
STATE OF NEW MEXICO
VILLAGE OF SAN JON
June 30, 2016

Financial Statements and Supplementary Information
As Of And For The Year Ended June 30, 2016
With Independent Auditor's Report Thereon

Sandra Rush
Certified Public Accountant, PC

1101 E Llano Estacado
Clovis, New Mexico 88101

Introductory Section

STATE OF NEW MEXICO
VILLAGE OF SAN JON

Official Roster
For the year ended June 30, 2016

Board of Trustees

Billie Jo Barnes

Mayor

Therese Schleizer

Trustee / Mayor Pro

Jarrold Archuleta

Trustee

Craig Brashear

Trustee

Rodney Stoner

Trustee

Administrative Officials

Cynthia Lee

Clerk

Toni Stoner

Treasurer

STATE OF NEW MEXICO
VILLAGE OF SAN JON
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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 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, 2016, 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, 2016, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, based on my report, 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, 2016, and the respective changes in financial position

and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in my opinion, 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, 2016, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

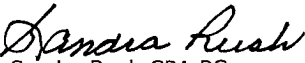
My audit was conducted for the purpose of forming opinions on the District's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The other schedules as required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a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

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

The Schedule of Vendor Information 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 November 23, 2016 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
November 23, 2016

Basic Financial Statements

Government-wide Financial Statements

STATE OF NEW MEXICO
VILLAGE OF SAN JON
Statement of Net Position
June 30, 2016

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	\$ 725,696	\$ 219,442	\$ 945,138
Investments	148,542	22,442	170,984
Accounts receivable			
Taxes	23,597	5,913	29,510
Grantor	5,847	-	5,847
Sales	-	15,072	15,072
	<u>903,682</u>	<u>262,869</u>	<u>1,166,551</u>
Total current assets			
Noncurrent assets			
Restricted cash			
Customer deposits	-	6,619	6,619
NMFA state treasurer	6,667	2,071	8,738
NMFA reserve funds held	29,717	-	29,717
Capital assets	4,456,910	4,661,430	9,118,340
Less: accumulated depreciation	<u>(1,608,049)</u>	<u>(1,589,062)</u>	<u>(3,197,111)</u>
	<u>2,885,245</u>	<u>3,081,058</u>	<u>5,966,303</u>
Total noncurrent assets			
	<u>\$ 3,788,927</u>	<u>\$ 3,343,927</u>	<u>\$ 7,132,854</u>
Total assets			
<u>LIABILITIES</u>			
Current liabilities			
Accounts payable	\$ 4,257	\$ 3,808	\$ 8,065
Compensated absences	6,895	5,006	11,901
Current portion of long-term debt	<u>34,237</u>	<u>15,963</u>	<u>50,200</u>
	<u>45,389</u>	<u>24,777</u>	<u>70,166</u>
Total current liabilities			
Non-current liabilities			
Customer meter deposits	-	6,619	6,619
Long-term portion notes payable	<u>-</u>	<u>200,322</u>	<u>200,322</u>
	<u>-</u>	<u>206,941</u>	<u>206,941</u>
Total non-current liabilities			
	<u>45,389</u>	<u>231,718</u>	<u>277,107</u>
Total liabilities			
<u>NET POSITION</u>			
Net investment in capital assets	2,814,624	2,856,083	5,670,707
Restricted			
Special revenue	202,097	-	202,097
Debt service	-	-	-
Unrestricted	<u>726,817</u>	<u>256,126</u>	<u>982,943</u>
	<u>3,743,538</u>	<u>3,112,209</u>	<u>6,855,747</u>
Total net position			
	<u>\$ 3,788,927</u>	<u>\$ 3,343,927</u>	<u>\$ 7,132,854</u>
Total liabilities and net pension			

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, 2016

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	\$ 190,880	\$ -	\$ -	\$ -	\$ (190,880)	\$ -	\$ (190,880)
Public safety	156,735	-	108,033	149,987	101,285	-	101,285
Public works	40,253	3,450	-	-	(36,803)	-	(36,803)
Highway Coop	48,467	-	-	48,467	-	-	-
Culture and recreation	50,173	3,523	19,948	-	(26,702)	-	(26,702)
Interest	2,252	-	-	-	(2,252)	-	(2,252)
Total governmental activities	<u>488,760</u>	<u>6,973</u>	<u>127,981</u>	<u>198,454</u>	<u>(155,352)</u>	<u>-</u>	<u>(155,352)</u>
Business-type activities:							
Water	141,804	60,665	-	-	-	(81,139)	(81,139)
Solid waste	49,853	48,196	-	-	-	(1,657)	(1,657)
Waste water	84,189	31,205	-	-	-	(52,984)	(52,984)
Total business-type activities	<u>275,846</u>	<u>140,066</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(135,780)</u>	<u>(135,780)</u>
Total governmental and business-type activities	<u>\$ 764,606</u>	<u>\$ 147,039</u>	<u>\$ 127,981</u>	<u>\$ 198,454</u>	<u>\$ (155,352)</u>	<u>\$ (135,780)</u>	<u>\$ (291,132)</u>

General Revenues:

Taxes:

Property	16,210	-	16,210
Franchise	5,504	-	5,504
GRT municipal	59,930	-	59,930
Gas	23,252	-	23,252
GRT municipal state share	62,023	-	62,023
GRT infrastructure	-	26,745	26,745
GRT environmental	-	2,604	2,604
Licenses and permits	625	-	625
Motor vehicle fees	792	-	792
Contributions	3,250	-	3,250
Interest income	3,393	255	3,648
Conservation fee	-	230	230
Reimbursements / refunds	1,179	-	1,179
Rents and royalties	6,976	-	6,976
Small cities assistance	90,000	-	90,000

Total general revenues 273,134 29,834 302,968

Change in net position 117,782 (105,946) 11,836

Net position, beginning 3,090,236 3,515,865 6,606,101
Restatement 535,520 (297,710) 237,810

Net position, beginning restated 3,625,756 3,218,155 6,843,911

Net position, ending \$ 3,743,538 \$ 3,112,209 \$ 6,855,747

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, 2016

	General 101	Emergency Medical Service 206	Fire Protection 209	Municipal Streets 216	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 563,359	\$ 13	\$ 85,179	\$ 40,201	\$ 36,944	\$ 725,696
Investments	148,542	-	-	-	-	148,542
Cash NMFA Reserved Funds	-	-	-	-	29,717	29,717
Cash NMFA State Treasurer	-	-	-	-	6,667	6,667
Accounts receivable						
Taxes	18,280	-	-	5,317	-	23,597
Grantor	-	4,440	-	-	1,407	5,847
Due from other funds	4,453	-	-	-	-	4,453
Total assets	\$ 734,634	\$ 4,453	\$ 85,179	\$ 45,518	\$ 74,735	\$ 944,519
LIABILITIES						
Accounts payables	\$ 764	\$ 158	\$ 775	\$ 998	\$ 1,562	\$ 4,257
Due to other funds	-	4,453	-	-	-	4,453
Total liabilities	764	4,611	775	998	1,562	8,710
FUND BALANCE						
Restricted for						
Special revenue	-	-	84,404	44,520	73,173	202,097
Debt service	-	-	-	-	-	-
Unassigned						
General government fund	733,870	-	-	-	-	733,870
Special revenue	-	(158)	-	-	-	(158)
Total fund balance	733,870	(158)	84,404	44,520	73,173	935,809
Total liabilities and fund balance	\$ 734,634	\$ 4,453	\$ 85,179	\$ 45,518	\$ 74,735	\$ 944,519

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, 2016

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

Fund balance - total governmental funds		\$	935,809
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds			
Capital assets	\$	4,456,910	
Accumulated depreciation		<u>(1,608,049)</u>	
			2,848,861
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			(6,895)
Loans payable			<u>(34,237)</u>
Net position of governmental activities		\$	<u><u>3,743,538</u></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, 2016

	General 101	Emergency Medical Service 206	Fire Protection 209	Municipal Streets 216	Other Governmental Funds	Total Governmental Funds
Revenue						
Property tax	\$ 16,210	\$ -	\$ -	\$ -	\$ -	\$ 16,210
Franchise tax	841	-	-	4,663	-	5,504
Gas tax	-	-	-	23,252	-	23,252
Gross receipts tax municipal	59,930	-	-	-	-	59,930
Motor vehicle fees	792	-	-	-	-	792
Charges for services	-	-	-	-	3,450	3,450
Interest	2,969	-	9	-	415	3,393
Licenses	625	-	-	-	-	625
Rents / royalties	-	-	-	-	3,523	3,523
Donations / contributions	-	-	-	-	3,250	3,250
Reimbursements / refunds	8,155	-	-	-	-	8,155
Gross receipts tax municipal state share	62,023	-	-	-	-	62,023
Agency on aging	-	-	-	-	19,948	19,948
Highway coop	-	-	-	48,467	-	48,467
EMS grant	-	17,965	-	-	-	17,965
LEPF grant	-	-	-	-	20,000	20,000
Fire allotment	-	-	70,068	-	-	70,068
Legislative grant	-	149,987	-	-	-	149,987
Small city assistance	90,000	-	-	-	-	90,000
Total revenues	241,545	167,952	70,077	76,382	50,586	606,542
Expenditures						
Current						
General government						
Finance	114,191	-	-	-	-	114,191
Public safety	920	18,075	32,330	-	20,000	71,325
Public works	-	-	-	32,932	9,761	42,693
Highway coop expenditures	-	-	-	48,467	-	48,467
Culture and recreation	26,032	-	-	-	24,141	50,173
Capital outlay	24,766	149,987	-	-	-	174,753
Debt service						
Principal	-	-	-	-	33,139	33,139
Interest	-	-	-	-	2,252	2,252
Total expenditures	165,909	168,062	32,330	81,399	89,293	536,993
Excess (deficiency) of revenues over expenditures	75,636	(110)	37,747	(5,017)	(38,707)	69,549
Other financing sources (uses)						
Operating transfers in (out)	(1,500)	-	(26,752)	-	28,252	-
Total other financing sources (uses)	(1,500)	-	(26,752)	-	28,252	-
Net change in fund balances	74,136	(110)	10,995	(5,017)	(10,455)	69,549
Fund balances, beginning	659,734	(48)	73,409	49,537	83,628	866,260
Fund balances, ending	\$ 733,870	\$ (158)	\$ 84,404	\$ 44,520	\$ 73,173	\$ 935,809

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, 2016

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

Net change in fund balances - total governmental funds \$ 69,549

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 174,753
Depreciation expense (157,861)

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 33,139

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 (1,798)

Change in Net Position of Governmental Activities \$ 117,782

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, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue				
Property tax	\$ 14,312	\$ 14,312	\$ 15,908	\$ 1,596
Franchise tax	800	800	831	31
Gross receipts tax	63,000	63,000	62,440	(560)
Motor vehicle fees	750	750	826	76
Charges for services	100	100	-	(100)
Interest	2,500	25,000	2,969	(22,031)
Licenses	600	600	625	25
Reimbursements / refunds	10,920	10,920	8,155	(2,765)
Gross receipts tax state shared	63,000	63,000	63,038	38
Small city assistance	90,000	90,000	90,000	-
Total revenue	245,982	268,482	244,792	(23,690)
Expenditures				
Current				
General government				
Finance	182,027	182,027	117,777	64,250
Public safety	1,000	1,000	920	80
Public works	-	-	-	-
Culture and recreation	31,553	31,553	26,060	5,493
Capital outlay	30,000	30,000	24,766	5,234
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	244,580	244,580	169,523	75,057
Excess (deficiency) revenues over (under) expenditures	1,402	23,902	75,269	51,367
Other financing sources (uses)				
Operating transfers net	(1,500)	(7,500)	(5,953)	1,547
Designated cash	98	-	-	-
Total other financing sources (uses)	(1,402)	(7,500)	(5,953)	1,547
Net change in cash balances	-	16,402	69,316	52,914
Cash balance, beginning	-	-	642,585	642,585
Prior period adjustment	-	-	-	-
Cash balance, beginning restated	-	-	642,585	642,585
Cash balance, ending	\$ -	\$ 16,402	\$ 711,901	\$ 695,499
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 69,316	
Adjustment to revenues for accruals and other deferrals			(3,247)	
Adjustment to expenditures for payables, prepaids and other accruals			8,067	
Net change in fund balance (GAAP Basis)			\$ 74,136	

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

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, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Franchise tax	\$ -	\$ -	\$ -	\$ -
Gas tax	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Rents / royalties	-	-	-	-
Donations / contributions	-	-	-	-
Agency on aging	-	-	-	-
Highway coop	-	-	-	-
EMS grant	7,000	17,965	17,965	-
LEPF grant	-	-	-	-
Fire allotment	-	-	-	-
Legislative grant	200,000	200,000	145,547	(54,453)
Total revenues	207,000	217,965	163,512	(54,453)
Expenditures				
Current				
General government				
Finance	-	-	-	-
Public safety	7,000	17,965	17,965	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	200,000	200,000	149,987	50,013
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	207,000	217,965	167,952	50,013
Excess (deficiency) revenues over (under) expenditures	-	-	(4,440)	(4,440)
Other financing sources (uses)				
Operating transfers (net)	200,000	50,000	4,453	(45,547)
Designated cash	-	-	-	-
Total other financing sources (uses)	200,000	50,000	4,453	(45,547)
Net change in cash balances	200,000	50,000	13	(49,987)
Cash balance, beginning	-	-	-	-
Cash balance, ending	\$ 200,000	\$ 50,000	\$ 13	\$ (49,987)
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 13	
Adjustment to revenues for accruals and other deferrals			4,440	
Adjustment to expenditures for payables, prepaids and other accruals			(4,563)	
Net change in fund balance (GAAP Basis)			\$ (110)	

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, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Franchise tax	\$ -	\$ -	\$ -	\$ -
Gas tax	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	9	9
Rents / royalties	-	-	-	-
Donations / contributions	-	-	-	-
Agency on aging	-	-	-	-
Highway coop	-	-	-	-
EMS grant	-	-	-	-
LEPF grant	-	-	-	-
Fire allotment	62,510	82,216	70,068	(12,148)
Legislative grant	-	-	-	-
Total revenues	<u>62,510</u>	<u>82,216</u>	<u>70,077</u>	<u>(12,139)</u>
Expenditures				
Current				
General government				
Finance	-	-	-	-
Public safety	36,058	55,764	31,787	23,977
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>36,058</u>	<u>55,764</u>	<u>31,787</u>	<u>23,977</u>
Excess (deficiency) revenues over (under) expenditures	26,452	26,452	38,290	11,838
Other financing sources (uses)				
Operating transfers	(26,452)	(26,452)	(26,752)	(300)
Designated cash	-	-	-	-
Total other financing sources (uses)	<u>(26,452)</u>	<u>(26,452)</u>	<u>(26,752)</u>	<u>(300)</u>
Net change in cash balances	-	-	11,538	11,538
Cash balance, beginning restated	-	-	73,641	73,641
Cash balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,179</u>	<u>\$ 85,179</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 11,538	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			(543)	
Net change in fund balance (GAAP Basis)			<u>\$ 10,995</u>	

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, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Franchise tax	\$ -	\$ -	\$ -	\$ -
Gas tax	4,700	4,700	4,623	(77)
Charges for services	25,000	25,000	22,507	(2,493)
Interest	-	-	-	-
Rents / royalties	-	-	-	-
Donations / contributions	-	-	-	-
Agency on aging	-	-	-	-
Highway coop	48,467	48,467	48,467	-
EMS grant	-	-	-	-
LEPF grant	-	-	-	-
Fire allotment	-	-	-	-
Legislative grant	-	-	-	-
Total revenues	78,167	78,167	75,597	(2,570)
Expenditures				
Current				
General government				
Finance	-	-	-	-
Public safety	-	-	-	-
Public works	48,467	48,467	33,068	15,399
Highway coop expenditures	37,902	37,902	48,467	(10,565)
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	86,369	86,369	81,535	4,834
Excess (deficiency) revenues over (under) expenditures	(8,202)	(8,202)	(5,938)	2,264
Other financing sources (uses)				
Operating transfers net	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in cash balances	(8,202)	(8,202)	(5,938)	2,264
Cash balance, beginning	-	-	46,139	46,139
Cash balance, ending	<u>\$ (8,202)</u>	<u>\$ (8,202)</u>	<u>\$ 40,201</u>	<u>\$ 48,403</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (5,938)	
Adjustment to revenues for accruals and other deferrals			785	
Adjustment to expenditures for payables, prepaids and other accruals			136	
Net change in fund balance (GAAP Basis)			<u>\$ (5,017)</u>	

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

STATE OF NEW MEXICO
VILLAGE OF SAN JON
Proprietary Funds
Statement of Net Position
June 30, 2016

	Business-type Activities <u>Water Fund 501</u>	Business-type Activities <u>Solid Waste 502</u>	Business-type Activities <u>Waste Waste 503</u>	Business-type Activities <u>Totals</u>
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	\$ 116,405	\$ 61,554	\$ 41,483	\$ 219,442
Investments	-	22,442	-	22,442
Accounts receivable				
Taxes	3,171	2,742	-	5,913
Sales, net	<u>7,630</u>	<u>5,164</u>	<u>2,278</u>	<u>15,072</u>
Total current assets	<u>127,206</u>	<u>91,902</u>	<u>43,761</u>	<u>262,869</u>
Noncurrent assets				
Restricted cash				
Cash NMFA State Treasurer	-	2,071	-	2,071
Customer meter deposits	6,619	-	-	6,619
Capital assets, being depreciated	2,765,532	84,966	1,810,932	4,661,430
Less: accumulated depreciation	<u>(1,141,966)</u>	<u>(8,496)</u>	<u>(438,600)</u>	<u>(1,589,062)</u>
Total noncurrent assets	<u>1,630,185</u>	<u>78,541</u>	<u>1,372,332</u>	<u>3,081,058</u>
Total assets	<u>\$ 1,757,391</u>	<u>\$ 170,443</u>	<u>\$ 1,416,093</u>	<u>\$ 3,343,927</u>
<u>LIABILITIES AND NET POSITION</u>				
Current liabilities				
Accounts payable	\$ 2,476	\$ 250	\$ 1,082	\$ 3,808
Compensated absences	5,006	-	-	5,006
Current portion notes payable	<u>1,000</u>	<u>11,963</u>	<u>3,000</u>	<u>15,963</u>
Total current liabilities	<u>8,482</u>	<u>12,213</u>	<u>4,082</u>	<u>24,777</u>
Noncurrent liabilities				
Customer meter deposits	6,619	-	-	6,619
Notes payable	<u>67,434</u>	<u>24,218</u>	<u>108,670</u>	<u>200,322</u>
Total noncurrent liabilities	<u>74,053</u>	<u>24,218</u>	<u>108,670</u>	<u>206,941</u>
Total liabilities	82,535	36,431	112,752	231,718
Net position				
Net invested in capital assets	1,555,132	40,289	1,260,662	2,856,083
Unrestricted	<u>119,724</u>	<u>93,723</u>	<u>42,679</u>	<u>256,126</u>
Total net position	<u>1,674,856</u>	<u>134,012</u>	<u>1,303,341</u>	<u>3,112,209</u>
Total liabilities and net position	<u>\$ 1,757,391</u>	<u>\$ 170,443</u>	<u>\$ 1,416,093</u>	<u>\$ 3,343,927</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, 2016

	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	\$ 58,712	\$ 42,827	\$ 30,522	\$ 132,061
Total operating revenues	58,712	42,827	30,522	132,061
Operating expenses				
Public works	35,939	35,331	10,262	81,532
Personnel	21,749	9,841	10,410	42,000
Depreciation	80,946	4,248	60,364	145,558
Total operating expenses	138,634	49,420	81,036	269,090
Operating income (loss)	(79,922)	(6,593)	(50,514)	(137,029)
Non-operating revenues (expenses)				
Taxes - gross receipts (net)	216	110	-	326
Taxes - gross receipts infrastructure	13,587	13,158	-	26,745
Taxes - environmental gross receipts	2,604	-	-	2,604
Conservation fee	230	-	-	230
Interest income	41	208	6	255
Penalty income	1,073	5,259	683	7,015
Connect / reconnects	85	-	-	85
Change in meter deposits	-	-	-	-
Other income	579	-	-	579
Debt service interest	(3,170)	(433)	(3,153)	(6,756)
Total non-operating revenue (expenses)	15,245	18,302	(2,464)	31,083
Net income (loss)	(64,677)	11,709	(52,978)	(105,946)
Operating transfers (net)	(6,169)	6,169	-	-
Change in net position - proprietary funds	(70,846)	17,878	(52,978)	(105,946)
Net position, beginning	2,082,276	87,669	1,345,920	3,515,865
Prior period adjustment	(336,574)	28,465	10,399	(297,710)
Net position restated	1,745,702	116,134	1,356,319	3,218,155
Net position, ending	\$ 1,674,856	\$ 134,012	\$ 1,303,341	\$ 3,112,209

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, 2016

	Business-type Activities Enterprise Fund
Cash flows from operating activities	
Receipts from customers	\$ 127,909
Payments to suppliers and contractors	(84,412)
Payments to and on behalf of employees	<u>(43,172)</u>
Net cash provided (used) by operating activities	<u>325</u>
Cash flows from non capital financing activities	
Taxes received	27,886
Miscellaneous	5,838
Change in meter deposits	386
Interest income	255
Interest expense	<u>(6,756)</u>
Net cash provided (used) by non capital financing activities	<u>27,609</u>
Cash flows from capital and related financing activities	
Acquisition of capital assets	-
State grant	-
Federal grant	-
Operating transfers in (out)	-
Debt payment	<u>(15,906)</u>
Net cash provided (used) by capital and related financing activities	<u>(15,906)</u>
Net increase (decrease) in cash and cash equivalents	12,028
Cash balance, beginning	236,475
Prior period adjustment	-
Cash balance, beginning restated	<u>236,475</u>
Total cash and cash equivalents, ending	<u>\$ 248,503</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (137,029)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation and amortization	145,558
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(4,152)
Increase (Decrease) in accounts payable	<u>(4,052)</u>
Net cash provided (used) by operating activities	<u>\$ 325</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, 2016

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ <u>13,410</u>
Total assets	\$ <u><u>13,410</u></u>
<u>LIABILITIES</u>	
Deposits held for others	\$ <u>13,410</u>
Total liabilities	\$ <u><u>13,410</u></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, 2016.

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, 2016

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.

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.

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.

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.

Implementation of New Accounting Standards

During the year ended June 30, 2016, the Village adopted the following Government Accounting Standards Board Statements (GASB):

GASB No. 72 – *Fair Value Measurement and Application*. The objective of this Statement is to provide guidance for determining a fair value measurement for financial reporting purposes, and for applying fair value to certain investments and disclosures related to all fair value measurements. The statement will not have a material impact on the Village’s financial statements.

GASB No. 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The statement will not have a material impact on the Village’s financial statements.

Fund Balance: 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: The following classifications may be used:

Non-Spendable

The non-spendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Restricted

Fund balance is reported as restricted when constraints placed on the use of resources are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Committed

Amounts that can only be used for specific purposes pursuant to constraints imposed by the formal action of the Village Board of Trustees should be reported as committed fund balance. The committed amounts cannot be used for any other purpose unless the Village's Board of Trustees removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned

Assigned fund balance includes (a) all remaining amounts, except for negative balances, that are reported in governmental funds, other than the general fund, that are not classified as non-spendable and are neither restricted nor committed and amounts in the general fund that are constrained by the Village's intent to be used for specific purposes, but are neither restricted nor committed. Intent, and removal of, is expressed by the Board of Trustees or the Finance Committee. The Village did not have assigned fund balances for the year ended June 30, 2016.

Unassigned

The remaining fund balance, after all other classifications, within the general fund is reported as unassigned fund balance. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In governmental funds, other than the general fund, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, a negative fund balance will be reported as unassigned fund balance.

When committed, assigned, and unassigned resources are available for use, it is the Village's policy to use committed first followed by assigned and unassigned resources as they are needed.

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 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, 2016, is presented.

The appropriated budget for the year ended June 30, 2016, 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, 2016 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, 2016.

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.

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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.

	First National Bank of NM Tucumcari, NM	Wells Fargo Tucumcari, NM	Tucumcari Fed Tucumcari, NM	Quay Schools FCU Tucumcari, NM	Citizens Tucumcari, NM	Type
Total amount on deposit on June 30, 2016						
Operating	\$ 933,686	\$ -	\$ -	\$ -	\$ -	Checking
Operating	20,427	-	-	-	-	CD
Payroll clearing	3,100	-	-	-	-	Checking
CDBG Waste Water	-	-	-	-	-	Checking
Quay County Gaming	13,114	-	-	-	-	Checking
Quay County Gaming	296	-	-	-	-	Savings
Village of San Jon General Fund	-	13,961	-	-	-	Checking
Village of San Jon Water Reserve	-	5,098	-	-	-	Savings
Village of San Jon CD	-	-	-	-	-	CD
Village of San Jon CD	-	-	-	-	-	CD
Village of San Jon CD	-	-	-	-	-	CD
Village of San Jon General	-	-	21,960	-	-	CD
Village of San Jon General	-	-	21,390	-	-	CD
Village of San Jon General	-	-	40,377	-	-	CD
Village of San Jon General	-	-	-	22,442	-	CD
Village of San Jon General	-	-	-	21,946	-	CD
Village of Ssn Jon Solid Waste	-	-	-	22,442	-	CD
Village of San Jon Fire	-	-	-	-	-	Savings
Village of San Jon Water	-	-	-	-	10,073	Savings
Village of San Jon Fire	-	-	-	-	2,339	Savings
Village of San Jon Cemetery	-	-	-	-	12,632	Savings
Village of San Jon Waste Water	-	-	-	-	1,610	Savings
Village of Ssn Jon Solid Waste	-	-	-	-	1,108	Savings
Total deposited	970,623	19,059	83,727	66,830	27,762	\$ 1,168,001
Less FDIC coverage	(250,000)	(19,059)	(83,727)	-	(27,762)	
Less NCUA coverage	-	-	-	(66,830)	-	
Total uninsured public funds	720,623	-	-	-	-	
50% collateral requirement as per Section 6-10-17, NMSA 1978	360,312	-	-	-	-	
Pledged securities	477,300	-	-	-	-	
Over (under)	\$ 116,988	\$ -	\$ -	\$ -	\$ -	

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	Market Value	Maturity Date	Location
Los Lunas School District	545562RP7	\$ 477,300	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, 2016, \$203,313 of the Village's bank balance of \$1,168,001 was exposed to custodial credit risk.

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Custodial Credit Risk Deposits	
Account Balance	\$ 1,168,001
FDIC Insurance	420,558
NCUA Insurance	66,830
Collateral:	
Collateral held by the pledging bank, not in the District's name	477,300
Uninsured and uncollateralized	<u>203,313</u>
Total Deposits	<u>\$ 1,168,001</u>

Note 4 Receivables

Receivables as of June 30, 2016, are as follows:

	Governmental Activities		Business-type Activities	
	Taxes	Other	Taxes	Utility Service
Accounts receivable taxes				
General				
Property tax	\$ 281	\$	\$	\$
Gross receipts taxes municipal	8,686			
Gross receipts taxes state shared	8,760			
MVD	132			
Franchise fee	<u>421</u>			
Total General	18,280			
Streets				
Gas tax	4,287			
Franchise fee	<u>1,030</u>			
Total Streets	5,317			
Senior Citizens				
Area Agency		1,407		
EMS				
Water		4,440		
Gross receipts taxes capital outlay			3,171	
Utility service				7,823
Allowance for uncollectible				<u>(193)</u>
Total				7,630
Solid Waste				
Gross receipts taxes municipal			2,742	
Utility service				5,295
Allowance for uncollectible				<u>(131)</u>
Total				5,164
Waste Water				
Utility service				2,336
Allowance for uncollectible				<u>(58)</u>
Total				<u>2,278</u>
	<u>\$ 23,597</u>	<u>\$ 5,847</u>	<u>\$ 5,913</u>	<u>\$ 15,072</u>

The above accounts receivable taxes and accounts receivable from grantor are deemed 100% collectible

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. The permanent transfers are listed below:

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	Transfer In	Transfer Out
Senior Citizens	\$ 1,500	\$ -
Debt Service	26,752	-
EMS	-	(26,752)
General	-	(1,500)
Totals	<u>\$ 28,252</u>	<u>\$ (28,252)</u>

Note 6 Accounts Payables

Accounts payable are payable to suppliers as of June 30, 2016, are listed below.

	<u>Governmental</u>	<u>Business-type</u>
Governmental Activities		
Payable to suppliers		
Major Fund		
General	\$ 764	\$
Other Governmental Funds		
Fire	775	
Recreation	915	
Cemetery	44	
Senior Citizens	603	
EMS	158	
Streets	998	
Total Other Gov. Funds	<u>3,493</u>	
Business-type Activities		
Payable to suppliers		
Water		2,476
Solid Waste		250
Waste Water		1,082
	<u>\$ 4,257</u>	<u>\$ 3,808</u>

Note 7 Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2016 follows.

	<u>Beginning Balances</u>	<u>Increase</u>	<u>Adjustments/ Decrease</u>	<u>Ending Balances</u>
Government Activities				
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 59,816	\$ -	\$ (236)	\$ 59,580
Construction in progress	-	-	-	-
Capital assets being depreciated				
Buildings and improvements	2,642,112	-	(756,037)	1,886,075
Equipment	914,386	-	375,283	1,289,669
Vehicles	-	24,766	92,191	116,957
Infrastructure	578,335	149,987	376,307	1,104,629
Total assets	<u>4,194,649</u>	<u>174,753</u>	<u>87,508</u>	<u>4,456,910</u>
Less accumulated depreciation				
Buildings and improvements	(458,567)	(46,095)	(160,562)	(665,224)
Equipment	(1,298,086)	(55,386)	577,881	(775,591)
Vehicles	-	(8,648)	(15,390)	(24,038)
Infrastructure	(141,547)	(47,732)	46,083	(143,196)
Total accumulated depreciation	<u>(1,898,200)</u>	<u>(157,861)</u>	<u>448,012</u>	<u>(1,608,049)</u>
Governmental activity capital assets, net	<u>\$ 2,296,449</u>	<u>\$ 16,892</u>	<u>\$ 535,520</u>	<u>\$ 2,848,861</u>

Capital assets, net of accumulated depreciation, at June 30, 2016 appear in the Statement of Net Position as follows:
Governmental activities \$2,848,861.

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Depreciation expense for the year ended June 30, 2016 was charged to the following governmental activities functions.

General Government	\$ 74,891
Public Safety	82,970
	<u>\$ 157,861</u>

Business-Type Activities

Water Fund	Beginning Balances	Increase	Adjustments/ Decrease	Ending Balances
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 61,599	\$ -	\$ -	\$ 61,599
Capital assets being depreciated				
Buildings and improvements	2,953,729	-	(2,705,750)	247,979
Equipment	67,954	-	47,402	115,356
Improvements	-	-	2,340,598	2,340,598
Total assets	<u>3,083,282</u>	<u>-</u>	<u>(317,750)</u>	<u>2,765,532</u>
Less accumulated depreciation				
Buildings and improvements	(1,001,353)	(7,211)	889,674	(118,890)
Equipment	(40,843)	(4,309)	(26,388)	(71,540)
Improvements	-	(69,426)	(882,110)	(951,536)
Total accumulated depreciation	<u>(1,042,196)</u>	<u>(80,946)</u>	<u>(18,824)</u>	<u>(1,141,966)</u>
Business-type activity capital assets, net	<u>\$ 2,041,086</u>	<u>\$ (80,946)</u>	<u>\$ (336,574)</u>	<u>\$ 1,623,566</u>
Solid Waste Fund				
	Beginning Balances	Increase	Adjustments/ Decrease	Ending Balances
Business-type activities:				
Capital assets being depreciated				
Equipment	\$ 110,046	\$ -	\$ (25,080)	\$ 84,966
Total assets	<u>110,046</u>	<u>-</u>	<u>(25,080)</u>	<u>84,966</u>
Less accumulated depreciation				
Equipment	(57,793)	(4,248)	53,545	(8,496)
Total accumulated depreciation	<u>(57,793)</u>	<u>(4,248)</u>	<u>53,545</u>	<u>(8,496)</u>
Business-type activity capital assets, net	<u>\$ 52,253</u>	<u>\$ (4,248)</u>	<u>\$ 28,465</u>	<u>\$ 76,470</u>
Waste Water Fund				
	Beginning Balances	Increase	Adjustments/ Decrease	Ending Balances
Business-type activities:				
Capital assets being depreciated				
System	\$ 1,977,367	\$ -	\$ (166,435)	\$ 1,810,932
Equipment	7,000	-	(7,000)	-
Total assets	<u>1,984,367</u>	<u>-</u>	<u>(173,435)</u>	<u>1,810,932</u>
Less accumulated depreciation				
System	(555,070)	(60,364)	176,834	(438,600)
Equipment	(7,000)	-	7,000	-
Total accumulated depreciation	<u>(562,070)</u>	<u>(60,364)</u>	<u>183,834</u>	<u>(438,600)</u>
Business-type activity capital assets, net	<u>\$ 1,422,297</u>	<u>\$ (60,364)</u>	<u>\$ 10,399</u>	<u>\$ 1,372,332</u>

Depreciation expense relating to business-like activities for the year ended June 30, 2016 totaled \$145,558.

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.
The EMS Fund has (\$158) deficit fund balance
- B. Expenditures exceeded appropriations by fund.
None
- C. Excess expenditures over budget.
The Village did not reported expenditures in excess of budget at the fund level at June 30, 2016,

Note 10 Long-term Debts

Governmental Activities

During the year ended June 30, 2016, 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	\$ 67,376	\$ -	\$ (33,139)	\$ 34,237	\$ 34,237
Other long term liabilities					
Compensated absences	\$ 5,097	\$ 5,433	\$ (3,635)	\$ 6,895	\$ 6,895

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, 2016, including interest and administration fees is as follows:

Year Ended June 30,	Principal	Interest	Total
2017	34,237	2,191	36,428
	<u>\$ 34,237</u>	<u>\$ 2,191</u>	<u>\$ 36,428</u>

Business-type Activities

During the year ended June 30, 2016, the following changes occurred in the liabilities reported in the government wide statement of net position:

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	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Business-type activities					
Note payable - Water	\$ 69,434	\$ -	\$ (1,000)	\$ 68,434	\$ 1,000
Note payable - Waste Water	114,670	-	(3,000)	111,670	3,000
Note payable - Solid Waste	48,087	-	(11,906)	36,181	11,963
	<u>\$ 232,191</u>	<u>\$ -</u>	<u>\$ (15,906)</u>	<u>\$ 216,285</u>	<u>\$ 15,963</u>

Other long term liabilities					
Compensated absences	<u>\$ 4,404</u>	<u>\$ 5,270</u>	<u>\$ (4,668)</u>	<u>\$ 5,006</u>	<u>\$ 5,006</u>

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

The annual requirement to amortize the loan as of June 30, 2016, including interest and are as follows:

Year Ended June 30,	Principal	Interest	Total
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	2,000	2,900	4,900
2022 - 2026	10,000	13,150	23,150
2027 - 2031	10,000	10,900	20,900
2032 - 2036	15,000	8,210	23,210
2037 - 2041	17,000	4,790	21,790
2042 - 2043	10,434	760	11,194
	<u>\$ 68,434</u>	<u>\$ 52,770</u>	<u>\$ 121,204</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, 2016, including interest and are as follows:

Year Ended June 30,	Principal	Interest	Total
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	3,000	2,741	5,741
2022 - 2026	15,000	12,467	27,467
2027 - 2031	19,000	10,239	29,239
2032 - 2036	20,000	7,517	27,517
2037 - 2041	25,000	4,491	29,491
2042 - 2045	17,670	1,089	18,759
	<u>\$ 111,670</u>	<u>\$ 50,332</u>	<u>\$ 162,002</u>

In 2016 the Village entered into a loan agreement with the New Mexico Finance Authority to finance the purchase of a backhoe, 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, 2016, including interest and are as follows:

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Year Ended June 30,	Principal	Interest	Total
2017	\$ 11,963	\$ 340	\$ 12,303
2018	12,047	268	12,315
2019	12,171	156	12,327
	<u>\$ 36,181</u>	<u>\$ 764</u>	<u>\$ 36,945</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, 2016 the employer contributions were \$3,479.

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 Review

The Village has evaluated subsequent events through November 23, 2016 which is the date the financial statements were available for issuance.

Note 16 Joint Powers Agreements

Ambulance

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

Quay County Gaming Authority

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

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

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

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

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

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

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

Note 17 Restatement of Net Position

In prior year's the Village did not maintain a capital asset schedule that was reconciled to the financial statements. During the year ending June 30, 2016 the Village developed a capital asset schedule and calculated accumulated depreciation. This resulted in adjustments to the carrying value of capital assets and accumulated depreciation for both governmental activities and business-type activities. The following adjustments were made to restate both governmental activities and business-type activities beginning Net Position:

STATE OF NEW MEXICO
 VILLAGE OF SAN JON
 Notes to The Financial Statements
 June 30, 2016

Governmental

Beginning Net Position, beginning	\$	3,090,236
Capital Assets		87,508
Accumulated Depreciation		<u>448,012</u>
Net Position, beginning restated	\$	<u><u>3,625,756</u></u>

Business-types	Water	Solid Waste	Waste Water	Totals
Beginning Net Position, beginning	\$ <u>2,082,276</u>	\$ <u>87,669</u>	\$ <u>1,345,920</u>	\$ <u>3,515,865</u>
Capital Assets	(317,750)	(25,080)	(173,435)	(516,265)
Accumulated Depreciation	<u>(18,824)</u>	<u>53,545</u>	<u>183,834</u>	<u>218,555</u>
Net Position, beginning restated	\$ <u><u>1,745,702</u></u>	\$ <u><u>116,134</u></u>	\$ <u><u>1,356,319</u></u>	\$ <u><u>3,218,155</u></u>

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:

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.

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 citizen's 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, 2016

	Law Enforcement Protection 211	Recreation 217	Senior Citizens 219	Special Appropriations 299
<u>ASSETS</u>				
Cash in banks	\$ -	\$ 4,233	\$ 963	\$ 13,909
Cash NMFA Reserved Funds	-	-	-	-
Cash NMFA State Treasurer	-	-	-	-
Accounts receivable taxes	-	-	-	-
Accounts receivable grantor	-	-	1,407	-
	<u>-</u>	<u>-</u>	<u>1,407</u>	<u>-</u>
Total assets	<u>\$ -</u>	<u>\$ 4,233</u>	<u>\$ 2,370</u>	<u>\$ 13,909</u>
<u>LIABILITIES</u>				
Accounts payable	\$ -	\$ 915	\$ 603	\$ -
Accrued salaries & benefits payable	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>915</u>	<u>603</u>	<u>-</u>
<u>FUND BALANCE</u>				
Restricted for				
Special revenue funds	-	3,318	1,767	13,909
Debt service	-	-	-	-
Unassigned				
Special revenue funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>-</u>	<u>3,318</u>	<u>1,767</u>	<u>13,909</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 4,233</u>	<u>\$ 2,370</u>	<u>\$ 13,909</u>

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

Cemetery 510	Veteran's Memorial 299	Debt Service 400	Totals
\$ 17,539	\$ 300	\$ -	\$ 36,944
-	-	29,717	29,717
-	-	6,667	6,667
-	-	-	-
-	-	-	1,407
<u>\$ 17,539</u>	<u>\$ 300</u>	<u>\$ 36,384</u>	<u>\$ 74,735</u>
\$ 44	\$ -	\$ -	\$ 1,562
-	-	-	-
<u>44</u>	<u>-</u>	<u>-</u>	<u>1,562</u>
17,495	300		36,789
-	-	36,384	36,384
-	-	-	-
<u>17,495</u>	<u>300</u>	<u>36,384</u>	<u>73,173</u>
<u>\$ 17,539</u>	<u>\$ 300</u>	<u>\$ 36,384</u>	<u>\$ 74,735</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, 2016

	Law Enforcement Protection 211	Recreation 217	Senior Citizens 219	Special Appropriations 299
Revenues				
Franchise tax	\$ -	\$ -	\$ -	\$ -
Gas tax	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Rents / royalties	-	3,523	-	-
Donations / contributions	-	1,270	-	-
Agency on aging	-	-	19,948	-
Highway coop	-	-	-	-
EMS grant	-	-	-	-
LEPF grant	20,000	-	-	-
Fire allotment	-	-	-	-
Legislative grant	-	-	-	-
Total revenues	20,000	4,793	19,948	-
Expenditures				
Current				
General government				
Finance	-	-	-	-
Public safety	20,000	-	-	-
Public works	-	-	-	2,440
Highway coop expenditures	-	-	-	-
Culture and recreation	-	4,069	20,072	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	20,000	4,069	20,072	2,440
Excess (deficiency) of revenues over expenditures	-	724	(124)	(2,440)
Other financing sources (uses)				
Operating transfers (net)	-	-	1,500	-
Total other financing sources (uses)	-	-	1,500	-
Net change in fund balances	-	724	1,376	(2,440)
Fund balances, beginning	-	2,594	391	16,349
Fund balances, ending	\$ -	\$ 3,318	\$ 1,767	\$ 13,909

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

Cemetery 510	Veteran's Memorial 299	Debt Service 400	Totals
\$ -	\$ -	\$ -	\$ -
-	-	-	-
3,450	-	-	3,450
50	-	365	415
-	-	-	3,523
1,880	100	-	3,250
-	-	-	19,948
-	-	-	-
-	-	-	-
-	-	-	20,000
-	-	-	-
-	-	-	-
<u>5,380</u>	<u>100</u>	<u>365</u>	<u>50,586</u>
-	-	-	-
-	-	-	20,000
7,321	-	-	9,761
-	-	-	-
-	-	-	24,141
-	-	-	-
-	-	33,139	33,139
-	-	2,252	2,252
<u>7,321</u>	<u>-</u>	<u>35,391</u>	<u>89,293</u>
(1,941)	100	(35,026)	(38,707)
<u>-</u>	<u>-</u>	<u>26,752</u>	<u>28,252</u>
<u>-</u>	<u>-</u>	<u>26,752</u>	<u>28,252</u>
(1,941)	100	(8,274)	(10,455)
<u>19,436</u>	<u>200</u>	<u>44,658</u>	<u>83,628</u>
<u>\$ 17,495</u>	<u>\$ 300</u>	<u>\$ 36,384</u>	<u>\$ 73,173</u>

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, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Franchise tax	\$ -	\$ -	\$ -	\$ -
Gas tax	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Rents / royalties	-	-	-	-
Donations / contributions	-	-	-	-
Agency on aging	-	-	-	-
Highway coop	-	-	-	-
EMS grant	-	-	-	-
LEPF grant	20,000	20,000	20,000	-
Fire allotment	-	-	-	-
Legislative grant	-	-	-	-
Total revenues	20,000	20,000	20,000	-
Expenditures				
Current				
General government	-	-	-	-
Finance	-	-	-	-
Public safety	20,000	20,000	20,000	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
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	-	-	-	-
Prior period adjustment	-	-	-	-
Cash balance, beginning restated	-	-	-	-
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 - 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, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Franchise tax	\$ -	\$ -	\$ -	\$ -
Gas tax	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Rents / royalties	3,420	3,420	3,523	103
Donations / contributions	200	200	1,270	1,070
Agency on aging	-	-	-	-
Highway coop	-	-	-	-
EMS grant	-	-	-	-
LEPF grant	-	-	-	-
Fire allotment	-	-	-	-
Legislative grant	-	-	-	-
Total revenues	3,620	3,620	4,793	1,173
Expenditures				
Current				
General government				
Finance	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	3,595	3,598	3,235	363
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	3,595	3,598	3,235	363
Excess (deficiency) revenues over (under) expenditures	25	22	1,558	1,536
Other financing sources (uses)				
Operating transfers net	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in cash balances	25	22	1,558	1,536
Cash balance, beginning	-	-	2,675	2,675
Prior period adjustment	-	-	-	-
Cash balance, beginning restated	-	-	2,675	2,675
Cash balance, ending	\$ 25	\$ 22	\$ 4,233	\$ 4,211
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 1,558	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			(834)	
Net change in fund balance (GAAP Basis)			\$ 724	

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, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Franchise tax	\$ -	\$ -	\$ -	\$ -
Gas tax	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Rents / royalties	-	-	-	-
Donations / contributions	-	-	-	-
Agency on aging	19,948	19,948	19,396	(552)
Highway coop	-	-	-	-
EMS grant	-	-	-	-
LEPF grant	-	-	-	-
Fire allotment	-	-	-	-
Legislative grant	-	-	-	-
Total revenues	19,948	19,948	19,396	(552)
Expenditures				
Current				
General government				
Finance	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	19,949	19,949	19,949	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	19,949	19,949	19,949	-
Excess (deficiency) revenues over (under) expenditures	(1)	(1)	(553)	(552)
Other financing sources (uses)				
Operating transfers net	1,500	1,500	1,500	-
Designated cash	-	-	-	-
Total other financing sources (uses)	1,500	1,500	1,500	-
Net change in cash balances	1,499	1,499	947	(552)
Cash balance, beginning	-	-	16	16
Prior period adjustment	-	-	-	-
Cash balance, beginning restated	-	-	16	16
Cash balance, ending	\$ 1,499	\$ 1,499	\$ 963	\$ (536)
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 947	
Adjustment to revenues for accruals and other deferrals			552	
Adjustment to expenditures for payables, prepaids and other accruals			(123)	
Net change in fund balance (GAAP Basis)			\$ 1,376	

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, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Franchise tax	\$ -	\$ -	\$ -	\$ -
Gas tax	-	-	-	-
Charges for services	6,000	6,000	-	(6,000)
Interest	-	-	-	-
Rents / royalties	-	-	-	-
Donations / contributions	-	-	-	-
Agency on aging	-	-	-	-
Highway coop	-	-	-	-
EMS grant	-	-	-	-
LEPF grant	-	-	-	-
Fire allotment	-	-	-	-
Legislative grant	-	-	-	-
Total revenues	6,000	6,000	-	(6,000)
Expenditures				
Current				
General government	-	-	-	-
Finance	-	-	-	-
Public safety	-	-	-	-
Public works	6,000	6,000	2,440	3,560
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	6,000	6,000	2,440	3,560
Excess (deficiency) revenues over (under) expenditures	-	-	(2,440)	(2,440)
Other financing sources (uses)				
Operating transfers net	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in cash balances	-	-	(2,440)	(2,440)
Cash balance, beginning	-	-	16,349	16,349
Prior period adjustment	-	-	-	-
Cash balance, beginning restated	-	-	16,349	16,349
Cash balance, ending	\$ -	\$ -	\$ 13,909	\$ 13,909
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (2,440)	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP Basis)			\$ (2,440)	

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, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Franchise tax	\$ -	\$ -	\$ -	\$ -
Gas tax	-	-	-	-
Charges for services	4,500	4,500	3,450	(1,050)
Interest	50	50	50	-
Rents / royalties	-	-	-	-
Donations / contributions	5,500	5,500	1,880	(3,620)
Agency on aging	-	-	-	-
Highway coop	-	-	-	-
EMS grant	-	-	-	-
LEPF grant	-	-	-	-
Fire allotment	-	-	-	-
Legislative grant	-	-	-	-
Total revenues	10,050	10,050	5,380	(4,670)
Expenditures				
Current				
General government	-	-	-	-
Finance	-	-	-	-
Public safety	-	-	-	-
Public works	9,745	9,745	7,407	2,338
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	9,745	9,745	7,407	2,338
Excess (deficiency) revenues over (under) expenditures	305	305	(2,027)	(2,332)
Other financing sources (uses)				
Operating transfers net	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in cash balances	305	305	(2,027)	(2,332)
Cash balance, beginning	-	-	19,566	19,566
Prior period adjustment	-	-	-	-
Cash balance, beginning restated	-	-	19,566	19,566
Cash balance, ending	\$ 305	\$ 305	\$ 17,539	\$ 17,234
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (2,027)	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			86	
Net change in fund balance (GAAP Basis)			\$ (1,941)	

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

STATE OF NEW MEXICO
VILLAGE OF SAN JON
Special Revenue Fund - Veteran's Memorial Fund - 299
Statement of Revenues, Expenditures, and Changes in Cash Balances
Budget and Actual (Non - GAAP Budgetary Basis)
For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Franchise tax	\$ -	\$ -	\$ -	\$ -
Gas tax	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Rents / royalties	-	-	-	-
Donations / contributions	-	-	100	100
Agency on aging	-	-	-	-
Highway coop	-	-	-	-
EMS grant	-	-	-	-
LEPF grant	-	-	-	-
Fire allotment	-	-	-	-
Legislative grant	-	-	-	-
Total revenues	-	-	100	100
Expenditures				
Current				
General government	-	-	-	-
Finance	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) revenues over (under) expenditures	-	-	100	100
Other financing sources (uses)				
Operating transfers net	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in cash balances	-	-	100	100
Cash balance, beginning	-	-	200	200
Prior period adjustment	-	-	-	-
Cash balance, beginning restated	-	-	200	200
Cash balance, ending	\$ -	\$ -	\$ 300	\$ 300
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 100	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP Basis)			\$ 100	

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

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, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Franchise tax	\$ -	\$ -	\$ -	\$ -
Gas tax	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	365	365
Rents / royalties	-	-	-	-
Donations / contributions	-	-	-	-
Agency on aging	-	-	-	-
Highway coop	-	-	-	-
EMS grant	-	-	-	-
LEPF grant	-	-	-	-
Fire allotment	-	-	-	-
Legislative grant	-	-	-	-
Total revenues	-	-	365	365
Expenditures				
Current				
General government				
Finance	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	33,139	33,139	33,139	-
Interest	2,252	2,252	2,252	-
Total expenditures	35,391	35,391	35,391	-
Excess (deficiency) revenues over (under) expenditures	(35,391)	(35,391)	(35,026)	365
Other financing sources (uses)				
Operating transfers	26,752	26,752	26,752	-
Designated cash	8,639	8,639	-	(8,639)
Total other financing sources (uses)	35,391	35,391	26,752	(8,639)
Net change in cash balances	-	-	(8,274)	(8,274)
Cash balance, beginning	-	-	44,658	44,658
Prior period adjustment	-	-	-	-
Cash balance, beginning restated	-	-	44,658	44,658
Cash balance, ending	\$ -	\$ -	\$ 36,384	\$ 36,384
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (8,274)	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP Basis)			\$ (8,274)	

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, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Sales and service	\$ 63,549	\$ 63,549	\$ 55,327	\$ (8,222)
Total revenues	63,549	63,549	55,327	(8,222)
Expenses				
Current				
Public works	38,143	38,143	35,468	2,675
Personnel	23,000	23,000	22,921	79
Total expenses	61,143	61,143	58,389	2,754
Excess (deficiency) revenues over (under) expenses	2,406	2,406	(3,062)	(5,468)
Other financing sources (uses)				
Taxes - gross receipts (net)	150	150	138	(12)
Taxes - gross receipts	12,500	12,500	12,322	(178)
Taxes - environmental gross receipts	3,120	3,120	3,080	(40)
Conservation fee	230	230	230	-
Interest income	41	41	41	-
Penalty income	1,900	1,900	1,073	(827)
Connect / reconnect income	500	500	85	(415)
Change in meter deposits	500	500	386	(114)
Other income	600	600	579	(21)
Debt service principal	(6,170)	(6,170)	(1,000)	5,170
Debt service interest	(4,169)	(4,169)	(3,170)	999
Operating transfers net	(11,155)	(11,155)	(6,169)	4,986
Designated cash	-	-	-	-
Total other financing sources (uses)	(1,953)	(1,953)	7,595	9,548
Net change in cash balances	453	453	4,533	4,080
Cash balance, beginning	-	-	118,491	118,491
Prior period adjustment	-	-	-	-
Cash balance, beginning restated	-	-	118,491	118,491
Cash balance, ending	\$ 453	\$ 453	\$ 123,024	\$ 122,571
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 4,533	
Adjustment to revenues for accruals and other deferrals			3,385	
Adjustment to expenditures for payables, prepaids and other accruals			(78,764)	
Net change in fund balance (GAAP Basis)			\$ (70,846)	

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, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Sales and service	\$ 42,300	\$ 42,300	\$ 41,768	\$ (532)
Total revenues	42,300	42,300	41,768	(532)
Expenses				
Current				
Public works	38,497	38,617	38,493	124
Personnel	9,988	9,988	9,841	147
Total expenses	48,485	48,605	48,334	271
Excess (deficiency) revenues over (under) expenses	(6,185)	(6,305)	(6,566)	(803)
Other financing sources (uses)				
Taxes - gross receipts (net)	100	100	24	(76)
Taxes - gross receipts	12,900	12,900	12,322	(578)
Taxes - environmental gross receipts	-	-	-	-
Conservation fee	-	-	-	-
Interest income	200	200	208	8
Penalty income	5,500	5,500	3,188	(2,312)
Connect / reconnect income	-	-	-	-
Change in meter deposits	-	-	-	-
Other income	-	-	-	-
Debt service principal	(11,906)	(11,906)	(11,906)	-
Debt service interest	(433)	(433)	(433)	-
Operating transfers net	-	-	6,169	6,169
Designated cash	6,940	6,940	-	(6,940)
Total other financing sources (uses)	13,301	13,301	9,572	(3,729)
Net change in cash balances	7,116	6,996	3,006	(4,532)
Cash balance, beginning	-	-	80,990	80,990
Prior period adjustment	-	-	-	-
Cash balance, beginning restated	-	-	80,990	80,990
Cash balance, ending	\$ -	\$ -	\$ 83,996	\$ 83,996
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 3,006	
Adjustment to revenues for accruals and other deferrals			1,059	
Adjustment to expenditures for payables, prepaids and other accruals			13,813	
Net change in fund balance (GAAP Basis)			\$ 17,878	

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, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Sales and service	\$ 31,000	\$ 31,000	\$ 30,814	\$ (186)
-	-	-	-	-
Total revenues	<u>31,000</u>	<u>31,000</u>	<u>30,814</u>	<u>(186)</u>
Expenses				
Current				
Public works	11,847	11,847	10,451	1,396
Personnel	<u>11,300</u>	<u>11,300</u>	<u>10,410</u>	<u>890</u>
-	-	-	-	-
Total expenses	<u>23,147</u>	<u>23,147</u>	<u>20,861</u>	<u>2,286</u>
Excess (deficiency) revenues over (under) expenses	7,853	7,853	9,953	2,100
Other financing sources (uses)				
Taxes - gross receipts (net)	1,400	1,400	-	(1,400)
Taxes - gross receipts	-	-	-	-
Taxes - environmental gross receipts	-	-	-	-
Conservation fee	-	-	-	-
Interest income	8	8	6	(2)
Penalty income	700	700	683	(17)
Connect / reconnect income	-	-	-	-
Change in meter deposits	-	-	-	-
Other income	-	-	-	-
Debt service principal	(3,000)	(3,000)	(3,000)	-
Debt service interest	(3,153)	(3,153)	(3,153)	-
Operating transfers net	(6,181)	(6,181)	-	6,181
Designated cash	-	-	-	-
Total other financing sources (uses)	<u>(10,226)</u>	<u>(10,226)</u>	<u>(5,464)</u>	<u>4,762</u>
Net change in cash balances	(2,373)	(2,373)	4,489	6,862
Cash balance, beginning	-	-	36,994	36,994
Prior period adjustment	-	-	-	-
Cash balance, beginning restated	-	-	<u>36,994</u>	<u>36,994</u>
Cash balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,483</u>	<u>\$ 41,483</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 4,489	
Adjustment to revenues for accruals and other deferrals			(292)	
Adjustment to expenditures for payables, prepaids and other accruals			<u>(57,175)</u>	
Net change in fund balance (GAAP Basis)			<u>\$ (52,978)</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, 2016

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>ASSETS</u>				
Quay County Gaming Authority	\$ 13,393	\$ 37	\$ (20)	\$ 13,410
Total assets	<u>\$ 13,393</u>	<u>\$ 37</u>	<u>\$ (20)</u>	<u>\$ 13,410</u>
<u>LIABILITIES</u>				
Funds handled on behalf of Quay County Gaming Authority	\$ 13,393	\$ 37	\$ (20)	\$ 13,410
Total liabilities	<u>\$ 13,393</u>	<u>\$ 37</u>	<u>\$ (20)</u>	<u>\$ 13,410</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, 2016

Schedule II

<u>Bank Name / Account Name</u>	<u>Account Type</u>	<u>Bank Balance</u>	<u>Deposits in Transit</u>	<u>Outstanding Checks</u>	<u>Book Balance</u>
FNB New Mexico					
Operating Account	Checking	\$ 933,686	\$ -	\$ (28,750)	904,936
Operating Account	Certificate of Deposit	20,427	-	-	20,427
Payroll Account	Checking	3,100	-	(3,100)	-
Quay County Gaming Authority	Checking	13,114	-	-	13,114
Quay County Gaming Authority	Savings	296	-	-	296
Total FNB New Mexico		<u>970,623</u>	-	<u>(31,850)</u>	<u>938,773</u>
Wells Fargo					
General Fund	Checking	13,961	-	-	13,961
Water Reserve Fund	Savings	5,098	-	-	5,098
Total Wells Fargo		<u>19,059</u>	-	-	<u>19,059</u>
Quay Schools Federal Credit Union					
General	Certificate of Deposit	22,442	-	-	22,442
General	Certificate of Deposit	21,946	-	-	21,946
Solid Waste	Certificate of Deposit	22,442	-	-	22,442
Total Quay Schools Federal Credit Union		<u>66,830</u>	-	-	<u>66,830</u>
Tucumcari Federal Savings & Loan Association					
General	Certificate of Deposit	21,960	-	-	21,960
General	Certificate of Deposit	21,390	-	-	21,390
General	Certificate of Deposit	40,377	-	-	40,377
Total Tucumcari Federal Savings & Loan Association		<u>83,727</u>	-	-	<u>83,727</u>
Citizens Bank					
Fire	Savings	2,339	-	-	2,339
Cemetery	Savings	12,632	-	-	12,632
Water	Savings	5,322	-	-	5,322
Water Meter	Savings	4,751	-	-	4,751
Solid Waste	Savings	1,108	-	-	1,108
Waste Water	Savings	1,610	-	-	1,610
Total Citizens Bank		<u>27,762</u>	-	-	<u>27,762</u>
New Mexico Finance Authority					
Debt Service	State Treasurer	6,667	-	-	6,667
Debt Service	Reserve Funds	29,717	-	-	29,717
Solid Waste	State Treasurer	2,071	-	-	2,071
Total New Mexico Finance Authority		<u>38,455</u>	-	-	<u>38,455</u>
Total		<u>\$ 1,206,456</u>	<u>\$ -</u>	<u>\$ (31,850)</u>	<u>\$ 1,174,606</u>
Reconciliation to financial statements					
Cash and cash equivalents					
Total cash and cash equivalents per statement of net position					\$ 945,138
Total investments per statement of net position					170,984
Total restricted cash customer deposit per statement on net position					6,619
Total restricted cash nmfa state treasurer per statement of net position					8,738
Total restricted cash nmfa reserve funds per statement of net position					<u>29,717</u>
Sub total cash and cash equivalents					1,161,196
Total cash and cash equivalents per statement of fiduciary assets and liabilities - agency fund					<u>13,410</u>
Total cash and cash equivalents					<u>\$ 1,174,606</u>

VILLAGE OF SAN JON
 SCHEDULE OF VENDOR INFORMATION for Purchases Exceeding \$60,000 (excluding GRT)
 For the Year Ended June 30, 2016

Prepared by Agency Staff Name: _____ Toni Stoner _____ Title: _Treasurer_____ Date _____ 8/30/2016 _____

<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 ALL 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								

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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 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 funds, of the Village of San Jon (the Village) as of and for the year ended June 30, 2016, 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 supplemental information, and have issued my report thereon dated November 23, 2016.

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.

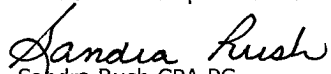
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies 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. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Sandra Rush CPA PC
Clovis, New Mexico
November 23, 2016

STATE OF NEW MEXICO
VILLAGE OF SAN JON
Schedule of Findings and Responses
June 30, 2016

Prior Year Finding

2014-001	Capital Asset / Depreciation Schedule	Resolved
2015-002	Mileage and Per Diem Act	Resolved
2015-003	Form 1099	Resolved
015-004	Compliance with the Anti-Donation Clause – Goods and Services	Resolved
2015-001	Credit Card (Compliance Other)	Resolved

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, Mayor Billie Jo Barnes, Cynthia Lee, Clerk, and Sandra Rush, CPA, in an exit conference on November 22, 2016.

