
STATE OF NEW MEXICO
VILLAGE OF SAN JON
June 30, 2018

Financial Statements and Supplementary Information
As Of And For The Year Ended June 30, 2018
With Independent Auditor's Report Thereon

*Sandra Ruston, CPA 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, 2018

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

Wayne A Johnson
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, and the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue funds of the Village of San Jon (Village) as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents.

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 of material misstatement.

An audit involves performing procedures to obtain 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 Village'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 Village'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, 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, the aggregate remaining fund information, and the respective budgetary comparisons for the General Fund and major Special Revenue funds of the Village as of June 30, 2018, and, the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

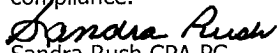
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 an opinion on the basic financial statements. The supplemental information as noted in the table of contents required by Section 2.2.2 NMAC is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplemental schedules required by Section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated November 29, 2018 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 29, 2018

Basic Financial Statements

Government-wide Financial Statements

STATE OF NEW MEXICO
VILLAGE OF SAN JON
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	\$ 710,704	\$ 225,509	\$ 936,213
Investments	262,480	22,827	285,307
Accounts receivable			
Taxes	33,594	5,886	39,480
Grantor	736	-	736
Sales	-	12,359	12,359
Total current assets	<u>1,007,514</u>	<u>266,581</u>	<u>1,274,095</u>
Noncurrent assets			
Restricted cash			
Customer deposits	-	6,739	6,739
NMFA state treasurer	1	2,936	2,937
NMFA reserve funds held	-	-	-
Capital assets	4,850,457	5,118,906	9,969,363
Less: accumulated depreciation	<u>(2,127,934)</u>	<u>(1,901,482)</u>	<u>(4,029,416)</u>
Total noncurrent assets	<u>2,722,524</u>	<u>3,227,099</u>	<u>5,949,623</u>
Total assets	<u>\$ 3,730,038</u>	<u>\$ 3,493,680</u>	<u>\$ 7,223,718</u>
<u>LIABILITIES</u>			
Current liabilities			
Accounts payable	\$ 4,778	\$ 5,219	\$ 9,997
Compensated absences	5,583	4,880	10,463
Current portion of long-term debt	<u>14,740</u>	<u>21,629</u>	<u>36,369</u>
Total current liabilities	<u>25,101</u>	<u>31,728</u>	<u>56,829</u>
Non-current liabilities			
Customer meter deposits	-	6,739	6,739
Long-term portion notes payable	<u>134,379</u>	<u>235,945</u>	<u>370,324</u>
Total non-current liabilities	<u>134,379</u>	<u>242,684</u>	<u>377,063</u>
Total liabilities	<u>159,480</u>	<u>274,412</u>	<u>433,892</u>
<u>NET POSITION</u>			
Net investment in capital assets	2,573,404	2,959,850	5,533,254
Restricted			
Special revenue	122,156	-	122,156
Debt service	-	-	-
Unrestricted	<u>874,998</u>	<u>259,418</u>	<u>1,134,416</u>
Total net position	<u>3,570,558</u>	<u>3,219,268</u>	<u>6,789,826</u>
Total liabilities and net pension	<u>\$ 3,730,038</u>	<u>\$ 3,493,680</u>	<u>\$ 7,223,718</u>

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

STATE OF NEW MEXICO
VILLAGE OF SAN JON
Statement of Activities
For the year ended June 30, 2018

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	\$ 225,190	\$ 6,976	\$ 3,224	\$ -	\$ (214,990)	\$ -	\$ (214,990)
Public safety	193,446	-	123,104	-	(70,342)	-	(70,342)
Public works	36,561	5,855	3,195	-	(27,511)	-	(27,511)
Culture and recreation	29,329	1,613	19,543	-	(8,173)	-	(8,173)
Miscellaneous	56,545	-	-	-	(56,545)	-	(56,545)
Total governmental activities	541,071	14,444	149,066	-	(377,561)	-	(377,561)
Business-type activities:							
Water	168,445	72,156	-	224,995	-	128,706	128,706
Solid waste	60,557	51,685	-	-	-	(8,872)	(8,872)
Waste water	87,232	32,926	-	-	-	(54,306)	(54,306)
Total business-type activities	316,234	156,767	-	224,995	-	65,528	65,528
Total governmental and business-type activities	\$ 857,305	\$ 171,211	\$ 149,066	\$ 224,995	\$ (377,561)	\$ 65,528	\$ (312,033)

General Revenues:

Taxes:

Property	16,010	-	16,010
Franchise	7,103	-	7,103
GRT municipal	75,365	-	75,365
Gas	24,343	-	24,343
GRT municipal state share	73,127	-	73,127
GRT infrastructure	-	28,558	28,558
GRT environmental	-	3,263	3,263
Conservation fee	-	293	293
Licenses and permits	369	-	369
Motor vehicle fees	711	-	711
Interest income	5,187	348	5,535
Donations	104	5	109
Gain (loss) sale of capital assets	5,000	-	5,000
Small cities assistance	90,000	-	90,000
Transfers in (out)	-	-	-

Total general revenues 297,319 32,467 329,786

Change in net position (80,242) 97,995 17,753

Net position, beginning 3,650,800 3,121,273 6,772,073

Restatement - - -

Net position, beginning restated 3,650,800 3,121,273 6,772,073

Net position, ending \$ 3,570,558 \$ 3,219,268 \$ 6,789,826

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, 2018

	General 101	Fire Protection 209	Municipal Streets 216	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 607,182	\$ 51,200	\$ 41,007	\$ 26,413	\$ 725,802
Investments	247,382	-	-	-	247,382
Cash NMFA State Treasurer	-	1	-	-	1
Accounts receivable					
Taxes	27,585	-	6,009	-	33,594
Due from other funds	-	-	-	736	736
Total assets	<u>\$ 882,149</u>	<u>\$ 51,201</u>	<u>\$ 47,016</u>	<u>\$ 27,149</u>	<u>\$ 1,007,515</u>
LIABILITIES					
Due to other funds	<u>\$ 1,467</u>	<u>\$ 544</u>	<u>\$ 1,125</u>	<u>\$ 1,642</u>	<u>\$ 4,778</u>
Total liabilities	<u>1,467</u>	<u>544</u>	<u>1,125</u>	<u>1,642</u>	<u>4,778</u>
FUND BALANCE					
Restricted for					
Special revenue	-	50,657	45,891	25,608	122,156
Debt service	-	-	-	-	-
Unassigned					
General government fund	880,682	-	-	-	880,682
Special revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>(101)</u>	<u>(101)</u>
Total fund balance	<u>880,682</u>	<u>50,657</u>	<u>45,891</u>	<u>25,507</u>	<u>1,002,737</u>
Total liabilities and fund balance	<u>\$ 882,149</u>	<u>\$ 51,201</u>	<u>\$ 47,016</u>	<u>\$ 27,149</u>	<u>\$ 1,007,515</u>

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

STATE OF NEW MEXICO

VILLAGE OF SAN JON

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

For the year ended June 30, 2018

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

Fund balance - total governmental funds		\$	1,002,737
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds			
Capital assets	\$	4,850,457	
Accumulated depreciation		<u>(2,127,934)</u>	
			2,722,523
Certain liabilities, including accrued compensated absences, bonds payable, lease purchase notes and net pension liability, are not due and payable in the current period and therefore are not reported in the funds			
Accrued compensated absences			(5,583)
Loans payable			<u>(149,119)</u>
Net position of governmental activities		\$	<u>3,570,558</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, 2018

	General 101	Fire Protection 209	Municipal Streets 216	Other Governmental Funds	Total Governmental Funds
Revenue					
Property tax	\$ 16,010	\$ -	\$ -	\$ -	\$ 16,010
Franchise tax	938	-	6,165	-	7,103
Gas tax	-	-	24,343	-	24,343
Gross receipts tax municipal	75,365	-	-	-	75,365
Motor vehicle fees	711	-	-	-	711
Charges for services	6,976	-	-	7,363	14,339
Interest	5,110	11	-	66	5,187
Licenses	369	-	-	-	369
Donations / contributions	104	-	-	3,195	3,299
Reimbursements / refunds	9,265	-	-	-	9,265
Gross receipts tax municipal state share	73,127	-	-	-	73,127
Miscellaneous	-	-	-	105	105
Agency on aging	-	-	-	19,543	19,543
EMS grant	-	-	-	12,438	12,438
LEPF grant	-	-	-	20,000	20,000
Fire allotment	-	83,993	-	-	83,993
State grant	-	632	-	-	632
Small city assistance	90,000	-	-	-	90,000
Total revenues	277,975	84,636	30,508	62,710	455,829
Expenditures					
Current					
General government					
Finance	46,511	-	-	-	46,511
Personnel services	102,662	-	-	10,507	113,169
Public safety	-	47,479	-	19,314	66,793
Public works	1,401	-	28,748	6,412	36,561
Culture and recreation	3,138	-	-	15,684	18,822
Miscellaneous	56,545	-	-	-	56,545
Capital outlay	36,162	356,173	-	23,850	416,185
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	246,419	403,652	28,748	75,767	754,586
Excess (deficiency) of revenues over expenditures	31,556	(319,016)	1,760	(13,057)	(298,757)
Other financing sources (uses)					
Loan proceeds	-	149,119	-	-	149,119
Operating transfers in (out)	(1,500)	1,315	-	185	-
Total other financing sources (uses)	(1,500)	150,434	-	185	149,119
Net change in fund balances	30,056	(168,582)	1,760	(12,872)	(149,638)
Fund balances, beginning	850,626	219,239	44,131	38,379	1,152,375
Fund balances, ending	<u>\$ 880,682</u>	<u>\$ 50,657</u>	<u>\$ 45,891</u>	<u>\$ 25,507</u>	<u>\$ 1,002,737</u>

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, 2018

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

Net change in fund balances - total governmental funds \$ (149,638)

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 421,185
Depreciation expense (202,808)

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 (149,119)

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 138

Change in Net Position of Governmental Activities \$ (80,242)

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, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue				
Property tax	\$ 15,238	\$ 15,238	\$ 15,475	\$ 237
Franchise tax	866	866	938	72
Gross receipts tax	65,000	65,000	72,770	7,770
Motor vehicle fees	900	900	781	(119)
Charges for services	7,000	7,000	6,976	(24)
Interest	2,400	2,400	5,110	2,710
Donations	500	500	104	(396)
Licenses	600	600	369	(231)
Reimbursements / refunds	2,650	2,650	9,265	6,615
Gross receipts tax state shared	65,500	65,500	73,533	8,033
State grants	-	-	-	-
Small city assistance	90,800	90,800	90,000	(800)
Total revenue	251,454	251,454	275,321	23,867
Expenditures				
Current				
General government				
Finance	48,814	48,814	48,814	-
Personnel services	102,665	102,665	102,662	3
Public safety	-	-	-	-
Public works	1,405	1,405	1,401	4
Culture and recreation	3,650	3,660	3,655	5
Miscellaneous	-	63,193	56,545	6,648
Capital outlay	32,355	36,165	36,162	3
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	188,889	255,902	249,239	6,663
Excess (deficiency) revenues over (under) expenditures	62,565	(4,448)	26,082	30,530
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	61,065	(5,948)	24,582	30,530
Cash balance, beginning	-	-	829,982	829,982
Cash balance, ending	\$ 61,065	\$ (5,948)	\$ 854,564	\$ 860,512
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 24,582	
Adjustment to revenues for accruals and other deferrals			2,654	
Adjustment to expenditures for payables, prepaids and other accruals			2,820	
Net change in fund balance (GAAP Basis)			\$ 30,056	

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, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property tax	\$ -	\$ -	\$ -	\$ -
Franchise tax	-	-	-	-
Gross receipts tax	-	-	-	-
Motor vehicle fees	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	570	570
Donations	-	-	-	-
Licenses	-	-	-	-
Reimbursements / refunds	-	-	-	-
Gross receipts tax state shared	-	-	-	-
State grants	-	-	632	632
Fire allotment	62,677	85,726	83,433	(2,293)
Total revenues	62,677	85,726	84,635	(1,091)
Expenditures				
Current				
General government				
Finance	-	-	-	-
Public safety	62,013	85,062	47,847	37,215
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	356,173	356,173	356,173	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	418,186	441,235	404,020	37,215
Excess (deficiency) revenues over (under) expenditures	(355,509)	(355,509)	(319,385)	36,124
Other financing sources (uses)				
Operating transfers	-	-	1,315	1,315
Loan proceeds	-	-	149,119	149,119
Designated cash	207,509	207,509	-	(207,509)
Total other financing sources (uses)	207,509	207,509	150,434	(57,075)
Net change in cash balances	(148,000)	(148,000)	(168,951)	(20,951)
Cash balance, beginning	-	-	220,151	220,151
Cash balance, ending	<u>\$ (148,000)</u>	<u>\$ (148,000)</u>	<u>\$ 51,200</u>	<u>\$ 199,200</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (168,951)	
Adjustment to revenues for accruals and other deferrals			1	
Adjustment to expenditures for payables, prepaids and other accruals			368	
Net change in fund balance (GAAP Basis)			<u>\$ (168,582)</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, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property tax	\$ -	\$ -	\$ -	\$ -
Franchise tax	4,885	4,885	4,999	114
Gas tax	25,000	25,000	23,346	(1,654)
Motor vehicle fees	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Donations	-	-	-	-
Licenses	-	-	-	-
Reimbursements / refunds	-	-	-	-
Gross receipts tax state shared	-	-	-	-
State grants	44,813	44,813	-	(44,813)
Small city assistance	-	-	-	-
Total revenues	74,698	74,698	28,345	(46,353)
Expenditures				
Current				
General government				
Finance	-	-	-	-
Public safety	-	-	-	-
Public works	74,528	74,528	28,591	45,937
Highway coop expenditures	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	74,528	74,528	28,591	45,937
Excess (deficiency) revenues over (under) expenditures	170	170	(246)	(416)
Other financing sources (uses)				
Operating transfers net	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in cash balances	170	170	(246)	(416)
Cash balance, beginning	-	-	41,253	41,253
Cash balance, ending	\$ 170	\$ 170	\$ 41,007	\$ 40,837
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (246)	
Adjustment to revenues for accruals and other deferrals			2,163	
Adjustment to expenditures for payables, prepaids and other accruals			(157)	
Net change in fund balance (GAAP Basis)			\$ 1,760	

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, 2018

	Business-type Activities <u>Water Fund 501</u>	Business-type Activities <u>Solid Waste 502</u>	Business-type Activities <u>Waste Water 503</u>	Business-type Activities <u>Totals</u>
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	\$ 121,892	\$ 56,801	\$ 46,816	\$ 225,509
Investments	-	22,827	-	22,827
Accounts receivable				
Taxes	3,270	2,616	-	5,886
Sales, net	<u>6,036</u>	<u>3,610</u>	<u>2,713</u>	<u>12,359</u>
Total current assets	<u>131,198</u>	<u>85,854</u>	<u>49,529</u>	<u>266,581</u>
Noncurrent assets				
Restricted cash				
Cash NMFA State Treasurer	768	2,168	-	2,936
Customer meter deposits	6,739	-	-	6,739
Capital assets, being depreciated	3,223,008	84,966	1,810,932	5,118,906
Less: accumulated depreciation	<u>(1,325,162)</u>	<u>(16,992)</u>	<u>(559,328)</u>	<u>(1,901,482)</u>
Total noncurrent assets	<u>1,905,353</u>	<u>70,142</u>	<u>1,251,604</u>	<u>3,227,099</u>
Total assets	<u>\$ 2,036,551</u>	<u>\$ 155,996</u>	<u>\$ 1,301,133</u>	<u>\$ 3,493,680</u>
<u>LIABILITIES AND NET POSITION</u>				
Current liabilities				
Accounts payable	\$ 4,397	\$ 294	\$ 528	\$ 5,219
Compensated absences	4,880	-	-	4,880
Current portion notes payable	<u>6,458</u>	<u>12,171</u>	<u>3,000</u>	<u>21,629</u>
Total current liabilities	<u>15,735</u>	<u>12,465</u>	<u>3,528</u>	<u>31,728</u>
Noncurrent liabilities				
Customer meter deposits	6,739	-	-	6,739
Notes payable	<u>133,275</u>	<u>-</u>	<u>102,670</u>	<u>235,945</u>
Total noncurrent liabilities	<u>140,014</u>	<u>-</u>	<u>102,670</u>	<u>242,684</u>
Total liabilities	<u>155,749</u>	<u>12,465</u>	<u>106,198</u>	<u>274,412</u>
Net position				
Net invested in capital assets	1,758,113	55,803	1,145,934	2,959,850
Restricted	7,507	2,168	-	9,675
Unrestricted	<u>115,182</u>	<u>85,560</u>	<u>49,001</u>	<u>249,743</u>
Total net position	<u>1,880,802</u>	<u>143,531</u>	<u>1,194,935</u>	<u>3,219,268</u>
Total liabilities and net position	<u>\$ 2,036,551</u>	<u>\$ 155,996</u>	<u>\$ 1,301,133</u>	<u>\$ 3,493,680</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, 2018

	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	\$ 66,127	\$ 44,184	\$ 30,886	\$ 141,197
Total operating revenues	<u>66,127</u>	<u>44,184</u>	<u>30,886</u>	<u>141,197</u>
Operating expenses				
Public works	48,241	49,622	12,237	110,100
Personnel	22,743	6,395	11,643	40,781
Depreciation	93,656	4,248	60,364	158,268
Total operating expenses	<u>164,640</u>	<u>60,265</u>	<u>84,244</u>	<u>309,149</u>
Operating income (loss)	(98,513)	(16,081)	(53,358)	(167,952)
Non-operating revenues (expenses)				
Taxes - gross receipts (net)	2,942	1,886	1,449	6,277
Taxes - gross receipts infrastructure	14,279	14,279	-	28,558
Taxes - environmental gross receipts	3,263	-	-	3,263
Conservation fee	293	-	-	293
Interest income	70	271	7	348
Penalty income	1,024	5,615	591	7,230
Re-connect fees	2,051	-	-	2,051
State grants	224,995	-	-	224,995
Capital outlay	-	-	-	-
Other income (expenses)	17	-	-	17
Debt service interest	(3,805)	(292)	(2,988)	(7,085)
Total non-operating revenue (expenses)	<u>245,129</u>	<u>21,759</u>	<u>(941)</u>	<u>265,947</u>
Net income (loss)	146,616	5,678	(54,299)	97,995
Operating transfers (net)	(6,170)	6,170	-	-
Change in net position - proprietary funds	140,446	11,848	(54,299)	97,995
Net position, beginning	<u>1,740,356</u>	<u>131,683</u>	<u>1,249,234</u>	<u>3,121,273</u>
Net position, ending	<u>\$ 1,880,802</u>	<u>\$ 143,531</u>	<u>\$ 1,194,935</u>	<u>\$ 3,219,268</u>

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

STATE OF NEW MEXICO
VILLAGE OF SAN JON
Proprietary Funds
Statement of Cash Flows
For the year ended June 30, 2018

	Business-type Activities <u>Enterprise Fund</u>
Cash flows from operating activities	
Receipts from customers	\$ 143,765
Payments to suppliers and contractors	(106,212)
Payments to and on behalf of employees	<u>(47,963)</u>
Net cash provided (used) by operating activities	<u>(10,410)</u>
Cash flows from non capital financing activities	
Taxes received	38,577
Miscellaneous	7,247
Change in meter deposits	15
Interest income	349
Interest expense	<u>(7,085)</u>
Net cash provided (used) by non capital financing activities	<u>39,103</u>
Cash flows from capital and related financing activities	
Acquisition of capital assets	(249,995)
State grant	224,995
Loan proceeds	24,999
Operating transfers in (out)	-
Debt payment	<u>(19,771)</u>
Net cash provided (used) by capital and related financing activities	<u>(19,772)</u>
Net increase (decrease) in cash and cash equivalents	8,921
Cash balance, beginning	<u>123,831</u>
Total cash and cash equivalents, ending	<u>\$ 132,752</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (167,952)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation and amortization	158,268
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	2,568
Increase (Decrease) in accounts payable	<u>(3,294)</u>
Net cash provided (used) by operating activities	<u>\$ (10,410)</u>

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

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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, 2018.

B. Government-Wide Financial Statements

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

The government-wide statement of activities demonstrates the degree to which the direct expenses of a function category (general government, public safety, etc.) or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with specific function or activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or activity and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported as general revenues.

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

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

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the Village gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property, franchise, sales and public service tax revenues associated with the current fiscal period are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, contributions, and miscellaneous revenues are recorded as revenues when received in cash, as the resulting receivable is immaterial.

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

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

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

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

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

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

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

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

Streets Fund

To account for the operations and maintenance of funds restricted for the repair and replacement of infrastructure improvements. The funds may be used only for sewer and street repairs and replacements or for the acquisition of rights-of-way. Authority is NMSA 7-21-115.

The government reports its Water Fund and Solid Waste 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.

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

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

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

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

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

D. Assets, Liabilities, and Net Position or Equity

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 purchased.

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 based on 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.

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, 2018.

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 'measureable' and 'available' in the governmental fund financial statements.

Note 2 Stewardship, Compliance, and Accountability

Budgetary Information

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

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

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

Formal budgetary integration is employed as a management control device during the year for the General Fund, and Special Revenue Funds 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, 2018, is presented.

The appropriated budget for the year ended June 30, 2018, 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, 2018 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, 2018.

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.

STATE OF NEW MEXICO
VILLAGE OF SAN JON
Notes to The Financial Statements
June 30, 2018

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.

	First National Bank of NM Tucumcari, NM	Citizens Tucumcari, NM	Quay Schools FCU Tucumcari, NM	Tucumcari Fed Tucumcari, NM	Wells Fargo Tucumcari, NM	Type
Total amount on deposit on June 30, 2018						
Operating	\$ 850,909	\$ -	\$ -	\$ -	\$ -	Checking
Operating	20,535	-	-	-	-	CD
Village of San Jon General Fund	-	-	-	-	13,963	Checking
Village of San Jon Water Reserve	-	-	-	-	5,101	Savings
Village of San Jon CD	-	20,136	-	-	-	CD
Village of San Jon CD	-	20,172	-	-	-	CD
Village of San Jon CD	-	20,168	-	-	-	CD
Village of San Jon CD	-	-	22,222	-	-	CD
Village of San Jon CD	-	-	22,827	-	-	CD
Village of San Jon CD	-	-	-	22,420	-	CD
Village of San Jon CD	-	-	-	21,832	-	CD
Village of San Jon CD	-	-	-	41,202	-	CD
Village of San Jon CD	-	-	-	40,535	-	CD
Village of San Jon CD	-	-	-	20,278	-	CD
Village of San Jon CD	-	-	-	40,639	-	CD
Village of San Jon Solid Waste	-	-	22,827	-	-	CD
Village of San Jon Fire	-	2,359	-	-	-	Savings
Village of San Jon Waste Water	-	1,624	-	-	-	Savings
Village of San Jon Meter Deposits	-	4,751	-	-	-	Savings
Village of San Jon Water	-	5,408	-	-	-	Savings
Village of San Jon Solid Waste	-	1,118	-	-	-	Savings
Village of San Jon Cemetery	-	12,740	-	-	-	Savings
Total deposited	871,444	88,476	67,876	186,906	19,064	\$ 1,233,766
Less FDIC coverage	(250,000)	(88,476)	-	(186,906)	(19,064)	(544,446)
Less NCUA coverage	-	-	(67,876)	-	-	(67,876)
Total uninsured public funds	621,444	-	-	-	-	\$ 621,444
50% collateral requirement						
as per Section 6-10-17, NMSA 1978	310,722	-	-	-	-	
Pledged securities	391,817	-	-	-	-	
Over (under)	\$ 81,095	\$ -	\$ -	\$ -	\$ -	

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
FNMA Pool #MA2287	31418BRH1	\$ 391,817	06/01/2035	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, 2018, \$229,627 of the Village's bank balance of \$1,233,766 was exposed to custodial credit risk.

STATE OF NEW MEXICO
VILLAGE OF SAN JON
Notes to The Financial Statements
June 30, 2018

Custodial Credit Risk Deposits	First National	Citizens	Quay	Tucumcari Fed	Wells Fargo	Totals
	Bank of NM		Schools FCU			
	Tucumcari, NM	Tucumcari, NM	Tucumcari, NM	Tucumcari, NM	Tucumcari, NM	
Account Balances	\$ 871,444	\$ 88,476	\$ 67,876	\$ 186,906	\$ 19,064	\$ 1,233,766
FDIC Insurance	250,000	88,476	-	186,906	19,064	544,446
NCUA Insurance	-	-	67,876	-	-	67,876
Collateral:						
Collateral held by the pledging bank, not in the Village's name	391,817	-	-	-	-	391,817
Uninsured and uncollateralized	229,627	-	-	-	-	229,627
Total Deposits	\$ 871,444	\$ 88,476	\$ 67,876	\$ 186,906	\$ 19,064	\$ 1,233,766

Note 4 Receivables

Receivables as of June 30, 2018, are as follows:

	Governmental Activities		Business-type Activities	
	Taxes	Other	Taxes	Utility Service
Accounts receivable taxes				
General				
Property tax	\$ 880	\$	\$	\$
Gross receipts taxes municipal	13,255			
Gross receipts taxes state shared	13,381			
MVD	69			
Total General	27,585			
Streets				
Franchise tax	1,166			
Gas tax	4,843			
Senior Citizens				
Area Agency		736		
Water				
Gross receipts taxes capital outlay			2,616	
Gross receipts tax environmental			654	
Total Water			3,270	
Utility service				6,371
Allowance for uncollectible				(335)
Total				6,036
Solid Waste				
Gross receipts taxes infrastructure			2,616	
Utility service				3,818
Allowance for uncollectible				(208)
Total				3,610
Waste Water				
Utility service				2,873
Allowance for uncollectible				(160)
Total				2,713
	\$ 33,594	\$ 736	\$ 5,886	\$ 12,359

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:

STATE OF NEW MEXICO
VILLAGE OF SAN JON
Notes to The Financial Statements
June 30, 2018

	Transfer In	Transfer Out
General	\$ 3,000	\$ (4,500)
Fire	1,315	
Senior Citizens	1,500	
EMS	3,000	(3,000)
Debt Service	-	(1,315)
Totals	<u>\$ 8,815</u>	<u>\$ (8,815)</u>

Note 6 Accounts Payables

Accounts payable are payable to suppliers as of June 30, 2018, are listed below.

Note 7 Capital Assets

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

Government Activities

	Beginning Balances	Increase	Adjustments/ Decrease	Ending Balances
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 59,580	\$ -	\$ -	\$ 59,580
Capital assets being depreciated				
Buildings and improvements	1,886,075	-	-	1,886,075
Equipment	1,439,656	421,185	(27,638)	1,833,203
Vehicles	116,957	-	-	116,957
Infrastructure	954,642	-	-	954,642
Total assets	<u>4,456,910</u>	<u>421,185</u>	<u>(27,638)</u>	<u>4,850,457</u>
Less accumulated depreciation				
Buildings and improvements	(711,319)	(46,095)	-	(757,414)
Equipment	(834,685)	(103,118)	27,638	(910,165)
Vehicles	(93,848)	(5,863)	-	(99,711)
Infrastructure	(312,912)	(47,732)	-	(360,644)
Total accumulated depreciation	<u>(1,952,764)</u>	<u>(202,808)</u>	<u>27,638</u>	<u>(2,127,934)</u>
Governmental activity capital assets, net	<u>\$ 2,504,146</u>	<u>\$ 218,377</u>	<u>\$ -</u>	<u>\$ 2,722,523</u>

Capital assets, net of accumulated depreciation, at June 30, 2018 appear in the Statement of Net Position as follows:
Governmental activities \$2,722,523.

Depreciation expense for the year ended June 30, 2018 was charged to the following governmental activities functions.

General Government	\$ 76,155
Public Safety	126,653
	<u>\$ 202,808</u>

STATE OF NEW MEXICO
VILLAGE OF SAN JON
Notes to The Financial Statements
June 30, 2018

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
Construction in progress	207,482	249,994	(457,476)	-
Capital assets being depreciated				
Buildings and improvements	247,979	-	-	247,979
Equipment	115,356	-	-	115,356
Improvements	2,340,598	457,476	-	2,798,074
Total assets	<u>2,973,014</u>	<u>707,470</u>	<u>(457,476)</u>	<u>3,223,008</u>
Less accumulated depreciation				
Buildings and improvements	(126,101)	(7,211)	-	(133,312)
Equipment	(75,849)	(4,309)	-	(80,158)
Improvements	(1,029,556)	(82,136)	-	(1,111,692)
Total accumulated depreciation	<u>(1,231,506)</u>	<u>(93,656)</u>	<u>-</u>	<u>(1,325,162)</u>
Business-type activity capital assets, net	<u>\$ 1,741,508</u>	<u>\$ 613,814</u>	<u>\$ (457,476)</u>	<u>\$ 1,897,846</u>
Solid Waste Fund	Beginning Balances	Increase	Adjustments/ Decrease	Ending Balances
Business-type activities:				
Capital assets being depreciated				
Equipment	\$ 84,966	\$ -	\$ -	\$ 84,966
Total assets	<u>84,966</u>	<u>-</u>	<u>-</u>	<u>84,966</u>
Less accumulated depreciation				
Equipment	(12,744)	(4,248)	-	(16,992)
Total accumulated depreciation	<u>(12,744)</u>	<u>(4,248)</u>	<u>-</u>	<u>(16,992)</u>
Business-type activity capital assets, net	<u>\$ 72,222</u>	<u>\$ (4,248)</u>	<u>\$ -</u>	<u>\$ 67,974</u>
Waste Water Fund	Beginning Balances	Increase	Adjustments/ Decrease	Ending Balances
Business-type activities:				
Capital assets being depreciated				
System	\$ 1,810,932	\$ -	\$ -	\$ 1,810,932
Total assets	<u>1,810,932</u>	<u>-</u>	<u>-</u>	<u>1,810,932</u>
Less accumulated depreciation				
System	(498,964)	(60,364)	-	(559,328)
Total accumulated depreciation	<u>(498,964)</u>	<u>(60,364)</u>	<u>-</u>	<u>(559,328)</u>
Business-type activity capital assets, net	<u>\$ 1,311,968</u>	<u>\$ (60,364)</u>	<u>\$ -</u>	<u>\$ 1,251,604</u>

Depreciation expense relating to business-like activities for the year ended June 30, 2018 totaled \$158,268.

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 (\$101) 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, 2018,

Note 10 Long-term Debts

Governmental Activities

During the year ended June 30, 2018, 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	\$ -	\$ 149,119	\$ -	\$ 149,119	\$ 14,740
Other long term liabilities					
Compensated absences	\$ 5,721	\$ 7,466	\$ (7,604)	\$ 5,583	\$ -

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

In 2018 the Village entered into a loan agreement with the New Mexico Finance Authority to finance a new fire truck. The original loan amount was \$149,119. The interest rate is 1%. And payments range from \$14,740 to \$14,991.

The annual requirement to amortize the loan as of June 30, 2018, including interest and are as follows:

Year Ended June 30,	Principal	Interest	Total
2019	\$ 14,740	\$ 265	\$ 15,005
2020	14,871	134	15,005
2021	14,886	120	15,006
2022	14,901	105	15,006
2023	14,916	90	15,006
2024-2027	74,805	225	75,030
	<u>\$ 149,119</u>	<u>\$ 939</u>	<u>\$ 150,058</u>

Business-type Activities

During the year ended June 30, 2018, the following changes occurred in the liabilities reported in the government wide statement of net position:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Business-type activities					
Note payable - Water	\$ 67,434	\$ -	\$ (1,000)	\$ 66,434	\$ 1,000
Note payable - Water	36,326	-	(3,724)	32,602	3,599
Note payable - Water	15,698	24,999	-	40,697	1,859
Note payable - Waste Water	108,670	-	(3,000)	105,670	3,000
Note payable - Solid Waste	24,218	-	(12,047)	12,171	12,171
	<u>\$ 252,346</u>	<u>\$ 24,999</u>	<u>\$ (19,771)</u>	<u>\$ 257,574</u>	<u>\$ 21,629</u>
Other long term liabilities					
Compensated absences	<u>\$ 6,881</u>	<u>\$ 5,543</u>	<u>\$ (7,536)</u>	<u>\$ 4,888</u>	<u>\$ -</u>

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

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, 2018, including interest and are as follows:

Year Ended June 30,	Principal	Interest	Total
2019	\$ 1,000	\$ 2,990	\$ 3,990
2020	1,000	2,950	3,950
2021	2,000	2,900	4,900
2022	2,000	2,810	4,810
2023	2,000	2,720	4,720
2024 - 2028	10,000	12,250	22,250
2029 - 2033	12,000	9,960	21,960
2034 - 2038	15,000	6,860	21,860
2039 - 2043	21,434	3,210	24,644
	<u>\$ 66,434</u>	<u>\$ 46,650</u>	<u>\$ 113,084</u>

The Village entered into a loan agreement with the New Mexico Finance Authority to finance the water system improvements, for the Water Department. The original loan amount was \$37,875. The interest rate is 2%. And payments range from \$3,459 to \$4,134.

The annual requirement to amortize the loan as of June 30, 2018, including interest and are as follows:

Year Ended June 30,	Principal	Interest	Total
2019	\$ 3,599	\$ 618	\$ 4,217
2020	3,671	546	4,217
2021	3,744	472	4,216
2022	3,819	397	4,216
2023	3,895	321	4,216
2023 - 2026	13,874	410	14,284
	<u>\$ 32,602</u>	<u>\$ 2,764</u>	<u>\$ 35,366</u>

The Village entered into a loan agreement with the New Mexico Finance Authority to finance the storage, conveyance, delivery of water, for the Water Department. The original loan amount was \$15,698. The interest rate is 0.25%. And payments are \$2,104.

The annual requirement to amortize the loan as of June 30, 2018, including interest and are as follows:

Year Ended June 30,	Principal	Interest	Total
2019	\$ 1,859	\$ 265	\$ 2,124
2020	2,006	97	2,103
2021	2,011	92	2,103
2022	2,016	87	2,103
2023	2,021	82	2,103
2024 - 2028	10,185	335	10,520
2029 - 2033	10,311	208	10,519
2034 - 2038	10,288	78	10,366
	<u>\$ 40,697</u>	<u>\$ 1,244</u>	<u>\$ 41,941</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, 2018, including interest and are as follows:

Year Ended June 30,	Principal	Interest	Total
2019	\$ 3,000	\$ 2,906	\$ 5,906
2020	3,000	2,823	5,823
2021	3,000	2,741	5,741
2022	3,000	2,658	5,658
2023	3,000	2,576	5,576
2024 - 2028	16,000	11,642	27,642
2029 - 2033	20,000	9,167	29,167
2034 - 2038	22,000	6,389	28,389
2039 - 2043	25,000	3,117	28,117
2044 - 2045	7,670	255	7,925
	<u>\$ 105,670</u>	<u>\$ 44,274</u>	<u>\$ 149,944</u>

The Village entered into a loan agreement with the New Mexico Finance Authority to finance the purchase of a back hoe, 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, 2018, including interest and are as follows:

Year Ended June 30,	Principal	Interest	Total
2019	\$ 12,171	\$ 156	\$ 12,327

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 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, 2018, the employer contributions were \$3,774.

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 29, 2018 which is the date the financial statements were available for issuance.

Note 16 Joint Powers Agreements

Ambulance

The Village entered into a joint power's 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.

Note 17 GASB 77 Abatement Disclosures

The Village was not part of any tax abatement agreements subject to GASBS 77 Tax Abatement Disclosures during the year ended June 30, 2018. As a result, they make no such disclosures related to GASBS 77.

Supplementary Information Related to NonMajor Governmental Funds

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Non-Major Special Revenue Funds

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

Emergency Medical Service

To account for the acquisition of emergency medical equipment and the operation of the equipment financed through a grant from the State of New Mexico. Funding is authorized by NMSA 24-10-A-1. Law.

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, 2018

	Emergency Medical Service 206	Law Enforcement Protection 211	Recreation 217	Senior Citizens 219
<u>ASSETS</u>				
Cash in banks	\$ -	\$ -	\$ 2,500	\$ 3,155
Cash NMFA Reserved Funds	-	-	-	-
Cash NMFA State Treasurer	-	-	-	-
Accounts receivable taxes	-	-	-	-
Accounts receivable grantor	-	-	-	736
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,500</u>	<u>\$ 3,891</u>
 <u>LIABILITIES</u>				
Accounts payable	\$ 101	\$ -	\$ 244	\$ 1,210
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>101</u>	<u>-</u>	<u>244</u>	<u>1,210</u>
 <u>FUND BALANCE</u>				
Restricted for				
Special revenue funds	-	-	2,256	2,681
Debt service	-	-	-	-
Unassigned				
Special revenue funds	<u>(101)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balance	<u>(101)</u>	<u>-</u>	<u>2,256</u>	<u>2,681</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,500</u>	<u>\$ 3,891</u>

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

Special Appropriations 299	Cemetery 510	Veteran's Memorial 299	Debt Service 400	Totals
\$ 234	\$ 20,365	\$ 159	\$ -	\$ 26,413
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	736
<u>\$ 234</u>	<u>\$ 20,365</u>	<u>\$ 159</u>	<u>\$ -</u>	<u>\$ 27,149</u>
\$ -	\$ 87	\$ -	\$ -	\$ 1,642
-	87	-	-	1,642
234	20,278	159	-	25,608
-	-	-	-	-
-	-	-	-	(101)
<u>234</u>	<u>20,278</u>	<u>159</u>	<u>-</u>	<u>25,507</u>
<u>\$ 234</u>	<u>\$ 20,365</u>	<u>\$ 159</u>	<u>\$ -</u>	<u>\$ 27,149</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, 2018

	Emergency Medical Service 206	Law Enforcement Protection 211	Recreation 217	Senior Citizens 219
Revenues				
Franchise tax	\$ -	\$ -	\$ -	\$ -
Gas tax	-	-	-	-
Charges for services	-	-	1,613	-
Interest	-	-	-	-
Donations / contributions	-	-	-	-
Other	-	-	-	-
Agency on aging	-	-	-	19,543
EMS grant	12,438	-	-	-
LEPF grant	-	20,000	-	-
State grant	-	-	-	-
Total revenues	<u>12,438</u>	<u>20,000</u>	<u>1,613</u>	<u>19,543</u>
Expenditures				
Current				
General government				
Personnel services	-	-	-	10,507
Public safety	12,489	6,825	-	-
Public works	-	-	-	-
Highway coop expenditures	-	-	-	-
Culture and recreation	-	-	2,209	13,475
Capital outlay	-	13,175	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>12,489</u>	<u>20,000</u>	<u>2,209</u>	<u>23,982</u>
Excess (deficiency) of revenues over expenditures	(51)	-	(596)	(4,439)
Other financing sources (uses)				
Operating transfers (net)	-	-	-	1,500
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500</u>
Net change in fund balances	(51)	-	(596)	(2,939)
Fund balances, beginning	<u>(50)</u>	<u>-</u>	<u>2,852</u>	<u>5,620</u>
Fund balances, ending	<u>\$ (101)</u>	<u>\$ -</u>	<u>\$ 2,256</u>	<u>\$ 2,681</u>

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

Special Appropriations 299	Cemetery 510	Veteran's Memorial 299	Debt Service 400	Totals
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	5,750	-	-	7,363
-	57	-	9	66
-	3,195	-	-	3,195
105	-	-	-	105
-	-	-	-	19,543
-	-	-	-	12,438
-	-	-	-	20,000
-	-	-	-	-
<u>105</u>	<u>9,002</u>	<u>-</u>	<u>9</u>	<u>62,710</u>
-	-	-	-	10,507
-	-	-	-	19,314
5	6,407	-	-	6,412
-	-	-	-	-
-	-	-	-	15,684
10,675	-	-	-	23,850
-	-	-	-	-
-	-	-	-	-
<u>10,680</u>	<u>6,407</u>	<u>-</u>	<u>-</u>	<u>75,767</u>
(10,575)	2,595	-	9	(13,057)
-	-	-	(1,315)	185
-	-	-	(1,315)	185
(10,575)	2,595	-	(1,306)	(12,872)
<u>10,809</u>	<u>17,683</u>	<u>159</u>	<u>1,306</u>	<u>38,379</u>
<u>\$ 234</u>	<u>\$ 20,278</u>	<u>\$ 159</u>	<u>\$ -</u>	<u>\$ 25,507</u>

Supplementary Information Related to Major Proprietary Funds

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, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Sales and service	\$ 62,200	\$ 62,200	\$ 69,032	\$ 6,832
Total revenues	62,200	62,200	69,032	6,832
Expenses				
Current				
Public works	48,350	52,060	44,687	7,373
Personnel	26,060	26,350	26,087	263
Total expenses	74,410	78,410	70,774	7,636
Excess (deficiency) revenues over (under) expenses	(12,210)	(16,210)	(1,742)	14,468
Other financing sources (uses)				
Taxes - gross receipts (net)	2,500	2,500	2,942	442
Taxes - capital outlay gross receipts	14,000	14,000	14,359	359
Taxes - environmental gross receipts	3,000	3,000	3,582	582
Conservation fee	-	-	-	-
Interest income	40	40	71	31
Penalty income	-	-	1,041	1,041
Connect / reconnect income	-	-	-	-
Change in meter deposits	100	100	15	(85)
Other income (expenses)	-	-	-	-
State grant	300,000	300,000	224,995	75,005
Loan proceeds	25,000	25,000	24,999	1
Capital outlay	(300,000)	(300,000)	(249,995)	(50,005)
Debt service principal	(4,724)	(4,724)	(4,724)	-
Debt service interest	(3,805)	(3,805)	(3,805)	-
Operating transfers net	(10,489)	(10,489)	(6,170)	4,319
Designated cash	-	-	-	-
Total other financing sources (uses)	25,622	25,622	7,310	(18,312)
Net change in cash balances	13,412	9,412	5,568	(3,844)
Cash balance, beginning	-	-	123,831	123,831
Cash balance, ending	\$ 13,412	\$ 9,412	\$ 129,399	\$ 119,987
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 5,568	
Adjustment to revenues for accruals and other deferrals			(2,905)	
Adjustment to expenditures for payables, prepaids and other accruals			137,783	
Net change in fund balance (GAAP Basis)			\$ 140,446	

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, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Sales and service	\$ 46,000	\$ 46,000	\$ 42,334	\$ (3,666)
Total revenues	<u>46,000</u>	<u>46,000</u>	<u>42,334</u>	<u>(3,666)</u>
Expenses				
Current				
Public works	51,339	52,339	49,574	2,765
Personnel	<u>10,000</u>	<u>10,000</u>	<u>9,846</u>	<u>154</u>
Total expenses	<u>61,339</u>	<u>62,339</u>	<u>59,420</u>	<u>2,919</u>
Excess (deficiency) revenues over (under) expenses	(15,339)	(16,339)	(17,086)	(6,585)
Other financing sources (uses)				
Taxes - gross receipts (net)	1,800	1,800	1,886	86
Taxes - gross receipts	14,000	14,000	14,359	359
Taxes - environmental gross receipts	-	-	-	-
Conservation fee	-	-	-	-
Interest income	300	300	271	(29)
Penalty income	-	-	5,615	5,615
Connect / reconnect income	-	-	-	-
Change in meter deposits	-	-	-	-
Other income	-	-	-	-
Debt service principal	(12,047)	(12,047)	(12,047)	-
Debt service interest	(639)	(639)	(292)	347
Operating transfers net	6,170	6,170	6,170	-
Designated cash	<u>5,755</u>	<u>6,755</u>	<u>-</u>	<u>(6,755)</u>
Total other financing sources (uses)	<u>15,339</u>	<u>16,339</u>	<u>15,962</u>	<u>(377)</u>
Net change in cash balances	-	-	(1,124)	(6,962)
Cash balance, beginning	<u>-</u>	<u>-</u>	<u>82,920</u>	<u>82,920</u>
Cash balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,796</u>	<u>\$ 81,796</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (1,124)	
Adjustment to revenues for accruals and other deferrals			1,850	
Adjustment to expenditures for payables, prepaids and other accruals			<u>11,122</u>	
Net change in fund balance (GAAP Basis)			<u>\$ 11,848</u>	

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

STATE OF NEW MEXICO
VILLAGE OF SAN JON
Enterprise Fund - Waste Water Fund - 503
Statement of Revenues, Expenses, and Changes in Cash Balance
Budget and Actual (Non - GAAP Budgetary Basis)
For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Sales and service	\$ 29,600	\$ 29,600	\$ 32,399	\$ 2,799
-	-	-	-	-
Total revenues	29,600	29,600	32,399	2,799
Expenses				
Current				
Public works	9,606	11,951	11,951	-
Personnel	12,030	12,030	12,030	-
-	-	-	-	-
Total expenses	21,636	23,981	23,981	-
Excess (deficiency) revenues over (under) expenses	7,964	5,619	8,418	2,799
Other financing sources (uses)				
Taxes - gross receipts (net)	1,400	1,400	1,449	49
Taxes - gross receipts	-	-	-	-
Taxes - environmental gross receipts	-	-	-	-
Conservation fee	-	-	-	-
Interest income	8	8	7	(1)
Penalty income	-	-	591	591
Connect / reconnect income	-	-	-	-
Change in meter deposits	-	-	-	-
Other income	-	-	-	-
Debt service principal	(3,000)	(3,000)	(3,000)	-
Debt service interest	(3,000)	(3,000)	(2,988)	12
Operating transfers net	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	(4,592)	(4,592)	(3,941)	651
Net change in cash balances	3,372	1,027	4,477	3,450
Cash balance, beginning	-	-	42,339	42,339
Cash balance, ending	\$ -	\$ -	\$ 46,816	\$ 46,816
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 4,477	
Adjustment to revenues for accruals and other deferrals				
Adjustment to expenditures for payables, prepaids and other accruals				
Net change in fund balance (GAAP Basis)			\$ 4,477	

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, 2018

Schedule I

<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	\$ 850,909	\$ -	\$ (5,507)	845,402
General	Certificate of Deposit	20,535	-	-	20,535
Total FNB New Mexico		871,444	-	(5,507)	865,937
Wells Fargo					
General	Checking	13,963	-	-	13,963
Water Reserve Fund	Savings	5,101	-	-	5,101
Total Wells Fargo		19,064	-	-	19,064
Quay Schools Federal Credit Union					
General	Certificate of Deposit	22,222	-	-	22,222
General	Certificate of Deposit	22,827	-	-	22,827
Solid Waste	Certificate of Deposit	22,827	-	-	22,827
Total Quay Schools Federal Credit Union		67,876	-	-	67,876
Tucumcari Federal Savings & Loan Association					
General	Certificate of Deposit	22,420	-	-	22,420
General	Certificate of Deposit	21,832	-	-	21,832
General	Certificate of Deposit	41,202	-	-	41,202
General	Certificate of Deposit	40,535	-	-	40,535
General	Certificate of Deposit	20,278	-	-	20,278
General	Certificate of Deposit	40,639	-	-	40,639
Total Tucumcari Federal Savings & Loan Association		186,906	-	-	186,906
Citizens Bank					
Fire	Savings	2,359	-	-	2,359
Cemetery	Savings	12,740	-	-	12,740
Water	Savings	5,408	-	-	5,408
Water Meter	Savings	4,751	-	-	4,751
Solid Waste	Savings	1,118	-	-	1,118
Waste Water	Savings	1,624	-	-	1,624
General	Certificate of Deposit	20,136	-	-	20,136
	Certificate of Deposit	20,172	-	-	20,172
Waste Water	Certificate of Deposit	20,168	-	-	20,168
Total Citizens Bank		88,476	-	-	88,476
Total bank accounts		1,233,766	-	(5,507)	1,228,259
New Mexico Finance Authority					
Fire	State Treasurer	1	-	-	1
Water	State Treasurer	768	-	-	768
Solid Waste	State Treasurer	2,168	-	-	2,168
Total New Mexico Finance Authority		2,937	-	-	2,937
Total		\$ 1,236,703	\$ -	\$ (5,507)	\$ 1,231,196
Reconciliation to financial statements					
Cash and cash equivalents					
Total cash and cash equivalents per statement of net position					\$ 936,213
Total investments per statement of net position					285,307
Total restricted cash customer deposit per statement on net position					6,739
Total restricted cash nmfa state treasurer per statement of net position					2,937
Sub total cash and cash equivalents					1,231,196
Total cash and cash equivalents per statement of fiduciary assets and liabilities - agency fund					-
Total cash and cash equivalents					\$ 1,231,196

Compliance Section

Sandra Rush

Certified Public Accountant PC

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

Independent Auditor's 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*

Wayne A Johnson
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, the aggregate remaining fund information and the budgetary comparisons for the general fund and major special revenue funds of the Village of San Jon (Village) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued my report thereon dated November 29, 2018.

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.

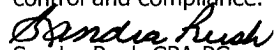
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify 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 from 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Sandra Rush CPA PC
Clovis, New Mexico
November 29, 2018

STATE OF NEW MEXICO
VILLAGE OF SAN JON
Schedule of Findings and Responses
June 30, 2018

Prior Year Finding

2017-001 Per Diem and Mileage

Resolved

Current Finding

None

Financial Statement Preparation

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

Exit Conference

The contents of this report were discussed with, Billie Jo Barns, Cynthia Lee, Clerk, Toni Stoner, Treasurer, and Sandra Rush, CPA, in an exit conference on November 27, 2018.