
STATE OF NEW MEXICO
VILLAGE OF SAN JON
June 30, 2019

Financial Statements and Supplementary Information
As Of And For The Year Ended June 30, 2019
With Independent Auditor's Report Thereon

*Sandra Rush, 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, 2019

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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June 30, 2019

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VILLAGE OF SAN JON
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Financial Section

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Independent Auditor's Report

Brian Colón
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, 2019, 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, 2019, and, the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 18, 2019 on my consideration of the Village's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Sandra Rush CPA PC

Sandra Rush CPA PC
Clovis, New Mexico
November 18, 2019

Basic Financial Statements

Government-wide Financial Statements

STATE OF NEW MEXICO
VILLAGE OF SAN JON
Statement of Net Position
June 30, 2019

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	\$ 764,380	\$ 225,106	\$ 989,486
Investments	319,084	23,157	342,241
Accounts receivable			
Taxes	39,259	6,833	46,092
Grantor	2,508	-	2,508
Sales	-	11,492	11,492
	<u>1,125,231</u>	<u>266,588</u>	<u>1,391,819</u>
Total current assets			
Noncurrent assets			
Restricted cash			
Customer deposits	-	6,944	6,944
NMFA state treasurer	254	809	1,063
Capital assets	4,985,587	5,118,906	10,104,493
Less: accumulated depreciation	<u>(2,337,407)</u>	<u>(2,064,751)</u>	<u>(4,402,158)</u>
	<u>2,648,434</u>	<u>3,061,908</u>	<u>5,710,342</u>
Total noncurrent assets			
	<u>\$ 3,773,665</u>	<u>\$ 3,328,496</u>	<u>\$ 7,102,161</u>
Total assets			
<u>LIABILITIES</u>			
Current liabilities			
Accounts payable	\$ 11,012	\$ 8,494	\$ 19,506
Compensated absences	8,185	6,874	15,059
Current portion of long-term debt	<u>14,871</u>	<u>9,530</u>	<u>24,401</u>
	<u>34,068</u>	<u>24,898</u>	<u>58,966</u>
Total current liabilities			
Non-current liabilities			
Customer meter deposits	-	6,944	6,944
Long-term portion notes payable	<u>119,508</u>	<u>228,075</u>	<u>347,583</u>
	<u>119,508</u>	<u>235,019</u>	<u>354,527</u>
Total non-current liabilities			
	<u>153,576</u>	<u>259,917</u>	<u>413,493</u>
Total liabilities			
<u>NET POSITION</u>			
Net investment in capital assets	2,513,801	2,816,550	5,330,351
Restricted			
Special revenue	136,652	-	136,652
Unrestricted	<u>969,636</u>	<u>252,029</u>	<u>1,221,665</u>
	<u>3,620,089</u>	<u>3,068,579</u>	<u>6,688,668</u>
Total net position			
	<u>\$ 3,773,665</u>	<u>\$ 3,328,496</u>	<u>\$ 7,102,161</u>
Total liabilities and net pension			

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

STATE OF NEW MEXICO
VILLAGE OF SAN JON
Statement of Activities
For the year ended June 30, 2019

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	\$ 270,861	\$ 469	\$ 3,832	\$ -	\$ (266,560)	\$ -	\$ (266,560)
Public safety	184,895	-	151,982	-	(32,913)	-	(32,913)
Public works	40,993	15,430	3,070	86,472	63,979	-	63,979
Culture and recreation	27,944	1,625	20,929	-	(5,390)	-	(5,390)
Interest	265	-	-	-	(265)	-	(265)
Total governmental activities	524,958	17,524	179,813	86,472	(241,149)	-	(241,149)
Business-type activities:							
Water	176,910	69,177	-	-	-	(107,733)	(107,733)
Solid waste	67,773	47,864	-	-	-	(19,909)	(19,909)
Waste water	86,107	32,817	-	-	-	(53,290)	(53,290)
Total business-type activities	330,790	149,858	-	-	-	(180,932)	(180,932)
Total governmental and business-type activities	\$ 855,748	\$ 167,382	\$ 179,813	\$ 86,472	\$ (241,149)	(180,932)	(422,081)
General Revenues:							
Taxes:							
Property					15,787	-	15,787
Franchise					1,108	-	1,108
GRT municipal					71,768	-	71,768
Gas					21,531	-	21,531
GRT municipal state share					72,402	-	72,402
GRT infrastructure					-	26,229	26,229
GRT environmental					-	3,433	3,433
Motor vehicle fees					869	-	869
Interest income					11,181	581	11,762
Donations					5,953	-	5,953
Other					81	-	81
Small cities assistance					90,000	-	90,000
Total general revenues					290,680	30,243	320,923
Change in net position					49,531	(150,689)	(101,158)
Net position, beginning					3,570,558	3,219,268	6,789,826
Net position, ending					\$ 3,620,089	\$ 3,068,579	\$ 6,688,668

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, 2019

	General 101	Fire Protection 209	Municipal Streets 216	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 629,073	94,825	\$ 9,826	\$ 30,656	\$ 764,380
Investments	319,084		-	-	319,084
Cash NMFA State Treasurer	-	254	-	-	254
Accounts receivable					
Taxes	33,671	-	5,588	-	39,259
Due from grantor	764	-	-	1,744	2,508
Total assets	<u>\$ 982,592</u>	<u>\$ 95,079</u>	<u>\$ 15,414</u>	<u>\$ 32,400</u>	<u>\$ 1,125,485</u>
LIABILITIES					
Accounts payable	\$ 4,771	\$ 2,397	\$ 1,405	\$ 2,439	\$ 11,012
Total liabilities	<u>4,771</u>	<u>2,397</u>	<u>1,405</u>	<u>2,439</u>	<u>11,012</u>
FUND BALANCE					
Restricted for					
Special revenue	-	92,682	14,009	29,961	136,652
Debt service	-	-	-	-	-
Unassigned					
General government fund	977,821	-	-	-	977,821
Special revenue	-	-	-	-	-
Total fund balance	<u>977,821</u>	<u>92,682</u>	<u>14,009</u>	<u>29,961</u>	<u>1,114,473</u>
Total liabilities and fund balance	<u>\$ 982,592</u>	<u>\$ 95,079</u>	<u>\$ 15,414</u>	<u>\$ 32,400</u>	<u>\$ 1,125,485</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, 2019

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

Fund balance - total governmental funds		\$	1,114,473
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds			
Capital assets	\$	4,985,587	
Accumulated depreciation		<u>(2,337,407)</u>	
			2,648,180
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			(8,185)
Loans payable			<u>(134,379)</u>
Net position of governmental activities		\$	<u>3,620,089</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, 2019

	General 101	Fire Protection 209	Municipal Streets 216	Other Governmental Funds	Total Governmental Funds
Revenue					
Property tax	\$ 15,787	\$ -	\$ -	\$ -	\$ 15,787
Franchise tax	1,227	-	(119)	-	1,108
Gas tax	-	-	21,531	-	21,531
Gross receipts tax municipal	71,768	-	-	-	71,768
Motor vehicle fees	869	-	-	-	869
Charges for services	-	-	-	3,700	3,700
Interest	10,835	268	-	78	11,181
Licenses	444	-	-	-	444
Donations / contributions	1,000	-	4,953	3,579	9,532
Rents / royalties	25	-	-	1,625	1,650
Reimbursements / refunds	3,832	-	-	-	3,832
Gross receipts tax municipal state share	72,402	-	-	-	72,402
Other	27,651	4,763	-	11,811	44,225
State grant	764	87,137	86,472	52,087	226,460
Small city assistance	90,000	-	-	-	90,000
Total revenues	296,604	92,168	112,837	72,880	574,489
Expenditures					
Current					
General government					
Finance	58,486	-	-	-	58,486
Personnel services	109,767	-	14,952	7,935	132,654
Public safety	-	35,138	-	23,189	58,327
Public works	6,548	-	14,022	14,637	35,207
Culture and recreation	12,920	-	-	15,024	27,944
Miscellaneous	-	-	-	-	-
Capital outlay	10,244	-	115,745	9,141	135,130
Debt service					
Principal	-	14,740	-	-	14,740
Interest	-	265	-	-	265
Total expenditures	197,965	50,143	144,719	69,926	462,753
Excess (deficiency) of revenues over expenditures	98,639	42,025	(31,882)	2,954	111,736
Other financing sources (uses)					
Loan proceeds	-	-	-	-	-
Operating transfers in (out)	(1,500)	-	-	1,500	-
Total other financing sources (uses)	(1,500)	-	-	1,500	-
Net change in fund balances	97,139	42,025	(31,882)	4,454	111,736
Fund balances, beginning	880,682	50,657	45,891	25,507	1,002,737
Fund balances, ending	\$ 977,821	\$ 92,682	\$ 14,009	\$ 29,961	\$ 1,114,473

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, 2019

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

Net change in fund balances - total governmental funds \$ 111,736

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 135,130
 Depreciation expense (209,473)

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 14,740

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 (2,602)

Change in Net Position of Governmental Activities \$ 49,531

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, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue				
Property tax	\$ 15,537	\$ 15,537	\$ 16,010	\$ 473
Franchise tax	940	940	872	(68)
Gas tax	-	-	-	-
Gross receipts tax municipal	70,000	70,000	69,635	(365)
Motor vehicle fees	900	900	800	(100)
Charges for services	-	-	-	-
Interest	8,500	8,500	10,835	2,335
Licenses	650	650	444	(206)
Donations / contributions	500	500	1,000	500
Rents / royalties	250	250	25	(225)
Reimbursements / refunds	1,400	1,400	3,832	2,432
Gross receipts tax municipal state share	70,000	70,000	68,650	(1,350)
Other	1,000	28,000	27,651	(349)
Beautification grant	-	-	-	-
Small city assistance	90,000	90,000	90,000	-
Total revenue	259,677	286,677	289,754	3,077
Expenditures				
Current				
General government				
Finance	47,102	47,653	54,910	(7,257)
Personnel services	111,808	111,808	109,767	2,041
Public safety	-	-	-	-
Public works	7,300	7,750	6,548	1,202
Culture and recreation	22,641	22,641	13,192	9,449
Other	-	-	-	-
Capital outlay	25,000	24,449	10,244	14,205
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	213,851	214,301	194,661	19,640
Excess (deficiency) revenues over (under) expenditures	45,826	72,376	95,093	22,717
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	44,326	70,876	93,593	22,717
Cash balance, beginning	-	-	854,564	854,564
Cash balance, ending	\$ 44,326	\$ 70,876	\$ 948,157	\$ 877,281
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 95,093	
Adjustment to revenues for accruals and other deferrals			6,850	
Adjustment to expenditures for payables, prepaids and other accruals			(3,304)	
Net change in fund balance (GAAP Basis)			\$ 98,639	

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, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property tax	\$ -	\$ -	\$ -	\$ -
Franchise tax	-	-	-	-
Gas tax	-	-	-	-
Gross receipts tax municipal	-	-	-	-
Motor vehicle fees	-	-	-	-
Charges for services	-	-	-	-
Interest	20	20	268	248
Licenses	-	-	-	-
Donations / contributions	-	-	-	-
Rents / royalties	-	-	-	-
Reimbursements / refunds	-	-	-	-
Gross receipts tax municipal state share	-	-	-	-
Other	-	4,763	4,763	-
Fire grant	83,000	84,136	87,137	3,001
Small city assistance	-	-	-	-
Total revenues	83,020	88,919	92,168	3,249
Expenditures				
Current				
General government				
Finance	-	-	-	-
Personnel services	-	-	-	-
Public safety	61,077	62,477	33,285	29,192
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Other	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	14,815	14,815	14,740	75
Interest	191	191	265	(74)
Total expenditures	76,083	77,483	48,290	29,193
Excess (deficiency) revenues over (under) expenditures	6,937	11,436	43,878	32,442
Other financing sources (uses)				
Operating transfers	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in cash balances	6,937	11,436	43,878	32,442
Cash balance, beginning	-	-	51,201	51,201
Cash balance, ending	\$ 6,937	\$ 11,436	\$ 95,079	\$ 83,643
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 43,878	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			(1,853)	
Net change in fund balance (GAAP Basis)			\$ 42,025	

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, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property tax	\$ -	\$ -	\$ -	\$ -
Franchise tax	-	-	-	-
Gas tax	25,000	25,000	21,833	(3,167)
Gross receipts tax municipal	-	-	-	-
Motor vehicle fees	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Licenses	-	-	-	-
Donations / contributions	5,200	5,200	4,953	(247)
Rents / royalties	-	-	-	-
Reimbursements / refunds	-	-	-	-
Gross receipts tax municipal state share	-	-	-	-
Other	-	-	-	-
Highway coop	44,813	86,472	86,472	-
Small city assistance	-	-	-	-
Total revenues	75,013	116,672	113,258	(3,414)
Expenditures				
Current				
General government				
Finance	-	-	-	-
Personnel services	15,154	15,154	14,952	202
Public safety	-	-	-	-
Public works	15,008	15,208	13,742	1,466
Culture and recreation	-	-	-	-
Other	-	-	-	-
Capital outlay	44,813	115,746	115,745	1
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	74,975	146,108	144,439	1,669
Excess (deficiency) revenues over (under) expenditures	38	(29,436)	(31,181)	(1,745)
Other financing sources (uses)				
Operating transfers net	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in cash balances	38	(29,436)	(31,181)	(1,745)
Cash balance, beginning	-	-	41,007	41,007
Cash balance, ending	\$ 38	\$ (29,436)	\$ 9,826	\$ 39,262
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (31,181)	
Adjustment to revenues for accruals and other deferrals			(421)	
Adjustment to expenditures for payables, prepaids and other accruals			(280)	
Net change in fund balance (GAAP Basis)			\$ (31,882)	

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, 2019

	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>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 121,723	\$ 53,662	\$ 49,721	\$ 225,106
Investments	-	23,157	-	23,157
Accounts receivable				
Taxes	3,796	3,037	-	6,833
Sales, net	<u>5,346</u>	<u>2,554</u>	<u>3,592</u>	<u>11,492</u>
Total current assets	<u>130,865</u>	<u>82,410</u>	<u>53,313</u>	<u>266,588</u>
Noncurrent assets				
Restricted cash				
Cash NMFA State Treasurer	809	-	-	809
Customer meter deposits	6,944	-	-	6,944
Capital assets, being depreciated	3,223,008	84,966	1,810,932	5,118,906
Less: accumulated depreciation	<u>(1,424,385)</u>	<u>(21,240)</u>	<u>(619,126)</u>	<u>(2,064,751)</u>
Total noncurrent assets	<u>1,806,376</u>	<u>63,726</u>	<u>1,191,806</u>	<u>3,061,908</u>
Total assets	<u>\$ 1,937,241</u>	<u>\$ 146,136</u>	<u>\$ 1,245,119</u>	<u>\$ 3,328,496</u>
LIABILITIES AND NET POSITION				
Current liabilities				
Accounts payable	\$ 3,788	\$ 3,912	\$ 794	\$ 8,494
Compensated absences	6,874	-	-	6,874
Current portion notes payable	<u>6,530</u>	<u>-</u>	<u>3,000</u>	<u>9,530</u>
Total current liabilities	<u>17,192</u>	<u>3,912</u>	<u>3,794</u>	<u>24,898</u>
Noncurrent liabilities				
Customer meter deposits	6,944	-	-	6,944
Notes payable	<u>128,405</u>	<u>-</u>	<u>99,670</u>	<u>228,075</u>
Total noncurrent liabilities	<u>135,349</u>	<u>-</u>	<u>99,670</u>	<u>235,019</u>
Total liabilities	<u>152,541</u>	<u>3,912</u>	<u>103,464</u>	<u>259,917</u>
Net position				
Net invested in capital assets	1,663,688	63,726	1,089,136	2,816,550
Restricted	7,753	-	-	7,753
Unrestricted	<u>113,259</u>	<u>78,498</u>	<u>52,519</u>	<u>244,276</u>
Total net position	<u>1,784,700</u>	<u>142,224</u>	<u>1,141,655</u>	<u>3,068,579</u>
Total liabilities and net position	<u>\$ 1,937,241</u>	<u>\$ 146,136</u>	<u>\$ 1,245,119</u>	<u>\$ 3,328,496</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, 2019

	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	\$ 65,571	\$ 41,459	\$ 30,974	\$ 138,004
Total operating revenues	65,571	41,459	30,974	138,004
Operating expenses				
Public works	45,086	53,080	10,946	109,112
Personnel	28,915	10,277	12,457	51,649
Depreciation	99,223	4,248	59,798	163,269
Total operating expenses	173,224	67,605	83,201	324,030
Operating income (loss)	(107,653)	(26,146)	(52,227)	(186,026)
Non-operating revenues (expenses)				
Taxes - gross receipts (net)	2,778	1,847	1,327	5,952
Taxes - gross receipts infrastructure	8,094	18,135	-	26,229
Taxes - environmental gross receipts	3,433	-	-	3,433
Conservation fee	-	-	-	-
Interest income	104	467	10	581
Penalty income	828	4,558	516	5,902
Change in meter deposits	-	-	-	-
State grants	-	-	-	-
Capital outlay	-	-	-	-
Debt service principal	-	-	-	-
Debt service interest	(3,686)	(168)	(2,906)	(6,760)
Total non-operating revenue (expenses)	11,551	24,839	(1,053)	35,337
Net income (loss)	(96,102)	(1,307)	(53,280)	(150,689)
Operating transfers (net)				
Change in net position - proprietary funds	(96,102)	(1,307)	(53,280)	(150,689)
Net position, beginning	1,880,802	143,531	1,194,935	3,219,268
Net position, ending	\$ 1,784,700	\$ 142,224	\$ 1,141,655	\$ 3,068,579

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, 2019

	Business-type Activities Enterprise Fund
Cash flows from operating activities	
Receipts from customers	\$ 138,871
Payments to suppliers and contractors	(105,837)
Payments to and on behalf of employees	<u>(49,655)</u>
Net cash provided (used) by operating activities	<u>(16,621)</u>
Cash flows from non capital financing activities	
Taxes received	34,667
Miscellaneous	5,902
Change in meter deposits	205
Interest income	581
Interest expense	<u>(6,760)</u>
Net cash provided (used) by non capital financing activities	<u>34,595</u>
Cash flows from capital and related financing activities	
Acquisition of capital assets	-
State grant	-
Loan proceeds	-
Operating transfers in (out)	-
Debt payment	<u>(19,969)</u>
Net cash provided (used) by capital and related financing activities	<u>(19,969)</u>
Net increase (decrease) in cash and cash equivalents	(1,995)
Cash balance, beginning	<u>258,011</u>
Total cash and cash equivalents, ending	<u>\$ 256,016</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (186,026)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation and amortization	163,269
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	867
Increase (Decrease) in accounts payable	<u>5,269</u>
Net cash provided (used) by operating activities	<u>\$ (16,621)</u>

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

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

This summary of significant accounting policies of the Village of San Jon (the Village) is presented to assist in the understanding of the Village's financial statements. The financial statements and notes are the representation of the Village's management who is responsible for their integrity and objectivity. The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures. The more significant of the government's accounting policies are described below.

A. Reporting Entity

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

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

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

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

Based upon the application of these criteria, there are no component units of the Village. The Village is not considered a component unit of another governmental agency during the fiscal year ended June 30, 2019.

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, 2019.

Unassigned

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

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

Net Position and Fund Equity:

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

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

Net investment in capital assets:

Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position:

Consist of net position with "legally enforceable" constraints placed on the use, either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Legally enforceable means that a government can be compelled by an external party – such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation, only for the purposes specified by the legislation. Generally, the enforceability of an enabling legislation restriction is determined by professional judgment. If it is determined that the restrictions continue to be legally enforceable, then for the purposes of financial reporting, the restricted net position should not reflect any reduction for resources used for purposes not stipulated by the enabling legislation. Descriptions for the related restrictions for net position are restricted for "debt service or capital projects."

Unrestricted Net Position:

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

Inter-fund Transactions:

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

All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers.

Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates affecting the Village's financials include management's estimate of the useful lives of capital assets.

Tax Revenues:

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

Note 2 Stewardship, Compliance, and Accountability

Budgetary Information

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

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

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

Formal budgetary integration is employed as a management control device during the year for the General Fund, and Special 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, 2019, is presented.

The appropriated budget for the year ended June 30, 2019, 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, 2019 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, 2019.

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.

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VILLAGE OF SAN JON
Notes to The Financial Statements
For the Year Ended June 30, 2019

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.

	FNB				Type
	New Mexico Tucumcari, NM	Citizens Tucumcari, NM	Tucumcari Fed Tucumcari, NM	Wells Fargo Tucumcari, NM	
Total amount on deposit on June 30, 2019					
Operating	\$ 955,451	\$ -	\$ -	\$ -	Checking
Village of San Jon General Fund	20,694	-	-	-	CD
Village of San Jon CD	45,907	-	-	-	CD
Village of San Jon CD	23,157	-	-	-	CD
Village of San Jon CD	-	20,426	-	-	CD
Village of San Jon CD	-	20,469	-	-	CD
Village of San Jon CD	-	20,550	-	-	CD
Village of San Jon CD	-	-	22,936	-	CD
Village of San Jon CD	-	-	22,352	-	CD
Village of San Jon CD	-	-	42,154	-	CD
Village of San Jon CD	-	-	41,374	-	CD
Village of San Jon CD	-	-	20,687	-	CD
Village of San Jon CD	-	-	41,535	-	CD
Village of San Jon General Fund	-	-	-	5,103	Savings
Village of San Jon Solid Waste	-	-	-	13,967	Checking
Village of San Jon Fire	-	2,373	-	-	Savings
Village of San Jon Waste Water	-	1,634	-	-	Savings
Village of San Jon Meter Deposits	-	4,751	-	-	Savings
Village of San Jon Water	-	5,470	-	-	Savings
Village of San Jon Solid Waste	-	1,125	-	-	Savings
Village of San Jon Cemetery	-	12,817	-	-	Savings
Total deposited	1,045,209	89,615	191,038	19,070	\$ 1,344,932
Less FDIC coverage Demand Account	(250,000)				(250,000)
Less FDIC coverage Time Account	(156,359)	(89,615)	(191,038)	(19,070)	(456,082)
Total uninsured public funds	638,850	-	-	-	\$ 638,850
50% collateral requirement					
as per Section 6-10-17, NMSA 1978	319,425	-	-	-	319,425
Pledged securities	450,000	-	-	-	450,000
Over (under)	\$ 130,575	\$ -	\$ -	\$ -	\$ 130,575

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
FHLB	Letter of Credit	\$ 450,000	08/15/19	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, 2019, \$188,850 of the Village's bank balance of \$1,344,932 was exposed to custodial credit risk.

STATE OF NEW MEXICO
VILLAGE OF SAN JON
Notes to The Financial Statements
For the Year Ended June 30, 2019

Custodial Credit Risk Deposits	First National	Citizens	Tucumcari Fed	Wells Fargo	Totals
	Bank of NM Tucumcari, NM	Tucumcari, NM	Tucumcari, NM	Tucumcari, NM	
Account Balances	\$ 1,045,209	\$ 89,615	\$ 191,038	\$ 19,070	\$ 1,344,932
FDIC Insurance Demand Accounts	250,000	-	-	-	250,000
FDIC Insurance Time Accounts	156,359	89,615	191,038	19,070	456,082
Collateral:					
Collateral held by the pledging bank, not in the Village's name	450,000	-	-	-	450,000
Uninsured and uncollateralized	188,850	-	-	-	188,850
Total Deposits	<u>\$ 1,045,209</u>	<u>\$ 89,615</u>	<u>\$ 191,038</u>	<u>\$ 19,070</u>	<u>\$ 1,344,932</u>

Note 4 Receivables

Receivables as of June 30, 2019, are as follows:

Accounts receivable taxes	Governmental Activities		Business-type Activities	
	Taxes	Other	Taxes	Utility Service
General				
Property tax	\$ 657	\$ -	\$ -	\$ -
Gross receipts taxes municipal	15,388	-	-	-
Gross receipts taxes state shared	17,133	-	-	-
Franchise tax	355	-	-	-
MVD	138	-	-	-
Total General	<u>33,671</u>	-	-	-
General				
Grantor	-	764	-	-
Streets				
Franchise tax	1,047	-	-	-
Gas tax	4,541	-	-	-
Senior Citizens				
Area Agency	-	1,744	-	-
Water				
Gross receipts taxes capital outlay	-	-	3,037	-
Gross receipts tax environmental	-	-	759	-
Total Water	-	-	<u>3,796</u>	-
Utility service	-	-	-	5,656
Allowance for uncollectible	-	-	-	(310)
Total	-	-	-	<u>5,346</u>
Solid Waste				
Gross receipts taxes infrastructure	-	-	3,037	-
Utility service	-	-	-	2,688
Allowance for uncollectible	-	-	-	(134)
Total	-	-	-	<u>2,554</u>
Waste Water				
Utility service	-	-	-	3,781
Allowance for uncollectible	-	-	-	(189)
Total	-	-	-	<u>3,592</u>
	<u>\$ 39,259</u>	<u>\$ 2,508</u>	<u>\$ 6,833</u>	<u>\$ 11,492</u>

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.

STATE OF NEW MEXICO
 VILLAGE OF SAN JON
 Notes to The Financial Statements
 For the Year Ended June 30, 2019

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:

	Transfer In	Transfer Out
General	\$	\$ (1,500)
Veterans Memorial		(159)
Senior Citizens	1,500	
Cemetery	159	
Totals	<u>\$ 1,659</u>	<u>\$ (1,659)</u>

Note 6 Accounts Payables

Accounts payable are payable to suppliers as of June 30, 2019, are listed below.

	General Fund	Fire Fund	Street Fund	Other Governmental Funds	Total Governmental Activities	Business Type Activities
Payable to suppliers	\$	\$	\$	\$		\$
General	4,771				4,771	
Fire		2,397			2,397	
Streets			1,405		1,405	
Senior Citizens				2,120	2,120	
Recreation				284	284	
Cemetery				35	35	
Water						3,788
Solid Waste						3,912
Waste Water						794
	<u>\$ 4,771</u>	<u>\$ 2,397</u>	<u>\$ 1,405</u>	<u>\$ 2,439</u>	<u>\$ 11,012</u>	<u>\$ 8,494</u>

Note 7 Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2019 follows.

	Beginning Balances	Increase	Adjustments/ Decrease	Ending Balances
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 59,580	\$ 3,500	\$ -	\$ 63,080
Capital assets being depreciated				
Buildings and improvements	1,886,075	-	-	1,886,075
Equipment	1,833,203	6,744	-	1,839,947
Vehicles	116,957	9,141	-	126,098
Infrastructure	954,642	115,745	-	1,070,387
Total assets	<u>4,850,457</u>	<u>135,130</u>	<u>-</u>	<u>4,985,587</u>
Less accumulated depreciation				
Buildings and improvements	(757,414)	(46,095)	-	(803,509)
Equipment	(910,165)	(104,082)	-	(1,014,247)
Vehicles	(99,711)	(5,777)	-	(105,488)
Infrastructure	(360,644)	(53,519)	-	(414,163)
Total accumulated depreciation	<u>(2,127,934)</u>	<u>(209,473)</u>	<u>-</u>	<u>(2,337,407)</u>
Governmental activity capital assets, net	<u>\$ 2,722,523</u>	<u>\$ (74,343)</u>	<u>\$ -</u>	<u>\$ 2,648,180</u>

Capital assets, net of accumulated depreciation, at June 30, 2019 appear in the Statement of Net Position as follows: Governmental activities \$2,648,180.

STATE OF NEW MEXICO
VILLAGE OF SAN JON
Notes to The Financial Statements
For the Year Ended June 30, 2019

Depreciation expense for the year ended June 30, 2019 was charged to the following governmental activities functions.

General Government	\$	77,119
Public Safety		126,568
Public Works		5,786
	\$	<u>209,473</u>

Business-Type Activities

Water Fund	Beginning Balances	Increase	Adjustments/ Decrease	Ending Balances
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 61,599	\$ -	\$ -	\$ 61,599
Construction in progress	-	-	-	-
Capital assets being depreciated				
Buildings and improvements	247,979	-	-	247,979
Equipment	115,356	-	-	115,356
Improvements	2,798,074	-	-	2,798,074
Total assets	<u>3,223,008</u>	<u>-</u>	<u>-</u>	<u>3,223,008</u>
Less accumulated depreciation				
Buildings and improvements	(133,312)	(7,211)	-	(140,523)
Equipment	(80,158)	(4,309)	-	(84,467)
Improvements	(1,111,692)	(87,703)	-	(1,199,395)
Total accumulated depreciation	<u>(1,325,162)</u>	<u>(99,223)</u>	<u>-</u>	<u>(1,424,385)</u>
Business-type activity capital assets, net	<u>\$ 1,897,846</u>	<u>\$ (99,223)</u>	<u>\$ -</u>	<u>\$ 1,798,623</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	(16,992)	(4,248)	-	(21,240)
Total accumulated depreciation	<u>(16,992)</u>	<u>(4,248)</u>	<u>-</u>	<u>(21,240)</u>
Business-type activity capital assets, net	<u>\$ 67,974</u>	<u>\$ (4,248)</u>	<u>\$ -</u>	<u>\$ 63,726</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	(559,328)	(59,798)	-	(619,126)
Total accumulated depreciation	<u>(559,328)</u>	<u>(59,798)</u>	<u>-</u>	<u>(619,126)</u>
Business-type activity capital assets, net	<u>\$ 1,251,604</u>	<u>\$ (59,798)</u>	<u>\$ -</u>	<u>\$ 1,191,806</u>

Depreciation expense relating to business-like activities for the year ended June 30, 2019 totaled \$163,269.

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.
None
- 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, 2019,

Note 10 Long-term Debts

Governmental Activities

During the year ended June 30, 2019, 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	\$ (14,740)	\$ 134,379	\$ 14,871
Other long term liabilities					
Compensated absences	\$ 5,583	\$ 8,547	\$ (5,945)	\$ 8,185	\$ -

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, 2019, including interest and are as follows:

Year Ended June 30,	Principal	Interest	Total
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	14,931	75	15,006
2025-2027	59,874	150	60,024
	<u>\$ 134,379</u>	<u>\$ 674</u>	<u>\$ 135,053</u>

STATE OF NEW MEXICO
VILLAGE OF SAN JON
Notes to The Financial Statements
For the Year Ended June 30, 2019

Business-type Activities

During the year ended June 30, 2019, 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	\$ 66,434	\$ -	\$ (1,000)	\$ 65,434	\$ 1,000
Note payable - Water	32,602	-	(3,798)	28,804	3,671
Note payable - Water	40,697	-	-	40,697	1,859
Note payable - Waste Water	105,670	-	(3,000)	102,670	3,000
Note payable - Solid Waste	12,171	-	(12,171)	-	-
	<u>\$ 257,574</u>	<u>\$ -</u>	<u>\$ (19,969)</u>	<u>\$ 237,605</u>	<u>\$ 9,530</u>
Other long term liabilities					
Compensated absences	\$ 4,888	\$ 5,819	\$ (3,833)	\$ 6,874	\$ -

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, 2019, including interest and are as follows:

Year Ended June 30,	Principal	Interest	Total
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	2,000	2,630	4,630
2025-2029	10,000	11,800	21,800
2030-2034	13,000	9,420	22,420
2035-2039	15,000	6,190	21,190
2040-2043	18,434	1,950	20,384
	<u>\$ 65,434</u>	<u>\$ 43,370</u>	<u>\$ 108,804</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, 2019, including interest and are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ 3,671	\$ 546	\$ 4,217
2021	3,744	472	4,216
2022	3,819	397	4,216
2023	3,895	321	4,216
2024	3,973	-	3,973
2025-2026	9,702	410	10,112
	<u>\$ 28,804</u>	<u>\$ 2,146</u>	<u>\$ 30,950</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.

STATE OF NEW MEXICO
VILLAGE OF SAN JON
Notes to The Financial Statements
For the Year Ended June 30, 2019

The annual requirement to amortize the loan as of June 30, 2019, including interest and are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ 1,859	\$ 265	\$ 2,124
2021	2,006	97	2,103
2022	2,011	92	2,103
2023	2,016	87	2,103
2024	2,021	82	2,103
2025-2029	10,185	335	10,520
2030-2034	10,311	208	10,519
2035-2038	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 wastewater 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 Wastewater Fund.

The annual requirement to amortize the loan as of June 30, 2019, including interest and are as follows:

Year Ended June 30,	Principal	Interest	Total
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	3,000	2,493	5,493
2025-2029	17,000	11,202	28,202
2030-2034	20,000	8,617	28,617
2035-2039	23,000	5,784	28,784
2040-2044	26,000	2,429	28,429
2045	1,670	44	1,714
	<u>\$ 102,670</u>	<u>\$ 41,367</u>	<u>\$ 144,037</u>

Note 11 Retirement Plan

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

All 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, 2019, 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 18, 2019 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, 2019. As a result, they make no such disclosures related to GASBS 77.

Supplementary Information Related to NonMajor Governmental Funds

Non-Major Special Revenue Funds

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

Emergency Medical 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, 2019

	Emergency Medical Service 206	Law Enforcement Protection 211	Recreation 217	Senior Citizens 219
ASSETS				
Cash in banks	\$ -	\$ -	\$ 1,943	\$ 4,066
Cash NMFA Reserved Funds	-	-	-	-
Cash NMFA State Treasurer	-	-	-	-
Accounts receivable taxes	-	-	-	-
Accounts receivable grantor	-	-	-	1,744
Total assets	\$ -	\$ -	\$ 1,943	\$ 5,810
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 284	\$ 2,120
Total liabilities	-	-	284	2,120
FUND BALANCE				
Restricted for				
Special revenue funds	-	-	1,659	3,690
Debt service	-	-	-	-
Unassigned				
Special revenue funds	-	-	-	-
Total fund balance	-	-	1,659	3,690
Total liabilities and fund balance	\$ -	\$ -	\$ 1,943	\$ 5,810

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

Special Appropriations 299	Cemetery 510	Veteran's Memorial 299	Totals
\$ 4,322	\$ 20,325	\$ -	\$ 30,656
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	1,744
<u>\$ 4,322</u>	<u>\$ 20,325</u>	<u>\$ -</u>	<u>\$ 32,400</u>
\$ -	\$ 35	\$ -	\$ 2,439
-	35	-	2,439
-	-	-	-
4,322	20,290	-	29,961
-	-	-	-
-	-	-	-
<u>4,322</u>	<u>20,290</u>	<u>-</u>	<u>29,961</u>
<u>\$ 4,322</u>	<u>\$ 20,325</u>	<u>\$ -</u>	<u>\$ 32,400</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, 2019

	Emergency Medical Service 206	Law Enforcement Protection 211	Recreation 217	Senior Citizens 219
Revenues				
Charges for services	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-
Donations / contributions	-	-	509	-
Rents / royalties	-	-	1,625	-
Reimbursements / refunds	-	-	-	-
Other	-	-	81	-
State grants	12,431	20,000	-	19,656
Total revenues	<u>12,431</u>	<u>20,000</u>	<u>2,215</u>	<u>19,656</u>
Expenditures				
Current				
General government				
Finance	-	-	-	-
Personnel services	-	-	-	7,935
Public safety	12,330	10,859	-	-
Public works	-	-	-	-
Culture and recreation	-	-	2,812	12,212
Other	-	-	-	-
Capital outlay	-	9,141	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>12,330</u>	<u>20,000</u>	<u>2,812</u>	<u>20,147</u>
Excess (deficiency) of revenues over expenditures	101	-	(597)	(491)
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	101	-	(597)	1,009
Fund balances, beginning	<u>(101)</u>	<u>-</u>	<u>2,256</u>	<u>2,681</u>
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,659</u>	<u>\$ 3,690</u>

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

Special Appropriations 299	Cemetery 510	Veteran's Memorial 299	Totals
\$ -	\$ 3,700	\$ -	\$ 3,700
-	78	-	78
-	3,070	-	3,579
-	-	-	1,625
-	-	-	-
11,730	-	-	11,811
-	-	-	52,087
<u>11,730</u>	<u>6,848</u>	<u>-</u>	<u>72,880</u>
-	-	-	-
-	-	-	7,935
-	-	-	23,189
7,642	6,995	-	14,637
-	-	-	15,024
-	-	-	-
-	-	-	9,141
-	-	-	-
-	-	-	-
<u>7,642</u>	<u>6,995</u>	<u>-</u>	<u>69,926</u>
4,088	(147)	-	2,954
-	159	(159)	1,500
-	159	(159)	1,500
4,088	12	(159)	4,454
<u>234</u>	<u>20,278</u>	<u>159</u>	<u>25,507</u>
<u>\$ 4,322</u>	<u>\$ 20,290</u>	<u>\$ -</u>	<u>\$ 29,961</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, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Sales and service	\$ 64,200	\$ 66,700	\$ 66,261	\$ (439)
Total revenues	64,200	66,700	66,261	(439)
Expenses				
Current				
Public works	47,759	51,259	45,695	5,564
Personnel	28,491	28,491	26,921	1,570
Total expenses	76,250	79,750	72,616	7,134
Excess (deficiency) revenues over (under) expenses	(12,050)	(13,050)	(6,355)	6,695
Other financing sources (uses)				
Taxes - gross receipts (net)	3,000	3,000	2,778	(222)
Taxes - capital outlay gross receipts	18,000	18,000	7,673	(10,327)
Taxes - environmental gross receipts	6,000	6,000	3,328	(2,672)
Interest income	106	106	104	(2)
Penalty income	936	936	828	(108)
Change in meter deposits	-	-	205	205
Debt service principal	(11,000)	(11,000)	(4,798)	(6,202)
Debt service interest	(7,759)	(7,759)	(3,686)	(4,073)
Operating transfers net	-	-	-	-
Designated cash	2,767	3,767	-	(3,767)
Total other financing sources (uses)	12,050	13,050	6,432	(6,618)
Net change in cash balances	-	-	77	77
Cash balance, beginning	-	-	129,399	129,399
Cash balance, ending	\$ -	\$ -	\$ 129,476	\$ 129,476
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 77	
Adjustment to revenues for accruals and other deferrals			(690)	
Adjustment to expenditures for payables, prepaids and other accruals			(95,489)	
Net change in fund balance (GAAP Basis)			\$ (96,102)	

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, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Sales and service	\$ 42,000	\$ 42,000	\$ 42,515	\$ 515
Total revenues	42,000	42,000	42,515	515
Expenses				
Current				
Public works	50,756	50,756	49,462	1,294
Personnel	11,384	11,384	10,277	1,107
Total expenses	62,140	62,140	59,739	2,401
Excess (deficiency) revenues over (under) expenses	(20,140)	(20,140)	(17,224)	(1,886)
Other financing sources (uses)				
Taxes - gross receipts (net)	2,100	2,100	1,847	(253)
Taxes - gross receipts	20,000	20,000	17,714	(2,286)
Taxes - environmental gross receipts	-	-	-	-
Interest income	470	470	467	(3)
Penalty income	4,830	4,830	4,558	(272)
Change in meter deposits			-	-
Debt service principal	(12,227)	(12,227)	(12,171)	56
Debt service interest	(200)	(200)	(168)	32
Operating transfers net	-	-	-	-
Designated cash	5,167	5,167	-	(5,167)
Total other financing sources (uses)	20,140	20,140	12,247	(7,893)
Net change in cash balances	-	-	(4,977)	(9,779)
Cash balance, beginning	-	-	81,796	81,796
Cash balance, ending	\$ -	\$ -	\$ 76,819	\$ 76,819
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (4,977)	
Adjustment to revenues for accruals and other deferrals			(1,056)	
Adjustment to expenditures for payables, prepaids and other accruals			4,726	
Net change in fund balance (GAAP Basis)			\$ (1,307)	

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, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Sales and service	\$ 32,000	\$ 32,000	\$ 30,095	\$ (1,905)
-	-	-	-	-
Total revenues	32,000	32,000	30,095	(1,905)
Expenses				
Current				
Public works	15,075	15,075	10,680	4,395
Personnel	12,977	12,977	12,457	520
-	-	-	-	-
Total expenses	28,052	28,052	23,137	4,915
Excess (deficiency) revenues over (under) expenses	3,948	3,948	6,958	3,010
Other financing sources (uses)				
Taxes - gross receipts (net)	1,400	1,400	1,327	(73)
Taxes - gross receipts	-	-	-	-
Taxes - environmental gross receipts	-	-	-	-
Interest income	20	20	10	(10)
Penalty income	638	638	516	(122)
Change in meter deposits	-	-	-	-
Debt service principal	(3,000)	(3,000)	(3,000)	-
Debt service interest	(2,961)	(2,961)	(2,906)	55
Operating transfers net	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	(3,903)	(3,903)	(4,053)	(150)
Net change in cash balances	45	45	2,905	2,860
Cash balance, beginning	-	-	46,816	46,816
Cash balance, ending	\$ -	\$ -	\$ 49,721	\$ 49,721
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 2,905	
Adjustment to revenues for accruals and other deferrals			879	
Adjustment to expenditures for payables, prepaids and other accruals			(57,064)	
Net change in fund balance (GAAP Basis)			\$ (53,280)	

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, 2019

Schedule I

Bank Name / Account Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
FNB New Mexico					
Operating Account	Checking	\$ 955,451	\$ -	\$ (6,261)	949,190
General	Certificate of Deposit	20,694	-	-	20,694
General	Certificate of Deposit	45,907	-	-	45,907
Solid Waste	Certificate of Deposit	23,157	-	-	23,157
Total FNB New Mexico		1,045,209	-	(6,261)	1,038,948
Wells Fargo					
General	Checking	13,967	-	-	13,967
Water Reserve Fund	Savings	5,103	-	-	5,103
Total Wells Fargo		19,070	-	-	19,070
Tucumcari Federal Savings & Loan Association					
General	Certificate of Deposit	22,936	-	-	22,936
General	Certificate of Deposit	22,352	-	-	22,352
General	Certificate of Deposit	42,154	-	-	42,154
General	Certificate of Deposit	41,374	-	-	41,374
General	Certificate of Deposit	20,687	-	-	20,687
General	Certificate of Deposit	41,535	-	-	41,535
Total Tucumcari Federal Savings & Loan Association		191,038	-	-	191,038
Citizens Bank					
Fire	Savings	2,373	-	-	2,373
Cemetery	Savings	12,817	-	-	12,817
Water	Savings	5,470	-	-	5,470
Water Meter	Savings	4,751	-	-	4,751
Solid Waste	Savings	1,125	-	-	1,125
Waste Water	Savings	1,634	-	-	1,634
General	Certificate of Deposit	20,426	-	-	20,426
General	Certificate of Deposit	20,469	-	-	20,469
General	Certificate of Deposit	20,550	-	-	20,550
Total Citizens Bank		89,615	-	-	89,615
Total bank accounts		1,344,932	-	(6,261)	1,338,671
New Mexico Finance Authority					
Fire	State Treasurer	254	-	-	254
Water	State Treasurer	809	-	-	809
Total New Mexico Finance Authority		1,063	-	-	1,063
Total		\$ 1,345,995	\$ -	\$ (6,261)	\$ 1,339,734
Reconciliation to financial statements					
Cash and cash equivalents					
Total cash and cash equivalents per statement of net position					\$ 989,486
Total investments per statement of net position					342,241
Total restricted cash customer deposit per statement on net position					6,944
Total restricted cash nmfa state treasurer per statement of net position					1,063
Total cash and cash equivalents					\$ 1,339,734

Compliance Section

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*

Brian Colón
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, 2019, 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 18, 2019.

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
Sandra Rush CPA PC
Clovis, New Mexico
November 18, 2019

STATE OF NEW MEXICO
VILLAGE OF SAN JON
Schedule of Findings and Responses
June 30, 2019

Summary of Audit Results

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified None noted
- Significant deficiency(ies) identified
that are not considered to be
material weaknesses None noted
- Noncompliance material to financial
statements noted None noted

Prior Year Finding

None

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 18, 2019.