital Project 300
<u>ASSETS</u>			
Cash and cash equivalents	\$ 567,847	\$ 63,986	\$ -
Accounts receivable - taxes	23,290	-	-
Accounts receivable - other	403	-	-
Restricted cash	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 591,540</u>	<u>\$ 63,986</u>	<u>\$ -</u>
<u>LIABILITIES</u>			
Accounts payables	\$ 1,949	\$ 268	\$ -
Accrued salaries and benefits	2,006	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>3,955</u>	<u>268</u>	<u>-</u>
<u>FUND BALANCE</u>			
Restricted for:			
Special revenue funds	-	63,718	-
Capital project fund	-	-	-
Debt service fund	-	-	-
Unassigned:			
General fund	587,585	-	-
	<hr/>	<hr/>	<hr/>
Total fund balance	<u>587,585</u>	<u>63,718</u>	<u>-</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balance	<u>\$ 591,540</u>	<u>\$ 63,986</u>	<u>\$ -</u>

Reconciliation of Total Fund Balance from Balance Sheet Governmental Funds to the  
Total Net Position on the Statement of Net Position

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

Fund balances - total governmental funds

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds financial statement, but are reported in the governmental activities of the statement of net position

Capital assets  
Accumulated depreciation

Note payments and compensated absences are expensed as paid in governmental fund statements,  
expensed as incurred in entity wide statements reflected as liability on statement of net position

Notes payable  
Compensated absences

Net position of governmental activities

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

<u>Debt Service 400</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 73,687	\$ 705,520
-	1,610	24,900
-	-	403
<u>53,049</u>	<u>-</u>	<u>53,049</u>
<u>\$ 53,049</u>	<u>\$ 75,297</u>	<u>\$ 783,872</u>
\$ -	\$ 2,497	4,714
-	-	<u>\$ 2,006</u>
-	<u>2,497</u>	<u>6,720</u>
-	72,800	136,518
-	-	-
53,049	-	53,049
-	-	<u>587,585</u>
<u>53,049</u>	<u>72,800</u>	<u>777,152</u>
<u>\$ 53,049</u>	<u>\$ 75,297</u>	<u>\$ 783,872</u>
		\$ 777,152
	\$ 4,385,162	
	<u>(1,777,601)</u>	2,607,561
		(99,478)
		<u>(4,461)</u>
		<u>\$ 3,280,774</u>

STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the year ended June 30, 2014

	General 101	Fire Protection 209	Capital Project 300
Revenue:			
Local sources	\$ 111,396	\$ 9	\$ 2,500
State sources	182,442	67,129	70,291
Federal sources	-	-	185,581
<b>Total revenues</b>	<b>293,838</b>	<b>67,138</b>	<b>258,372</b>
Expenditures:			
Current:			
General government	108,084	-	-
Public safety	634	24,436	-
Public works	-	-	-
Health and welfare	-	-	-
Culture and recreation	27,303	-	-
Capital outlay	10,174	-	258,372
Debt service:			
Principal	-	-	-
Interest	-	-	-
<b>Total expenditures</b>	<b>146,195</b>	<b>24,436</b>	<b>258,372</b>
Excess (deficiency) of revenues over expenditures	147,643	42,702	-
Other financing sources (uses):			
Operating transfers (net)	-	(88,299)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(88,299)</b>	<b>-</b>
Net change in fund balances	147,643	(45,597)	-
Fund balances, beginning of year	435,948	79,614	-
Restatement	3,994	29,701	-
<b>Fund balances, beginning of year restated</b>	<b>439,942</b>	<b>109,315</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 587,585</b>	<b>\$ 63,718</b>	<b>\$ -</b>

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



Debt Service 400	Other Governmental Funds	Total Governmental Funds
\$ 135	\$ 21,192	\$ 135,232
-	63,853	383,715
-	1,400	186,981
<u>135</u>	<u>86,445</u>	<u>705,928</u>
326	4,923	113,333
-	21,097	46,167
-	23,626	23,626
-	-	-
-	23,094	50,397
-	1,725	270,271
31,123	12,922	44,045
3,936	-	3,936
<u>35,385</u>	<u>87,387</u>	<u>551,775</u>
(35,250)	(942)	154,153
<u>88,299</u>	<u>-</u>	<u>-</u>
<u>88,299</u>	<u>-</u>	<u>-</u>
53,049	(942)	154,153
-	90,865	606,427
-	(17,123)	16,572
<u>-</u>	<u>73,742</u>	<u>622,999</u>
<u>\$ 53,049</u>	<u>\$ 72,800</u>	<u>\$ 777,152</u>

STATE OF NEW MEXICO

VILLAGE OF SAN JON

Reconciliation of the Statement of Revenue, Expenditures, and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the year ended June 30, 2014

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

Net change in fund balances - total governmental funds \$ 154,153

Governmental funds report capital outlay as expenditures.  
However, in the statement of activities the cost of those assets  
are allocated over their estimated useful lives and reported as  
depreciation expense.

Capital expenditures:

Current year capital expenditures capitalized	\$ 270,271	
Depreciation	<u>(145,159)</u>	
		125,112

Governmental funds report payment on long-term debt as expenditures.  
However, the payment reduces long-term liabilities in the statement  
of net position.

Principal payment	44,045
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Compensated absences expensed as paid in governmental fund  
statements and expensed as incurred in entity wide statements  
and reflected as liability on statement of net position

Compensated absences	<u>(421)</u>
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Change in Net Position of governmental activities.	<u><u>\$ 322,889</u></u>
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The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
General Fund - 101  
Statement of Revenue, Expenditures, and Changes in Cash Balance  
Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local sources	\$ 75,133	\$ 90,133	\$ 116,842	\$ 26,709
State sources	156,050	171,250	194,913	23,663
Federal sources	-	-	5,000	5,000
Total revenue	<u>231,183</u>	<u>261,383</u>	<u>316,755</u>	<u>55,372</u>
Expenditures:				
Current:				
General government	181,927	181,927	140,445	41,482
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>181,927</u>	<u>181,927</u>	<u>140,445</u>	<u>41,482</u>
Excess (deficiency) revenues over (under) expenditures	49,256	79,456	176,310	96,854
Other financing sources (uses):				
Operating transfers net	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	49,256	79,456	176,310	96,854
Cash balance, beginning of year	-	-	391,537	391,537
Prior period adjustment	-	-	-	-
Cash balance, beg. of year restated	<u>-</u>	<u>-</u>	<u>391,537</u>	<u>391,537</u>
Cash balance, end of year	<u>\$ 49,256</u>	<u>\$ 79,456</u>	<u>\$ 567,847</u>	<u>\$ 488,391</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 176,310	
Adjustment to revenues for accruals and other deferrals			(22,917)	
Adjustment to expenditures for payables, prepaids and other accruals			<u>(5,750)</u>	
Net change in fund balance (GAAP Basis)			<u>\$ 147,643</u>	

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

STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
Major Special Revenue Fund - Fire Protection Fund - 209  
Statement of Revenue, Expenditures, and Changes in Cash Balances  
Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Local sources	\$ 3,510	\$ 3,510	\$ 9	\$ (3,501)
State sources	67,129	67,129	67,129	-
Federal sources	-	-	-	-
Total revenues	<u>70,639</u>	<u>70,639</u>	<u>67,138</u>	<u>(3,501)</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	43,878	43,878	24,243	19,635
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>43,878</u>	<u>43,878</u>	<u>24,243</u>	<u>19,635</u>
Excess (deficiency) revenues over (under) expenditures	26,761	26,761	42,895	16,134
Other financing sources (uses):				
Operating transfers	(26,747)	(26,747)	(88,299)	(61,552)
Designated cash	-	-	-	-
Total other financing sources (uses)	<u>(26,747)</u>	<u>(26,747)</u>	<u>(88,299)</u>	<u>(61,552)</u>
Net change in fund balances	14	14	(45,404)	(45,418)
Cash balance, beginning of year	-	-	79,689	79,689
Prior period adjustment	-	-	29,701	29,701
Cash balance, beg of year restated	-	-	<u>109,390</u>	<u>109,390</u>
Cash balance, end of year	<u>\$ 14</u>	<u>\$ 14</u>	<u>\$ 63,986</u>	<u>\$ 63,972</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (45,404)	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			<u>(193)</u>	
Net change in fund balance (GAAP Basis)			<u>\$ (45,597)</u>	

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

STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
Proprietary Funds  
Statement of Net Position  
June 30, 2014

	Business-type Activities <u>Water Fund 506</u>	Business-type Activities <u>Solid Waste 504</u>	Business-type Activities <u>Waste Waste 503</u>	Business-type Activities <u>Totals</u>
<b><u>ASSETS</u></b>				
Current assets:				
Cash and cash equivalents	\$ 96,418	\$ 72,730	\$ 30,829	\$ 199,977
Accounts receivable - taxes	2,759	2,207		4,966
Accounts receivable - sales	<u>5,384</u>	<u>4,140</u>	<u>2,724</u>	<u>12,248</u>
Total current assets	<u>104,561</u>	<u>79,077</u>	<u>33,553</u>	<u>217,191</u>
Noncurrent assets				
Restricted cash, customer meter deposits	6,093	-	-	6,093
Capital assets, being depreciated	3,083,282	55,043	1,443,015	4,581,340
Less: accumulated depreciation	<u>(959,723)</u>	<u>(55,043)</u>	<u>(475,105)</u>	<u>(1,489,871)</u>
Total noncurrent assets	<u>2,129,652</u>	<u>-</u>	<u>967,910</u>	<u>3,097,562</u>
Total assets	<u>\$ 2,234,213</u>	<u>\$ 79,077</u>	<u>\$ 1,001,463</u>	<u>\$ 3,314,753</u>
<b><u>LIABILITIES AND NET POSITION</u></b>				
Current liabilities:				
Accounts payable	\$ 2,418	\$ 3,048	\$ 401	\$ 5,867
Accrued salaries and benefits	1,427			1,427
Current portion of long-term debt	<u>1,000</u>	<u>-</u>	<u>2,000</u>	<u>3,000</u>
Total current liabilities	<u>4,845</u>	<u>3,048</u>	<u>2,401</u>	<u>10,294</u>
Noncurrent liabilities				
Customer meter deposits	6,093	-	-	6,093
Compensated absences	4,626	-	-	4,626
Loans and notes payable	<u>69,434</u>	<u>-</u>	<u>115,670</u>	<u>185,104</u>
Total liabilities	84,998	3,048	118,071	206,117
Net position:				
Net invest in capital assets	2,053,125	-	850,240	2,903,365
Unrestricted	<u>95,790</u>	<u>76,029</u>	<u>33,152</u>	<u>204,971</u>
Total net position	<u>2,148,915</u>	<u>76,029</u>	<u>883,392</u>	<u>3,108,636</u>
Total liabilities and net position	<u>\$ 2,233,913</u>	<u>\$ 79,077</u>	<u>\$ 1,001,463</u>	<u>\$ 3,314,753</u>

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

STATE OF NEW MEXICO  
VILLAGE OF SAN JON

Proprietary Funds  
Statement of Revenue, Expenses and Changes in Net Position  
For the year ended June 30, 2014

	Business-type Activities Water Fund 506	Business-type Activities Solid Waste 504	Business-type Activities Waste Waste 503	Business-type Activities Totals
Operating revenues:				
Sales and services	\$ 76,416	\$ 40,235	\$ 30,195	\$ 146,846
Total operating revenues	<u>76,416</u>	<u>40,235</u>	<u>30,195</u>	<u>146,846</u>
Operating expenses:				
Public works	39,497	47,134	11,992	98,623
Personnel	24,580	8,589	7,824	40,993
Depreciation	<u>76,072</u>	<u>-</u>	<u>33,896</u>	<u>109,968</u>
Total operating expenses	<u>140,149</u>	<u>55,723</u>	<u>53,712</u>	<u>249,584</u>
Operating income (loss)	(63,733)	(15,488)	(23,517)	(102,738)
Non-operating revenues (expenses):				
Taxes - gross receipts	19,532	17,459	-	36,991
Interest income	1,371	4,407	712	6,490
Debt service interest	<u>(3,260)</u>	<u>-</u>	<u>(3,291)</u>	<u>(6,551)</u>
Total non-operating revenue (expense)	<u>17,643</u>	<u>21,866</u>	<u>(2,579)</u>	<u>36,930</u>
Net income (loss)	(46,090)	6,378	(26,096)	(65,808)
Operating transfers (net)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(46,090)	6,378	(26,096)	(65,808)
Net position, beginning of year	2,198,808	68,190	888,102	3,155,100
Prior period adjustment	<u>(3,803)</u>	<u>1,461</u>	<u>21,386</u>	<u>19,044</u>
Net position, beginning of year, restated	<u>2,195,005</u>	<u>69,651</u>	<u>909,488</u>	<u>3,174,144</u>
Net position, end of year	<u>\$ 2,148,915</u>	<u>\$ 76,029</u>	<u>\$ 883,392</u>	<u>\$ 3,108,336</u>

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

STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
Proprietary Funds  
Statement of Cash Flows  
For the year ended June 30, 2014

	Business-type Activities Enterprise Fund
Cash flows from operating activities:	
Receipts from customers	\$ 150,876
Payments to suppliers and contractors	(93,549)
Payments to and on behalf of employees	(40,407)
	<u>16,920</u>
Net cash provided (used) by operating activities	<u>16,920</u>
Cash flows from non capital financing activities:	
Taxes - gross receipts	41,869
Change in meter deposits	315
Transfers (net)	-
	<u>42,184</u>
Net cash provided (used) by non capital financing activities	<u>42,184</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	-
Principal payments	(3,000)
Interest payments	(6,551)
	<u>(9,551)</u>
Net cash provided (used) by capital and related financing activities	<u>(9,551)</u>
Cash flows from investing activities:	
Interest income	<u>6,490</u>
Net cash provided (used) by investing activities	<u>6,490</u>
Net increase (decrease) in cash and cash equivalents	56,043
Cash and cash equivalents, beginning of year	155,805
Prior period adjustment	(5,778)
	<u>150,027</u>
Cash and cash equivalents, restated	<u>150,027</u>
Total cash and cash equivalents, end of year	<u>\$ 206,070</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (102,738)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization	109,968
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	4,030
Increase (Decrease) in accounts payable	5,660
	<u>119,658</u>
Net cash provided (used) by operating activities	<u>\$ 16,920</u>

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

STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
Agency Fund - Quay County Gaming Authority  
Statement of Fiduciary Assets and Liabilities  
June 30, 2014

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 13,366
Total assets	<u>\$ 13,366</u>
<u>LIABILITIES</u>	
Deposits held for others	\$ 13,366
Total liabilities	<u>\$ 13,366</u>

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



## Notes to Financial Statements

**Note 1 Summary of Significant Accounting Policies**

The financial statements of the Village of San Jon (the Village) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Village's accounting policies are described below.

**A. Reporting Entity**

The Village is a political subdivision of the state of New Mexico and was incorporated under provisions of Chapter 3, Article 2, NMSA 1978 as amended. The Village operates under the mayor-trustee form of government. The Village provides the following authorized services: public safety, police and fire, highways and streets, water, sanitation, health and welfare, social services, culture and recreation, public improvements, and general administrative services. The Village's basic financial statements include all activities and accounts of the Village's *financial reporting entity*.

The financial reporting entity consists of the primary government, and any another organization for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body, and either it is able to impose its will on that organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens, on the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, activities, or level of services performed or provided by the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Based upon the application of these criteria, there are no component units of the Village. The Village is not considered a component unit of another governmental agency during the fiscal year ended June 30, 2014.

**B. Government-Wide Financial Statements**

The basic financial statements include both government-wide (based on the Village as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity 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 on a significant extent on fees and charges for support. The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a function category (general government, public safety, etc.) or activity are offset by program revenues. Direct expenses

are those that are clearly identifiable with specific function or activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or activity and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported as general revenues.

The net cost (by function of governmental-type activity) is normally covered by general revenues (property, sales, franchise, public service taxes, interest income, etc.). The Village does not allocate indirect costs. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term is considered an indirect expense and is reported separately on the Statement of Activities.

Separate fund based financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual government funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. The nonmajor funds are detailed in the combining section of the statements.

The Village's fiduciary funds (which have been refined and narrowed in scope) are presented in the fund financial statements by type. Since, by definition, the assets are being held for the benefit of a third party, and cannot be used to address activities or obligations of the municipality; these funds are not incorporated into the government-wide statements.

The government-wide focus is more on the sustainability of the Village as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

#### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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 as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund level financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balance of financial resources) rather than upon net income. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period. For this purpose, the Village considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Generally, intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property, franchise, sales and public service tax revenues associated with the current fiscal period are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures,

contributions, and miscellaneous revenues are recorded as revenues when received in cash, as the resulting receivable is immaterial.

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

Governmental funds are used to account for the Village's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets and the servicing of general long-term debt. Governmental funds include:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided through property and other taxes, federal sources, state sources, charges for services, licenses and fees, and other miscellaneous recoveries and revenue. Expenditures include all costs associated with the daily operation of the Village except for items included in other funds.

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

The *Debt Service Funds* account for the services of general long-term debt not being financed by proprietary or nonexpendable trust funds.

The *Capital Projects Funds* account for the acquisition of fixed assets or construction of major capital projects not being financed by the proprietary or nonexpendable trust funds.

Under the requirements of GASB No. 34, the Village is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include only the General Fund, Fire Fund, Capital Projects Fund, and the Debt Service Fund.

*General Fund* – the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided primarily through property, gross receipts and other miscellaneous taxes.

*Fire Discretionary Fund* (Special Revenue Fund) – to account for discretionary funds donated to be used for the fire department.

*Capital Project Fund*– to account for revenues and expenditures under a pass-through program from the State. Expenditures are restricted to the purposes approved in the CDBG grant application.

The government reports its Water Fund, Solid Waste Fund, and Waste Water Fund (Proprietary funds) as major business-type funds. Additionally, the government reports the following fund types:

The *fiduciary funds* are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. The Village reports the Quay County Gaming Authority as a fiduciary fund.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes, because elimination of these charges would distort the direct costs and program revenues reported in the Statement of Activities

Program revenues reduce the cost of the function to be financed from the Village's general revenues. Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general*

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

The Village reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The Village does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified function and is included in the direct expense of each function. Interest on general and long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing service in connection with the fund's principal ongoing operations. The principal operating revenue of the Village's enterprise fund is charges for services for the Village's garbage, water & sewer utilities. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Village's policy to use the restricted resources first, then unrestricted resources as they are needed.

Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the Village; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

#### D. Assets, Liabilities, and Net Position or Equity

**Deposits and Investments:** 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. State statutes authorize the Village to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

State statutes authorize the investment of the Village funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the Village properly followed state investment requirements as of June 30, 2014.

Investments for the Village are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The Villages investment consists of long term certificates of deposit. Investments in certificates of deposited on June 30, 2014 were \$108,412.

**Receivables and Payables:** Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds or internal balances" (i.e., the current portion of interfund loans) or "advances to/from other funds or internal balances" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In the government-wide and governmental fund financial statements, delinquent property taxes are recorded when levied.

**Prepaid Items:** Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and proprietary financial statements.

**Inventory:** The cost of inventories are recorded as expenditures/expenses when purchased rather than when consumed.

**Capital Assets:** Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). Library books are expensed as purchased.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

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

Buildings and improvements	20 - 65 years
Equipment	3 - 15 years

**Unearned Revenues:** Accounting principles generally accepted in the United States of America require that grant revenue be recognized at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as Unearned Revenues. In addition, property taxes receivable but uncollected within sixty (60) days of year-end are classified as unearned revenue.

**Deferred Inflow/Outflows of Resources:** GASB 63 amended previous guidance on Unearned Revenues in the Government-Wide Financial Statements to include deferred outflow of resources, which is the consumption of net assets by the government that is applicable to a future reporting period and deferred inflow of resources, which is acquisition of net assets by the government that is applicable to a future reporting period. Property taxes levied but not received are recorded as deferred inflows of resources unless the amount is undetermined.

**Compensated Absences:** All full-time employees are entitled to a minimum of ten (10) days and a maximum of twenty two (22) days per year annual leave based on length of service.

Each permanent employee accrues sick leave as working days with full pay on the basis of one (1) day per month of employment. Sick leave may be granted only from duty for personal illness, legal quarantine, or medical, dental, or optical appointments. In the case of extended illness in excess of 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 a rate of 75% of regular pay, only with board approval

**Long-term Obligations:** In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

**Net Position or Fund Equity:**

Committed fund balance represents amounts that are useable only for specified purposes by formal action of the governments' highest level of decision-making authority.

Assigned fund balance represents amounts that are intended to be used for specific purpose, but are neither restricted nor committed. Intent is expressed by the governing body or a subordinate high level body or official whom the governing body has delegated

Restricted fund balance represents amounts with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.

Unassigned fund balance is the residual classification for the general fund and represents the amount that have not been assigned to other funds, and that have not been restricted, committed or assigned to specific purposes.

Net investment in capital assets, consists of net position including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.

**Interfund Transactions:** Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from a fund 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.

All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Reclassifications:** Certain amounts presented in prior year data have been reclassified in order to be consistent with the current year's presentation.

**Tax Revenues:** The Village receives mill levy and ad-valorem tax revenues. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The Village recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The Village records only the portion of the taxes considered 'measurable' and 'available' in the governmental fund financial statements.

#### *Motor Vehicle Registration Fees*

Under the provision of Chapter 66, Article 6, NMSA 1978, the State of New Mexico collects various fees for the registration and regulation of motor vehicles in the state. Of the amount collected, certain specified amounts are distributed to various governmental agencies within the state, including: the Motor Vehicle Division, State Road Fund, municipalities, and counties. After certain priority payments, as detailed in 66-6-23 NMSA 1978 have been made, a portion of the remaining fees held in the motor vehicle suspense fund are distributed as required in 66-6-23 B(4) and 66-6-23 B(5). These distributions are commonly referred to as the 10% and 15% motor vehicle tax distribution.

#### *Gasoline Tax*

The State of New Mexico, by authority of Chapter 7, Article 13 NMSA 1978, imposed a \$0.17 excise tax on each gallon of gasoline sold in New Mexico. Of the total gasoline tax received, a portion is distributed to the various municipalities within the state pursuant to Chapter 7, Article 1-6.9 NMSA 1978 and Chapter 7, Article 1-6.27 NMSA 1978.

*Municipal Gross Receipts Tax*

Under authority of Chapter 7, Article 19 and 19D, NMSA 1978, the Village adopted gross receipts taxing through ordinance. Said ordinance provide for the imposition of gross receipts taxes on all non-exempt persons engaging in business in the municipality. The tax is collected by the state of New Mexico and remitted to the Village after deducting certain administrative costs.

*State Gross Receipts Tax*

Under authority of Chapter 7, Article 1 NMSA 1978, the State of New Mexico imposes a gross receipts tax on all businesses within the State. Of the total state gross receipts taxes collected, 1.225% of the collected gross receipts tax is distributed to the municipality reporting the taxable receipts.

Restricted Assets

Certain long-term assets are classified as restricted assets on the balance sheet because the use is limited to payments for debt service or other purposes such as "deposits held in trust for others".

**Note 2 Stewardship, Compliance, and Accountability**

*Budgetary Information*

Annual budgets of the Village are prepared prior to June 1 and must be approved by Village Council resolution, and submitted to the Department of Finance and Administration for State approval. Once the budget has been formally approved, any amendments must also be approved by the Village Council and the Department of Finance and Administration. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget in total.

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of the funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds. The Village is required to balance its budgets each year. Accordingly, amounts that are in excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures. The Village Council may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance.

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

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with Generally Accepted Accounting Principles, a reconciliation of resultant basis, perspective, equity, and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2014 is presented as part of the budgetary statements.



**Note 3     Deposits and Investments**

State statutes authorize the investment of the Village funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States government obligations. All invested funds of the Village properly followed State investment requirements as of June 30, 2014.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the Village. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits, and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Village for at least one half the amount in excess of FDIC coverage on deposit with the institution.

The schedule listed below discloses the State of New Mexico, Office of the State Auditor's requirements on reporting the insured portion of the Village's deposits.

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	First National Bank of NM Tucumcari, NM	Wells Fargo Tucumcari, NM	Tucumcari Fed Tucumcari, NM	Quay Schools FCU Tucumcari, NM	Citizens Tucumcari, NM	Type
Total amount on deposit on June 30, 2014						
Operating	\$ 774,682	\$ -	\$ -	\$ -	\$ -	Checking
Operating	20,337	-	-	-	-	CD
Quay County Gaming	13,158	-	-	-	-	Checking
Quay County Gaming	208	-	-	-	-	Savings
Village of San Jon	-	13,949	-	-	-	Checking
Village of San Jon	-	1,097	-	-	-	Savings
Certific of Deposiot	-	-	21631	-	-	CD
Certific of Deposiot	-	-	21,050	-	-	CD
Village of San Jon	-	-	-	22,065	-	CD
Village of San Jon	-	-	-	22,065	-	CD
Village of San Jon	-	-	-	21,601	-	CD
Water Department	-	-	-	-	9,992	Checking
Fire Fund	-	-	-	-	2,320	Checking
Cemetery Fund	-	-	-	-	12,531	Checking
Waste Water Fund	-	-	-	-	1,597	Checking
Investment Fund	-	-	-	-	1,099	Savings
Total deposited	808,385	15,046	42,681	65,731	27,539	\$ 959,382
Less FDIC coverage	(250,000)	(15,035)	(42,681)	-	(27,539)	
Less NCUA coverage	-	-	-	(65,678)	-	
Total uninsured public funds	558,385	(15,035)	(42,681)	(65,678)	(27,539)	
50% collateral requirement as per Section 6-10-17, NMSA 1978	279,193	-	-	-	-	
Pledged securities	341,079	-	-	-	-	
Over (under)	\$ 61,887	\$ -	\$ -	\$ -	\$ -	

Pledged Collateral

Description	CUSIP	Fair Value	Maturity Date	Location
Lea Cnty NM Sch Dist	521513CC3	\$ 30,884	07/15/17	FHLB of Dallas Texas
Portales NM Sch Dist	736151CZ2	50,696	02/01/16	FHLB of Dallas Texas
FHLMC Fixed Rate Note	3134G45T1	157,604	12/10/21	FHLB of Dallas Texas
Los Alamos NM Pub Sch Dist	54422NCE4	101,895	08/01/15	FHLB of Dallas Texas
		\$ 341,079		

Custodial credit risk is the risk that in the event of a bank 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, 2014, \$286,078 of the Village's bank balance of \$959,382 was exposed to custodial credit risk.

Custodial Credit Risk Deposits

Account Balance	\$ 959,382
FDIC Insurance	332,225
Collateral:	
Collateral held by the pledging bank, not in the District's name	341,079
Uninsured and uncollateralized	286,078
Total Deposits	\$ 959,382

**Note 4 Receivables**

Receivables as of June 30, 2014, are as follows:

	Governmental Activities		Business-type Activities	
	Taxes	Other	Taxes	Utility Service
Accounts receivable taxes				
General				
Property tax	\$ 725	\$ -	\$ -	\$ -
Gross receipts taxes municipal	11,184	-	-	-
Gross receipts taxes state shared	11,308	-	-	-
MVD	73	-	-	-
Franchise fee	-	403	-	-
Total General	<u>23,290</u>	<u>403</u>	-	-
Streets				
Gas tax	1,610	-	-	-
Water				
Gross receipts taxes capital outlay	-	-	2,207	-
Gross receipts tax environmental	-	-	552	-
Utility service	-	-	-	5,384
Solid Waste				
Gross receipts taxes municipal	-	-	2,207	-
Utility service	-	-	-	4,140
Waste Water				
Utility service	-	-	-	2,724
	<u>\$ 24,900</u>	<u>\$ 403</u>	<u>\$ 4,966</u>	<u>\$ 12,248</u>

The above receivables are deemed 100% collectible. In accordance with GASB No.33, property tax receivables are presented net of unearned revenue in the governmental balance sheet. In accordance with GASB No.65, Deferred inflows of resources accounts for delinquent property taxes that are due to the Village but that have not been remitted to the Village. The deferred inflows of resources totaling \$0, as presented in the general fund.

**Note 5 Interfund Receivables, Payables, and Transfers**

The outstanding balances between funds result mainly from the time lag between the dates the (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The Village Council authorizes transfers between funds to cover the expenditures in the receiving funds. Interfund balances are due within one year.

	Transfer In	Transfer Out
Fire Fund	\$ -	\$ (88,299)
Debt Service Fund	88,299	-
Totals	<u>\$ 88,299</u>	<u>\$ (88,299)</u>

**Note 6 Accounts Payables**

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June 30, 2014

Accounts payable as of June 30, 2014, are as follows:

	<u>Governmental</u>	<u>Business-type</u>
Payable to suppliers	\$ 4,714	\$ 5,867
Accrued payroll	<u>206</u>	<u>1,427</u>
	<u>\$ 4,920</u>	<u>\$ 7,294</u>

**Note 7 Capital Assets**

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

	<u>Beginning Balances</u>	<u>Increase</u>	<u>Adjustments/ Decrease</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 59,816	\$ -	\$ -	\$ 59,816
Construction in progress	-	258,372	-	258,372
Capital assets being depreciated				
Buildings and improvements	2,614,898	-	-	2,614,898
Equipment	861,842	11,899	-	873,741
Infrastructure	<u>578,335</u>	<u>-</u>	<u>-</u>	<u>578,335</u>
Total assets	<u>4,114,891</u>	<u>270,271</u>	<u>-</u>	<u>4,385,162</u>
Less accumulated depreciation				
Buildings and improvements	(394,263)	(32,152)	-	(426,415)
Equipment	(1,124,100)	(96,773)	-	(1,220,873)
Infrastructure	<u>(114,079)</u>	<u>(16,234)</u>	<u>-</u>	<u>(130,313)</u>
Total accumulated depreciation	<u>(1,632,442)</u>	<u>(145,159)</u>	<u>-</u>	<u>(1,777,601)</u>
Governmental activity capital assets, net	<u>\$ 2,482,449</u>	<u>\$ 125,112</u>	<u>\$ -</u>	<u>\$ 2,607,561</u>

Capital assets, net of accumulated depreciation, at June 30, 2014 appear in the Statement of Net Position as follows: Governmental activities \$ 2,607,561

Depreciation expense for the year ended June 30, 2014 was charged to the following functions and funds:

General Government	\$ 13,899
Public Safety	100,522
Public Works	15,677
Culture & Recreation	<u>15,061</u>
	<u>\$ 145,159</u>

Business-Type Activities

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Water Fund	Beginning Balances	Increase	Adjustments/ Decrease	Ending Balances
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 61,599	\$ -	\$ -	\$ 61,599
Capital assets being depreciated				
Buildings and improvements	2,953,729	-	-	2,953,729
Equipment	67,954	-	-	67,954
Total assets	<u>3,083,282</u>	<u>-</u>	<u>-</u>	<u>3,083,282</u>
Less accumulated depreciation				
Buildings and improvements	(846,206)	(72,674)	-	(918,880)
Equipment	(37,445)	(3,398)	-	(40,843)
Total accumulated depreciation	<u>(883,651)</u>	<u>(76,072)</u>	<u>-</u>	<u>(959,723)</u>
Business-type activity capital assets, net	<u>\$ 2,199,631</u>	<u>\$ (76,072)</u>	<u>\$ -</u>	<u>\$ 2,123,559</u>
Solid Waste Fund				
Business-type activities:				
Capital assets being depreciated				
Equipment	\$ 55,043	\$ -	\$ -	\$ 55,043
Total assets	<u>55,043</u>	<u>-</u>	<u>-</u>	<u>55,043</u>
Less accumulated depreciation				
Equipment	(55,043)	-	-	(55,043)
Total accumulated depreciation	<u>(55,043)</u>	<u>-</u>	<u>-</u>	<u>(55,043)</u>
Business-type activity capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Waste Water Fund				
Business-type activities:				
Capital assets being depreciated				
System	\$ 1,436,015	\$ -	\$ -	\$ 1,436,015
Equipment	7,000	-	-	7,000
Total assets	<u>1,443,015</u>	<u>-</u>	<u>-</u>	<u>1,443,015</u>
Less accumulated depreciation				
System	(434,209)	(33,896)	-	(468,105)
Equipment	(7,000)	-	-	(7,000)
Total accumulated depreciation	<u>(441,209)</u>	<u>(33,896)</u>	<u>-</u>	<u>(475,105)</u>
Business-type activity capital assets, net	<u>\$ 1,001,806</u>	<u>\$ (33,896)</u>	<u>\$ -</u>	<u>\$ 967,910</u>

Depreciation expense relating to business-like activities for the year ended June 30, 2014 totaled \$109,968.

**Note 8 Long-term Debts**

Governmental Funds

During the year ended June 30, 2014, the following changes occurred in the liabilities reported in the government wide statement of net position:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Governmental activities					
Note payable	\$ 130,601	\$ -	\$ (31,123)	\$ 99,478	\$ 32,102
Other long term liabilities					
Compensated absences	\$ 4,040	\$ 2,749	\$ (2,728)	\$ 4,061	\$ -

In prior years, the General Fund has typically liquidated the compensated absences.

**Note Payable**

In 2006 the Village entered into a loan agreement with the New Mexico Finance Authority to finance the purchase of a fire truck, for the Fire Department. The original loan amount was \$294,445. The interest rate ranges from 3.47% to 4.04% and the principal payments range from \$21,231 to \$434,237.

The annual requirement to amortize the loan as of June 30, 2014, including interest and administration fees is as follows:

Year Ended June 30,	Principal	Interest	Total
2015	32,102	3,286	35,388
2016	33,139	3,286	36,425
2017	34,237	2,191	36,428
	\$ 99,478	\$ 8,763	\$ 108,241

Business-type Funds

During the year ended June 30, 2014, the following changes occurred in the liabilities reported in the government wide statement of net position:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Business-type activities					
Note payable - Water	\$ 72,434	\$ -	\$ (2,000)	\$ 70,434	\$ 1,000
Note payable - Waste Water	119,670	-	(2,000)	117,670	3,000
	192,104	-	(4,000)	188,104	4,000
Other long term liabilities					
Compensated absences	\$ 5,408	\$ 3,703	\$ (4,485)	\$ 4,626	\$ -

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

The annual requirement to amortize the loan as of June 30, 2014, including interest and are as follows:

Year Ended June 30,	Principal	Interest	Total
2015	\$ 1,000	\$ 3,170	\$ 4,170
2016	1,000	3,130	4,130
2017	1,000	3,080	4,080
2018	1,000	3,040	4,040
2019	1,000	2,990	3,990
2020 - 2024	9,000	14,010	23,010
2025 - 2029	10,000	11,800	21,800
2030 - 2034	13,000	9,420	22,420
2035 - 2039	15,000	6,190	21,190
2040 - 2043	18,434	2,240	20,674
	<u>\$ 70,434</u>	<u>\$ 59,070</u>	<u>\$ 129,504</u>

The Village entered into a loan arrangement with the Rural Utility Service (RUSS) to help finance a waste water project. The annual principal payments range from \$1,000 to \$9,000 for 40 years. The interest rate is 2.75%. Debt payments are made by the Waste Water Fund.

The annual requirement to amortize the loan as of June 30, 2014, including interest and are as follows:

Year Ended June 30,	Principal	Interest	Total
2015	\$ 3,000	\$ 3,236	\$ 6,236
2016	3,000	3,153	6,153
2017	3,000	3,071	6,071
2018	3,000	2,988	5,988
2019	3,000	2,906	5,906
2020 - 2024	15,000	13,292	28,292
2025 - 2029	17,000	11,202	28,202
2030 - 2034	20,000	8,617	28,617
2035 - 2039	23,000	5,784	28,784
2040 - 2044	26,000	2,429	28,429
2045 - 2047	1,670	46	1,716
	<u>\$ 117,670</u>	<u>\$ 56,724</u>	<u>\$ 174,394</u>

**Note 9 Risk Management**

The Village participates in the New Mexico Self-Insurers Fund for employee medical insurance coverage. 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 or prior three years. There were no claim liabilities at year end.

**Note 10 Other Required Individual Fund Disclosures**

Generally accepted accounting principles require disclosures as part of the Combining Statements

Overview of certain information concerning individual funds including:

A. Deficit fund balance of individual funds.

EMS Fund \$(151)

Senior Citizens \$(214)

Fund deficits will be funded by general fund transfers or by grant revenues.

B. Expenditures exceeded appropriations by fund.

Recreation Fund \$ (15)

Debt Service Fund \$(8,639)

C. Designated cash and appropriations in excess of available balances.

None

**Note 11 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 Villages 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, 2014 the employer contributions were \$1,880.

The retirement fund is established through Modern Woodmen of America.

**Note 12 Post-Employment Benefits**

The Retiree Health Care Act 10-7C-1 to 10-7C-16, NMSA 1978) provides comprehensive care group health insurance for persons who have retired from certain public service in New Mexico. As authorized under Section 9D of Chapter 6, Laws of 1990, the Village has elected not to participate in the program for the current year.

**Note 13 Contingent Liabilities**

In the normal course of operations, the Village receives grant funds from various federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

**Note 14 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.



## **Note 15 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.

**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: The 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 Authority 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 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.

#### **Note 16 Subsequent Accounting Standard Pronouncements**

Statement No. 67, Financial Reporting for Pension Plans. This statement also amends Statement 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 trust or equivalent arrangements. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered plans that provide postemployment benefits other than pensions. This Statement is effective for financial statements for the fiscal years beginning after June 15, 2013 with earlier application encouraged. The Village has reviewed the statement and has determined that this does not apply to the Village.

Statement No. 68, Accounting and Financial Reporting for Pensions. The statement replaces the requirements of GASBS 27. Accounting for Pensions by State and Local Governmental Employers, and the requirements of GASBS 50 Pension Disclosures, as they related to pensions that are provided through pension plans administered as trusts. The requirements of Statements 27 and 50 remain applicable for pensions that are covered by GASBS 68. This statement is effective for financial statements for fiscal years beginning after June 15, 2014. The Village is reviewing the effects of the implementation of this statement.

Statement No. 69, Government Combinations and Disposals of Government Operations. This statement establishes accounting and financial reporting standards related to government mergers, acquisitions, and transfers of operations. The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013 and should be applied on a prospective basis. The Village has reviewed the statement and has determined that this does not apply to the Village.

Statement No. 70, Accounting and Financial Reporting for Non-exchange Financial Guarantees. This statement establishes accounting and financial reporting standards for financial guarantees that are non exchange transactions extended or received by a state or local government. A non-exchange financial guarantee is a guarantee of an obligation of a legally separate entity or individual, including a blended or discretely presented component unit, which requires the guarantor to indemnify a third-party obligation holder under specified conditions. This statement is effective for financial statements for reporting periods beginning after June 15, 2013. The Village has reviewed the statement and has determined that this does not apply to the Village.

**Note 17 Subsequent Review**

The Village has evaluated subsequent events through November 13, which is the date the financial statements were available for issuance.

**Note 18 Restatements of Net Position and Fund Balances**

The prior year's financial statements omitted certain assets and liabilities or the assets and liabilities presented contained errors and misstatements. In order for the financial statements to be in conformity with accounting principles generally accepted in the United States of America, the following restatements have been made to the beginning equity amounts both on the government-wide statements and the individual fund statements

Governmental

Beginning Net Position, beginning	<u>\$ 2,954,235</u>
General - A/R taxes	652
General - Accrued salaries	3,342
General - Note payable	(12,922)
Fire Protection - Restricted cash	29,701
Municipal Streets - A/R taxes	673
Quay County Gaming Authority - Cash	<u>(17,796)</u>
Restatement	<u>3,650</u>
Net Position, beginning restated	<u><u>\$ 2,957,885</u></u>

Business-types

Beginning Net Position, beginning	<u>\$ 3,155,100</u>
Water - Cash	(5,778)
Water - Meter deposits	(315)
Water - Accrued salaries	1,290
Water - Note payable	1,000
Solid Waste - Compensated absences	1,461
Waste Water - Accounts payable	19,928
Waste Water - Compensated absences	<u>1,458</u>
Restatement	<u>19,044</u>
Net Position, beginning restated	<u><u>\$ 3,174,144</u></u>

## Supplementary Information Related to Major Governmental Funds

STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
Major Capital Project Fund - Capital Project Fund - 300  
Statement of Revenue, Expenditures, and Changes in Cash Balances  
Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Local sources	\$ -	\$ -	\$ 2,500	\$ 2,500
State sources	-	-	70,291	70,291
Federal sources	<u>1,898,860</u>	<u>1,898,860</u>	<u>185,581</u>	<u>(1,713,279)</u>
Total revenues	<u>1,898,860</u>	<u>1,898,860</u>	<u>258,372</u>	<u>(1,640,488)</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	<u>1,898,860</u>	<u>1,898,860</u>	<u>258,372</u>	<u>1,640,488</u>
Total expenditures	<u>1,898,860</u>	<u>1,898,860</u>	<u>258,372</u>	<u>1,640,488</u>
Excess (deficiency) revenues over (under) expenditures	-	-	-	-
Other financing sources (uses):				
Operating transfers	-	-	-	-
Designated cash	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash balance, beg of year restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			<u>-</u>	
Net change in fund balance (GAAP Basis)			<u>\$ -</u>	

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

STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
Major Debt Service Fund - Debt Service Fund - 403  
Statement of Revenue, Expenditures, and Changes in Cash Balances  
Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Local sources	\$ -	\$ -	\$ 135	\$ 135
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	-	-	135	135
Expenditures:				
Current:				
General government	-	-	326	(326)
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	26,746	26,746	31,123	(4,377)
Interest	-	-	3,936	(3,936)
Total expenditures	26,746	26,746	35,385	(8,639)
Excess (deficiency) revenues over (under) expenditures	(26,746)	(26,746)	(35,250)	(8,504)
Other financing sources (uses):				
Operating transfers	26,746	26,746	88,299	61,553
Designated cash	-	-	-	-
Total other financing sources (uses)	26,746	26,746	88,299	61,553
Net change in fund balances	-	-	53,049	53,049
Cash balance, beginning of year	-	-	-	-
Prior period adjustment	-	-	-	-
Cash balance, beginning of year restated	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ 53,049	\$ 53,049
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 53,049	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP Basis)			\$ 53,049	

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

Supplementary Information Related to Non-Major Governmental Funds

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## NONMAJOR GOVERNMENTAL FUNDS

The Special Revenue Funds are used to account for Federal, State, and Local funded grants. These grants are awarded to the Village with the purpose of accomplishing specific tasks. Grants accounted for in the Special Revenue Funds include:

### Emergency Medical Services Fund

The EMS fund accounts for the state emergency medical services grant, to be used for specific medical services provided through fire department activities. The municipality also accounts for all ambulance revenues for services provided. This state grant comes through the New Mexico Department of Health per EMS regulation DOH 94-11. The fund was created by local ordinance. Section 24-10A-1 to 24-10A-10, NMSA 1978 provides funds to municipalities for use in the establishment and enhancement of local emergency medical services. Section 24-10A-7, NMSA 1978 restricts expenditures from the fund from only emergency medical services.

### Law Enforcement Protection Fund

The LEPF accounts for the state grant to be used for the repair and/or replacement of law enforcement equipment, according to state law, section 29-13.1 through 29-13.9, NMSA 1978. The fund was established by local ordinance to comply with state statutes. Section 29-13-17A, NMSA 1978 limits distributions from the fund for law enforcement related expenditures, including, but not limited to, the purchase of equipment, expenses associated with advanced law enforcement planning and training.

### Streets Fund

To account for the receipt and expenditure of special gasoline tax which is restricted for use in repairing and maintaining roads and streets within the municipality. The fund was created by the authority of state statute 7-1-16.9 and 7-13-1 to 18 NMSA 1978.

### Recreation Fund

Accounts for receipts which are restricted for use in recreational areas only. The fund was established by local ordinance.

### Senior Citizens Fund

Accounts for the operation and maintenance of the senior citizens transportation and health awareness program. The municipality provides out-of-town transportation for senior citizens seeking medical services. Funding is provided by federal, state, and local sources. The federal funding source is: Title III-B, funded by the United States Department of Health and Human Services and passed through the state of New Mexico. The state funds are authorized by the New Mexico General Appropriations Act (Chapter 3, 1999 Laws of New Mexico). The fund was established by local ordinance.

### Cemetery Fund

Accounts for funds received from sale of lots and donations for the purpose of maintaining a community cemetery. The fund was established by local ordinance authorized by Section 3-40-1, NMSA 1978.

### Veterans Memorial

To account for contributions from the citizens to construct a veterans Memorial located within the village limits. The fund was created by local ordinance.

STATE OF NEW MEXICO  
 VILLAGE OF SAN JON  
 Nonmajor Governmental Funds  
 Combining Balance Sheet  
 June 30, 2014

	Emergency Medical Service 206	Law Enforcement Protection 211	Municipal Streets 216	Recreation 217
<u>ASSETS</u>				
Cash in banks	\$ -	\$ -	\$ 34,508	\$ 2,734
Accounts receivable - taxes	-	-	1,610	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,118</u>	<u>\$ 2,734</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 151	\$ -	\$ 1,028	\$ 191
Total liabilities	<u>151</u>	<u>-</u>	<u>1,028</u>	<u>191</u>
<u>FUND BALANCE</u>				
Restricted for:				
Special revenue funds	<u>(151)</u>	<u>-</u>	<u>35,090</u>	<u>2,543</u>
Total fund balance	<u>(151)</u>	<u>-</u>	<u>35,090</u>	<u>2,543</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,118</u>	<u>\$ 2,734</u>

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

Senior Citizens 219	Special Appropriations 299	Cemetery 510	Veteran's Memorial 299	Quay County Gaming Authority	Totals
\$ 16	\$ 19,701	\$ 16,528	\$ 200	\$ -	\$ 73,687
-	-	-	-	-	1,610
<u>\$ 16</u>	<u>\$ 19,701</u>	<u>\$ 16,528</u>	<u>\$ 200</u>	<u>\$ -</u>	<u>\$ 75,297</u>
\$ 230	\$ 649	\$ 248	\$ -	\$ -	\$ 2,497
230	649	248	-	-	2,497
(214)	19,052	16,280	200	-	72,800
(214)	19,052	16,280	200	-	72,800
<u>\$ 16</u>	<u>\$ 19,701</u>	<u>\$ 16,528</u>	<u>\$ 200</u>	<u>\$ -</u>	<u>\$ 75,297</u>

STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the year ended June 30, 2014

	Emergency Medical Service 206	Law Enforcement Protection 211	Municipal Streets 216	Recreation 217
<b>Revenues:</b>				
Local sources	\$ -	\$ 2	\$ 4,690	\$ 4,563
State sources	12,466	20,000	11,439	-
Federal sources	1,400	-	-	-
<b>Total revenues</b>	<b>13,866</b>	<b>20,002</b>	<b>16,129</b>	<b>4,563</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	-	-	-	-
Public safety	14,017	7,080	-	-
Public works	-	-	16,267	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	3,030
Capital outlay	-	-	-	-
<b>Debt service:</b>				
Principal	-	12,922	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>14,017</b>	<b>20,002</b>	<b>16,267</b>	<b>3,030</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(151)</b>	<b>-</b>	<b>(138)</b>	<b>1,533</b>
<b>Other financing sources (uses):</b>				
Operating transfers (net)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(151)</b>	<b>-</b>	<b>(138)</b>	<b>1,533</b>
Fund balances, beginning	-	-	34,555	1,010
Restatement	-	-	673	-
<b>Fund balances, beginning restated</b>	<b>-</b>	<b>-</b>	<b>35,228</b>	<b>1,010</b>
<b>Fund balances, ending</b>	<b>\$ (151)</b>	<b>\$ -</b>	<b>\$ 35,090</b>	<b>\$ 2,543</b>

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

Senior Citizens 219	Special Appropriations 229	Cemetery 510	Veteran's Memorial 299	Quay County Gaming Authority	Totals
\$ -	\$ 5,862	\$ 6,075	\$ -	\$ -	\$ 21,192
19,948	-	-	-	-	63,853
-	-	-	-	-	1,400
<u>19,948</u>	<u>5,862</u>	<u>6,075</u>	<u>-</u>	<u>-</u>	<u>86,445</u>
-	4,923	-	-	-	4,923
-	-	-	-	-	21,097
-	-	7,359	-	-	23,626
-	-	-	-	-	-
20,064	-	-	-	-	23,094
-	1,725	-	-	-	1,725
-	-	-	-	-	12,922
-	-	-	-	-	-
<u>20,064</u>	<u>6,648</u>	<u>7,359</u>	<u>-</u>	<u>-</u>	<u>87,387</u>
(116)	(786)	(1,284)	-	-	(942)
-	-	-	-	-	-
-	-	-	-	-	-
(116)	(786)	(1,284)	-	-	(942)
(98)	19,838	17,564	200	17,796	90,865
-	-	-	-	(17,796)	(17,123)
<u>(98)</u>	<u>19,838</u>	<u>17,564</u>	<u>200</u>	<u>-</u>	<u>73,742</u>
<u>\$ (214)</u>	<u>\$ 19,052</u>	<u>\$ 16,280</u>	<u>\$ 200</u>	<u>\$ -</u>	<u>\$ 72,800</u>

STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
Special Revenue Fund - Emergency Medical Service Fund - 206  
Statement of Revenue, Expenditures, and Changes in Cash Balances  
Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	12,466	12,466	12,466	-
State shared taxes	1,400	1,400	1,400	-
Total revenues	<u>13,866</u>	<u>13,866</u>	<u>13,866</u>	<u>-</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	12,466	13,866	13,866	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>12,466</u>	<u>13,866</u>	<u>13,866</u>	<u>-</u>
Excess (deficiency) revenues over (under) expenditures	1,400	-	-	-
Other financing sources (uses):				
Operating transfers	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,400	-	-	-
Cash balance, beginning of year	-	-	-	-
Prior period adjustment	-	-	-	-
Cash balance, beginning of year restated	-	-	-	-
Cash balance, end of year	<u>\$ 1,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			<u>(151)</u>	
Net change in fund balance (GAAP Basis)			<u>\$ (151)</u>	

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

STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
Special Revenue Fund - Law Enforcement Protection Fund - 211  
Statement of Revenue, Expenditures, and Changes in Cash Balances  
Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Local sources	\$ 2	\$ 2	\$ 2	\$ -
State sources	20,000	20,000	20,000	-
Federal sources	-	-	-	-
<b>Total revenues</b>	<b>20,002</b>	<b>20,002</b>	<b>20,002</b>	<b>-</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	-	-	-	-
Public safety	1,813	1,813	1,813	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	5,267	5,267	5,267	-
Capital outlay	-	-	-	-
<b>Debt service:</b>				
Principal	12,922	12,922	12,922	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>20,002</b>	<b>20,002</b>	<b>20,002</b>	<b>-</b>
Excess (deficiency) revenues over (under) expenditures	-	-	-	-
<b>Other financing sources (uses):</b>				
Operating transfers net	-	-	-	-
Designated cash	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Prior period adjustment	-	-	-	-
<b>Cash balance, beg. of year restated</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash balance, end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
<b>Net change in fund balance (GAAP Basis)</b>			<b>\$ -</b>	

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

STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
Special Revenue Fund - Municipal Streets Fund - 216  
Statement of Revenue, Expenditures, and Changes in Cash Balances  
Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Local sources	\$ 4,500	\$ 4,500	\$ 4,690	\$ 190
State sources	15,000	15,000	11,372	(3,628)
State shared taxes	-	-	-	-
Total revenues	<u>19,500</u>	<u>19,500</u>	<u>16,062</u>	<u>(3,438)</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	22,085	22,085	16,069	6,016
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>22,085</u>	<u>22,085</u>	<u>16,069</u>	<u>6,016</u>
Excess (deficiency) revenues over (under) expenditures	(2,585)	(2,585)	(7)	2,578
Other financing sources (uses):				
Operating transfers	-	-	-	-
Designated cash	<u>2,585</u>	<u>2,585</u>	-	<u>(2,585)</u>
Total other financing sources (uses)	<u>2,585</u>	<u>2,585</u>	-	<u>(2,585)</u>
Net change in fund balances	-	-	(7)	(7)
Cash balance, beginning of year	-	-	34,515	34,515
Prior period adjustment	-	-	-	-
Cash balance, beginning of year restated	-	-	<u>34,515</u>	<u>34,515</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,508</u>	<u>\$ 34,508</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (7)	
Adjustment to revenues for accruals and other deferrals			67	
Adjustment to expenditures for payables, prepaids and other accruals			<u>(198)</u>	
Net change in fund balance (GAAP Basis)			<u>\$ (138)</u>	

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



STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
Special Revenue Fund - Recreation Fund - 217  
Statement of Revenue, Expenditures, and Changes in Cash Balances  
Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Local sources	\$ 3,100	\$ 3,100	\$ 4,563	\$ 1,463
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	<u>3,100</u>	<u>3,100</u>	<u>4,563</u>	<u>1,463</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	3,025	3,025	3,040	(15)
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>3,025</u>	<u>3,025</u>	<u>3,040</u>	<u>(15)</u>
Excess (deficiency) revenues over (under) expenditures	75	75	1,523	1,448
Other financing sources (uses):				
Operating transfers	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	75	75	1,523	1,448
Cash balance, beginning of year	-	-	1,211	1,211
Prior period adjustment	-	-	-	-
Cash balance, beginning of year restated	-	-	1,211	1,211
Cash balance, end of year	<u>\$ 75</u>	<u>\$ 75</u>	<u>\$ 2,734</u>	<u>\$ 2,659</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 1,523	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			<u>10</u>	
Net change in fund balance (GAAP Basis)			<u>\$ 1,533</u>	

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

STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
Special Revenue Fund - Senior Citizens Fund - 219  
Statement of Revenue, Expenditures, and Changes in Cash Balances  
Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	19,948	19,948	19,948	-
Federal sources	-	-	-	-
Total revenues	<u>19,948</u>	<u>19,948</u>	<u>19,948</u>	<u>-</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	19,948	19,948	19,948	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>19,948</u>	<u>19,948</u>	<u>19,948</u>	<u>-</u>
Excess (deficiency) revenues over (under) expenditures	-	-	-	-
Other financing sources (uses):				
Operating transfers	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	16	16
Prior period adjustment	-	-	-	-
Cash balance, beginning of year restated	<u>-</u>	<u>-</u>	<u>16</u>	<u>16</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16</u>	<u>\$ 16</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			<u>(116)</u>	
Net change in fund balance (GAAP Basis)			<u>\$ (116)</u>	

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

STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
Special Revenue Fund - Special Appropriation Fund - 299  
Statement of Revenue, Expenditures, and Changes in Cash Balances  
Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Local sources	\$ 1,000	\$ 7,000	\$ 5,862	\$ (1,138)
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	<u>1,000</u>	<u>7,000</u>	<u>5,862</u>	<u>(1,138)</u>
Expenditures:				
Current:				
General government	6,000	6,000	5,999	1
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>6,000</u>	<u>6,000</u>	<u>5,999</u>	<u>1</u>
Excess (deficiency) revenues over (under) expenditures	(5,000)	1,000	(137)	(1,137)
Other financing sources (uses):				
Operating transfers	-	-	-	-
Designated cash	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	1,000	(137)	(1,137)
Cash balance, beginning of year	-	-	19,838	19,838
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash balance, beg of year restated	<u>-</u>	<u>-</u>	<u>19,838</u>	<u>19,838</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 19,701</u>	<u>\$ 18,701</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (137)	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			<u>(649)</u>	
Net change in fund balance (GAAP Basis)			<u>\$ (786)</u>	

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

STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
Special Revenue Fund - Cemetery Fund - 510  
Statement of Revenue, Expenditures, and Changes in Cash Balances  
Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Local sources	\$ 9,550	\$ 9,550	\$ 6,075	\$ (3,475)
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	<u>9,550</u>	<u>9,550</u>	<u>6,075</u>	<u>(3,475)</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	8,700	8,700	7,111	1,589
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>8,700</u>	<u>8,700</u>	<u>7,111</u>	<u>1,589</u>
Excess (deficiency) revenues over (under) expenditures	850	850	(1,036)	(1,886)
Other financing sources (uses):				
Operating transfers	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	850	850	(1,036)	(1,886)
Cash balance, beginning of year	-	-	17,564	17,564
Prior period adjustment	-	-	-	-
Cash balance, beginning of year restated	<u>-</u>	<u>-</u>	<u>17,564</u>	<u>17,564</u>
Cash balance, end of year	<u>\$ 850</u>	<u>\$ 850</u>	<u>\$ 16,528</u>	<u>\$ 15,678</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (1,036)	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			<u>(248)</u>	
Net change in fund balance (GAAP Basis)			<u>\$ (1,284)</u>	

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

STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
Enterprise Funds - Water Fund - 506  
Statement of Revenue, Expenses, and Changes in Cash Balances  
Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Sales and service	\$ 61,500	\$ 61,500	\$ 79,182	\$ 17,682
Total revenues	61,500	61,500	79,182	17,682
Expenses:				
Current:				
Public works	500	500	37,872	(37,372)
Personal	70,335	70,335	22,055	48,280
Total expenses	70,835	70,835	59,927	10,908
Excess (deficiency) revenues over (under) expenditures	(9,335)	(9,335)	19,255	28,590
Other financing sources (uses):				
Taxes - gross receipts (net)	17,000	17,000	22,242	5,242
Interest income	46	46	1,371	1,325
Change in meter deposits	-	-	315	315
Debt service principal	-	-	(1,000)	(1,000)
Debt service interest	-	-	(3,260)	(3,260)
Operating transfers (net)	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	17,046	17,046	19,668	2,622
Net change in fund balances	7,711	7,711	38,923	31,212
Cash balance, beginning of year	-	-	69,366	69,366
Prior period adjustment	-	-	(5,778)	(5,778)
Cash balance, beginning of year restated	-	-	63,588	63,588
Cash balance, end of year	\$ 7,711	\$ 7,711	\$ 102,511	\$ 94,800
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 38,923	
Adjustment to revenues for accruals and other deferrals			(5,791)	
Adjustment to expenditures for payables, prepaids and other accruals			(79,222)	
Net change in fund balance (GAAP Basis)			\$ (46,090)	

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

STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
Enterprise Funds - Solid Waste Fund - 504  
Statement of Revenue, Expenses, and Changes in Cash Balance  
Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Sales and service	\$ 42,000	\$ 42,000	\$ 41,209	\$ (791)
Total revenue	42,000	42,000	41,209	(791)
Expenses:				
Current:				
Public works	55,644	55,644	44,086	11,558
Personal	-	-	8,810	(8,810)
Total expenses	55,644	55,644	52,896	2,748
Excess (deficiency) revenues over (under) expenditures	(13,644)	(13,644)	(11,687)	1,957
Other financing sources (uses):				
Taxes - gross receipts (net)	15,500	15,500	19,627	4,127
Interest income	1,900	1,900	4,407	2,507
Change in meter deposits	-	-	-	-
Debt service principal	-	-	-	-
Debt service interest	-	-	-	-
Operating transfers (net)	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	17,400	17,400	24,034	6,634
Net change in fund balance	3,756	3,756	12,347	8,591
Cash balance, beginning of year	-	-	60,383	60,383
Prior period adjustment	-	-	-	-
Cash balance, beg of year restated	-	-	60,383	60,383
Cash balance, end of year	\$ -	\$ -	\$ 72,730	\$ 72,730
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 12,347	
Adjustment to revenues for accruals and other deferrals			(3,801)	
Adjustment to expenditures for payables, prepaids and other accruals			(2,168)	
Net change in fund balance (GAAP Basis)			\$ 6,378	

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

STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
Enterprise Funds - Waste Water Fund - 503  
Statement of Revenue, Expenses, and Changes in Cash Balance  
Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Sales and service	\$ 26,500	\$ 26,500	\$ 30,485	\$ 3,985
Miscellaneous	1,500	1,500	1,309	(191)
Total revenue	<u>26,500</u>	<u>26,500</u>	<u>30,485</u>	<u>3,985</u>
Expenses:				
Current:				
Public works	27,722	27,722	11,591	16,131
Personal	-	-	9,542	(9,542)
Total expenses	<u>27,722</u>	<u>27,722</u>	<u>21,133</u>	<u>6,589</u>
Excess (deficiency) revenues over (under) expenditures	(1,222)	(1,222)	9,352	10,574
Other financing sources (uses):				
Taxes - gross receipts (net)	-	-	-	-
Interest income	-	-	712	712
Change in meter deposits	-	-	-	-
Debt service principal	-	-	(2,000)	(2,000)
Debt service interest	-	-	(3,291)	(3,291)
Operating transfers (net)	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(4,579)</u>	<u>(4,579)</u>
Net change in fund balance	(1,222)	(1,222)	4,773	5,995
Cash balance, beginning of year	-	-	26,056	26,056
Prior period adjustment	-	-	-	-
Cash balance, beg of year restated	<u>-</u>	<u>-</u>	<u>26,056</u>	<u>26,056</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,829</u>	<u>\$ 30,829</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 4,773	
Adjustment to revenues for accruals and other deferrals			(290)	
Adjustment to expenditures for payables, prepaids and other accruals			<u>(30,579)</u>	
Net change in fund balance (GAAP Basis)			<u>\$ (26,096)</u>	

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

## Supplementary Information Related to Agency Funds



## AGENCY FUNDS

Agency Fund

To account for funds held on behalf of the Quay County Gaming Authority that is custodial in nature.

STATE OF NEW MEXICO  
 VILLAGE OF SAN JON  
 Agency Fund - Quay County Gaming Authority  
 Statement of Changes in Assets and Liabilities  
 June 30, 2014

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>ASSETS</u>				
Quay County Gaming Authority	\$ -	\$ 17,796	\$ (4,430)	\$ 13,366
Total assets	<u>\$ -</u>	<u>\$ 17,796</u>	<u>\$ (4,430)</u>	<u>\$ 13,366</u>
<u>LIABILITIES</u>				
Funds held on behalf of:				
Quay County Gaming Authority	\$ -	\$ 17,796	\$ (4,430)	\$ 13,366
Total liabilities	<u>\$ -</u>	<u>\$ 17,796</u>	<u>\$ (4,430)</u>	<u>\$ 13,366</u>

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

## Other Supplementary Information

STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
Bank Reconciliation - All Accounts  
For the year ended June 30, 2014

	Beginning Cash	Receipts	Distributions	Transfers
<b>Governmental Funds:</b>				
General	\$ 391,537	\$ 316,755	\$ (140,445)	\$ -
Emergency Medical Service	-	13,866	(13,866)	-
Fire Protection	79,689	67,138	(24,243)	(88,299)
Law Enforcement Protection	-	20,002	(20,002)	-
Municipal Streets	34,515	16,062	(16,069)	-
Recreation	1,211	4,563	(3,040)	-
Senior Citizens	16	19,948	(19,948)	-
Special Appropriations	19,838	5,862	(5,999)	-
Cemetery	17,564	6,075	(7,111)	-
Veterans Memorial	200	-	-	-
Quay County Gaming Authority	17,796	-	-	-
Capital Projects	-	258,372	(258,372)	-
Debt Service	-	135	(35,385)	88,299
<b>Total Governmental funds</b>	<b>562,366</b>	<b>728,778</b>	<b>(544,480)</b>	<b>-</b>
<b>Proprietary Fund:</b>				
Water	69,366	103,110	(64,187)	-
Solid Waste	60,383	65,243	(52,896)	-
Waste Water	26,056	31,197	(26,424)	-
<b>Total proprietary funds</b>	<b>155,805</b>	<b>199,550</b>	<b>(143,507)</b>	<b>-</b>
<b>Total governmental and proprietary funds</b>	<b>718,171</b>	<b>928,328</b>	<b>(687,987)</b>	<b>-</b>
<b>Agency Fund:</b>				
Quay County Gaming Authority	-	-	(4,430)	-
<b>Total all funds</b>	<b>\$ 718,171</b>	<b>\$ 928,328</b>	<b>\$ (692,417)</b>	<b>\$ -</b>

<u>Net Cash End of Period</u>	<u>Adjustments to the Report</u>	<u>Total Cash on Report</u>
\$ 567,847	\$ -	\$ 567,847
-	-	-
34,285	29,701	63,986
-	-	-
34,508	-	34,508
2,734	-	2,734
16	-	16
19,701	-	19,701
16,528	-	16,528
200	-	200
17,796	(17,796)	-
-	-	-
<u>53,049</u>	<u>-</u>	<u>53,049</u>
746,664	11,905	758,569
108,289	(5,778)	102,511
72,730	-	72,730
<u>30,829</u>	<u>-</u>	<u>30,829</u>
211,848	(5,778)	206,070
958,512	6,127	964,639
<u>(4,430)</u>	<u>17,796</u>	<u>13,366</u>
<u>\$ 954,082</u>	<u>\$ 23,923</u>	<u>\$ 978,005</u>

STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
Bank Reconciliation - All Accounts  
For the year ended June 30, 2014

<u>Bank Name</u>	<u>Bank Account Name</u>	<u>Account Type</u>	<u>Bank Statement Balance</u>	<u>Reconciling Items Outstanding Deposits</u>
The First National Bank of New Mexico	Village of San Jon Operating Account	Checking	\$ 774,682	\$ 2,500
	Village of San Jon General Fund	Certificate of Deposit	20,337	-
Wells Fargo Bank	Village of San Jon General Fund	Checking	13,950	-
	Village of San Jon Water Reserve	Savings	1,097	-
Citizens Bank	Village of San Jon Water Meter	Savings	9,993	-
	Village of San Jon Fire Fund	Savings	2,320	-
	Village of San Jon Cemetery Fund	Savings	12,531	-
	Village of San Jon Waste Water	Savings	1,597	-
	Village of San Jon Solid Waste Fund	Savings	1,099	-
Tucumcari Federal Savings & Loan	Village of San Jon General Fund	Certificate of Deposit	21,631	-
	Village of San Jon General Fund	Certificate of Deposit	21,050	-
Quay School Federal Credit Union	Village of San Jon General Fund	Certificate of Deposit	22,065	-
	Village of San Jon Solid Waste Fund	Certificate of Deposit	22,065	-
	Village of San Jon General Fund	Certificate of Deposit	21,601	-
New Mexico Finance Authority	Village of San Jon Debt Service Fund	Reserve	53,049	-
Total reconciled bank accounts			999,067	2,500
The First National Bank of New Mexico	Quay County Gaming Authority C/O Village of San Jon	Checking	13,158	-
	Quay County Gaming Authority C/O Village of San Jon	Savings	208	-
			13,366	-
Totals			\$ 1,012,433	\$ 2,500

<u>Reconciling Items Outstanding Checks</u>	<u>Total Reconciled Book Balance</u>
(36,928)	740,254
-	20,337
-	13,950
-	1,097
-	9,993
-	2,320
-	12,531
-	1,597
-	1,099
-	21,631
-	21,050
-	22,065
-	22,065
-	21,601
<u>-</u>	<u>53,049</u>
(36,928)	964,639
-	13,158
<u>-</u>	<u>208</u>
<u>-</u>	<u>13,366</u>
<u>\$ (36,928)</u>	<u>\$ 978,005</u>

STATE OF NEW MEXICO  
 VILLAGE OF SAN JON  
 Revenue Schedule  
 For the year ended June 30, 2014

	<u>General - 101</u>	<u>Emergency Medical Service - 206</u>	<u>Fire Protection - 209</u>	<u>Law Enforcement Protection - 211</u>
<b>Revenues:</b>				
Local sources:				
Tax - franchise	\$ 1,215	\$ -	\$ -	\$ -
Tax - gross receipts	79,183	-	-	-
Tax - property	13,673	-	-	-
Licenses and permits	675	-	-	-
Charges for services	8	-	-	-
Rent	7,001	-	-	-
Interest on investments	2,288	-	9	-
Donations	-	-	-	-
Local grant	5,000	-	-	-
Miscellaneous	2,353	-	-	2
Sale of miscellaneous scrap	-	-	-	-
Sales other	-	-	-	-
Sale of fixed asset	-	-	-	-
Total local sources	<u>111,396</u>	<u>-</u>	<u>9</u>	<u>2</u>
State sources:				
Tax - Gas [two cents]	10,636	-	-	-
Tax - Municipal Equivalent Dist GRT	80,007	-	-	-
Tax - Municipal Gross Receipts	-	-	-	-
Grant - EMS	-	12,466	-	-
Fire allotment	-	-	67,129	-
Grant - LEP	-	-	-	20,000
Motor Vehicle	799	-	-	-
Agency on the Municipal Economic Dev	-	-	-	-
Clean and Beautiful grant	1,000	-	-	-
Legislative appropriation	-	-	-	-
Small Cities assistance	90,000	-	-	-
Total state sources	<u>182,442</u>	<u>12,466</u>	<u>67,129</u>	<u>20,000</u>
Federal sources:				
CDBG	-	-	-	-
Other Grant	-	1,400	-	-
Total federal sources	<u>-</u>	<u>1,400</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 293,838</u>	<u>\$ 13,866</u>	<u>\$ 67,138</u>	<u>\$ 20,002</u>



<u>Municipal Streets - 216</u>	<u>Recreation 217</u>	<u>Senior Citizens 219</u>	<u>Special Appropriations 299</u>	<u>Cemetery 510</u>	<u>Veterans Memorial 515</u>
\$ 4,690	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	2,350	-	-	3,150	-
-	1,944	-	-	50	-
-	-	-	-	2,875	-
-	-	-	-	-	-
-	-	-	184	-	-
-	269	-	-	-	-
-	-	-	5,678	-	-
<u>4,690</u>	<u>4,563</u>	<u>-</u>	<u>5,862</u>	<u>6,075</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
11,439	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	19,948	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>11,439</u>	<u>-</u>	<u>19,948</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 16,129</u>	<u>\$ 4,563</u>	<u>\$ 19,948</u>	<u>\$ 5,862</u>	<u>\$ 6,075</u>	<u>\$ -</u>

STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
Revenue Schedule  
For the year ended June 30, 2014

	Capital Projects 300	Debt Service 403	Total Governmental Funds
<b>Revenues:</b>			
<b>Local sources:</b>			
Tax - franchise	\$ -	\$ -	\$ 5,905
Tax - gross receipts	-	-	79,183
Tax - property	-	-	13,673
Licenses and permits	-	-	675
Charges for services	-	-	3,158
Rent	-	-	9,351
Interest on investments	-	135	2,482
Donations	2,500	-	7,319
Local grant	-	-	5,000
Miscellaneous	-	-	2,355
Sale of miscellaneous scrap	-	-	184
Sales other	-	-	269
Sale of fixed asset	-	-	5,678
<b>Total local sources</b>	<b>2,500</b>	<b>135</b>	<b>135,232</b>
<b>State sources:</b>			
Tax - Gas [two cents]	-	-	10,636
Tax - Municipal Equivalent Dist GRT	-	-	80,007
Tax - Municipal Gross Receipts	-	-	11,439
Grant - EMS	-	-	12,466
Fire allotment	-	-	67,129
Grant - LEP	-	-	20,000
Motor Vehicle	-	-	799
Agency on the Aging	-	-	19,948
Clean and Beautiful grant	-	-	1,000
Legislative appropriation	70,291	-	70,291
Small Cities assistance	-	-	90,000
<b>Total state sources</b>	<b>70,291</b>	<b>-</b>	<b>383,715</b>
<b>Federal sources:</b>			
CDBG	185,581	-	185,581
Other Grant	-	-	1,400
<b>Total federal sources</b>	<b>185,581</b>	<b>-</b>	<b>186,981</b>
<b>Total</b>	<b>\$ 258,372</b>	<b>\$ 135</b>	<b>705,928</b>

<u>Water - 506</u>	<u>Solid Waste 504</u>	<u>Waste Water 503</u>	<u>Total Enterprise Funds</u>
\$ -	\$ -	\$ -	\$ -
19,532	17,459	-	36,991
-	-	-	-
76,416	40,235	30,195	146,846
-	-	-	-
1,371	4,407	712	6,490
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>97,319</u>	<u>62,101</u>	<u>30,907</u>	<u>190,327</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 97,319</u>	<u>\$ 62,101</u>	<u>\$ 30,907</u>	<u>\$ 190,327</u>

## 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*

Independent Auditors Report

Hector H. Balderas  
New Mexico State Auditor  
The Office of Management and Budget and  
The Governing Board  
Village of San Jon  
San Jon, New Mexico

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of the Village of San Jon (the Village) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Village, presented as supplementary information, and have issued my report thereon dated November 13, 2014.

### Internal Control Over Financial Reporting

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

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that I consider to be significant deficiencies. 2014-0001 and 2014-0002

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 2014-0001 and 2014-0002.

## **The Village's Responses to Findings**

The Village's responses to the findings identified in my 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, I express no opinion on them.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Sandra Rush CPA PC  
Clovis, New Mexico  
November 13, 2014

Prior Year Findings

2012-001 Late Audit Report

Resolved

Current Year Findings

2014-001 Capital Asset Listing / Depreciation Schedule – Compliance and Internal Control - Significant Deficiency

Condition

The Village could not provide a complete Capital Asset listing and depreciation schedule for the fiscal year ending June 30, 2014.

Criteria

A capital asset inventory and depreciation schedule should be maintained in a usable form. The depreciation schedule should be separated by each major class of asset to comply with GASB 34.177a. Also, a depreciation schedule is required to comply with 3.30.1.12 NMAC.

Cause

Management of the Village has relied on the auditors to prepare this schedule. For the year ended June 30, 2014, the entity was unable to provide a list that contained current year depreciation and capital asset information compliant with GASB 34.177a and 3.30.1.12 NMAC.

Effect

Management is not complying with Generally Accepted Accounting Principles.

Recommendation

Management should update and complete their capital asset list including depreciation based on a policy approved by the Board. Management has made progress in completing the capital asset listing, however additional work is need to assign a function to each assets depreciation. Management should continue working on the capital asset listing.

Response

The Village will develop a new program for the Capital Assets that will include a depreciation schedule.

2014-002 Budget - Internal Control & Compliance - Significant Deficiency

Condition

The Village maintained expenditures at the fund level in which actual expenditures exceeded budgetary authority in the following funds: Debt Service Fund expenditures exceeded the budget \$8,639. Recreation Fund expenditures exceeded the budget \$15.

Criteria

Sound financial management and state regulation 6.20.2.9 (A), NMAC and state statutes 22-8-5 through 22-8-12.2, NMSA 1978, require that budgets not be exceeded at the legal level of control. For municipalities, the fund is the legal level of control.

Cause

The Village budgeted for the amount the New Mexico Finance Authority intercepted not the actual principal, interest, and administrative fee due and paid.

Effect

As a result, the Village is not in compliance with New Mexico regulation 6.20.2.9 (A), NMAC and state statutes 22-8-5 through 22-8-12.2, NMSA 1978.

Recommendation

The Village must establish a policy of budgetary review and make necessary budget adjustments.

Response

The Village will monitor the Debt Service Fund to include the prepayment in the revenue and expenditures and adjust the budget accordingly. The Village will also monitor the Recreation Fund to assure they do not spend more than budgeted.

Financial Statement Preparation

Although it would be preferred and desirable for the Village to prepare its own GAAP-basis financial statements, it is felt that the Village's personnel did not have the time to prepare them. Therefore, the outside auditor prepared the GAAP basis financial statements and footnotes for inclusion in the annual audit report from the original books and records provided to them by the management of the Village. Management of the Village has reviewed and approved these financial statements and related notes and believes they are adequately supported by the books and records of the government.

Exit Conference

The contents of this report were discussed with, Billie Jo Barnes, Mayor, Therese Schleizer, Board Member, Cynthia Lee Clerk and Toni Stoner Treasurer, and Sandra Rush, CPA, in an exit conference on November 13, 2014.