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STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
June 30, 2015

Financial Statements and Supplementary Information  
As Of And For The Year Ended June 30, 2015  
With Independent Auditor's Report Thereon

*Sandra Rush*  
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*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, 2015

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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## Independent Auditor's Report

Timothy Keller  
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, 2015, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents. I also have audited the financial statements of each of the Village's nonmajor governmental, fiduciary fund and the budgetary comparisons for 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, 2015, as listed in the table of contents.

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

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

### **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, 2015. 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, 2014 or the depreciation expense for the fiscal year ended June 30, 2015. 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, 2015 and the depreciation accrual for the year then ended. The effect on assets, net position, and expenditures of the governmental activities and business-type activities are 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, 2015, 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, 2015, 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, 2015 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*

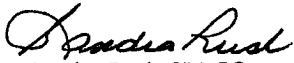
My audit was conducted for the purpose of forming opinions on the Village's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Supporting Schedules I and II required by 2.2.2 NMAC are presented for the purposes of additional analysis and are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

The Supporting Schedules I and II required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Supporting Schedules I and II required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Schedule III has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 9, 2015 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  
Clovis, New Mexico  
December 9, 2015

## Basic Financial Statements

## Government-wide Financial Statements

STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
Statement of Net Position  
June 30, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	\$ 736,772	\$ 205,932	\$ 942,704
Investments	64,399	22,253	86,652
Accounts receivable			
Taxes	26,059	4,288	30,347
Grantor	855	-	855
Sales	-	10,920	10,920
	<u>828,085</u>	<u>243,393</u>	<u>1,071,478</u>
Total current assets			
Noncurrent assets			
Restricted cash			
NMFA state treasurer	14,986	2,057	17,043
NMFA restricted funds held	29,672	-	29,672
Customer deposits	-	6,233	6,233
Capital assets	4,194,649	5,177,695	9,372,344
Less: accumulated depreciation	<u>(1,898,200)</u>	<u>(1,662,059)</u>	<u>(3,560,259)</u>
	<u>2,341,107</u>	<u>3,523,926</u>	<u>5,865,033</u>
Total noncurrent assets			
	<u>\$ 3,169,192</u>	<u>\$ 3,767,319</u>	<u>\$ 6,936,511</u>
<u>LIABILITIES</u>			
Current liabilities			
Accounts payable	\$ 3,549	\$ 6,852	\$ 10,401
Accrued wages and benefits payable	2,934	1,774	4,708
Accrued compensated absences	5,097	4,404	9,501
Current portion of long-term debt	<u>33,139</u>	<u>15,906</u>	<u>49,045</u>
	<u>44,719</u>	<u>28,936</u>	<u>73,655</u>
Total current liabilities			
Non-current liabilities			
Customer meter deposits	-	6,233	6,233
Long-term portion notes payable	<u>34,237</u>	<u>216,285</u>	<u>250,522</u>
	<u>34,237</u>	<u>222,518</u>	<u>256,755</u>
Total non-current liabilities			
	<u>78,956</u>	<u>251,454</u>	<u>330,410</u>
Total liabilities			
<u>NET POSITION</u>			
Net investment in capital assets	2,229,073	3,270,415	5,499,488
Restricted			
Special revenue	161,916	-	161,916
Debt service	44,658	-	44,658
Unrestricted	<u>654,589</u>	<u>245,450</u>	<u>900,039</u>
	<u>3,090,236</u>	<u>3,515,865</u>	<u>6,606,101</u>
Total net position			
	<u>\$ 3,169,192</u>	<u>\$ 3,767,319</u>	<u>\$ 6,936,511</u>
Total liabilities and net position			

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, 2015

Functions / Programs	Expenses	Program Revenues			Net (Expenses) Revenues		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities							
General government - finance	\$ 155,280	\$ -	\$ -	\$ -	\$ (155,280)	\$ -	\$ (155,280)
Public safety	131,563	-	115,430	-	(16,133)	-	(16,133)
Public works	26,268	6,650	1,572	-	(18,046)	-	(18,046)
Culture and recreation	53,541	2,300	29,109	-	(22,132)	-	(22,132)
Capital outlay	17,000	-	-	-	(17,000)	-	(17,000)
Interest	3,037	-	-	-	(3,037)	-	(3,037)
Total governmental activities	<u>386,689</u>	<u>8,950</u>	<u>146,111</u>	<u>-</u>	<u>(231,628)</u>	<u>-</u>	<u>(231,628)</u>
Business-type activities							
Water	140,960	62,334	-	-	-	(78,626)	(78,626)
Solid waste	52,100	41,959	-	7,678	-	(2,463)	(2,463)
Waste water	109,945	30,347	-	309,894	-	230,296	230,296
Total business-type activities	<u>303,005</u>	<u>134,640</u>	<u>-</u>	<u>317,572</u>	<u>-</u>	<u>149,207</u>	<u>149,207</u>
Total governmental and business-type activities	<u>\$ 689,694</u>	<u>\$ 143,590</u>	<u>\$ 146,111</u>	<u>\$ 317,572</u>	<u>\$ (231,628)</u>	<u>\$ 149,207</u>	<u>\$ (82,421)</u>
			General Revenues				
			Taxes				
					12,982	-	12,982
					6,454	-	6,454
					126,799	20,522	147,321
					27,509	-	27,509
					738	-	738
					450	-	450
					-	6,101	6,101
					2,739	241	2,980
					90,000	-	90,000
					4,577	-	4,577
							-
					<u>272,248</u>	<u>26,864</u>	<u>299,112</u>
					40,620	176,071	216,691
					3,280,774	3,108,636	6,389,410
					<u>(231,158)</u>	<u>231,158</u>	<u>-</u>
					<u>3,049,616</u>	<u>3,339,794</u>	<u>6,389,410</u>
					<u>\$ 3,090,236</u>	<u>\$ 3,515,865</u>	<u>\$ 6,606,101</u>

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

## Fund Financial Statements

STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
Balance Sheet  
Governmental Funds  
June 30, 2015

	General 101	Fire Protection 209	Debt Service 400	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash and cash equivalents	\$ 578,186	\$ 73,641	\$ -	\$ 84,945	\$ 736,772
Investments	64,399	-	-	-	64,399
Accounts receivable					
Taxes	21,527	-	-	4,532	26,059
Grantor	-	-	-	855	855
Restricted cash					
NMFA reserved funds held			14,986	-	14,986
NMFA state treasurer	-	-	29,672	-	29,672
	<u>664,112</u>	<u>73,641</u>	<u>44,658</u>	<u>90,332</u>	<u>872,743</u>
Total assets	<u>\$ 664,112</u>	<u>\$ 73,641</u>	<u>\$ 44,658</u>	<u>\$ 90,332</u>	<u>\$ 872,743</u>
<u>LIABILITIES</u>					
Accounts payables	\$ 1,769	\$ 232	\$ -	\$ 1,548	\$ 3,549
Accrued wages and benefits payable	2,609	-	-	325	2,934
	<u>4,378</u>	<u>232</u>	<u>-</u>	<u>1,873</u>	<u>6,483</u>
Total liabilities	<u>4,378</u>	<u>232</u>	<u>-</u>	<u>1,873</u>	<u>6,483</u>
<u>FUND BALANCE</u>					
Restricted for					
Special revenue	-	73,409		88,507	161,916
Debt service	-	-	44,658	-	44,658
Unassigned					
General government	659,734	-	-	-	659,734
Special revenue	-	-	-	(48)	(48)
	<u>659,734</u>	<u>73,409</u>	<u>44,658</u>	<u>88,459</u>	<u>866,260</u>
Total fund balance	<u>659,734</u>	<u>73,409</u>	<u>44,658</u>	<u>88,459</u>	<u>866,260</u>
	<u>\$ 664,112</u>	<u>\$ 73,641</u>	<u>\$ 44,658</u>	<u>\$ 90,332</u>	<u>\$ 872,743</u>
Total liabilities and fund balance	<u>\$ 664,112</u>	<u>\$ 73,641</u>	<u>\$ 44,658</u>	<u>\$ 90,332</u>	<u>\$ 872,743</u>

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



STATE OF NEW MEXICO

VILLAGE OF SAN JON

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

For the year ended June 30, 2015

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

Fund balance - total governmental funds		\$	866,260
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds			
Capital assets	\$	4,194,649	
Accumulated depreciation		<u>(1,898,200)</u>	
			2,296,449
Certain liabilities, including accrued compensated absences, bonds payable, lease purchase notes and net pension liability, are not due and payable in the current period and therefore are not reported in the funds			
Accrued compensated absences			(5,097)
Loans payable			<u>(67,376)</u>
Net position of governmental activities		\$	<u>3,090,236</u>

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

## 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, 2015

	General 101	Fire Protection 209	Debt Service 400	Other Governmental Funds	Total Governmental Funds
Revenue					
Property tax	\$ 12,982	\$ -	\$ -	\$ -	\$ 12,982
Franchise tax	826	-	-	5,628	6,454
Gross receipts tax	126,686	-	-	113	126,799
MVD tax	738	-	-	-	738
Other tax	1,539	-	-	25,970	27,509
Charges for services	7,026	-	-	8,900	15,926
Interest income	2,385	9	245	100	2,739
Licenses, fees and fines	450	-	-	-	450
Miscellaneous	3,042	-	-	3,720	6,762
Intergovernmental	91,572	70,089	-	65,289	226,950
<b>Total revenues</b>	<b>247,246</b>	<b>70,098</b>	<b>245</b>	<b>109,720</b>	<b>427,309</b>
Expenditures					
Current					
General government					
Finance	119,146	-	-	-	119,146
Public safety	1,000	33,656	248	14,556	49,460
Public works	-	-	-	26,268	26,268
Culture and recreation	27,133	-	-	23,410	50,543
Capital outlay	26,963	-	-	30,682	57,645
Debt service					
Principal	-	-	32,102	-	32,102
Interest	-	-	3,037	-	3,037
<b>Total expenditures</b>	<b>174,242</b>	<b>33,656</b>	<b>35,387</b>	<b>94,916</b>	<b>338,201</b>
Excess (deficiency) of revenues over expenditures	73,004	36,442	(35,142)	14,804	89,108
Other financing sources (uses)					
Operating transfers in	53,195	-	26,751	4,500	84,446
Operating transfers out	(54,050)	(26,751)	-	(3,645)	(84,446)
<b>Total other financing sources (uses)</b>	<b>(855)</b>	<b>(26,751)</b>	<b>26,751</b>	<b>855</b>	<b>-</b>
Net change in fund balances	72,149	9,691	(8,391)	15,659	89,108
Fund balances, beginning	587,585	63,718	53,049	72,800	777,152
Restatement	-	-	-	-	-
<b>Fund balances, beginning restated</b>	<b>587,585</b>	<b>63,718</b>	<b>53,049</b>	<b>72,800</b>	<b>777,152</b>
<b>Fund balances, ending</b>	<b>\$ 659,734</b>	<b>\$ 73,409</b>	<b>\$ 44,658</b>	<b>\$ 88,459</b>	<b>\$ 866,260</b>

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

STATE OF NEW MEXICO

VILLAGE OF SAN JON

Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the year ended June 30, 2015

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

Net change in fund balances - total governmental funds	\$	89,108
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Capital outlays to purchase or build capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays for the period.

Current year capital expenditures capitalized		40,645
Depreciation expense		(120,599)

The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal payment		32,102
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Expenditures in the statement of activities that do not provide current financial resources are not reported as expenditures in the funds.

Governmental funds report district pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense:

Compensated absences		<u>(636)</u>
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Change in Net Position of Governmental Activities	\$	<u><u>40,620</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 Revenues, Expenditures, and Changes in Cash Balance  
Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue				
Property tax	\$ 13,528	\$ 13,528	\$ 13,596	\$ 68
Franchise tax	800	800	818	18
Gross receipts tax	140,000	140,000	129,746	(10,254)
MVD tax	750	750	777	27
Other tax	-	-	-	-
Charges for services	7,078	7,078	7,026	(52)
Interest income	2,500	2,500	2,385	(115)
Licenses, fees and fines	550	550	450	(100)
Miscellaneous	3,142	3,142	3,042	(100)
Intergovernmental	90,800	90,800	91,572	772
<b>Total revenue</b>	<b>259,148</b>	<b>259,148</b>	<b>249,412</b>	<b>(9,736)</b>
Expenditures				
Current				
General government				
Finance	178,852	178,852	119,023	59,829
Public safety	1,000	1,000	1,000	-
Public works	-	-	-	-
Culture and recreation	32,960	32,960	26,833	6,127
Capital outlay	30,000	30,000	26,963	3,037
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>242,812</b>	<b>242,812</b>	<b>173,819</b>	<b>68,993</b>
Excess (deficiency) revenues over (under) expenditures	16,336	16,336	75,593	59,257
Other financing sources (uses)				
Operating transfers net	-	-	(855)	(855)
Designated cash	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(855)</b>	<b>(855)</b>
Net change in cash balances	16,336	16,336	74,738	58,402
Cash balance, beginning	-	-	567,847	567,847
Cash balance, ending	<u>\$ 16,336</u>	<u>\$ 16,336</u>	<u>\$ 642,585</u>	<u>\$ 626,249</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 74,738	
Adjustment to revenues for accruals and other deferrals			(2,166)	
Adjustment to expenditures for payables, prepaids and other accruals			(423)	
Net change in fund balance (GAAP Basis)			<u>\$ 72,149</u>	

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

STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
Special Revenue Fund - Fire Protection Fund - 209  
Statement of Revenues, Expenditures, and Changes in Cash Balances  
Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property tax	\$ -	\$ -	\$ -	\$ -
Franchise tax	-	-	-	-
Gross receipts tax	-	-	-	-
MVD tax	-	-	-	-
Other tax	-	-	-	-
Charges for services	-	-	-	-
Interest income	3,510	3,510	9	(3,501)
Licenses, fees and fines	-	-	-	-
Miscellaneous	-	-	-	-
Intergovernmental	59,000	70,089	70,089	-
Total revenues	62,510	73,599	70,098	(3,501)
Expenditures				
Current				
General government				
Finance	-	-	-	-
Public safety	35,749	46,838	33,692	13,146
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	35,749	46,838	33,692	13,146
Excess (deficiency) revenues over (under) expenditures	26,761	26,761	36,406	9,645
Other financing sources (uses)				
Operating transfers	(26,751)	(26,751)	(26,751)	-
New Mexico Finance Authority loan	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	(26,751)	(26,751)	(26,751)	-
Net change in cash balances	10	10	9,655	9,645
Cash balance, beginning	-	-	63,986	63,986
Cash balance, ending	\$ 10	\$ 10	\$ 73,641	\$ 73,631
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 9,655	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			36	
Net change in fund balance (GAAP Basis)			\$ 9,691	

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, 2015

	Business-type Activities Water Fund 501	Business-type Activities Solid Waste 502	Business-type Activities Waste Waste 503	Business-type Activities Totals
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 112,258	\$ 56,680	\$ 36,994	\$ 205,932
Investments	-	22,253	-	22,253
Accounts receivable				
Taxes	2,382	1,906	-	4,288
Sales, net	4,245	4,105	2,570	10,920
Total current assets	<u>118,885</u>	<u>84,944</u>	<u>39,564</u>	<u>243,393</u>
Noncurrent assets				
Restricted cash				
Cash NMFA	-	2,057	-	2,057
Customer meter deposits	6,233	-	-	6,233
Capital assets, being depreciated	3,083,282	110,046	1,984,367	5,177,695
Less: accumulated depreciation	<u>(1,042,196)</u>	<u>(57,793)</u>	<u>(562,070)</u>	<u>(1,662,059)</u>
Total noncurrent assets	<u>2,047,319</u>	<u>54,310</u>	<u>1,422,297</u>	<u>3,523,926</u>
Total assets	<u>\$ 2,166,204</u>	<u>\$ 139,254</u>	<u>\$ 1,461,861</u>	<u>\$ 3,767,319</u>
<b>LIABILITIES AND NET POSITION</b>				
Current liabilities				
Accounts payable	\$ 2,083	\$ 3,498	\$ 1,271	\$ 6,852
Accrued wages and benefits payable	1,774	-	-	1,774
Compensated absences	4,404	-	-	4,404
Current portion notes payable	<u>1,000</u>	<u>11,906</u>	<u>3,000</u>	<u>15,906</u>
Total current liabilities	<u>9,261</u>	<u>15,404</u>	<u>4,271</u>	<u>28,936</u>
Noncurrent liabilities				
Customer meter deposits	6,233	-	-	6,233
Notes payable	<u>68,434</u>	<u>36,181</u>	<u>111,670</u>	<u>216,285</u>
Total noncurrent liabilities	<u>74,667</u>	<u>36,181</u>	<u>111,670</u>	<u>222,518</u>
Total liabilities	<u>83,928</u>	<u>51,585</u>	<u>115,941</u>	<u>251,454</u>
Net position				
Net invested in capital assets	1,971,652	4,166	1,307,627	3,283,445
Unrestricted	<u>110,624</u>	<u>83,503</u>	<u>38,293</u>	<u>232,420</u>
Total net position	<u>2,082,276</u>	<u>87,669</u>	<u>1,345,920</u>	<u>3,515,865</u>
Total liabilities and net position	<u>\$ 2,166,204</u>	<u>\$ 139,254</u>	<u>\$ 1,461,861</u>	<u>\$ 3,767,319</u>

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

STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
Proprietary Funds  
Statement of Revenues, Expenses and Changes in Net Position  
For the year ended June 30, 2015

	Business-type Activities Water 501	Business-type Activities Solid Waste 502	Business-type Activities Waste Water 503	Business-type Activities Totals
Operating revenues				
Sales and services	\$ 61,109	\$ 41,959	\$ 30,347	\$ 133,415
Total operating revenues	61,109	41,959	30,347	133,415
Operating expenses				
Public works	33,663	38,799	10,302	82,764
Personnel	21,609	9,890	9,442	40,941
Depreciation	82,473	2,750	86,965	172,188
Total operating expenses	137,745	51,439	106,709	295,893
Operating income (loss)	(76,636)	(9,480)	(76,362)	(162,478)
Non-operating revenues (expenses)				
Gross receipts tax	11,947	16,253	-	28,200
Interest income	40	195	6	241
Penalty income	1,225	5,333	768	7,326
Federal grant	-	-	264,092	264,092
State grants	-	-	45,802	45,802
Non-operating expense	-	(416)	-	(416)
Debt service interest	(3,215)	(245)	(3,236)	(6,696)
Total non-operating revenue (expenses)	9,997	21,120	307,432	338,549
Net income (loss)	(66,639)	11,640	231,070	176,071
Operating transfers (net)	-	-	-	-
Change in net position - proprietary funds	(66,639)	11,640	231,070	176,071
Net position, beginning	2,148,915	76,029	883,392	3,108,336
Net position restated	2,148,915	76,029	231,458	231,458
Net position, ending	\$ 2,082,276	\$ 87,669	\$ 1,114,850	\$ 3,339,794
Net position, ending	\$ 2,082,276	\$ 87,669	\$ 1,345,920	\$ 3,515,865

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, 2015

	Business-type Activities <u>Enterprise Fund</u>
Cash flows from operating activities	
Receipts from customers	\$ 142,398
Payments to suppliers and contractors	(82,359)
Payments to and on behalf of employees	<u>(40,816)</u>
Net cash provided (used) by operating activities	<u>19,223</u>
Cash flows from non capital financing activities	
Gross receipts tax	28,713
Change in meter deposits	140
Interest income	241
Interest expense	<u>(6,696)</u>
Net cash provided (used) by non capital financing activities	<u>22,398</u>
Cash flows from capital and related financing activities	
Acquisition of capital assets	(364,897)
State grant	45,802
Federal grant	264,092
Loan proceeds	55,416
Debt payment	<u>(11,329)</u>
Net cash provided (used) by capital and related financing activities	<u>(10,916)</u>
Net increase (decrease) in cash and cash equivalents	30,705
Cash balance, beginning	206,070
Prior period adjustment	<u>(300)</u>
Cash balance, beginning restated	205,770
Total cash and cash equivalents, ending	<u>\$ 236,475</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (162,478)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation and amortization	172,188
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	8,983
Increase (Decrease) in accounts payable	<u>530</u>
Net cash provided (used) by operating activities	<u>\$ 19,223</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, 2015

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 13,393
Total assets	<u>\$ 13,393</u>
<u>LIABILITIES</u>	
Deposits held for others	\$ 13,393
Total liabilities	<u>\$ 13,393</u>

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

## Notes to Financial Statements

**Note 1 Summary of Significant Accounting Policies**

This summary of significant accounting policies of the Village of San Jon (the Village) is presented to assist in the understanding of the Village's financial statements. The financial statements and notes are the representation of the Village's management who is responsible for their integrity and objectivity. The financial statements of 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 financial statements have incorporated all applicable GASB statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures. The more significant of the government'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, 2015.

**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.

STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
Notes To The Financial Statements  
June 30, 2015

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 and the Fire Protection Fund. No other funds were required to be presented as major at the discretion of management.

#### 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 Protection Fund Special Revenue Fund

To account for discretionary funds used for the fire department.

#### Debt Service Fund

To account for the services of general long-term debt not being financed by proprietary or nonexpendable trust funds.

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.

As a general rule, the effect of interfold 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**

**Cash and Cash Equivalents:**

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

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

Investments for the Village are reported at fair value. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**Restricted Assets:**

Restricted assets are those held in trust for others.

**Receivables and Payables:**

Inter-fund activity is reported either as loans, services provided, reimbursements, or transfers. Loans are reported as inter-fund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related costs as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements. All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

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 purchased inventory is recorded as an expenditure at the time individual inventory items are 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, per section 12-6-10 NMSA 1978, 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. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government wide statements. 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).

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

**Deferred Outflows of Resources:**

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

**Deferred Inflows of Resources:**

In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources.

**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 financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position.

In the fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt services expenditures.

**Net Position and Fund Equity:**

Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

In the government-wide financial statements, fund equity is classified as net position and is displayed in three components:

Net investment in capital assets:

Consists of capital assets 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 those assets.

Restricted Net Position:

Consist of net position with "legally enforceable" 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. Legally enforceable means that a government can be compelled by an external party – such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation, only for the purposes specified by the legislation. Generally, the enforceability of an enabling legislation restriction is determined by professional judgment. If it is determined that the restrictions continue to be legally enforceable, then for the purposes of financial reporting, the restricted net position should not reflect any reduction for resources used for purposes not stipulated by the enabling legislation. Descriptions for the related restrictions for net position are restricted for "debt service or capital projects."

Unrestricted Net Position:

All other net positions that do not meet the definition of "restricted" or "net investment in capital assets".

**Inter-fund 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 it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund 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. Significant estimates affecting the Village's financials include management's estimate of the useful lives of capital assets.

**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.

**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, and Special Revenue 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, 2015, is presented.

The appropriated budget for the year ended June 30, 2015, was properly amended by the Village Council throughout the year.

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, 2015 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, 2015.

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.

New Mexico 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 Fec Tucumcari, NM	Quay Schools FCU Tucumcari, NM	Citizens Tucumcari, NM	Type
Total amount on deposit on June 30, 2015						
Operating	\$ 811,187	\$ -	\$ -	\$ -	\$ -	Checking
Operating	20,382	-	-	-	-	CD
Payroll clearing	-	-	-	-	-	Checking
CDBG Waste Water	15,827	-	-	-	-	Checking
Quay County Gaming	13,185	-	-	-	-	Checking
Quay County Gaming	208	-	-	-	-	Savings
Village of San Jon General Fund	-	13,951	-	-	-	Checking
Village of San Jon Water Reserve	-	1,097	-	-	-	Savings
Village of San Jon CD	-	-	-	21,764	-	CD
Village of San Jon CD	-	-	-	22,253	-	CD
Village of San Jon CD	-	-	-	22,253	-	CD
Village of San Jon General	-	-	40,075	-	-	CD
Village of San Jon General	-	-	21,795	-	-	CD
Village of San Jon General	-	-	21,219	-	-	CD
Village of San Jon Fire	-	-	-	-	2,330	Savings
Village of San Jon Waste Water	-	-	-	-	1,604	Savings
Village of San Jon Water	-	-	-	-	5,282	Savings
Village of San Jon Meter Deposits	-	-	-	-	4,751	Savings
Village of San Jon Solid Waste	-	-	-	-	1,104	Savings
Village of San Jon Cemetery	-	-	-	-	12,581	Savings
Total deposited	860,789	15,048	83,089	66,270	27,652	\$ 1,052,848
Less FDIC coverage	(250,000)	(15,048)	(83,089)	-	(27,652)	
Less NCUA coverage	-	-	-	(66,270)	-	
Total uninsured public funds	610,789	-	-	-	-	
50% collateral requirement as per Section 6-10-17, NMSA 1978	305,395	-	-	-	-	
Pledged securities	450,000	-	-	-	-	
Over (under)	\$ 144,605	\$ -	\$ -	\$ -	\$ -	

Pledged Collateral

According to the Federal Deposit Insurance Corporation, public unit deposits are owned by the public unit. Time deposits, savings deposits and interest bearing money market accounts at 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.

Description	CUSIP	Pledged Market Value	Maturity Date	Location
Los Alamos NM Pub Sch Dist	545562RP7	\$ 450,000	07/15/27	FHLB of Dallas Texas

Custodial Credit Risk

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, 2015, \$160,789 of the Village's bank balance of \$1,052,848 was exposed to custodial credit risk.

Custodial Credit Risk Deposits

Account Balance	\$ 1,052,848
FDIC Insurance	375,789
NCUA Insurance	66,270
Collateral:	
Collateral held by the pledging bank, not in the District's name	450,000
Uninsured and uncollateralized	160,789
Total Deposits	\$ 1,052,848

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**Note 4 Receivables**

Receivables as of June 30, 2015, are as follows:

	Governmental Activities		Business-type Activities	
	Taxes	Other	Taxes	Utility Service
Accounts receivable taxes				
General				
Property tax	\$ 111	\$	\$	\$
Gross receipts taxes municipal	9,657			
Gross receipts taxes state shared	9,775			
MVD	34			
Gas Tax Streets	1,539			
Franchise fee	411			
Total General	<u>21,527</u>			
Streets				
Gas tax	3,542			
Franchise fee	990			
Total Streets	<u>4,532</u>			
Senior Citizens				
Area Agency		855		
Water				
Gross receipts taxes capital outlay			1,906	
Gross receipts tax environmental			476	
Utility service				4,633
Allowance for uncollectible				(388)
Total				<u>4,245</u>
Solid Waste				
Gross receipts taxes municipal			1,906	
Utility service				4,105
Waste Water				
Utility service				<u>2,570</u>
	<u>\$ 26,059</u>	<u>\$ 855</u>	<u>\$ 4,288</u>	<u>\$ 10,920</u>

The above accounts receivable taxes and accounts receivable from grantor 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.

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

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

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.

	Transfer In	Transfer Out
Senior Citizens	\$ 855	\$
General		(855)
Debt Service Fund	26,751	
Fire Fund		(26,751)
Totals	<u>\$ 27,606</u>	<u>\$ (27,606)</u>

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**Note 6 Accounts Payables**

Accounts payable are payable to suppliers as of June 30, 2015, are listed below.

Governmental Activities	<u>Governmental</u>	<u>Business-type</u>
Payable to suppliers		
Major Fund		
General	\$ 1,769	\$
Other Governmental Funds		
Fire	232	
Recreation	81	
Cemetery	130	
Senior Citizens	155	
EMS	48	
Streets	<u>1,134</u>	
Total Other Gov. Funds	1,780	
Business-type Activities		
Payable to suppliers		
Water		2,083
Solid Waste		3,498
Waste Water		<u>1,271</u>
	<u>\$ 3,549</u>	<u>\$ 6,852</u>

Governmental Activities	<u>Governmental</u>	<u>Business-type</u>
Accrued payroll		
Major Fund		
General	2,609	
Other Governmental Funds		
Senior Citizens	325	
Business-type Activities		
Water		<u>1,774</u>
	<u>\$ 2,934</u>	<u>\$ 1,774</u>

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**Note 7 Capital Assets**

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

Government Activities

	Beginning Balances	Increase	Adjustments/ Decrease	Ending Balances
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	27,214	-	2,642,112
Equipment	873,741	40,645	-	914,386
Infrastructure	578,335	-	-	578,335
Total assets	<u>4,385,162</u>	<u>67,859</u>	<u>(258,372)</u>	<u>4,194,649</u>
Less accumulated depreciation				
Buildings and improvements	(426,415)	(32,152)	-	(458,567)
Equipment	(1,220,873)	(77,213)	-	(1,298,086)
Infrastructure	(130,313)	(11,234)	-	(141,547)
Total accumulated depreciation	<u>(1,777,601)</u>	<u>(120,599)</u>	<u>-</u>	<u>(1,898,200)</u>
Governmental activity capital assets, net	<u>\$ 2,607,561</u>	<u>\$ (52,740)</u>	<u>\$ (258,372)</u>	<u>\$ 2,296,449</u>

Capital assets, net of accumulated depreciation, at June 30, 2015 appear in the Statement of Net Position as follows:  
Governmental activities \$2,296,449.

Depreciation expense for the year ended June 30, 2015 was charged to the following governmental activities functions.

General Government	\$ 35,498
Public Safety	82,103
Culture & Recreation	2,998
	<u>\$ 120,599</u>

Business-Type Activities

	Beginning Balances	Increase	Adjustments/ Decrease	Ending Balances
Water Fund				
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	(918,880)	(82,473)	-	(1,001,353)
Equipment	(40,843)	-	-	(40,843)
Total accumulated depreciation	<u>(959,723)</u>	<u>(82,473)</u>	<u>-</u>	<u>(1,042,196)</u>
Business-type activity capital assets, net	<u>\$ 2,123,559</u>	<u>\$ (82,473)</u>	<u>\$ -</u>	<u>\$ 2,041,086</u>

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Solid Waste Fund	Beginning Balances	Increase	Adjustments/ Decrease	Ending Balances
Business-type activities:				
Capital assets being depreciated				
Equipment	\$ 55,043	\$ 55,003	\$ -	\$ 110,046
Total assets	55,043	55,003	-	110,046
Less accumulated depreciation				
Equipment	(55,043)	(2,750)	-	(57,793)
Total accumulated depreciation	(55,043)	(2,750)	-	(57,793)
Business-type activity capital assets, net	\$ -	\$ 52,253	\$ -	\$ 52,253
Waste Water Fund	Beginning Balances	Increase	Adjustments/ Decrease	Ending Balances
Business-type activities:				
Capital assets being depreciated				
System	\$ 1,436,015	\$ 541,352	\$ -	\$ 1,977,367
Equipment	7,000	-	-	7,000
Total assets	1,443,015	541,352	-	1,984,367
Less accumulated depreciation				
System	(468,105)	(86,965)	-	(555,070)
Equipment	(7,000)	-	-	(7,000)
Total accumulated depreciation	(475,105)	(86,965)	-	(562,070)
Business-type activity capital assets, net	\$ 967,910	\$ 454,387	\$ -	\$ 1,422,297

Depreciation expense relating to business-like activities for the year ended June 30, 2015 totaled \$172,188.

**Note 8 Risk Management**

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village has purchased insurance from a commercial vendor and pays an annual premium for its general insurance coverage, as such all risk of loss is transferred.

**Note 9 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.  
Senior Citizens (\$48)
- B. Expenditures exceeded appropriations by fund.  
None
- C. Excess expenditures over budget.  
The District did not reported expenditures in excess of budget at the function level at June 30, 2015,

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**Note 10 Long-term Debts**

Governmental Activities

During the year ended June 30, 2015, 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	\$ 99,478	\$ -	\$ (32,102)	\$ 67,376	\$ 33,139
Other long term liabilities					
Compensated absences	\$ 4,461	\$ 4,533	\$ (3,897)	\$ 5,097	\$ 5,097

In prior years, the General Fund has typically liquidated the compensated absences and the Fire Protection Fund will liquidate the NMFA note.

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 \$32,102 to \$34,237.

The annual requirement to amortize the loan as of June 30, 2015, including interest and administration fees is as follows:

Year Ended June 30,	Principal	Interest	Total
2016	33,139	3,286	36,425
2017	34,237	2,191	36,428
	<u>\$ 67,376</u>	<u>\$ 5,477</u>	<u>\$ 72,853</u>

Business-type Activities

During the year ended June 30, 2015, the following changes occurred in the compensated absences 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	\$ 70,434	\$ -	\$ (1,000)	\$ 69,434	\$ 1,000
Note payable - Waste Water	117,670	-	(3,000)	114,670	3,000
Note payable - Solid Waste	-	55,416	(7,329)	48,087	11,906
	<u>\$ 188,104</u>	<u>\$ 55,416</u>	<u>\$ (11,329)</u>	<u>\$ 232,191</u>	<u>\$ 15,906</u>
Other long term liabilities					
Compensated absences	\$ 4,626	\$ 5,070	\$ (5,292)	\$ 4,404	\$ 4,404

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.

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The annual requirement to amortize the loan as of June 30, 2015, including interest and are as follows:

Year Ended June 30,	Principal	Interest	Total
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	1,000	2,950	3,950
2021 - 2025	10,000	13,600	23,600
2026 - 2030	10,000	11,350	21,350
2031 - 2035	14,000	8,840	22,840
2036 - 2040	16,000	5,510	21,510
2041 - 2043	14,434	1,410	15,844
	<u>\$ 69,434</u>	<u>\$ 55,900</u>	<u>\$ 125,334</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, 2015, including interest and are as follows:

Year Ended June 30,	Principal	Interest	Total
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	3,000	2,823	5,823
2021 - 2025	15,000	12,879	27,879
2026 - 2030	18,000	10,734	28,734
2031 - 2035	20,000	8,067	28,067
2036 - 2040	24,000	5,152	29,152
2041 - 2045	22,669	1,715	24,384
	<u>\$ 114,669</u>	<u>\$ 53,488</u>	<u>\$ 168,157</u>

In 2015 the Village entered into a loan agreement with the New Mexico Finance Authority to finance the purchase of a back how, for the Solid Waste Department. The original loan amount was \$55,416. The interest rate ranges from .18% to 1.28% and the principal payments range from \$11,906 to \$12,171.

The annual requirement to amortize the loan as of June 30, 2015, including interest and are as follows:

Year Ended June 30,	Principal	Interest	Total
2016	\$ 11,906	\$ 385	\$ 12,291
2017	11,963	340	12,303
2018	12,047	268	12,315
2019	12,171	156	12,327
	<u>\$ 48,087</u>	<u>\$ 1,149</u>	<u>\$ 49,236</u>

**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, 2015 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 Subsequent Accounting Standard Pronouncements**

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

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

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

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

In June 2015, GASB Statement No. 76: The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The Village is still evaluating how this pronouncement will affect the financial statements.

In August 2015, GASB Statement No. 77 Tax Abatement Disclosures, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged. The Village is still evaluating how this pronouncement will affect the financial statements.

**Note 16 Subsequent Review**

The Village has evaluated subsequent events through December 9, 2015 which is the date the financial statements were available for issuance.

**Note 17 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

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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 statutes 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

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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 18 Restatement of Net Position**

In prior year's capital assets were reported in governmental activities government-wide Statement of Net Position instead of the business-type activities Statement of Net Position. The following adjustments were made to restate both governmental activities and business-type activities Net Position:

Governmental

Beginning Net Position, beginning	\$	3,280,774
Capital Assets		<u>(231,158)</u>
Net Position, beginning restated	\$	<u>3,049,616</u>

Business-types

Beginning Net Position, beginning	\$	3,108,636
Waste Water - Capital Assets		<u>231,158</u>
Net Position, beginning restated	\$	<u>3,339,794</u>

Supplementary Information Related to Major Governmental Funds

STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
Debt Service Fund - Debt Service Fund - 403  
Statement of Revenues, Expenditures, and Changes in Cash Balances  
Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property tax	\$ -	\$ -	\$ -	\$ -
Franchise tax	-	-	-	-
Gross receipts tax	-	-	-	-
MVD tax	-	-	-	-
Other tax	-	-	-	-
Charges for services	-	-	-	-
Interest income	-	-	245	245
Licenses, fees and fines	-	-	-	-
Miscellaneous	-	-	-	-
Intergovernmental	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>245</u>	<u>245</u>
Expenditures				
Current				
General government				
Finance	-	-	-	-
Public safety	-	-	248	(248)
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	26,751	36,418	32,102	4,316
Interest	<u>-</u>	<u>-</u>	<u>3,037</u>	<u>(3,037)</u>
Total expenditures	<u>26,751</u>	<u>36,418</u>	<u>35,387</u>	<u>1,031</u>
Excess (deficiency) revenues over (under) expenditures	(26,751)	(36,418)	(35,142)	1,276
Other financing sources (uses)				
Operating transfers	26,751	36,418	26,751	(9,667)
Designated cash	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>26,751</u>	<u>36,418</u>	<u>26,751</u>	<u>(9,667)</u>
Net change in cash balances	-	-	(8,391)	(8,391)
Cash balance, beginning	<u>-</u>	<u>-</u>	<u>53,049</u>	<u>53,049</u>
Cash balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,658</u>	<u>\$ 44,658</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (8,391)	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP Basis)			<u>\$ (8,391)</u>	

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

Supplementary Information Related to NonMajor Governmental Funds

## **Non-Major Special Revenue 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-Village 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, 2015

	Emergency Medical Service 206	Law Enforcement Protection 211	Municipal Streets 216	Recreation 217
<u>ASSETS</u>				
Cash in banks	\$ -	\$ -	\$ 46,139	\$ 2,675
Accounts receivable taxes	-	-	4,532	-
Accounts receivable grantor	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,671</u>	<u>\$ 2,675</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 48	\$ -	\$ 1,134	\$ 81
Accrued wages and benefits payable	-	-	-	-
Total liabilities	<u>48</u>	<u>-</u>	<u>1,134</u>	<u>81</u>
<u>FUND BALANCE</u>				
Restricted for				
Special revenue funds	-	-	49,537	2,594
Unassigned				
Special revenue funds	<u>(48)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>(48)</u>	<u>-</u>	<u>49,537</u>	<u>2,594</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,671</u>	<u>\$ 2,675</u>

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



Senior Citizens 219	Special Appropriations 299	Cemetery 510	Veteran's Memorial 299	Totals
\$ 16	\$ 16,349	\$ 19,566	\$ 200	\$ 84,945
-	-	-	-	4,532
<u>855</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>855</u>
<u>\$ 871</u>	<u>\$ 16,349</u>	<u>\$ 19,566</u>	<u>\$ 200</u>	<u>\$ 90,332</u>
\$ 155	\$ -	\$ 130	\$ -	\$ 1,548
<u>325</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>325</u>
<u>480</u>	<u>-</u>	<u>130</u>	<u>-</u>	<u>1,873</u>
391	16,349	19,436	200	88,507
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(48)</u>
<u>391</u>	<u>16,349</u>	<u>19,436</u>	<u>200</u>	<u>88,459</u>
<u>\$ 871</u>	<u>\$ 16,349</u>	<u>\$ 19,566</u>	<u>\$ 200</u>	<u>\$ 90,332</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, 2015

	Emergency Medical Service 206	Law Enforcement Protection 211	Municipal Streets 216	Recreation 217
<b>Revenues</b>				
Property tax	\$ -	\$ -	\$ -	\$ -
Franchise tax	-	-	5,628	-
Gross receipts tax	-	-	-	113
MVD tax	-	-	-	-
Other tax	-	-	25,970	-
Charges for services	-	-	-	2,250
Interest income	-	-	-	-
Licenses, fees and fines	-	-	-	900
Miscellaneous	-	-	-	-
Intergovernmental	25,341	20,000	-	-
<b>Total revenues</b>	<u>25,341</u>	<u>20,000</u>	<u>31,598</u>	<u>3,263</u>
<b>Expenditures</b>				
Current				
General government				
Finance	-	-	-	-
Public safety	11,556	3,000	-	-
Public works	-	-	17,151	-
Culture and recreation	-	-	-	3,212
Capital outlay	13,682	17,000	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>25,238</u>	<u>20,000</u>	<u>17,151</u>	<u>3,212</u>
Excess (deficiency) of revenues over expenditures	103	-	14,447	51
Other financing sources (uses)				
Operating transfers (net)	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	103	-	14,447	51
Fund balances, beginning	(151)	-	35,090	2,543
Restatement	-	-	-	-
<b>Fund balances, beginning restated</b>	<u>(151)</u>	<u>-</u>	<u>35,090</u>	<u>2,543</u>
<b>Fund balances, ending</b>	<u>\$ (48)</u>	<u>\$ -</u>	<u>\$ 49,537</u>	<u>\$ 2,594</u>

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

Senior Citizens 219	Special Appropriations 299	Cemetery 510	Veteran's Memorial 299	Totals
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	5,628
-	-	-	-	113
-	-	-	-	-
-	-	-	-	25,970
-	-	6,650	-	8,900
-	-	100	-	100
-	-	2,820	-	3,720
-	-	-	-	-
19,948	-	-	-	65,289
<u>19,948</u>	<u>-</u>	<u>9,570</u>	<u>-</u>	<u>109,720</u>
-	-	-	-	-
-	-	-	-	14,556
-	2,703	6,414	-	26,268
20,198	-	-	-	23,410
-	-	-	-	30,682
-	-	-	-	-
-	-	-	-	-
<u>20,198</u>	<u>2,703</u>	<u>6,414</u>	<u>-</u>	<u>94,916</u>
(250)	(2,703)	3,156	-	14,804
<u>855</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>855</u>
<u>855</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>855</u>
605	(2,703)	3,156	-	15,659
(214)	19,052	16,280	200	72,800
-	-	-	-	-
<u>(214)</u>	<u>19,052</u>	<u>16,280</u>	<u>200</u>	<u>72,800</u>
<u>\$ 391</u>	<u>\$ 16,349</u>	<u>\$ 19,436</u>	<u>\$ 200</u>	<u>\$ 88,459</u>

STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
Special Revenue Fund - Emergency Medical Service Fund - 206  
Statement of Revenues, Expenditures, and Changes in Cash Balances  
Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Property tax	\$ -	\$ -	\$ -	\$ -
Franchise tax	-	-	-	-
Gross receipts tax	-	-	-	-
MVD tax	-	-	-	-
Other tax	-	-	-	-
Charges for services	-	5,200	-	(5,200)
Interest income	-	-	-	-
Licenses, fees and fines	-	-	-	-
Miscellaneous	-	-	-	-
Intergovernmental	12,000	20,141	25,341	5,200
<b>Total revenues</b>	<b>12,000</b>	<b>25,341</b>	<b>25,341</b>	<b>-</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Finance	-	-	-	-
Public safety	6,000	11,659	11,659	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	6,000	13,682	13,682	-
<b>Debt service</b>				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>12,000</b>	<b>25,341</b>	<b>25,341</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 cash balances	-	-	-	-
Cash balance, beginning	-	-	-	-
Cash balance, ending	\$ -	\$ -	\$ -	\$ -
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			103	
<b>Net change in fund balance (GAAP Basis)</b>			<b>\$ 103</b>	

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 Revenues, Expenditures, and Changes in Cash Balances  
Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property tax	\$ -	\$ -	\$ -	\$ -
Franchise tax	-	-	-	-
Gross receipts tax	-	-	-	-
MVD tax	-	-	-	-
Other tax	-	-	-	-
Charges for services	-	-	-	-
Interest income	-	-	-	-
Licenses, fees and fines	-	-	-	-
Miscellaneous	-	-	-	-
Intergovernmental	20,000	20,000	20,000	-
Total revenues	20,000	20,000	20,000	-
Expenditures				
Current				
General government	-	-	-	-
Finance	-	-	-	-
Public safety	3,000	3,000	3,000	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	17,000	17,000	17,000	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	20,000	20,000	20,000	-
Excess (deficiency) revenues over (under) expenditures	-	-	-	-
Other financing sources (uses)				
Operating transfers net	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in cash balances	-	-	-	-
Cash balance, beginning	-	-	-	-
Cash balance, ending	\$ -	\$ -	\$ -	\$ -
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			-	
Net change in fund balance (GAAP Basis)			\$ -	

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 Revenues, Expenditures, and Changes in Cash Balances  
Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property tax	\$ -	\$ -	\$ -	\$ -
Franchise tax	4,700	4,700	4,638	(62)
Gross receipts tax	-	-	-	-
MVD tax	-	-	-	-
Other tax	23,000	23,000	24,038	1,038
Charges for services	-	-	-	-
Interest income	-	-	-	-
Licenses, fees and fines	-	-	-	-
Miscellaneous	-	-	-	-
Intergovernmental	-	-	-	-
Total revenues	<u>27,700</u>	<u>27,700</u>	<u>28,676</u>	<u>976</u>
Expenditures				
Current				
General government				
Finance	-	-	-	-
Public safety	-	-	-	-
Public works	22,454	22,454	17,045	5,409
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>22,454</u>	<u>22,454</u>	<u>17,045</u>	<u>5,409</u>
Excess (deficiency) revenues over (under) expenditures	5,246	5,246	11,631	6,385
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 cash balances	5,246	5,246	11,631	6,385
Cash balance, beginning	<u>-</u>	<u>-</u>	<u>34,508</u>	<u>34,508</u>
Cash balance, ending	<u>\$ 5,246</u>	<u>\$ 5,246</u>	<u>\$ 46,139</u>	<u>\$ 40,893</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 11,631	
Adjustment to revenues for accruals and other deferrals			2,922	
Adjustment to expenditures for payables, prepaids and other accruals			<u>(106)</u>	
Net change in fund balance (GAAP Basis)			<u>\$ 14,447</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 Revenues, Expenditures, and Changes in Cash Balances  
Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property tax	\$ -	\$ -	\$ -	\$ -
Franchise tax	-	-	-	-
Gross receipts tax	150	150	113	(37)
MVD tax	-	-	-	-
Other tax	-	-	-	-
Charges for services	2,250	2,250	2,250	-
Interest income	-	-	-	-
Licenses, fees and fines	-	-	-	-
Miscellaneous	1,000	1,000	900	(100)
Intergovernmental	-	-	-	-
<b>Total revenues</b>	<b>3,400</b>	<b>3,400</b>	<b>3,263</b>	<b>(137)</b>
Expenditures				
Current				
General government				
Finance	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	3,375	3,375	3,322	53
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>3,375</b>	<b>3,375</b>	<b>3,322</b>	<b>53</b>
Excess (deficiency) revenues over (under) expenditures	25	25	(59)	(84)
Other financing sources (uses)				
Operating transfers net	-	-	-	-
Designated cash	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in cash balances	25	25	(59)	(84)
Cash balance, beginning	-	-	2,734	2,734
Cash balance, ending	<u>\$ 25</u>	<u>\$ 25</u>	<u>\$ 2,675</u>	<u>\$ 2,650</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (59)	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			110	
Net change in fund balance (GAAP Basis)			<u>\$ 51</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 Revenues, Expenditures, and Changes in Cash Balances  
Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property tax	\$ -	\$ -	\$ -	\$ -
Franchise tax	-	-	-	-
Gross receipts tax	-	-	-	-
MVD tax	-	-	-	-
Other tax	-	-	-	-
Charges for services	-	-	-	-
Interest income	-	-	-	-
Licenses, fees and fines	-	-	-	-
Miscellaneous	-	-	-	-
Intergovernmental	<u>19,948</u>	<u>19,948</u>	<u>19,093</u>	<u>(855)</u>
Total revenues	<u>19,948</u>	<u>19,948</u>	<u>19,093</u>	<u>(855)</u>
Expenditures				
Current				
General government				
Finance	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
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	-	-	(855)	(855)
Other financing sources (uses)				
Operating transfers net	-	-	855	855
Designated cash	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>855</u>	<u>855</u>
Net change in cash balances	-	-	-	-
Cash balance, beginning	<u>-</u>	<u>-</u>	<u>16</u>	<u>16</u>
Cash balance, ending	<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			855	
Adjustment to expenditures for payables, prepaids and other accruals			<u>(250)</u>	
Net change in fund balance (GAAP Basis)			<u>\$ 605</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 Revenues, Expenditures, and Changes in Cash Balances  
Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property tax	\$ -	\$ -	\$ -	\$ -
Franchise tax	-	-	-	-
Gross receipts tax	-	-	-	-
MVD tax	-	-	-	-
Other tax	-	-	-	-
Charges for services	6,000	6,000	-	(6,000)
Interest income	-	-	-	-
Licenses, fees and fines	-	-	-	-
Miscellaneous	-	-	-	-
Intergovernmental	-	-	-	-
Total revenues	<u>6,000</u>	<u>6,000</u>	<u>-</u>	<u>(6,000)</u>
Expenditures				
Current				
General government	-	-	-	-
Finance	-	-	-	-
Public safety	-	-	-	-
Public works	6,000	6,000	3,352	2,648
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>6,000</u>	<u>6,000</u>	<u>3,352</u>	<u>2,648</u>
Excess (deficiency) revenues over (under) expenditures	-	-	(3,352)	(3,352)
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 cash balances	-	-	(3,352)	(3,352)
Cash balance, beginning	-	-	19,701	19,701
Cash balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,349</u>	<u>\$ 16,349</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (3,352)	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			649	
Net change in fund balance (GAAP Basis)			<u>\$ (2,703)</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 - 600  
Statement of Revenues, Expenditures, and Changes in Cash Balances  
Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property tax	\$ -	\$ -	\$ -	\$ -
Franchise tax	-	-	-	-
Gross receipts tax	-	-	-	-
MVD tax	-	-	-	-
Other tax	-	-	-	-
Charges for services	6,630	6,630	6,650	20
Interest income	100	100	100	-
Licenses, fees and fines	-	-	-	-
Miscellaneous	2,820	2,820	2,820	-
Intergovernmental	-	-	-	-
Total revenues	<u>9,550</u>	<u>9,550</u>	<u>9,570</u>	<u>20</u>
Expenditures				
Current				
General government	-	-	-	-
Finance	-	-	-	-
Public safety	-	-	-	-
Public works	9,390	9,390	6,532	2,858
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>9,390</u>	<u>9,390</u>	<u>6,532</u>	<u>2,858</u>
Excess (deficiency) revenues over (under) expenditures	160	160	3,038	2,878
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 cash balances	160	160	3,038	2,878
Cash balance, beginning	<u>-</u>	<u>-</u>	<u>16,528</u>	<u>16,528</u>
Cash balance, ending	<u>\$ 160</u>	<u>\$ 160</u>	<u>\$ 19,566</u>	<u>\$ 19,406</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 3,038	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			<u>118</u>	
Net change in fund balance (GAAP Basis)			<u>\$ 3,156</u>	

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

STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
Enterprise Fund - Water Fund - 506  
Statement of Revenues, Expenses, and Changes in Cash Balances  
Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Sales and service	\$ 62,623	\$ 62,623	\$ 62,623	\$ -
Total revenues	62,623	62,623	62,623	-
Expenses				
Current				
Public works	42,880	42,880	34,076	8,804
Personnal	25,500	25,500	21,484	4,016
Total expenses	68,380	68,380	55,560	12,820
Excess (deficiency) revenues over (under) expenses	(5,757)	(5,757)	7,063	12,820
Other financing sources (uses)				
Taxes - gross receipts (net)	78	78	78	-
Gross receipts tax - not on service	15,000	15,000	12,324	(2,676)
Interest income	40	40	40	-
Penalty income	719	719	1,225	506
Change in meter deposits	(420)	(420)	(235)	185
Debt service principal	(1,250)	(1,250)	(1,000)	250
Debt service interest	(5,250)	(5,250)	(3,215)	2,035
Operating transfers net	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	8,917	8,917	9,217	300
Net change in cash balances	3,160	3,160	16,280	13,120
Cash balance, beginning	-	-	102,511	102,511
Prior period adjustment	-	-	(300)	(300)
Cash balance, beginning restated	-	-	102,211	102,211
Cash balance, ending	\$ 3,160	\$ 3,160	\$ 118,491	\$ 115,331
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 16,280	
Adjustment to revenues for accruals and other deferrals			(1,516)	
Adjustment to expenditures for payables, prepaids and other accruals			(81,403)	
Net change in fund balance (GAAP Basis)			\$ (66,639)	

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

STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
Enterprise Fund - Solid Waste Fund - 504  
Statement of Revenues, Expenses, and Changes in Cash Balance  
Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Sales and service	\$ 42,000	\$ 42,000	\$ 41,994	\$ (6)
Total revenues	<u>42,000</u>	<u>42,000</u>	<u>41,994</u>	<u>(6)</u>
Expenses				
Current				
Public works	50,388	50,388	38,435	11,953
Personnal	<u>10,905</u>	<u>10,905</u>	<u>9,890</u>	<u>1,015</u>
Total expenses	<u>61,293</u>	<u>61,293</u>	<u>48,325</u>	<u>12,968</u>
Excess (deficiency) revenues over (under) expenses	(19,293)	(19,293)	(6,331)	(12,974)
Other financing sources (uses)				
Taxes - gross receipts (net)	100	100	86	(14)
Gross receipts tax - not on service	12,900	12,900	16,554	3,654
Interest income	1,300	1,300	195	(1,105)
Penalty income	4,000	4,000	5,333	1,333
Non operating expenses	-	-	(416)	(416)
Debt service principal	-	-	(7,329)	(7,329)
Debt service interest	-	-	(245)	(245)
Loan proceeds	105,000	105,000	55,416	(49,584)
Capital outlay	(205,003)	(205,003)	(55,003)	150,000
Designated cash	<u>100,996</u>	<u>100,996</u>	<u>-</u>	<u>(100,996)</u>
Total other financing sources (uses)	<u>19,293</u>	<u>19,293</u>	<u>14,591</u>	<u>(4,702)</u>
Net change in cash balances	-	-	8,260	(17,676)
Cash balance, beginning	-	-	72,730	72,730
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash balance, beginning restated	<u>-</u>	<u>-</u>	<u>72,730</u>	<u>72,730</u>
Cash balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,990</u>	<u>\$ 80,990</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 8,260	
Adjustment to revenues for accruals and other deferrals			(336)	
Adjustment to expenditures for payables, prepaids and other accruals			<u>3,716</u>	
Net change in fund balance (GAAP Basis)			<u>\$ 11,640</u>	

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

STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
Enterprise Fund - Waste Water Fund - 503  
Statement of Revenues, Expenses, and Changes in Cash Balance  
Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Sales and service	\$ 30,751	\$ 30,751	\$ 30,501	\$ (250)
Total revenues	<u>30,751</u>	<u>30,751</u>	<u>30,501</u>	<u>(250)</u>
Expenses				
Current:				
Public works	11,000	11,000	9,432	1,568
Personnal	<u>10,000</u>	<u>10,000</u>	<u>9,442</u>	<u>558</u>
Total expenses	<u>21,000</u>	<u>21,000</u>	<u>18,874</u>	<u>2,126</u>
Excess (deficiency) revenues over (under) expenses	9,751	9,751	11,627	1,876
Other financing sources (uses)				
Taxes - gross receipts (net)	-	-	-	-
Interest income	8	8	6	(2)
Penalty income	949	949	768	(181)
Debt service principal	(3,000)	(3,000)	(3,000)	-
Debt service interest	(3,660)	(3,660)	(3,236)	424
CDBG Grant	279,919	279,919	264,092	(15,827)
Legeslative Grant	199,464	199,464	45,802	(153,662)
Capital outlay	(379,383)	(379,383)	(309,894)	69,489
Designated cash	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>94,297</u>	<u>94,297</u>	<u>(5,462)</u>	<u>(99,759)</u>
Net change in cash balances	104,048	104,048	6,165	(97,883)
Cash balance, beginning	-	-	30,829	30,829
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash balance, beginning restated	<u>-</u>	<u>-</u>	<u>30,829</u>	<u>30,829</u>
Cash balance, ending	<u>\$ 104,048</u>	<u>\$ 104,048</u>	<u>\$ 36,994</u>	<u>\$ (67,054)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 6,165	
Adjustment to revenues for accruals and other deferrals			(154)	
Adjustment to expenditures for payables, prepaids and other accruals			<u>225,059</u>	
Net change in fund balance (GAAP Basis)			<u>\$ 231,070</u>	

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

## Supplementary Information Related to Agency Funds

## **Agency Funds**

### Activity Trust Fund

To account for funds collected on behalf of the State Of New Mexico 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, 2015

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>ASSETS</u>				
Quay County Gaming Authority	\$ 13,366	\$ 27	\$ -	\$ 13,393
Total assets	<u>\$ 13,366</u>	<u>\$ 27</u>	<u>\$ -</u>	<u>\$ 13,393</u>
<u>LIABILITIES</u>				
Funds handled on behalf of Quay County Gaming Authority	\$ 13,366	\$ 27	\$ -	\$ 13,393
Total liabilities	<u>\$ 13,366</u>	<u>\$ 27</u>	<u>\$ -</u>	<u>\$ 13,393</u>

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



## Other Supplemental Information

STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
Bank Reconciliation - All Accounts  
For the year ended June 30, 2015

	Beginning Cash	Receipts	Distributions	Transfers
<b>Governmental funds</b>				
General	\$ 567,847	\$ 249,412	\$ (173,819)	\$ (855)
Emergency Medical Service	-	25,341	(25,341)	-
Fire Protection	63,986	70,098	(33,692)	(26,751)
Law Enforcement Protection	-	20,000	(20,000)	-
Municipal Streets	34,508	28,676	(17,045)	-
Recreation	2,734	3,263	(3,322)	-
Senior Citizens	16	19,093	(19,948)	855
Special Appropriations	19,701	-	(3,352)	-
Cemetery	16,528	9,570	(6,532)	-
Veteran's Memorial	200	-	-	-
Capital Projects	-	-	-	-
<b>Total Governmental funds</b>	<b>705,520</b>	<b>425,453</b>	<b>(303,051)</b>	<b>(26,751)</b>
<b>Proprietary funds</b>				
Water	102,511	76,055	(59,775)	-
Solid waste	72,730	109,913	(103,710)	-
Waste water	30,829	341,169	(335,004)	-
<b>Total proprietary funds</b>	<b>206,070</b>	<b>527,137</b>	<b>(498,489)</b>	<b>-</b>
<b>Total governmental and proprietary funds</b>	<b>911,590</b>	<b>952,590</b>	<b>(801,540)</b>	<b>(26,751)</b>
<b>Agency Fund</b>				
Quay County Gaming Authority	13,366	27	-	-
<b>Total agency funds</b>	<b>13,366</b>	<b>27</b>	<b>-</b>	<b>-</b>
<b>Total all funds</b>	<b><u>\$ 924,956</u></b>	<b><u>\$ 952,617</u></b>	<b><u>\$ (801,540)</u></b>	<b><u>\$ (26,751)</u></b>
<b>Governmental funds</b>				
<b>NMFA</b>				
<b>Debt Service</b>				
NMFA Cash State Treasurer	\$ 23,486	\$ 136	\$ (35,387)	\$ 26,751
NMFA Reserve Funds	29,564	240	(132)	-
<b>Total Governmental func</b>	<b><u>\$ 53,050</u></b>	<b><u>\$ 376</u></b>	<b><u>\$ (35,519)</u></b>	<b><u>\$ 26,751</u></b>
<b>Solid Waste</b>				
NMFA Cash State Treasurer	\$ -	\$ 9,665	\$ (7,608)	\$ -

Net Cash End of Period	Adjustments to the Report	Total Cash on Report
\$ 642,585	\$ -	\$ 642,585
-	-	-
73,641	-	73,641
-	-	-
46,139	-	46,139
2,675	-	2,675
16	-	16
16,349	-	16,349
19,566	-	19,566
200	-	200
-	-	-
801,171	-	801,171
118,791	(300)	118,491
78,933	-	78,933
36,994	-	36,994
234,718	(300)	234,418
1,035,889	(300)	1,035,589
13,393	-	13,393
13,393	-	13,393
<u>\$ 1,049,282</u>	<u>\$ (300)</u>	<u>\$ 1,048,982</u>
\$ 14,986	\$ -	\$ 14,986
29,672	-	29,672
<u>\$ 44,658</u>	<u>\$ -</u>	<u>\$ 44,658</u>
<u>\$ 2,057</u>	<u>\$ -</u>	<u>\$ 2,057</u>

STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
Bank Reconciliation - All Accounts  
For the year ended June 30, 2015

<u>Bank Name</u>	<u>Bank Account Name</u>	<u>Account Type</u>	<u>Bank Statement Balance</u>	<u>Reconciling Items Outstanding Deposits</u>
FNB New Mexico	Village of San Jon			
	Operating Account	Checking	\$ 811,187	\$ 15,827
	Operating Account	CD	20,382	-
	Payroll Clearing	Checking	-	-
	CDBG Waste Water	Checking	15,827	-
Wells Fargo	Village of San Jon			
	General Fund	Checking	13,951	-
	Water Reserve	Savings	1,097	-
Quay Schools Federal Credit Union	Village of San Jon			
	General Fund	CD	21,764	-
	General Fund	CD	22,253	-
	Solid Waste Fund	CD	22,253	-
Tucumcari Federal Savings and Loan	Village of San Jon			
	General Fund	CD	40,075	-
	General Fund	CD	21,795	-
	General Fund	CD	21,219	-
Citizens Bank	Village of San Jon			
	Fire Fund	Savings	2,330	-
	Waste Water	Savings	1,604	-
	Water	Savings	5,282	-
	Water Meter Deposit	Savings	4,751	-
	Solid Waster Fund	Savings	1,104	-
	Cemetery Fund	Savings	12,581	-
New Mexico Finance Authority	Village of San Jon			
	Debt Service - Fire Truck		14,986	-
NMFA Cash State Treasurer	Village of San Jon			
	Debt Service - Reserve Fire Truck		29,672	-
	Debt Service - Backhoe		2,057	-
	Total reconciled bank accounts		1,086,170	15,827
FNB New Mexico	Quay County Gaming Authority			
	C/O Village of San Jon	Checking	13,185	-
	C/O Village of San Jon	Savings	208	-
	Total agency bank accounts		13,393	-
	Totals		\$ 1,099,563	\$ 15,827

Reconciling Items Outstanding Checks	Total Reconciled Book Balance
\$ (3,866)	\$ 823,148
-	20,382
-	-
(15,827)	-
-	13,951
-	1,097
-	21,764
-	22,253
-	22,253
-	40,075
-	21,795
-	21,219
-	2,330
-	1,604
-	5,282
-	4,751
-	1,104
-	12,581
-	14,986
-	29,672
-	2,057
(19,693)	1,082,304
-	13,185
-	208
-	13,393
<u>\$ (19,693)</u>	<u>\$ 1,095,697</u>

STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
Revenue Schedule  
For the year ended June 30, 2015

	<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 - property	\$ 12,982	\$ -	\$ -	\$ -
Tax - gross receipts	62,904	-	-	-
Licenses and permits	450	-	-	-
Charges for services	-	-	-	-
Rent	6,976	-	-	-
Connection charges	-	-	-	-
Interest on investments	2,385	-	9	-
Donations	857	-	-	-
Miscellaneous	50	-	-	-
Reimbursements	2,185	-	-	-
Cemetery fees	-	-	-	-
Franchise tax	826	-	-	-
	<u>89,615</u>	<u>-</u>	<u>9</u>	<u>-</u>
Total local sources	89,615	-	9	-
State sources				
Tax - Gas	-	-	-	-
Tax - Gas	1,539	-	-	-
Tax - State Gross Receipts	63,782	-	-	-
Tax - Environmental Gross Receipts	-	-	-	-
Tax - Infrastructure Gross Receipts	-	-	-	-
Tax - Capital Outlay Gross Receipts	-	-	-	-
Grant - EMS	-	-	-	-
Fire allotment	-	25,341	-	-
Grant - LEP	-	-	70,089	-
Conservation fee	-	-	-	20,000
Motor Vehicle	738	-	-	-
Clean and Beautiful grant	1,572	-	-	-
Agency on Aging	-	-	-	-
NM Finance Authority - loan	-	-	-	-
Small Cities assistance	90,000	-	-	-
Grant - Legislative	-	-	-	-
	<u>157,631</u>	<u>25,341</u>	<u>70,089</u>	<u>20,000</u>
Total state sources	157,631	25,341	70,089	20,000
Federal sources				
Other	-	-	-	-
CDBG	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total federal sources	-	-	-	-
Total	<u>\$ 247,246</u>	<u>\$ 25,341</u>	<u>\$ 70,098</u>	<u>\$ 20,000</u>

Municipal Streets - 216	Recreation 217	Senior Citizens 219	Special Appropriations 299	Cemetery 600
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	2,250	-	-	-
-	-	-	-	100
-	900	-	-	2,820
-	113	-	-	-
-	-	-	-	-
-	-	-	-	6,650
<u>5,628</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
5,628	3,263	-	-	9,570
17,510	-	-	-	-
8,460	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	19,948	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>25,970</u>	<u>-</u>	<u>19,948</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 31,598</u>	<u>\$ 3,263</u>	<u>\$ 19,948</u>	<u>\$ -</u>	<u>\$ 9,570</u>

STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
Revenue Schedule  
For the year ended June 30, 2015

	Debt Service 403	Total Governmental Funds
Revenues		
Local sources		
Tax - property	\$ -	\$ 12,982
Tax - gross receipts	-	62,904
Licenses and permits	-	450
Charges for services	-	-
Rent	-	9,226
Connection charges	-	-
Interest on investments	245	2,739
Donations	-	4,577
Miscellaneous	-	163
Reimbursements	-	2,185
Cemetery fees	-	6,650
Franchise tax	-	6,454
Total local sources	245	108,330
State sources		
Tax - Gas	-	17,510
Tax - Gas	-	9,999
Tax - State Gross Receipts	-	63,782
Tax - Environmental Gross Receipts	-	-
Tax - Infrastructure Gross Receipts	-	-
Tax - Capital Outlay Gross Receipts	-	-
Grant - EMS	-	-
Fire allotment	-	25,341
Grant - LEP	-	70,089
Conservation fee	-	20,000
Motor Vehicle	-	738
Clean and Beautiful grant	-	1,572
Agency on Aging	-	19,948
Small Cities assistance	-	-
Grant - Legislative	-	90,000
Total state sources	-	318,979
Federal sources		
CDBG	-	-
Total federal sources	-	-
Total	\$ 245	\$ 427,309



<u>Water - 501</u>	<u>Solid Waste 502</u>	<u>Solid Waste 502</u>	<u>Total Enterprise Funds</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
60,457	41,959	30,347	132,763
-	-	-	-
125	-	-	125
40	195	6	241
-	-	-	-
1,752	5,333	768	7,853
-	-	-	-
-	-	-	-
-	-	-	-
<u>62,374</u>	<u>47,487</u>	<u>31,121</u>	<u>140,982</u>
-	-	-	-
-	-	-	-
-	-	-	-
3,103	-	-	3,103
-	6,566	-	6,566
8,515	9,687	-	18,202
-	-	-	-
-	-	-	-
-	-	-	-
329	-	-	329
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	45,802	45,802
<u>11,947</u>	<u>16,253</u>	<u>45,802</u>	<u>74,002</u>
-	-	264,092	264,092
<u>-</u>	<u>-</u>	<u>264,092</u>	<u>264,092</u>
<u>\$ 74,321</u>	<u>\$ 63,740</u>	<u>\$ 341,015</u>	<u>\$ 479,076</u>

VILLAGE OF SAN JON  
 SCHEDULE OF VENDOR INFORMATION for Purchases Exceeding \$60,000 (excluding GRT)  
 For the Year Ended June 30, 2015

Schedule III

Prepared by Agency Staff Name:           Toni Stoner           Title:           Treasurer           Date           6/30/2015          

<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address per the procurement documentation, of <u>ALL</u> Vendor(s) that responded</i>	<i>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A</i>	<i>Brief Description of the Scope of Work</i>
None								

## Compliance Section

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# Sandra Rush

Certified Public Accountant PC

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Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards*

Independent Auditor's Report

Timothy Keller  
New Mexico State Auditor  
The 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, and the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue fund, of the Village of San Jon (the Village) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Village presented as supplementary information, and have issued my report thereon dated December 9, 2015.

## 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. 2014-001

## 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, 2015-001, 2015-002, 2015-003 and 2015-004.

### **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  
December 9, 2015

STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
Schedule of Findings and Responses  
June 30, 2015

Prior Year Finding

2014-001 Capital Asset / Depreciation Schedule (Significant Deficiency) Repeated and Revised

*Note: For traceability purposes, the audit finding reference numbers reported in prior year audit reports are presented in brackets, and where applicable, have been renumbered to comply with reporting standards.*

2014-001 Capital Asset / Depreciation Schedule (Significant Deficiency) Repeated and Revised

Condition

The Village could not provide a complete governmental activities or business-type activities Capital Asset listing and depreciation schedule for the fiscal year ending June 30, 2015 that complies with GASB 34.177a and 3.30.1.12 NMAC. Since the prior year the Village has developed a Capital Asset listing; however, the treasurer has not reconciled the reports to the prior year's information or provide information needed to comply with GASB 34.177a and 3.30.1.12 NMAC.

Criteria

A capital asset inventory and depreciation schedules 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

For the year ended June 30, 2015, the entity had done extensive work on developing a usable listing, however the list needs to be reconciled with the prior year information. The new list should also be compliant with GASB 34.177a and 3.30.1.12 NMAC.

Effect

Management is not complying with Generally Accepted Accounting Principles.

Recommendation

Management has made progress in completing the capital asset listing, however additional work is need to assign a function to each assets depreciation and reconciling the information with prior information. Management should continue working on the capital asset listing.

Response

Village personnel will continue working on the Capital Asset listing to insure it is corrected in a timely manner. The Treasurer will work with the Village Staff to have a complete and accurate list of capital assets by January 31, 2016. All information will be recorded, updated and completed by February 29, 2016.

STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
Schedule of Findings and Responses  
June 30, 2015

2015-001 Credit Card (Compliance Other)

Condition

The Village has a credit card issued by Wells Fargo.

Criteria

In accordance with Laws of 2007, Regular Session, Chapter 28, Section 3, Subsection L states, "Except for gasoline credit cards used solely for operation of official vehicles, telephone credit cards used solely for official business and procurement cards used as authorized by section 6-5-9(I) NMSA 1978, none of the appropriations contained in the General Appropriation Act of 2007 may be expended for payment of agency-issued credit card invoices.

Cause

Management was unaware that a credit card could not be used.

Effect

The Village could potentially lose spending control with the use of the credit card if the users do not follow the procurement process. Additionally, the Village has a potential risk of loss and theft through inappropriate purchases by an employee or the loss of control of the credit card number resulting in fraudulent use.

Recommendation

The Village should replace the credit cards with procurement cards authorized by Section 6-5-9(I) NMSA 1978.

Response

Response

The Village treasurer will replace the Credit Cards with a Procurement Card by June 30, 2016. All purchases with the Procurement Card will follow the General Appropriation Act of 2007, Regular Session, Chapter 28, Section 3, Subsection L.



STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
Schedule of Findings and Responses  
June 30, 2015

2015-002 Mileage and Per Diem Act – (Compliance Other)

Condition

During the course of the audit, we performed tests of travel and per diem expenditures. The sample size was five transactions, which were selected throughout the fiscal year, and contained the following discrepancies: There was one instances where the employee supervisor failed to sign the form certifying the reimbursement was correct and authorizing payment

Criteria

The New Mexico Department of Finance and Administration (DFA) have issued regulations in the form of Title 2, Chapter 42, Part 2, Travel and Per Diem Regulations Governing the Per Diem and Mileage Act of the New Mexico Administrative Code. The rule was issued in accordance with Section 10-8-1 to 10-8-8 NMSA 1978.

Effect

Non-compliance with the state of New Mexico Travel and Per Diem Act subjects' officials and employees to penalties as required by state statutes.

Cause

The Village did not understand and apply DFA regulations correctly. Travel requests were not reviewed properly prior to payment.

Recommendation

Management should review the Mileage and Per Diem Act. Once a solid understanding of the Act is obtained, procedures should be reviewed and modified to ensure compliance with the Act.

Response

The mileage and per diem act will be reviewed and followed. All per diem requests will be authorized by the Certified Procurement Officer. By June 30, 2016 all requests will be reviewed and signed by the employee, Department Head, Mayor or Certified Procurement Officer before any payment is made.

STATE OF NEW MEXICO  
VILLAGE OF SAN JON  
Schedule of Findings and Responses  
June 30, 2015

2015-003 Form 1099 - (Compliance Other)

Condition

During the course of the audit, we performed tests of expenditures. During the sampling process two of the five payees sampled were not issued Internal Revenue Service Form 1099's (information returns).

Criteria

Internal Revenue Code (IRC) Section 6721

Cause

The vendor's refused to complete an Internal Revenue Service Form W-9 providing the Village with the information required to issue a 1099.

Effect

The Internal Revenue Service could assess a penalty for each Form 1099 (information return) that was not issued or issued correctly by the due date. Because it has been more than 30 days from the original due date the penalty could be \$100 per information return, up to a maximum of \$500,000. There could also be a late filing penalty.

Recommendation

All vendors providing services to the Village should be required to complete and sign a W-9 prior to performing any service. According to Internal Revenue Code (IRC) 6721 if a vendor refused to complete a Form W-9, the Village has two options: use another vendor who will comply with the requirement of completing and signing a Form W-9 or withhold 28% backup withholdings from the payment to the vendor. The Village would then file a Form 945 and remit the 28% backup withholdings to the Internal Revenue Service.

Response

Beginning December January 15, 2016 all vendors performing services for the Village will be required to complete a W-9 provided by the Certified Procurement Officer. Any vendor who does not complete the W-9 will have a 28% withholding from the payment. The 1099 form and 945 form will be filed with the IRS.

2015-004 Compliance with the Anti-Donation Clause – Goods and Services (Compliance Other)

Condition

During the audit, it was noted the Village provided a meal to a non-employee in violation of Article 9, Section 14 of the New Mexico Constitution, also referred to as the Anti-Donation Clause. The meal was provided on a trip to deliver a water sample to Lubbock Texas. The cost of the meal was \$21.18

Criteria

Article 9, Section 14 of the New Mexico Constitution states that "neither the state nor any county, school district or municipality shall directly or indirectly lend or pledge its credit or make any donation to or in aid of any person, association or public or private corporation...". The various exemptions included in this section do not address the hosting of public events as an exemption from the Anti-Donation clause.

Effect

The Village has violated the provisions of Article 9, Section 14 of the New Mexico Constitution.

Cause

The Village is required to have its water tested quarterly. The non-employee went to Lubbock Texas with the Village employee to deliver the water sample. The round trip takes approximately 8 hours. Since the non-employee volunteers' services to the Village his meal was purchased by the Village.

Recommendations

I recommend the Village establish policies that comply with Article 9, Section 14 of the New Mexico Constitution those policies to all entities seeking to use Village resources.

Response

The Certified Procurement Officer will develop a policy by June 30, 2016 that complies with Article 9, Section 14 of the New Mexico Constitution. Meals will not be purchased if they violate the anti-donation clause.

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, Therese Schleizer, Board Member, Toni Stoner Treasurer, and Sandra Rush, CPA, in an exit conference on December 8, 2015.

