

**STATE OF NEW MEXICO**  
**VILLAGE OF SANTA CLARA**  
**FINANCIAL STATEMENTS AND SUPPLEMENTARY**  
**DATA**

**For the Year Ended June 30, 2009**

**With Independent Auditor's Reports Thereon**

## **INTRODUCTORY SECTION**

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VILLAGE OF SANTA CLARA  
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VILLAGE OF SANTA CLARA  
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**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
OFFICIAL ROSTER  
June 30, 2009**

**Elected Officials (through June 30, 2009)**

Imelda Lopez	Mayor
Richard Bauch	Mayor Pro-Tem
Albert Esparza	Trustee
Amanda Chavez	Trustee
John Chavez	Trustee

**Administrative Staff**

Lucia J. Romo	Clerk/Treasurer
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**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
PUBLIC HOUSING AUTHORITY  
OFFICIAL ROSTER  
June 30, 2009**

**Board of Commissioners**

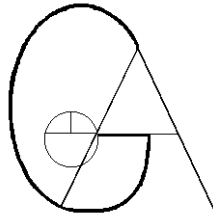
Rudolfo Herrera	Chairperson
Johnny Trujillo	Vice-Chairperson
Victoria Rodriquez	Commissioner
Sonya Dixon	Commissioner
Levia Moore	Commissioner

**Administration**

Gloria Duran	Executive Director
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## **FINANCIAL SECTION**





Gary E. Gaylord, C.P.A.

**GARY E. GAYLORD, LTD.**  
CERTIFIED PUBLIC ACCOUNTANTS

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## **INDEPENDENT AUDITOR'S REPORT**

Hector Balderas, State Auditor  
and  
Richard Bauch, Mayor  
Village Trustees  
Village of Santa Clara  
Santa Clara, New Mexico

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Village of Santa Clara, Santa Clara, New Mexico, (The Village) as of and for the year ended June 30, 2009, which collectively comprise The Village's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village's non major governmental funds, budgetary comparisons for the major capital projects, proprietary funds and all non-major funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Village of Santa Clara, Santa Clara, New Mexico's management. My responsibility is to express an opinion on these financial statements based on my audit.

We were not engaged to audit the financial statements of the Village of Santa Clara Public Housing Authority, a component unit of the Village of Santa Clara which statements reflect total assets of \$569,073 as of June 30, 2009, and net operating revenues of \$188,226 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included for the Village of Santa Clara, is based solely on the report of the other auditors. These financial statements are the responsibility of the Village of Santa Clara.

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 includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting.

## INDEPENDENT AUDITOR'S REPORT, continued

Accordingly, I express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principals generally accepted in the United States of America. In addition, in my opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Village as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for the major capital projects and proprietary funds and all nonmajor fund for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated July 5, 2012, 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* and should be considered in assessing the results of my audit.

The Village of Santa Clara has not presented the *Management's Discussion and Analysis (M. D. & A.)* that accounting principles generally accepted in the United States of America have determined is necessary to supplement, although not required to be part of, the basic financial statements.

## INDEPENDENT AUDITOR'S REPORT, continued

My audit was conducted for the purpose of forming opinions on the basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The additional schedules listed as “other supplemental information” in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Gary E. Gaylord, Ltd CPA's  
July 5, 2012

## **BASIC FINANCIAL STATEMENTS**

State of New Mexico  
Village of Santa Clara  
**Statement of Net Assets**  
June 30, 2009

	<b>Primary Government</b>			<b>Component Unit - Housing Authority</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 322,433	99,158	421,591	83,873
Intergovernmental receivable	25,856		25,856	83,975
Customer accounts receivable, net of allowance for doubtful accounts of \$ 10,000		81,723	81,723	4,440
Unbilled accounts receivable		22,942	22,942	
Taxes receivable	168,435	4,145	172,580	
Other receivables	13,202		13,202	
Prepaid insurance				5,919
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents		117,274	117,274	2,338
Capital assets not being depreciated:				
Land	28,131		28,131	
Construction work in progress	383,646	1,690,432	2,074,078	
Capital assets net of accumulated depreciation				
Infrastructure	549,012	419,995	969,007	228,750
Buildings and building improvements	1,008,374	11,681	1,020,055	155,827
Machinery and equipment	534,053	33,873	567,926	3,951
Total Assets	<u>\$ 3,033,142</u>	<u>2,481,223</u>	<u>5,514,365</u>	<u>569,073</u>
<b><u>LIABILITIES</u></b>				
Accounts payable	\$ 46,659	11,366	58,025	21,407
Accrued salaries and benefits	10,576	7,279	17,855	5,892
Accrued compensated absences - current	602		602	2,140
Accrued interest payable	312	1,417	1,729	
Customer deposits		81,156	81,156	2,338
Noncurrent liabilities:				
Due within one year	28,902	75,214	104,116	
Due in more than one year	201,408	134,000	335,408	2,140
Total Liabilities	<u>288,459</u>	<u>310,432</u>	<u>598,891</u>	<u>33,917</u>
<b><u>NET ASSETS</u></b>				
Investment in capital assets, net of related debt	2,275,916	1,946,767	4,222,683	388,528
Restricted for:				
Capital Projects	33,845		33,845	
Other Purposes	218,471		218,471	
Unrestricted	216,451	224,024	440,475	146,628
Total Net Assets	<u>\$ 2,744,683</u>	<u>2,170,791</u>	<u>4,915,474</u>	<u>535,156</u>

SEE INDEPENDENT AUDITOR'S REPORTS  
The Accompanying Notes Are An Integral Part Of These Financial Statements

Exhibit A

State of New Mexico  
Village of Santa Clara  
**Statement of Activities**  
For the Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets			Component Unit - Housing Authority
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
<b>Primary Government:</b>								
Governmental activities:								
General Government	\$ 67,602	25,709	131,932	17,488	107,527		107,527	
Public Safety	520,962	41,529	148,350		(331,083)		(331,083)	
Public Works	45,920	41,243		1,031,836	1,027,159		1,027,159	
Health and Welfare	16,329	300		100,600	84,571		84,571	
Interest on long-term debt	2,242				(2,242)		(2,242)	
Total governmental activities	\$ 653,055	108,781	280,282	1,149,924	885,932		885,932	
Business-type activities:								
Water and Sewer	\$ 632,408	705,246		50,000		122,838	122,838	
Solid Waste	144,755	129,781				(14,974)	(14,974)	
Total business-type activities	\$ 777,163	835,027		50,000		107,864	107,864	
Total Primary Government	\$ 1,430,218	943,808	280,282	1,199,924	885,932	107,864	993,796	
Component unit - Housing Authority	\$ 212,512	58,880	103,003	26,343				(24,286)
General revenues:								
Property taxes					9,244		9,244	
Gasoline tax					5,838		5,838	
Gross receipts tax					443,955	11,305	455,260	
Other taxes					35,060		35,060	
Unrestricted investment income					1,991	863	2,854	
Transfers					(1,056,573)	1,056,573		
Total general revenues and transfers					(560,485)	1,068,741	508,256	
Change in net assets					325,447	1,176,605	1,502,052	(24,286)
Net assets at beginning of year, as previously reported					2,324,293	994,186	3,318,479	559,442
Adjustment					94,943		94,943	
Net assets at beginning of year, as restated					2,419,236	994,186	3,413,422	559,442
Net assets at end of year					\$ 2,744,683	2,170,791	4,915,474	535,156

SEE INDEPENDENT AUDITOR'S REPORTS  
The Accompanying Notes Are An Integral Part Of These Financial Statements

Exhibit B

State of New Mexico  
Village of Santa Clara  
**Balance Sheet - Governmental Funds**  
June 30, 2009

	<u>General Fund</u>	<u>Senior Center Renovations</u>	<u>RUS Water &amp; Sewer Renovations</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 63,940			258,492	322,432
Due from other governments	2,376	23,480			25,856
Taxes receivable	160,091			8,344	168,435
Other accounts receivable	371		12,571	260	13,202
Due from other funds	<u>10,322</u>				<u>10,322</u>
 Total assets	 <u>\$ 237,100</u>	 <u>23,480</u>	 <u>12,571</u>	 <u>267,096</u>	 <u>540,247</u>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Accounts payable	\$ 6,150	16,710	12,571	11,228	46,659
Accrued salaries and benefits	10,575				10,575
Compensated absences	602				602
Due to other funds		6,884		3,438	10,322
Deferred revenue	<u>1,800</u>				<u>1,800</u>
Total liabilities	<u>19,127</u>	<u>23,594</u>	<u>12,571</u>	<u>14,666</u>	<u>69,958</u>
 Reserved Fund Balance:					
Reserved for subsequent year expenditures	34,791				34,791
Unreserved Fund Balance reported in:					
General Fund	183,182				183,182
Special Revenue Fund				218,471	218,471
Capital Projects Fund		(114)		33,959	33,845
Total fund balance	<u>217,973</u>	<u>(114)</u>		<u>252,430</u>	<u>470,289</u>
 Total liabilities and fund balances	 <u>\$ 237,100</u>	 <u>23,480</u>	 <u>12,571</u>	 <u>267,096</u>	 <u>540,247</u>

SEE INDEPENDENT AUDITOR'S REPORTS  
The Accompanying Notes Are An Integral Part Of These Financial Statements

Exhibit C, continued

State of New Mexico  
 Village of Santa Clara  
**Reconciliation of the Governmental Fund Balance  
 Sheet with the Statement of Net Assets**  
 As of June 30, 2009

Amounts reported for governmental activities in the  
 Statement of Net Assets are different because:

Total fund balances - Governmental Funds	\$	470,289
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
The cost of capital assets is	3,448,559	
Accumulated depreciation is	<u>(945,343)</u>	2,503,216
Revenue not collected within sixty days after year-end are considered "unavailable" revenues and are shown as deferred revenue on the balance sheet of the governmental funds		
		1,800
Long-term and certain other liabilities, including notes payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term and other liabilities at year-end consists of:		
Accrued interest payable	(312)	
Compensated absences, net of current	(3,010)	
Note payable to State Board of Finance	(75,000)	
Notes payable to NMFA	<u>(152,300)</u>	<u>(230,622)</u>
Total net assets Governmental Activities	\$	<u>2,744,683</u>

SEE INDEPENDENT AUDITOR'S REPORTS  
 The Accompanying Notes Are An Integral Part Of These Financial Statements

Exhibit C



State of New Mexico  
Village of Santa Clara  
**Statement of Revenues, Expenditures and  
Changes in Fund Balance - Governmental Funds**  
For the Year Ended June 30, 2009

	<u>General Fund</u>	<u>Senior Center Renovations</u>	<u>RUS Water &amp; Sewer Renovations</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenue:					
Franchise tax	\$ 28,638				28,638
Gross Receipts Tax - Local	218,444				218,444
Property Taxes	9,244				9,244
Gasoline Taxes	5,004			834	5,838
Cigarette Tax	1,746				1,746
Gross Receipts Tax - State shared	218,001			7,510	225,511
Motor Vehicle distribution	4,676				4,676
Cemetery fees				300	300
Licenses, Fines & Fees	2,306				2,306
State fire allotment				60,579	60,579
State grant				17,488	17,488
Reimbursements				21,491	21,491
Miscellaneous	1,919			350	2,269
Court fines and fees	27,057			14,117	41,174
Interest	1,525			466	1,991
Small cities distribution	131,932				131,932
Intergovernmental grants	65,371	100,600	1,031,836	61,843	1,259,650
	<u>715,863</u>	<u>100,600</u>	<u>1,031,836</u>	<u>184,978</u>	<u>2,033,277</u>
Expenditures:					
Current:					
General Governmental:					
Executive - Legislative	18,150				18,150
Finance - Administration	43,251				43,251
Public Safety:					
Judicial	34,191				34,191
Police	270,961			86,250	357,211
Fire and ambulance	26,513				26,513
Police grants	6,677				6,677
Public Works	24,359				24,359
Non Current:					
Debt Service				20,607	20,607
Capital Outlay		100,534		22,110	122,644
	<u>424,102</u>	<u>100,534</u>		<u>128,967</u>	<u>653,603</u>
Revenues over (under) expenditures	291,761	66	1,031,836	56,011	1,379,674
Other financing sources (uses):					
Operating transfers in		7,392	2,554	3,995	13,941
Operating transfers out	(38,679)		(1,031,836)		(1,070,515)
Net change in fund balance	253,082	7,458	2,554	60,006	323,100
Fund balance, at beginning of year	(35,109)	(7,572)	(2,554)	192,424	147,189
Fund balance, at end of year	<u>\$ 217,973</u>	<u>(114)</u>		<u>252,430</u>	<u>470,289</u>

SEE INDEPENDENT AUDITOR'S REPORTS  
The Accompanying Notes Are An Integral Part Of These Financial Statements

Exhibit D, continued

State of New Mexico  
 Village of Santa Clara  
**Reconciliation of the Governmental Funds Statement of  
 Revenues, Expenditures, and Changes in Fund Balance  
 with the Statement of Activities**  
 For the Year Ended June 30, 2009

Total net change in fund balance - Governmental Funds		\$ 323,100
<p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. For governmental activities, those assets are shown in the Statement of net assets and allocated over their estimated useful lives as annual depreciation.</p>		
Capital outlays	120,094	
Depreciation expense	<u>(147,279)</u>	(27,185)
<p>In the Statement of Activities, certain operating expenses are measured by the amounts incurred during the year. In the fund financial statements, however, expenditures are measured by the amount of financial resources used (essentially the amounts actually paid). The (increase) decreases in the liabilities for the year were:</p>		
Compensated absences payable, net of current	(858)	
Accrued interest payable	<u>(312)</u>	(1,170)
<p>Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term debt in the Statement of Net Assets</p>		
NM Board of Finance	10,000	
NMFA Notes payable	<u>18,902</u>	28,902
<p>When receivables are not collected within 60 days of the year end they are not considered "available" and are recognized as deferred revenue in the Governmental Funds. In the Statement of Activities, however, they are recognized when earned regardless of when actually received.</p>		
		<u>1,800</u>
Change in net assets of governmental activities		<u>\$ 325,447</u>

SEE INDEPENDENT AUDITOR'S REPORTS  
 The Accompanying Notes Are An Integral Part Of These Financial Statements

Exhibit D

State of New Mexico  
Village of Santa Clara  
**General Fund**  
*Statement of Revenues and Expenditures -  
Budget and Actual (Non-GAAP Basis)*  
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative)	
	Original Budget	Final Budget		Original Budget to Final	Actual to Final Budget
	Revenue:				
Franchise tax	\$ 30,500	30,500	29,700		(800)
Gross Receipts Tax - Local	53,000	53,000	145,071		92,071
Property Taxes	12,500	12,500	9,020		(3,480)
Gasoline Taxes			5,004		5,004
Cigarette Tax	200	200	1,746		1,546
Gross Receipts Tax - State shared	70,000	78,304	145,246	8,304	66,942
Motor Vehicle distribution	4,600	4,600	4,347		(253)
Licenses, Fines & Fees	1,400	1,400	2,306		906
Miscellaneous			1,919		1,919
Court fines and fees	46,600	46,600	26,685		(19,915)
Interest	2,000	2,000	1,525		(475)
Small cities distribution	129,000	129,000	131,932		2,932
Intergovernmental grants	75,000	75,000	64,795		(10,205)
	<u>424,800</u>	<u>433,104</u>	<u>569,296</u>	<u>8,304</u>	<u>136,192</u>
Expenditures:					
Current:					
General Governmental:					
Executive - Legislative	10,074	10,074	18,927		(8,853)
Finance - Administration	78,065	78,065	39,519		38,546
Public Safety:					
Judicial	33,905	33,905	33,360		545
Police	281,735	281,735	262,164		19,571
Fire and ambulance	2,944	2,944	26,134		(23,190)
Police grants			6,092		(6,092)
Public Works	14,600	14,600	26,058		(11,458)
	<u>421,323</u>	<u>421,323</u>	<u>412,254</u>		<u>9,069</u>
Revenues over (under) expenditures	3,477	11,781	157,042	8,304	145,261
Other financing sources (uses):					
Operating transfers out	<u>(8,485)</u>	<u>(38,679)</u>	<u>(38,679)</u>	<u>(30,194)</u>	
Revenue and other financing sources over (under) expenditures and other financing uses	(5,008)	(26,898)	118,363	<u>(21,890)</u>	<u>145,261</u>
Budgetary notation: Cash appropriated from prior year for current year expenditure	<u>\$ 5,008</u>	<u>26,898</u>			
Reconciliation to GAAP basis financial statement					
Increase in due from other governments			2,376		
Increase in taxes receivable			152,455		
Decrease in other receivables			(6,465)		
Increase in accounts payable			(3,611)		
Increase in accrued compensation			(7,634)		
Increase in deferred revenue			(1,800)		
Increase in accrued compensated absences			(602)		
			<u>\$ 253,082</u>		

SEE INDEPENDENT AUDITOR'S REPORTS  
The Accompanying Notes Are An Integral Part Of These Financial Statements

Exhibit E

State of New Mexico  
Village of Santa Clara  
**Statement of Net Assets - Proprietary Funds**  
June 30, 2009

<b><u>ASSETS</u></b>	<b><u>Water and Sewer</u></b>	<b><u>Solid Waste</u></b>	<b><u>Total</u></b>
Current assets:			
Cash and cash equivalents	\$ 87,146	12,012	99,158
Customer accounts receivable, net of allowance of \$ 10,000	70,455	11,268	81,723
Unbilled accounts receivable	18,072	4,870	22,942
Taxes receivable		4,145	4,145
Restricted cash and cash equivalents:			
Customer meter deposits	81,156		81,156
Revenue bond reserves	36,118		36,118
	<u>292,947</u>	<u>32,295</u>	<u>325,242</u>
Total current assets			
Noncurrent assets:			
Capital Assets not being depreciated:			
Construction work in progress	1,690,432		1,690,432
Capital Assets being depreciated:			
Infrastructure	1,005,995		1,005,995
Buildings	27,244		27,244
Machinery and equipment	133,902		133,902
Total capital assets	2,857,573		2,857,573
Accumulated depreciation	(701,592)		(701,592)
Net capital assets	<u>2,155,981</u>		<u>2,155,981</u>
	<u>2,448,928</u>	<u>32,295</u>	<u>2,481,223</u>
Total assets			
<b><u>LIABILITIES AND NET ASSETS (DEFICIT)</u></b>			
Current liabilities:			
Trade accounts payable	\$ 5,736	5,630	11,366
Accrued salaries and wages	7,279		7,279
Customer meter deposits payable	81,156		81,156
Accrued interest payable	1,417		1,417
Interim loan payable	68,214		68,214
Revenue bonds payable, current portion	7,000		7,000
Total current liabilities	<u>170,802</u>	<u>5,630</u>	<u>176,432</u>
Noncurrent liabilities:			
Revenue bonds payable, net of current portion	134,000		134,000
	<u>304,802</u>	<u>5,630</u>	<u>310,432</u>
Total liabilities			
<b><u>NET ASSETS</u></b>			
Investment in capital assets	1,946,767		1,946,767
Unrestricted	197,359	26,665	224,024
	<u>2,144,126</u>	<u>26,665</u>	<u>2,170,791</u>
Total net assets			
Total liabilities and net assets	<u>\$ 2,448,928</u>	<u>32,295</u>	<u>2,481,223</u>

SEE INDEPENDENT AUDITOR'S REPORTS  
The Accompanying Notes Are An Integral Part Of These Financial Statements

Exhibit F

State of New Mexico  
Village of Santa Clara  
**Statement of Revenues, Expenses and  
Changes in Fund Net Assets - Proprietary Funds**  
For the Year Ended June 30, 2009

	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Total</u>
Revenues:			
Utility charges	\$ 520,258	129,780	650,038
Connection charges	600		600
Reconnection charges	620		620
Other charges for services	3,749		3,749
Penalties	13,576		13,576
Other state revenue	166,442		166,442
Environmental gross receipts tax		11,305	11,305
Total operating revenue	<u>705,245</u>	<u>141,085</u>	<u>846,330</u>
Operating expenses:			
Salaries	135,179		135,179
Benefits	12,549		12,549
Travel and per diem	735		735
Contractual services	228,315	66,936	295,251
Supplies	22,506		22,506
Other operating expenses	198,824	77,819	276,643
Depreciation	28,853		28,853
	<u>626,961</u>	<u>144,755</u>	<u>771,716</u>
Net operating income (loss)	<u>78,284</u>	<u>(3,670)</u>	<u>74,614</u>
Non-operating income (expenses)			
Investment income	863		863
Interest expense	(5,446)		(5,446)
Capital grants	50,000		50,000
Total nonoperating revenue (expenses)	<u>45,417</u>		<u>45,417</u>
Income before transfers	123,701	(3,670)	120,031
Transfers in	<u>1,031,836</u>	<u>24,738</u>	<u>1,056,574</u>
Change in net assets	1,155,537	21,068	1,176,605
Net assets at beginning of year	<u>988,589</u>	<u>5,597</u>	<u>994,186</u>
Net assets at end of year	<u>\$ 2,144,126</u>	<u>26,665</u>	<u>2,170,791</u>

SEE INDEPENDENT AUDITOR'S REPORTS  
The Accompanying Notes Are An Integral Part Of These Financial Statements

Exhibit G

State of New Mexico  
Village of Santa Clara  
**Statement of Cash Flows - Proprietary Fund**  
For the Year Ended June 30, 2009

	<b>Water and Sewer</b>	<b>Solid Waste</b>	<b>Total</b>
Cash flows from operating activities:			
Cash received from customers	\$ 575,294	132,578	707,872
Cash received from taxes and other sources	124,688	7,160	131,848
Payment to and on behalf of employees	(149,409)	(366)	(149,775)
Payment to vendors for goods and services	(451,841)	(139,700)	(591,541)
Net cash flows from operating activities	<u>98,732</u>	<u>(328)</u>	<u>98,404</u>
Cash flows from noncapital financing activities:			
Transfers from other funds	<u>104,672</u>	<u>24,738</u>	<u>129,410</u>
Net cash flows from noncapital financing activities	<u>104,672</u>	<u>24,738</u>	<u>129,410</u>
Cash flows from capital and related financing activities:			
Capital grant received	50,000		50,000
Payments on revenue bonds	(13,657)		(13,657)
Purchase of capital assets	(50,000)		(50,000)
Net cash flows from capital and related financing activities	<u>(13,657)</u>		<u>(13,657)</u>
Cash flows from investing activities:			
Investment income	<u>862</u>		<u>862</u>
	<u>862</u>		<u>862</u>
Net increase (decrease) in cash and cash equivalents	190,609	24,410	215,019
Cash and cash equivalents, at beginning of year	<u>13,811</u>	<u>(12,398)</u>	<u>1,413</u>
Cash and cash equivalents, at end of year	<u><u>204,420</u></u>	<u><u>12,012</u></u>	<u><u>216,432</u></u>
Show on statement of net assets:			
Unrestricted cash and cash equivalents	87,146		87,146
Restricted cash and cash equivalents	<u>117,274</u>		<u>117,274</u>
	<u>\$ 204,420</u>		<u>204,420</u>

SEE INDEPENDENT AUDITOR'S REPORTS  
The Accompanying Notes Are An Integral Part Of These Financial Statements

Exhibit H, continued

State of New Mexico  
Village of Santa Clara  
**Statement of Cash Flows - Proprietary Fund, continued**  
For the Year Ended June 30, 2009

	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Total</u>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOW FROM OPERATING ACTIVITIES</u></b>			
Net operating income (loss)	\$ 78,284	(3,670)	74,614
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation	28,853		28,853
(Increase) decrease in operating assets:			
Trade accounts receivable, net	8,170	7,668	15,838
Unbilled accounts receivable	(18,072)	(4,870)	(22,942)
Taxes receivable		(4,145)	(4,145)
Increase (decrease) in operating liabilities:			
Accounts payable	(1,680)	5,055	3,375
Accrued salaries and benefits	(1,461)	(366)	(1,827)
Customer deposits	4,638		4,638
	<u>\$ 98,732</u>	<u>(328)</u>	<u>98,404</u>

SEE INDEPENDENT AUDITOR'S REPORTS  
The Accompanying Notes Are An Integral Part Of These Financial Statements

Exhibit H

State of New Mexico  
 Village of Santa Clara  
**Statement of Changes in Assets and Liabilities**  
**Trust and Agency Fund**  
**Municipal Court Bond Funds**  
 June 30, 2009

	<u>Balance at Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at End of Year</u>
Assets:				
Cash	\$ <u>667</u>	<u>165</u>	<u>165</u>	<u>667</u>
Liabilities:				
Deposit held in trust	\$ <u>667</u>	<u>165</u>	<u>165</u>	<u>667</u>

SEE INDEPENDENT AUDITOR'S REPORTS  
 The Accompanying Notes Are An Integral Part Of These Financial Statements

Exhibit I



**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

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**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

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**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES**

**A. INTRODUCTION**

The financial statements of The Village of Santa Clara (The Village) have been prepared in conformity with Generally Accepted Accounting Principles (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 GASB periodically updates its codification of the existing Governmental Accounting and Financial reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The Village's more significant accounting policies are described below:

**B. FINANCIAL REPORTING ENTITY**

The Village, which was formerly known as Central City was incorporated in May of 1947 and is also under the provisions of the act now referred to as Section 4-9-1 and 4-9-2 of the New Mexico Statutes Annotated, 1978 Compilation. The Village operates under the Board of Trustees form of government and provides the following services as authorized in the grant of powers: public safety (police, fire, and emergency medical), public works (highways and streets), water and sewer, solid waste, health and welfare services, and general administration services.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both government-wide and business-type fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). All governmental and business-type activities of the Village follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on accounting procedures, unless those pronouncements conflict with GASB pronouncements. The Village has elected not to apply FASB pronouncements issued after November 30, 1989.

In evaluating how to define the Village, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB 14 and GASB 39.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued**

**B. FINANCIAL REPORTING ENTITY, continued**

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The following circumstances set forth a primary government's financial accountability for a legally separate organization.

a. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to **impose its will** on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

b. The primary government may be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

**C. DISCRETELY PRESENTED COMPONENT UNIT**

Santa Clara Public Housing Authority (SCPHA) is organized under the laws of the State of New Mexico for the purpose of engaging in the leasing and administration of Low-Rent Housing programs and other similar objectives. SCPHA is a separate legal entity from the Village of Santa Clara and is a component unit of the Village. SCPHA does not have any component units.

A seven-member board governs SCPHA and is appointed to two-year terms by the Village Board of Trustees. The major revenue sources for SCPHA are tenant rental receipts and subsidies from the Department of Housing and Urban Development. SCPHA is presented as a discrete component of the Village. The report or requests for additional financial information should be addressed to Gloria Duran, Santa Clara Public Housing Authority, PO Box 275, 214 North Mineral, Santa Clara, New Mexico, 88026.

STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued

D. GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Assets, the Statement of Activities, and Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which primarily rely on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable. Internal service fund activity is eliminated to avoid “doubling up” revenues and expenses. Fiduciary funds are also excluded from the government-wide financial statements. For the most part, the effect of inter-fund activity has been removed from these statements. The Village did not have any internal service funds.

The Statement of Net Assets 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 Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges for services which include charges to customers for utility and other services, fines and forfeitures from courts, and licenses and permits 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*. Separate financial statements are provided for governmental funds, business-type funds. Major individual governmental funds and major individual business-type funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major funds. No fiduciary funds are included in the governmental or business-type fund financial statements.

STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2009

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued**

D. **GOVERNMENT-WIDE FINANCIAL STATEMENTS, continued**

Program revenues are derived directly from the program itself or from grants and contributions. They reduce the net costs of the function to be financed from the government's general revenues. The charges for services reflected on the statement of activities includes miscellaneous reimbursements, licenses, fines and fees, fees for services (ambulance, court, and recreation), charges for services (water, sewer, and solid waste) and rental charges.

*Program-specific grants and contribution (operating and capital)* includes revenues arising from mandatory and voluntary non exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program. Some grants and contributions consist of capital assets or resources that are restricted for capital purposes to purchase, construct, or renovate capital assets associated with a specific program. These are reported separately from grants and contributions that maybe used *either* for operating expenses or for capital expenditures of the program at the discretion of the reporting government. These grants and contributions revenue are specifically attributable to a program and reduce the net expense of the program to the reporting government.

During the year ended June 30, 2009 the Village received operating grants and contributions for its General Government (mainly Small Cities assistance and appropriations from the State of New Mexico); Public Safety (from State Fire Allotment, Law Enforcement Protection as well as Traffic Safety grants passed through the State Highway and Transportation Department and Federal grants).

**Fund Financial Statements**

Separate 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 governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued**

**D. GOVERNMENT-WIDE FINANCIAL STATEMENTS, continued**

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. The Village's funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

Total assets, liabilities, revenues or expenditures/expenses of that individual fund are at least 10 percent of the corresponding total for all funds of that category or type; and

Total assets, liabilities, revenues or expenditures/expenses of the individual fund are at least 5 percent of the corresponding total for all funds of the Village combined.

The Village reports the following major funds:

**Major Governmental Funds:**

**General Fund** – To account for resources associated with governments that are not required legally or by sound financial management to be accounted for in another fund.

**Special Revenue Funds** – To account for funds of specific revenue sources that are legally restricted to expenditures for specified purposes. There were no major special revenue funds during the year ended June 30, 2009.

STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2009

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued**

D. **GOVERNMENT-WIDE FINANCIAL STATEMENTS, continued**

Capital Projects Funds – To account for the acquisition of capital assets or construction of major capital projects not being financed by business-type or nonexpendable trust funds.

Senior Center Renovation – To account for revenue provided by the State Agency on Aging to be used to construct the Senior Citizens Center. Authorized by the 1996 State Legislature, House Bill 2, Chapter 4, 1996 Laws of New Mexico.

RUS Water and Sewer Renovations – To account for Federal grant revenues and expenditures for water and sewer improvements and is authorized by the Federal grant agreement.

Major Proprietary Funds – To account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration.

Water and Sewer Fund – To account for the providing of water and sewer services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Solid Waste Fund – To account for the providing of solid waste services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.



**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued**

**D. GOVERNMENT-WIDE FINANCIAL STATEMENTS, continued**

**THE FUNDS OF THE FINANCIAL REPORTING ENTITY ARE DESCRIBED BELOW:**

Governmental Funds

General Fund

The General Fund is the primary operating fund of the Village and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

Capital Project Fund

Capital Project Funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items.

Fiduciary Funds (Not included in government –wide statements)

Agency Funds – Agency Funds are used to account for assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Village’s fiduciary funds are used to account for collection and payment of municipal court bond fees.

Proprietary Funds

Proprietary Funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2009

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued**

D. **GOVERNMENT-WIDE FINANCIAL STATEMENTS, continued**

In the Government-Wide financial statements internal service funds are included in the governmental activities rather than the business-type activities. The Village did not have internal service funds during the year ended June 30, 2009.

E. **MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

**Measurement Focus**

On the government-wide Statement of Net Assets and the Statement of Activities, governmental activities are presented 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. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery) and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Equity is classified as net assets.

All governmental funds utilize a “*current financial resources*” *measurement focus* and the *modified accrual basis of accounting*. Only current financial assets and liabilities are generally included on their balance sheets.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2009

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued**

E. **MEASUREMENT FOCUS AND BASIS OF ACCOUNTING, continued**

**Measurement Focus, continued**

a. All governmental funds utilize a “*current financial resources*” measurement focus and the *modified accrual basis of accounting*. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. 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 60 days of the end of the current fiscal period. Expenditures, are generally recorded when a liability is incurred, as under accrual accounting, except for a) principal and interest payments on general long-term debt which are recognized when due or may be recorded when amounts have been accumulated in governmental funds for the current debt service payments on July 1 in the following year and b) vacation pay, which is recognized as expenditures only when payment is due. General capital asset acquisitions are reported as expenditures in government funds. Proceeds of general long-term debt are reported as other financing sources.

In applying the susceptible to accrual concepts under the modified accrual basis, the following revenue sources are deemed “measurable” and “available” (i.e., collectible within the current year or within 60 days of year-end). This includes gross receipts tax, motor vehicle license fees and gasoline taxes. Reimbursements due from federal and/or state funded projects are accrued as revenue at the time the expenditures are made, if they meet the “available” definition, or when received in advance, deferred until expenditures are made.

Taxes, grant and other miscellaneous reimbursements, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and, if “available,” have been recognized as revenues of the current fiscal period. The County collects the Village’s share of property taxes assessed Property taxes attach an enforceable lien on property as of January 1.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued**

**E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING, continued**

**Measurement Focus, continued**

Tax notices are sent by the County Treasurer to property owners by November 1 of each year to be paid in whole or two installments by November 10 and April 10 of the following year. The County collects such taxes and distributes them to the Village on a monthly basis. The Village accounts for its share of property taxes in the general fund. Property tax revenues are considered available (1) when they become due or past due or past due and receivable within the current period and (2) when they are expected to be collected during a 60 day period after the close of the Village fiscal year.

Other revenues, including certain licenses and permits, certain charges for services, and miscellaneous revenues, are recorded as revenue when received in cash because they are generally not measurable until actually received.

- b. Proprietary funds use the economic resources measurement focus and the accrual basis of accounting as described below.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and business-type fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and business-type funds, subject to this same limitation. The Village has elected not to follow FASB statements and interpretations issued after November 30, 1989.

As a general rule, the effect of inter-fund 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 and Transfers between the governmental and business-type funds.

STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2009

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued**

E. **MEASUREMENT FOCUS AND BASIS OF ACCOUNTING, continued**

**Measurement Focus, continued**

**Revenue Recognition**

Amounts recorded 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 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.

**Expenditure Recognition**

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expense. Most expenditures are measurable and are recorded when the related fund liability is incurred. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

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 by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**Cash and Cash Equivalents**

Amounts reflected as “cash and cash equivalents” on the Statement of Net Assets, include amounts on hand and in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Village.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued**

**F. ASSETS, LIABILITIES, AND EQUITY**

**Investments**

State statutes authorize the Village to invest in certificates of deposits of the U.S. Government, and fully collateralized repurchase agreements. Investments for the Village are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

**Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include gross receipts taxes, certain charges for services and reimbursements, grants and state shared taxes as well as assessed, but unpaid property taxes. For the proprietary funds the primary receivables are amounts due from customers.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as tax and grants and other similar intergovernmental revenues that have met the available criteria for accrual, since they are usually measurable. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. For governmental fund financial statement purposes, interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Interest and investment earnings are recognized when earned, regardless of when received in the government-wide and proprietary fund statements in accordance with the accrual basis of accounting.

STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2009

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued**

F. **ASSETS, LIABILITIES, AND EQUITY, continued**

**Allowance for Doubtful Accounts**

Allowance for uncollectible accounts receivable are based upon historical trends and periodic ageing of accounts receivable.

A provision for uncollectible accounts was maintained at Jun 30, 2009 for the proprietary funds and certain governmental funds, as follows:

Governmental Funds:

General	None
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Proprietary Funds:

Joint Utility	\$10,000
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**Short-Term Inter-fund Receivables/Payables**

During the course of operations transactions may occur between individual funds that may give rise to amounts owed between funds.

Those related to goods and services type transactions are classified as “due to and from other funds.”

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

At June 30, 2009 there were due to/due from accounts in the fund financial statements which are presented in note 3. The due to/due from balance reflected in the balance sheet are the result of cash being overdrawn in certain funds. The Village uses a pool cash account for all active funds.

A schedule of operating transfers during the year ended June 30, 2009 is presented in note 3.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued**

**F. ASSETS, LIABILITIES, AND EQUITY, continued**

**Short-Term Inter-fund Receivables/Payables, continued**

The transfers and inter fund balances (Due to/Due from) have been eliminated when between the governmental funds in the Statement of Net Assets and the Statement of Activities.

**Capital Assets and Depreciation**

The accounting treatment over capital assets depends on whether the assets are reported in the government-wide or fund financial statements.

In the government-wide financial statements, capital assets with a value or cost greater than \$5,000 in accordance with Section 12-6-10 NMSA 1978, are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets that are recorded at their estimated fair value at the date of donation. Almost all of the capital assets have been recorded at cost.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. No computer software is developed in-house.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs were included as part of the cost of capital assets under construction.

Depreciation is being provided over the estimated life of the respective assets using the Straight-Line method. Asset lives were:

Land Improvements	15 yrs – 40 yrs
Building and Building Improvement	15 yrs – 40 yrs
Infrastructure	10 yrs – 80 yrs
Utility System	10 yrs – 80 yrs
Furniture, Computers, and Equipment	5 yrs – 10 yrs



**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued**

**F. ASSETS, LIABILITIES, AND EQUITY, continued**

**Capital Assets and Depreciation, continued**

Current year depreciation expense in the amount \$147,279 was charged to the following functional cost centers during the year on the Governmental Funds in the Statement of Activities

General Government	\$16,397
Public Safety	92,992
Public Works	21,561
Health and Welfare	<u>16,329</u>
	<u>\$147,279</u>

An additional \$28,853 in depreciation was recorded in the Water and Sewer Fund.

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period. Since capital assets and long-term debt do not provide or use available spendable resources they are not included on the balance sheets of governmental funds. In governmental funds the purchase of capital assets are shown as capital outlay expenditures.

**Long-Term Debt**

In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. The face amount of debt issued is reported as other financing sources in the Governmental Fund financial statements.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued**

**F. ASSETS, LIABILITIES, AND EQUITY, continued**

**Compensated Absences**

Village full-time and part-time employees are entitled to use accrued vacation hours after twelve (12) months of continuous employment. Employees accrue vacation at the rate of four (4) hours per pay period for each two (2) weeks of service, based on twenty-six (26) pay periods per calendar year. Regular, part-time employees accrue vacation time on a prorated basis according to the number of hours worked per pay period. An employee may carry over any or all vacation time from one year to another up to eighty (80) hours. Upon termination from employment, the Village shall pay non-probationary employees who have at least one year continuous employment with the Village, the full cash equivalent of accrued unused vacation time up to one hundred-sixty (160) hours. If circumstances prevent the employee from taking vacation hours, and with supervisor's approval, those hours (over 80 hours) will be paid to the employee at the end of the calendar year.

Village full-time and part-time employees are entitled to use accrued sick hours after twelve (12) months of continuous employment. Employees will accrue sick leave at the rate of four (4) hours per pay period based on twenty-six (26) pay periods per calendar year. Regular part-time employees accrue sick leave on a prorated basis according to number of hours worked per pay period. The amount of sick leave that an employee may accrue will be limited to 160 hours. Sick leave is not to be paid after an employee's termination.

For governmental funds, expenditures are recognized during the period in which vacation cost become payable from available, spendable resources. A liability for amounts earned but not payable from available, spendable resources is reported in the government-wide financial statements.

STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2009

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued**

F. **ASSETS, LIABILITIES, AND EQUITY, continued**

**Equity Classifications**

*Government-wide Statements*

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt:  
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. Unexpended debt proceeds, if any, attributed to the acquisition, construction, or improvement to capital assets are netted against the outstanding debt. At June 30, 2009 the Village did not have any unexpended debt proceeds.
- b. Restricted net assets:  
Consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributions, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets:  
All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

***Fund Statements***

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

Fund equity was reserved for the following purposes:

**Statutory Reserve**

A statutory reserve, as required by state regulation, equal to 1/12 of the subsequent year’s budgeted expenditures has been provided in the General Fund.

**Reserved for Debt Service**

Amounts legally restricted for the payment of long-term debt.

STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2009

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued**

F. **ASSETS, LIABILITIES, AND EQUITY, continued**

**Equity Classifications, continued**

*Fund Statements, continued*

**Reserved for Subsequent Year's Expenditures**

Represents the amounts, which are required to be reserved for subsequent years' expenditures.

**Unreserved, Undesignated**

Amounts which have not been reserved or designated for any purpose. These funds are available for unrestricted usage by the Village.

G. **REVENUES, EXPENDITURES, AND EXPENSES**

**Gross Receipts Tax**

The Village levies a gross receipts tax on sales within the Village. The tax is collected by the Taxation and Revenue Department of the State of New Mexico and remitted to the Village approximately one month after receipt of the tax from vendors doing business in the Village. Vendors remit the tax to the State in the month following the month of sale/collection. Taxes collected by the State in June and July and received by the Village in July and August are included in the caption "Receivables" on the Statement of Net Assets (Government-wide) and Balance Sheet (Fund Financial Statements).

**Property Taxes**

Under Chapter 7, Article 37-7 B(3), NMSA, 1978 Compilation, Municipalities are limited in their ability to impose property taxes on assessed property within the Municipality to a rate not to exceed \$7.65 for each one thousand dollars (\$1,000) of net taxable value of both residential and nonresidential property.

In addition, the Municipality can impose, without restriction, property taxes sufficient to pay principal and interest on general obligation bonds that were authorized by the voters within the Municipality as well as taxes sufficient to pay for tort or workman's compensation judgments for which the Municipality is liable.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued**

**G. REVENUES, EXPENDITURES, AND EXPENSES, continued**

**Property Taxes, continued**

Article 35 through 38, Chapter 7 New Mexico Statutes Annotated, 1978 is the Property Tax Code. The code provides for valuation, administration and enforcement of property taxes. The Department of Finance and Administration sets tax rates for the governmental units sharing in the tax.

The Constitution of the State of New Mexico provides the following maximum tax rates and restrictions concerning the use of tax proceeds.

Taxes levied upon tangible property shall be in proportion to the value thereof, and taxes shall be equal and uniform upon subjects of taxation of the same class. Different methods may be provided by law to determine value of different kinds of property, but the percentage of value against which tax rates are assessed shall not exceed thirty-three and one-third percent.

Property tax revenues amounted to \$9,244 for general operating purposes and \$0 for debt services purposes during the fiscal year ended June 30, 2009.

**Expenditures/Expenses**

In the government-wide financial statements, expenses are classified by governmental function.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds-By Character: Current (further classified by function)  
Debt Service  
Capital Outlay

In the fund financial statements, governmental funds report expenditures of current financial resources.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued**

**G. REVENUES, EXPENDITURES, AND EXPENSES, continued**

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Deferred Revenue**

The Village defers revenue from non-exchange transactions. The amount deferred results from the difference between the receivable recognized on an accrual basis and the related revenue recognized on the modified accrual basis of accounting. Revenue is recognized as the receivables are collected.

**H. OTHER POLICIES**

**GASB Pronouncements**

In June 1999, the GASB unanimously approved Statement No. 34, Basic Financial Statements and Management discussion and Analysis for the State and Local Governments. In June 2001, the GASB approved Statement No. 37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus and Statement No. 38, Certain Financial Statement Note Disclosures. Statement No.37 clarifies and modifies Statement s No. 34 and should be implemented simultaneously with statement No. 34. Statement No. 38 modifies, established, and rescinds certain financial statement disclosures requirements. The Village implemented the provisions of GASB No.'s 34, 37 and 38 effective at June 30, 2008.

GASB continues to issue Statements that may or may not have a bearing on the accounting and financial reporting of individual governments. The following recap of recently issued GASB Statements shows their applicability or non-applicability to the Village.

GASB Statement No. 51 *Accounting and Financial Reporting for Intangible Assets* issued June 2007 effective for periods beginning after June 15, 2009. This statement will apply to the Village during 2010.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued**

**H. OTHER POLICIES, continued**

**GASB Pronouncements, continued**

GASB Statement No. 52 *Land and other Real Estate Held as Investments by Endowments* issued November 2007 effective for periods beginning after June 15, 2008. Amends GASB 31.

GASB Statement No. 53 *Accounting and Financial Reporting for Derivative Instruments* issued June 2008 effective for periods beginning after June 15, 2009 (FY 2010) (Not applicable to the Village as the Village did not enter into any derivative instruments as defined in the Statement).

GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* issued February 2009 effective for periods beginning after June 2010 (FY2011). This statement will apply to the Village during 2011.

GASB Statement No. 55 *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* issued March 2009 effective immediately (March 2009) (Applicable to the Village as it establishes the hierarchy of Generally Accepted Accounting Principles for State and Local Governments in a GASB document). This pronouncement did not result in a change from current practice.

GASB Statement No. 56 *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards* issued March 2009 effective immediately (March 2009) (Applicable to the Village as it establishes accounting and financial reporting standards for related party transactions, subsequent events, and going concern considerations that were previously in authoritative literature). This pronouncement did not result in a change from current practice.

GASB Statement No. 57 *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans* issued December 2009 effective immediately as it relates to the alternative measurement method. The provisions related to the frequency and timing of measurements are effective for actuarial valuations first used to report funded status information in Other Post Employee Benefit (OPEB) plan financial statements for periods beginning after June 15, 2010. This pronouncement will not result in a change from current practice.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued**

**H. OTHER POLICIES, continued**

**GASB Pronouncements, continued**

GASB Statement No. 58 *Accounting and Financial Reporting for Chapter 9 Bankruptcies* issued December 2009 effective for reporting periods beginning after June 15, 2009 (FY 2010) (Will be applicable to the Village if the Village seeks protection from creditors under Chapter 9 of the U.S. bankruptcy Code at some future date).

GASB Statement No. 59 *Financial Instruments Omnibus* issued June 2010 effective for financial statements prepared by state or local governments for periods beginning after June 15, 2010. The statement updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools. (Not applicable to the Village as the Village currently does not have any investments that were discussed in the Statement).

GASB Statement No. 60 *Accounting and Financial Reporting for Services Concession Arrangements* issued December 2010 effective for financial statements for periods beginning after December 15, 2011. This statement addresses how to account for and report service concession arrangements (SCAs), a type of public-private or public partnership that state and local governments are increasingly entering into. (Will not be applicable to the Village as the Village currently (2012 FY) has not entered into any SCAs as defined in the Statement).

GASB Statement No. 61 *The Financial Reporting Entity* issued December 2010 effective for financial statements for periods beginning after June 15, 2012. This statement is designed to improve financial reporting for governmental entities by amending the requirements of statements No. 14, *The Financial Reporting Entity*, and No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, to better meet user needs and address reporting entity issues. This statement improves the information presented about the financial reporting entity, which is comprised of a primary government and related entities (component units). (Will be applicable to the Village as the Village does have a component unit as defined in the Statement).



STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2009

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued**

H. **OTHER POLICIES, continued**

**GASB Pronouncements, continued**

GASB Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* issued December 2010 effective for periods beginning after December 15, 2011. This Statement is intended to enhance the usefulness of its Codification by incorporating guidance that previously could be found in certain Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements. This statement will apply to the Village during 2012.

GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* issued June 2011 effective for periods after December 15, 2011. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4 *Elements of Financial Statements*, had previously defined those elements as consumption of net assets by the government that is applicable to a future period. This statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. This statement will apply to the Village during 2012 if the Village enters into a deferred resource arrangement which is currently unlikely.

GASB Statement No. 64 *Derivative Instruments: Application of Hedge Accounting Termination Provisions-and amendment of GASB Statement No. 53* issued June 2011 effective for periods beginning after June 15, 2011. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of swap counterparty or swap counterparty's credit support provider. (will not be applicable to the Village unless the Village enters into any derivative instruments or hedging's as defined in the Statement).

I. **LONG TERM DEBT**

**Governmental Activities Debt**

During the year ended June 30, 2009, the following changes occurred in the liabilities reported in the governmental activities debt of the Village.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued**

**I. LONG TERM DEBT, continued**

**Governmental Activities Debt, continued**

<u>Description</u>	Balance at June 30, <u>2008</u>	<u>Increase</u>	<u>Decrease</u>	Balance at June 30, <u>2009</u>	Amount Due in <u>One Year</u>
New Mexico Board of Finance	\$ 85,000		10,000	75,000	10,000
New Mexico Finance Authority	98,830		15,821	83,009	16,044
New Mexico Finance Authority	72,147		2,856	69,291	2,858
Accrue Compensated Absences	<u>2,379</u>	<u>19,114</u>	<u>18,483</u>	<u>3,010</u>	<u>19,114</u>
	<u>\$ 258,356</u>	<u>19,114</u>	<u>47,160</u>	<u>230,310</u>	<u>48,016</u>

Compensated absences attributable to the governmental activities are liquidated primarily from the general fund.

On October 3, 2006 the Village borrowed \$105,000 from the New Mexico Board of Finance for the purpose of emergency funding. The note bears no interest and the outstanding balance at June 30, 2009 is payable as follows:

<u>Due in FYE June 30,</u>	<u>Principal Amount</u>
2010	\$ 10,000
2011	10,000
2012	10,000
2013	10,000
2014	10,000
2015-16	<u>25,000</u>
	\$ <u>75,000</u>

Loan from the State of New Mexico Finance Authority, agreed upon November 21, 2003 was originally for a total of \$160,000; the purpose of the loan was acquisition of fire equipment. The note is to be repaid from pledged state fire fund revenues. Interest is accrued at a blended rate of 1.6050% per annum with annual principal payments varying from \$14,760 to \$17,216. The Finance Authority charges a 0.25% administrative fee. The note matures on May 1, 2014.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued**

**I. LONG TERM DEBT, continued**

**Governmental Activities Debt, continued**

<u>Due in Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Adm. Fee</u>	<u>Total</u>
2010	\$ 16,044	1,319	208	17,571
2011	16,294	1,109	167	17,570
2012	16,574	871	127	17,572
2013	16,881	606	85	17,572
2014	<u>17,216</u>	<u>314</u>	<u>43</u>	<u>17,573</u>
	\$ <u>83,009</u>	<u>4,219</u>	<u>630</u>	<u>87,858</u>

Loan from the State of New Mexico Finance Authority, agreed upon January 12, 2007 was originally for a total of \$75,000; the purpose of the loan was acquisition of fire equipment. The note is to be repaid from pledged state fire fund revenues. This is an interest free loan with annual principal payments varying from \$2,856 to \$18,414. The Finance Authority charges a 0.25% administrative fee. The note matures on May 1, 2017.

<u>Due in Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Adm. Fee</u>	<u>Total</u>
2010	\$ 2,858		173	3,031
2011	2,860		166	3,026
2012	2,862		159	3,021
2013	2,864		152	3,016
2014	2,866		145	3,011
2015-2017	<u>54,981</u>	<u>_____</u>	<u>275</u>	<u>55,256</u>
	\$ <u>69,291</u>	<u>_____</u>	<u>1,070</u>	<u>70,361</u>

During the year-ended June 30, 2007, the following changes occurred in the liabilities reported in the statement of net assets of business-type activities.

<u>Description</u>	<u>Balance at June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2009</u>	<u>Amount Due in One Year</u>
Revenue Bonds Series 1977	\$ 68,214			68,214	68,214
Revenue Bonds Series 2008	49,000		6,000	43,000	6,000
RCAC Loan	<u>99,000</u>	<u>_____</u>	<u>1,000</u>	<u>98,000</u>	<u>1,000</u>
Total	\$ <u>148,000</u>	<u>68,214</u>	<u>7,000</u>	<u>209,214</u>	<u>75,214</u>

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued**

**I. LONG TERM DEBT, continued**

**Governmental Activities Debt, continued**

Series 1977 water and sewer revenue bonds, which were originally a total of \$145,000. The bonds are due in annual installments of \$6,000; the purpose of the bonds is for infrastructure improvements. The bonds mature serially through the year 2016 at an annual rate of 5%.

<u>Due in Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 6,000	2,150	8,150
2011	6,000	1,850	7,850
2012	6,000	1,550	7,550
2013	6,000	1,250	7,250
2014	6,000	950	6,950
2015-2016	<u>13,000</u>	<u>1,000</u>	<u>14,000</u>
	<u>\$ 43,000</u>	<u>8,750</u>	<u>51,750</u>

\$99,000 Revenue Bonds are a Series 2008 water and sewer revenue bonds, which were issued February 22, 2008 which is due in annual installments of \$1,000 to \$4,000 with a final principal payment of \$14,000 in 2048; the purpose of the bonds is for infrastructure improvements. The bonds mature serially through the year 2048 at an annual rate of 4.250%

<u>Due in Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 1,000	4,165	5,165
2011	1,000	4,123	5,123
2012	1,000	4,080	5,080
2013	1,000	4,037	5,037
2014	1,000	3,995	4,995
2015-2019	5,000	19,338	24,338
2020-2024	8,000	18,147	26,147
2025-2029	10,000	16,150	26,150
2030-2034	11,000	14,025	25,025
2035-2039	15,000	11,263	26,263
2040-2044	18,000	7,947	25,947
2045-2048	<u>26,000</u>	<u>3,273</u>	<u>29,273</u>
	<u>\$ 98,000</u>	<u>110,543</u>	<u>208,543</u>

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued**

**I. LONG TERM DEBT, continued**

**Governmental Activities Debt, continued**

During the year ended June 30, 2009 the Village entered into an interim loan agreement with RCAC-RD for \$112,357 to pay for costs related to Phase II of the wastewater system improvement project. As of June 30, 2009 the costs incurred under the loan agreement totaled \$68,214. The interim loan will be paid out of the Phase II RUS grant. The entire outstanding debt of \$68,214 is classified as current debt.

**2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. BUDGET REQUIREMENTS, ACCOUNTING, AND REPORTING**

All budgets are adopted on the cash basis of accounting, which is inconsistent with Generally Accepted Accounting Principles (GAAP). Budgetary comparison statements present budget and actual amounts on the budgetary basis of accounting (cash basis).

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Village submits to the Mayor and Village Trustees a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Upon approval by the State Department of Finance and Administration (DFA) the budget is legally enacted through passage of a resolution.
4. The Mayor and Village Manager are authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Village Trustees and DFA.

Formal budgetary integration was employed as a management control device during the year for all funds of the Village.

STATE OF NEW MEXICO  
 VILLAGE OF SANTA CLARA  
 NOTES TO FINANCIAL STATEMENTS, continued  
 June 30, 2009

2. **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, continued**

A. **BUDGET REQUIREMENTS, ACCOUNTING, AND REPORTING, continued**

Budgeted amounts are as originally adopted and as amended by the Village Trustees and approved by the Department of Finance and Administration. Budget amendments as incorporated into the *revised budget* figures were properly approved during the FYE 6-30-09.

Encumbrances are not reported in either the budgets or the financial statements. Encumbrances, if any, lapse at year end.

Budgets for all governmental type funds are prepared on the cash basis of accounting which is inconsistent with generally accepted accounting principles (GAAP). Budgets of the Enterprise Funds differ from GAAP in that capital expenditures and bond principle payments are treated as expenditures. Additionally, depreciation is not budgeted. Budgets may also include budgeted cash balances from the prior year. Actual figures shown on the budget comparison statements are presented utilizing the same methods of accounting used for budget purposes.

Expenditures may exceed budgeted amounts within given function or cost categories and/or line item so long as total expenditures do not exceed budgeted amounts for an individual fund.

3. **DUE TO/DUE FROM ACCOUNTS AND TRANSFERS**

The following due to/due from accounts are the result of certain funds expending amounts greater than the fund's resources in the pooled cash account:

	<u>Due From</u>	<u>Due To</u>
General	\$10,322	
Senior Center Renovation		\$6,884
Law Enforcement Protection		574
Industrial Park		<u>2,864</u>
Totals	<u>\$10,322</u>	<u>\$10,322</u>

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2009**

**3. DUE TO/DUE FROM ACCOUNTS AND TRANSFERS, continued**

The following transfers of cash and capital assets occurred during the year ended June 30, 2009.

	<u>From</u>	<u>To</u>
Cash Transfers:		
From General Fund	\$(38,679)	
To:		
Senior Center Renovations		7,392
RUS Water & Sewer Renovations		2,554
EMS		1,692
Street		397
Special Appropriation Maintenance		26
Community Center Improvements		1,880
Solid Waste	_____.	<u>24,738</u>
	<u>\$(38,679)</u>	<u>\$38,679</u>
Capital Assets Transfer:		
From RUS Water & Sewer Renovations	\$(1,031,836)	
To Water and Sewer		<u>\$1,031,836</u>
	<u>\$(1,031,836)</u>	<u>\$1,031,836</u>

**4. DEPOSITS AND INVESTMENTS, LAWS AND REGULATIONS**

The Village is authorized under the provisions of Chapter 6, Article 10, paragraph 10, NMSA 1978, annotated, to deposit its money in banks, savings and loan associations, and/or credit unions where accounts are insured by an agency of the United States.

All monies not immediately necessary for the public uses of the Village may be invested in:

- a) Bonds or negotiable securities of the United States, the state or an county, municipality or town which has a taxable valuation of real property for the last preceding year of at least one million dollars (\$1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2009**

**4. DEPOSITS AND INVESTMENTS, LAWS AND REGULATIONS,  
continued**

b) securities that are issued by the United States government or by its agencies instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States or government or agencies guaranteed by the United States government; or

c) in contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The collateral required for investment in the contracts provided in this subsection shall be shown on the books of the financial institution as being the property of the investor and in the designation shall be contemporaneous with the investment.

Pursuant to Section 6-10-10.1 NMSA 1978, if the Village is unable to receive payment on public money at the rate of interest set forth in Section 6-10-36 NMSA 1978 (which is no less than one hundred percent of the asked price on the United States treasury bills of the same maturity on the day of the deposit) from financial institutions within the geographic boundaries of the governmental unit, the Village official having money in his custody not required for expenditure within thirty days or less may, with the consent of the local board of finance, if any, remit some or all of such money to the State Treasurer, bank, savings and loan association or credit union for deposit for the purpose of short term investment.

Before any local funds are invested or reinvested for the purpose of short-term investment pursuant to section 6-10-10.1 NMSA 1978 Comp. the local public body finance official shall notify and make such available to banks, savings and loan associations and credit unions located within the geographical boundaries of their respective governmental unit, subject to the limitation on credit union accounts. To be eligible for such funds, the financial institution shall pay to the local public body the rate established by the State Treasurer pursuant to policy adopted by the State Board of Finance for such short-term investments.



**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2009**

**4. DEPOSITS AND INVESTMENTS, LAWS AND REGULATIONS,  
continued**

The local public body finance official shall specify the length of time each deposit shall be in the State Treasurer's short-term investment fund, but in any event the deposit shall not be made for more than on hundred eighty-one days.

The Governmental Accounting Standards Board has issued its Statement #3, which requires deposits and investments to be classified into three categories or risk. The categories of risk relate only to custodial credit risk which is the risk that the Village will not be able either to recover deposits if the depositor financial institution fails, or to recover the value of investment or collateral securities that are in possession of an outside party if the counter party investment or deposit transaction fails. Classification in category 1 indicates that the exposure for deposits or investments to potential custodial credit risk is low. The level of potential custodial credit risk is higher for deposits and investments classified in category 2 and is the highest for deposits and investments classified in category 3.

Deposits with financial institutions are classified depending on whether they are insured or collateralized, as follows:

- Category 1: Insured or collateralized with securities held by the entity or by its agent in the entity's name.
- Category 2: Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- Category 3: Uncollateralized. (This includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity's name.

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 Village does not have a deposit policy for custodial risk. As of June 30, 2009, the Village was over-collateralized by \$863,083, therefore, no deposits were uninsured and uncollateralized. The Village's bank balance of \$526,023 was exposed to custodial credit risk as follows.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2009**

**4. DEPOSITS AND INVESTMENTS, LAWS AND REGULATIONS,  
continued**

The various accounts were insured and/or collateralized as shown in the schedule that follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Am Bank:		
Demand deposits	\$ 418,738	\$ 426,051
Time deposits	<u>99,972</u>	<u>99,972</u>
Totals	<u>\$ 518,710</u>	526,023
FDIC Insurance		(250,000)
Uninsured balance		<u>276,023</u>
Collateralization required		138,012
Collateralization held		<u>1,001,095</u>
Over (under) collateralization		<u>\$ (863,083)</u>

The cash balance held by New Mexico Mortgage Finance Authority (\$204) and New Mexico State Treasurer (\$20,276) are insured or collateralized by these two state agencies.

The collateralization is held at Federal Home Loan Bank – Dallas in Irvin, Texas and is made up of the following securities:

Securities Pledged <u>Name</u>	Maturity <u>Date</u>	<u>Cusip</u>	<u>Value</u>
Fed Farm Cr Bk	11/17/2021	31331XDV1	\$501,095.01
Gadsden NM	08/15/2010	362550HY4	150,000.00
Los Alamos, NM	08/01/2010	544228BM0	100,000.00
Lovington, NM	10/01/2010	547473BB3	<u>250,000.00</u>
		Total	<u>\$1,001,095.01</u>

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2009**

**5. ACCOUNTS RECEIVABLE**

The accounts receivable of the Village at June 30, 2009 are as follows:

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Intergovernmental	\$ 25,856		\$ 25,856
Customer accounts receivable		81,723	81,723
Unbilled accounts receivable		22,942	22,942
Taxes receivable	168,435	4,145	172,580
Other receivable	<u>13,202</u>	<u>          </u>	<u>13,202</u>
Net Receivables	\$ <u>207,493</u>	<u>108,810</u>	\$ <u>316,303</u>

Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. The above Customer accounts receivables are net of allowance for doubtful accounts of \$10,000.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2009**

**6. CAPITAL ASSETS**

The following is a summary of Capital Assets during the fiscal year:

	Balance June 30, <u>2008</u>	Adjustments And <u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2009</u>
Governmental Activities:				
Capital Assets Non Depreciable:				
Land	\$ 28,131	\$	\$	\$ 28,131
Work in progress	<u>263,552</u>	<u>120,094</u>	<u>          </u>	<u>383,646</u>
Total	<u>291,683</u>	<u>120,094</u>	<u>          </u>	<u>411,777</u>
Capital Assets being depreciated:				
Buildings	916,699			916,699
Improvements	502,567			502,567
Infrastructure	610,013			610,013
Furniture & Equipment	<u>975,076</u>	<u>94,943</u>	<u>(62,515)</u>	<u>1,007,502</u>
Total	<u>3,004,355</u>	<u>94,943</u>	<u>(62,515)</u>	<u>3,036,781</u>
Less accumulated depreciation:				
Buildings	(286,961)	(22,917)		(309,878)
Improvements	(76,882)	(24,132)		(101,014)
Infrastructure	(48,801)	(12,200)		(61,001)
Furniture & Equipment	<u>(447,936)</u>	<u>(88,030)</u>	<u>(62,515)</u>	<u>(473,449)</u>
Total accumulated depreciation	<u>(860,580)</u>	<u>(147,279)</u>	<u>(62,515)</u>	<u>(945,342)</u>
Other capital assets, net	<u>2,143,775</u>	<u>(52,336)</u>	<u>          </u>	<u>2,091,439</u>
Total capital assets, net	<u>\$2,435,458</u>	<u>(67,758)</u>	<u>          </u>	<u>2,503,216</u>

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2009**

**6. CAPITAL ASSETS, continued**

	Balance June 30, <u>2008</u>	Adjustments And <u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2009</u>
Business -Type Activities:				
Capital Assets Non Depreciable:				
Construction Work in Progress:				
RUS Phase I	\$ 540,382	\$ 1,081,836	\$	\$1,622,218
RUS Phase II		<u>68,214</u>		<u>68,214</u>
Total	<u>540,382</u>	<u>1,150,050</u>		<u>1,690,432</u>
Capital Assets being depreciated:				
Buildings	14,467			14,467
Improvements	12,777			12,777
Infrastructure	1,005,995			1,005,995
Furniture & Equipment	<u>133,902</u>			<u>133,902</u>
Total	<u>1,167,141</u>			<u>1,167,141</u>
Less accumulated depreciation:				
Buildings	(13,926)	(361)		(14,287)
Improvements	(957)	(319)		(1,276)
Infrastructure	(566,241)	(19,759)		(586,000)
Furniture & Equipment	<u>(91,614)</u>	<u>(8,415)</u>		<u>(100,029)</u>
Total accumulated depreciation	<u>(672,738)</u>	<u>(28,854)</u>		<u>(701,592)</u>
Other capital assets, net	<u>494,403</u>	<u>(28,854)</u>		<u>465,549</u>
Total capital assets, net	<u>\$1,034,785</u>	<u>(1,121,196)</u>		<u>2,155,981</u>

At June 30, 2009 the Village had outstanding commitments for A/E fees and construction in the approximate amount of \$27,000 and \$261,000, respectively on the RUS Wastewater project phase I and an outstanding A/E commitment of \$41,500 on Phase II.

**7. OTHER NOTES**

**A. LITIGATION**

At June 30, 2009 the Village was not aware of any litigation or pending litigation that would adversely affect its financial position.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2009**

**7. OTHER NOTES, continued**

**B. CONTINGENT LIABILITIES**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts will not have a material adverse effect on its financial position/net assets.

**C. RISK MANAGEMENT**

The Village is exposed to various risks of loss related to tort litigation, destruction of property, errors and omissions, injuries to employees, natural disasters and other risks. The Village manages these risks through the New Mexico Self Insurer's Fund. The Village insured itself for the following risks:

- Workman's Compensation
- General Liability
- Business and Personal Property
- Inland Marine
- Electronic Data Processing
- Boiler and Machinery
- Crime
- Law Enforcement
- Public Officials Error and Omissions
- Foreign Jurisdiction
- Emergency Medical Malpractice
- Auto Liability
- Auto Physical Damage

The New Mexico Tort Claims Act limits the Village's risks for torts.

There have been no significant reductions in insurance coverage during the current year. Settlement amounts have not exceeded insurance coverage for the current year or for the three prior years.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2009**

**7. OTHER NOTES, continued**

**D. ADJUSTMENT TO BEGINNING NET ASSETS**

An adjustment to beginning net assets was made to recognize governmental capital assets in the amount of \$94,943.

**8. EXPENDITURES IN EXCESS OF BUDGET**

During the fiscal year ended June 30, 2009 the Village made expenditures in excess of its budgetary authorization as follows:

<u>Fund</u>	<u>Excess Expenditures</u>
Water and Sewer	\$ 143,208
Solid Waste	\$ 21,130
Fire Protection Fund	\$ 8,866
Industrial Park	\$ 19,560

The Village will increase its review of budget and will work closely with the governing Board of Trustees to prevent further occurrences.

**9. COMPONENT UNIT**

**A. CASH**

The amounts reported as cash for the SCPHA within the financial statements is displayed as:

	<u>2009</u>
Cash	\$104,479
Tenant Deposits	<u>2,338</u>
Total	<u>\$106,817</u>

Except for items in transit, the carrying value of deposits by the respective depositories equated to the carrying value by the SCPHA. The Federal Deposit Insurance Corporation (FDIC) insures all deposits.

Wells Fargo Bank  
New Mexico, N.A.

	<u>2009</u>
Checking	\$106,817
Less FDIC checking	<u>(106,817)</u>
Uninsured public funds	<u>\$</u>

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2009**

**9. COMPONENT UNIT, continued**

**B. CUSTODIAL CREDIT RISK – DEPOSITS**

Custodial credit risk is the risk that in the event of a bank failure, the SCPHA's deposit may not be returned to it. The SCPHA does not have a deposit policy for custodial risk. As of June 30, 2009, all of the SCPHA's deposits were insured; therefore, the SCPHA's was not exposed to custodial risk.

**C. RECEIVABLES**

Receivables as of June 30, 2009, are as follows:

	<u>Low Income Housing</u>
Dwelling rent receivable	\$ 4,440
Subsidy receivable	<u>83,975</u>
Totals-net of allowance for doubtful accounts	<u>\$88,415</u>

The above receivables are deemed 100% collectible within one year.



**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2009**

**9. COMPONENT UNIT, continued**

**D. CAPITAL ASSETS**

The following is a summary of capital assets and changes occurring during the year ended June 30, 2009. Land is not subject to depreciation.

<b><u>Business-Like Activities</u></b>	<b>Balance <u>06/30/08</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance <u>06/30/09</u></b>
Capital assets being depreciated				
Buildings	\$ 599,249	\$ 26,343	\$	\$ 625,592
Improvements	366,873			366,873
Furniture, equipment, vehicles	<u>47,612</u>	<u>          </u>	<u>          </u>	<u>47,612</u>
Total	<u>1,013,734</u>	<u>26,343</u>	<u>          </u>	<u>1,040,077</u>
Accumulated depreciation				
Building	447,915	21,850		469,765
Improvements	137,393	730		138,123
Furniture, equipment, vehicles	<u>38,900</u>	<u>4,761</u>	<u>          </u>	<u>43,661</u>
Total	<u>624,208</u>	<u>27,341</u>	<u>          </u>	<u>651,549</u>
Net book value	<u>\$ 389,526</u>	<u>\$ (998)</u>	<u>\$</u>	<u>\$ 388,528</u>

Depreciation expense relating to business-like activities for the year-ended June 30, 2009 totaled \$27,341 and June 30, 2008 was \$41,152.

**E. INTER-FUND TRANSFERS**

Transfers to/from other funds at June 30, consist of the following:

<u>2009</u>	<u>From</u>	<u>To</u>	<u>Reason</u>
	Capital Projects Funds		
<u>\$26,343</u>	Project #NM02P029501-07	Low Rent Fund	To transfer prior year funds for capital expensed items
<u>\$26,343</u>	Total Transfers		

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2009**

**9. COMPONENT UNIT, continued**

**F. COMPENSATED ABSENCES**

The following changes occurred in the compensated absences liabilities reported in the statement of net assets:

<u>Balance</u> <u>06/30/08</u>	<u>Additions</u>	<u>Decreases</u>	<u>Balance</u> <u>06/30/09</u>	<u>Due within</u> <u>One year</u>
<u>\$ 1,680</u>	<u>\$ 5,408</u>	<u>\$ (2,808)</u>	<u>\$ 4,280</u>	<u>\$ 2,140</u>

The low-rent fund has been used to liquidate the compensated absence liability.

**G. 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:

There were no funds reflecting a deficit fund balance as of June 30, 2009.

**H. PERA PENSION PLAN**

*Plan Description.* All of SCPHA’s full-time employees participate in defined benefit contributory retirement plan through the Public Employees Retirement Act (Chapter 10, Article 1 NMSA 1978) of the State of New Mexico, a cost sharing, multiple-employer defined benefit retirement system. The Public Employees Retirement Association (PERA) is the administrator of the plan. The plan provides for retirement, disability benefits, survivor benefits, and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123.

*Funding Policy.* For covered employees, participants were required to contribute 7% of their gross salary to the plan. The SCPHA contributes a required matching contribution of 7% of each participant’s gross salary. The SCPHA’s contributions to PERA for the years ended June 30, 2009, 2008 and 2007 were \$1,646, \$2,918, and \$3,282 equal to the amount of the required contributions for the years, respectively.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2009**

**9. COMPONENT UNIT, continued**

**I. POST EMPLOYMENT BENEFITS**

The Retiree Health Care Act, Chapter IV, Article 7C, NMSA 1978, provides a comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The SCPHA has elected not to participate in the post-employment health insurance plan.

**J. RISK MANAGEMENT**

The SCPHA is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries and natural disasters.

The SCPHA is a member and is insured through the State of New Mexico self-insurance program. The SCPHA pays an annual premium to the Authority based on claim experience and the status of the pool. The Risk Management Program includes Worker's Compensation, General and Automobile Liability, Automobile Physical Damage and Property and Crime coverage. The SCPHA is not liable for more than the premiums paid. Total premiums paid for the year ending June 30, 2009 was \$10,211.

**K. CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, included amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the SCPHA expects such amounts, if any to be immaterial.

The Executive Director had accumulated approximately 800 hours of compensated time for working beyond the 40 hours required for her position. The Board of Commissioners had not made a determination of how she will be compensated. The approximate value of the contingency liability is \$12,000 based on her current hourly rate.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2009**

**9. COMPONENT UNIT, continued**

**L. FEDERAL GRANTS**

In the normal course of operations, the SCPHA receives grant funds from U.S. Department of Housing and Urban Development (HUD). 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. During the year ended June 30, 2009, HUD awarded \$129,346 as low-rent subsidies.

**M. SUBSEQUENT EVENTS**

The SCPHA has contracts and grant awards for construction projects in various stages of completion. Such contracts, funded principally by federal agencies constitute future commitments.

**N. INTERGOVERNMENTAL TRANSACTIONS**

During the years ended June 30, 2009, the SCPHA paid approximately \$23,703, for water expenses to the Village of Santa Clara and paid \$9,477 during the year ended June 30, 2009, for audit fees paid by the Village on the behalf of SCPHA.

## **SUPPLEMENTARY INFORMATION**

State of New Mexico  
 Village of Santa Clara  
**Major Capital Projects Fund**  
**Senior Center Renovations**  
*Statement of Revenues and Expenditures - Budget and Actual*  
 For the Year Ended June 30, 2009

	<b>Budgeted Amounts</b>		<b>Actual (Budgetary Basis)</b>	<b>Variances Positive (Negative)</b>	
	<b>Original Budget</b>	<b>Final Budget</b>		<b>Original Budget to Final</b>	<b>Actual to Final Budget</b>
	Revenues:				
Intergovernmental grant	\$	100,600	77,112	100,600	(23,488)
		100,600	77,112	100,600	(23,488)
Expenditures:					
Noncurrent:					
Capital outlay		100,600	83,824	(100,600)	16,776
		100,600	83,824	(100,600)	16,776
Revenues Over (Under) Expenditures			(6,712)		(6,712)
Other financing sources (uses):					
Operating transfers in		7,392	7,392	(7,392)	
Revenues and other financing sources over (under) expenditures and other financing uses	\$	7,392	680	(7,392)	(6,712)
Reconciliation to GAAP Basis Financial Statement					
Increase in due from other governments			23,480		
Increase in accounts payable			(16,710)		
Net change in fund balance			\$ 7,450		

SEE INDEPENDENT AUDITOR'S REPORTS  
 The Accompanying Notes Are An Integral Part Of These Financial Statements

Statement A-1

State of New Mexico  
Village of Santa Clara  
**Major Capital Projects Fund**  
**RUS Water and Sewer Renovations**  
*Statement of Revenues and Expenditures - Budget and Actual*  
For the Year Ended June 30, 2009

	<b>Budgeted Amounts</b>		<b>Actual (Budgetary Basis)</b>	<b>Variances Positive (Negative)</b>	
	<b>Original Budget</b>	<b>Final Budget</b>		<b>Original Budget to Final</b>	<b>Actual to Final Budget</b>
Revenues:					
Intergovernmental grant - RUS Phase I	\$	1,573,803	1,031,836	1,573,803	(541,967)
		<u>1,573,803</u>	<u>1,031,836</u>	<u>1,573,803</u>	<u>(541,967)</u>
Expenditures:					
Noncurrent:					
Capital outlay:					
Phase I		1,573,803	1,031,836	(1,573,803)	541,967
Phase II		112,357	55,643	(112,357)	56,714
		<u>1,686,160</u>	<u>1,087,479</u>	<u>(1,686,160)</u>	<u>598,681</u>
Revenues Over (Under) Expenditures		(112,357)	(55,643)	(112,357)	56,714
Other financing sources (uses):					
Operating transfer in		2,554	2,554	(2,554)	
RCAC Interim loan proceeds		112,357	55,643	(112,357)	56,714
		<u>114,911</u>	<u>58,197</u>	<u>(114,911)</u>	<u>56,714</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$	<u>2,554</u>	2,554	<u>(227,268)</u>	<u>113,428</u>
Reconciliation to GAAP Financial Statements:					
Increase in other receivables			12,571		
Increase in accounts payable			<u>(12,571)</u>		
Net change in fund balance			<u>2,554</u>		

SEE INDEPENDENT AUDITOR'S REPORTS  
The Accompanying Notes Are An Integral Part Of These Financial Statements

State of New Mexico  
Village of Santa Clara  
**Major Proprietary Fund**  
**Water and Sewer**  
*Statement of Revenues and Expenditures - Budget and Actual*  
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative)	
	Original Budget	Final Budget		Original Budget to Final	Actual to Final Budget
Revenues:					
Utility charges	\$	422,000	514,089	422,000	92,089
Connection charges		2,000	600	2,000	(1,400)
Reconnection charges		200	570	200	370
Other charges for services		2,100	3,719	2,100	1,619
Investment income		1,400	863	1,400	(537)
Penalties		12,000	12,826	12,000	826
State appropriation			50,000		50,000
Other state revenue		25,000	163,540	25,000	138,540
		<u>464,700</u>	<u>746,207</u>	<u>464,700</u>	<u>281,507</u>
Expenditures:					
Salaries		124,000	137,683	(124,000)	(13,683)
Benefits		32,700	12,170	(32,700)	20,530
Travel and per diem		15,000	735	(15,000)	14,265
Contractual services		170,000	232,272	(170,000)	(62,272)
Supplies		15,000	22,601	(15,000)	(7,601)
Other operating costs		108,000	202,447	(108,000)	(94,447)
		<u>464,700</u>	<u>607,908</u>	<u>(464,700)</u>	<u>(143,208)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$		138,299		138,299
Reconciliation to GAAP basis financial statements					
Decrease in net customer accounts receivable			(8,170)		
Increase in unbilled accounts receivable			18,072		
Decrease in accounts payable			1,462		
Decrease in accrued salaries and benefits			1,681		
Decrease in accrued interest payable			1,211		
Depreciation			(28,853)		
Rounding			(2)		
Income before transfers	\$		<u>123,700</u>		

SEE INDEPENDENT AUDITOR'S REPORTS  
The Accompanying Notes Are An Integral Part Of These Financial Statements

Statement A-3



State of New Mexico  
 Village of Santa Clara  
**Major Proprietary Fund**  
**Solid Waste**

*Statement of Revenues and Expenditures - Budget and Actual*  
 For the Year Ended June 30, 2009

	<b>Budgeted Amounts</b>		<b>Actual (Budgetary Basis)</b>	<b>Variances Positive (Negative)</b>	
	<b>Original Budget</b>	<b>Final Budget</b>		<b>Original Budget to Final</b>	<b>Actual to Final Budget</b>
Revenues:					
Utility charges	\$ 116,000	116,000	132,578		16,578
Environmental gross receipts tax	7,000	7,000	7,160		160
	<u>123,000</u>	<u>123,000</u>	<u>139,738</u>		<u>16,738</u>
Expenditures:					
Contractual services	66,936	66,936	66,936		
Other operating expenses	52,000	52,000	73,130		(21,130)
	<u>118,936</u>	<u>118,936</u>	<u>140,066</u>		<u>(21,130)</u>
Revenues Over (Under) Expenditures	4,064	4,064	(328)		(4,392)
Operating transfers in	<u>8,485</u>	<u>24,738</u>	<u>24,738</u>	<u>16,253</u>	
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 12,549</u>	<u>28,802</u>	<u>24,410</u>	<u>16,253</u>	<u>(4,392)</u>
Reconciliation to GAAP basis financial statements					
Decrease in net customer accounts receivable			(7,668)		
Increase in unbilled accounts receivable			4,870		
Increase in taxes receivable			4,145		
Increase in accounts payable			(5,055)		
Decrease in accrued salaries and benefits			<u>366</u>		
Net change in fund balance			<u>21,068</u>		

SEE INDEPENDENT AUDITOR'S REPORTS  
 The Accompanying Notes Are An Integral Part Of These Financial Statements

Statement A-4

## **NON MAJOR SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

**Corrections Fund** - To account for judicial fees and administration costs (NMSA 35-14-11).

**Emergency Medical Service Fund** - To account for state allocation, a grant from the State of New Mexico for the associated expenditures for emergency medical services provided to the surrounding community. (NMSA 24-10A-1 to 24-1-10A-10).

**Fire Protection Fund** – To account for the revenues allocated by the State to the Village and the expenditure for maintaining and operating a volunteer fire department authorized by NMSA Section 59A-5 3-1.

**Law Enforcement Protection Fund** - State Statutes Section 29-1 3 provides for the distribution of funds from the State Law Enforcement Protection Fund to municipal and Village police and sheriff's department for the maintenance and improvement of those departments in order to enhance the efficiency and effectiveness of law enforcement services provided. The fund is used to account for specific law enforcement expenditures not included in the general fund. Financing is provided by a state allocation and can only be used for law enforcement equipment and personnel training (NMSA 29-1 3-3).

**Street Fund** - To account for Gross Receipts Taxes and Gas Tax revenues and expenditures for construction, reconstruction, re-surfacing, other improvements or maintenance of public roads. (NMSA 7-24A-5, 1978).

**Cemetery Fund** – To account for the operations of the Village cemetery. Financing is provided by burial permits and contributions. (NMSA 3-40-1 to 3-40-9)

## **NON-MAJOR CAPITAL PROJECTS FUNDS**

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

**Special Appropriation Maintenance** – To account for State grant revenues and expenditures of capital funding and safety equipment expenditures. Authorization is by State grant agreement.

**CDBG Colonias Wastewater Fund** – To account for Federal grant revenues and expenditures for wastewater improvements and is authorized by the Federal grant agreement.

**Community Center Improvements** – To account for the close out of the improvements made to the Community Center.

**Industrial Park** – To account for State grant revenues and expenditures for infrastructure improvements to the industrial park in the Village of Santa Clara. Authorized by the state grant agreement.

**Main Street Park** - To account for State grant revenues and expenditures for the construction of a new park on the main street in the Village. Authorized by the State grant agreement.

**Twin Sisters Well Field (FEMA)** – To account for the FEMA Federal grant revenue and expenditures for the Twin Sisters Well Field. Authorized by the Federal grant agreement.

State of New Mexico  
 Village of Santa Clara  
**Non-Major Governmental Funds**  
**Combining Balance sheet**  
 June 30, 2009

	<b>Special Revenue Funds</b>						<b>Total Special Revenue Funds</b>
	<b>Correction Fund</b>	<b>EMS Fund</b>	<b>Fire Protection Fund</b>	<b>Law Enforcement Protection Fund</b>	<b>Street Fund</b>	<b>Cemetery Fund</b>	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 82,625		88,570		41,072	9,402	221,669
Taxes receivable					8,344		8,344
Other accounts receivable	260						260
	<u>\$ 82,885</u>		<u>88,570</u>		<u>49,416</u>	<u>9,402</u>	<u>230,273</u>
<b>LIABILITIES AND FUND BALANCE</b>							
Liabilities:							
Accounts payable	\$ 266	479	9,883	600			11,228
Due to other funds				574			574
Total liabilities	<u>266</u>	<u>479</u>	<u>9,883</u>	<u>1,174</u>			<u>11,802</u>
Unreserved fund balances reported in:							
Special revenue funds	82,619	(479)	78,687	(1,174)	49,416	9,402	218,471
Capital projects funds							
Total fund balance	<u>82,619</u>	<u>(479)</u>	<u>78,687</u>	<u>(1,174)</u>	<u>49,416</u>	<u>9,402</u>	<u>218,471</u>
Total liabilities and fund balance	<u>\$ 82,885</u>		<u>88,570</u>		<u>49,416</u>	<u>9,402</u>	<u>230,273</u>

SEE INDEPENDENT AUDITOR'S REPORTS  
 The Accompanying Notes Are An Integral Part Of These Financial Statements

Statement 1, continued

State of New Mexico  
 Village of Santa Clara  
**Non-Major Governmental Funds**  
**Combining Balance sheet, continued**  
 June 30, 2009

	Capital Projects Funds					Total Capital Projects Funds	Total Other Governmental Funds
	Special Appropriation Maintenance Fund	CDBG Colonias WW Fund	Community Center Improvements Fund	Industrial Park Fund	Main Street Park Fund		
<b>ASSETS</b>							
Cash and cash equivalents	\$	36,818			5	36,823	258,492
Taxes receivable							8,344
Other accounts receivable							260
	\$	<u>36,818</u>			<u>5</u>	<u>36,823</u>	<u>267,096</u>
<b>LIABILITIES AND FUND BALANCE</b>							
Liabilities:							
Accounts payable	\$						11,228
Due to other funds				2,864		2,864	3,438
Total liabilities				<u>2,864</u>		<u>2,864</u>	<u>14,666</u>
Unreserved fund balances reported in:							
Special revenue funds							218,471
Capital projects funds		36,818		(2,864)	5	33,959	33,959
Total fund balance		<u>36,818</u>		<u>(2,864)</u>	<u>5</u>	<u>33,959</u>	<u>252,430</u>
Total liabilities and fund balance	\$	<u>36,818</u>			<u>5</u>	<u>36,823</u>	<u>267,096</u>

SEE INDEPENDENT AUDITOR'S REPORTS  
 The Accompanying Notes Are An Integral Part Of These Financial Statements

Statement 1

State of New Mexico  
Village of Santa Clara  
**Non-Major Governmental Funds**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balance**  
June 30, 2009

	<b>Special Revenue Funds</b>						<b>Total Special Revenue Funds</b>
	<b>Correction Fund</b>	<b>EMS Fund</b>	<b>Fire Protection Fund</b>	<b>Law Enforcement Protection Fund</b>	<b>Street Fund</b>	<b>Cemetery Fund</b>	
Revenues:							
Court fines and fees	\$ 14,117						14,117
Intergovernmental grant				20,600			20,600
Cemetery fees						300	300
Gross receipts taxes					7,510		7,510
CFT gas tax					834		834
State fire allotment			60,579				60,579
State grant							
Reimbursements			21,491				21,491
Investment income			466				466
Miscellaneous local revenue							
	<u>14,117</u>		<u>82,536</u>	<u>20,600</u>	<u>8,344</u>	<u>300</u>	<u>125,897</u>
Expenditures:							
Current:							
Public Safety	3,917	3,354	59,720	19,259			86,250
Non-Current:							
Debt Service							
Principal			18,677				18,677
Interest			1,930				1,930
Capital outlay							
	<u>3,917</u>	<u>3,354</u>	<u>80,327</u>	<u>19,259</u>			<u>106,857</u>
Revenues Over (Under) Expenditures	<u>10,200</u>	<u>(3,354)</u>	<u>2,209</u>	<u>1,341</u>	<u>8,344</u>	<u>300</u>	<u>19,040</u>
Other financing sources (uses):							
Operating transfers in		1,692			397		2,089
Revenues and other financing sources over (under) expenditures and other financing uses	10,200	(1,662)	2,209	1,341	8,741	300	21,129
Fund balance at beginning of year	<u>72,419</u>	<u>1,183</u>	<u>76,478</u>	<u>(2,515)</u>	<u>40,675</u>	<u>9,102</u>	<u>197,342</u>
Fund balance at end of year	<u>\$ 82,619</u>	<u>(479)</u>	<u>78,687</u>	<u>(1,174)</u>	<u>49,416</u>	<u>9,402</u>	<u>218,471</u>

SEE INDEPENDENT AUDITOR'S REPORTS  
The Accompanying Notes Are An Integral Part Of These Financial Statements

Statement 2, continued

State of New Mexico  
Village of Santa Clara  
**Non-Major Governmental Funds**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balance continued**  
June 30, 2009

	Capital Projects Funds						Total Capital Projects Funds	Total Other Governmental Funds
	Special Appropriation Maintenance Fund	CDBG Colonias WW Fund	Community Center Improvements Fund	Industrial Park Fund	Main Street Park Fund	FEMA Twin Sisters Fund		
Revenues:								
Court fines and fees	\$						14,117	
Intergovernmental grant	41,243					41,243	61,843	
Cemetery fees							300	
Gross receipts taxes							7,510	
CFT gas tax							834	
State fire allotment							60,579	
State grant				17,488		17,488	17,488	
Reimbursements							21,491	
Investment income							466	
Miscellaneous local revenue			350			350	350	
	<u>41,243</u>		<u>350</u>	<u>17,488</u>		<u>59,081</u>	<u>184,978</u>	
Expenditures:								
Current:								
Public Safety							86,250	
Non-Current:								
Debt Service								
Principal							18,677	
Interest							1,930	
Capital outlay				19,363		2,747	22,110	
				<u>19,363</u>		<u>2,747</u>	<u>22,110</u>	
							<u>128,967</u>	
Revenues Over (Under) Expenditures	<u>41,243</u>		<u>350</u>	<u>(1,875)</u>		<u>(2,747)</u>	<u>36,971</u>	
Other financing sources (uses):								
Operating transfers in	<u>26</u>		<u>1,880</u>			<u>1,906</u>	<u>3,995</u>	
Revenues and other financing sources over (under) expenditures and other financing uses	41,269		2,230	(1,875)		(2,747)	38,877	
Fund balance at beginning of year	<u>(41,269)</u>	<u>36,818</u>	<u>(2,230)</u>	<u>(989)</u>	<u>5</u>	<u>2,747</u>	<u>(4,918)</u>	
Fund balance at end of year	\$ <u></u>	<u>36,818</u>	<u></u>	<u>(2,864)</u>	<u>5</u>	<u>33,959</u>	<u>252,430</u>	

SEE INDEPENDENT AUDITOR'S REPORTS  
The Accompanying Notes Are An Integral Part Of These Financial Statements

State of New Mexico  
Village of Santa Clara  
**Non-Major Special Revenue Fund**  
**Correction Fund**  
*Statement of Revenues and Expenditures - Budget and Actual*  
For the Year Ended June 30, 2009

	<b>Budgeted Amounts</b>		<b>Actual (Budgetary Basis)</b>	<b>Variances Positive (Negative)</b>	
	<b>Original Budget</b>	<b>Final Budget</b>		<b>Original Budget to Final</b>	<b>Actual to Final Budget</b>
Revenues:					
Court fines and fees	\$ 26,000	26,000	13,857		(12,143)
	<u>26,000</u>	<u>26,000</u>	<u>13,857</u>		<u>(12,143)</u>
Expenditures:					
Current:					
Public Safety	26,000	26,000	3,651		22,349
	<u>26,000</u>	<u>26,000</u>	<u>3,651</u>		<u>22,349</u>
Revenues Over (Under) Expenditures	\$ <u>          </u>	<u>          </u>	10,206	<u>          </u>	<u>10,206</u>
Reconciliation to GAAP Basis Financial Statement					
Increase in other receivables			260		
Increase in accounts payable			<u>(266)</u>		
Net changes in fund balance			\$ <u>10,200</u>		

SEE INDEPENDENT AUDITOR'S REPORTS  
The Accompanying Notes Are An Integral Part Of These Financial Statements

Statement B-1



State of New Mexico  
 Village of Santa Clara  
**Non-Major Special Revenue Fund**  
**EMS Fund**  
*Statement of Revenues and Expenditures - Budget and Actual*  
 For the Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variances Positive (Negative)</u>	
	<u>Original Budget</u>	<u>Final Budget</u>		<u>Original Budget to Final</u>	<u>Actual to Final Budget</u>
Revenues:					
State-Emergency management	\$ 6,000	6,000			(6,000)
	<u>6,000</u>	<u>6,000</u>			<u>(6,000)</u>
Expenditures:					
Current:					
Public Safety	6,000	6,000	2,875		3,125
	<u>6,000</u>	<u>6,000</u>	<u>2,875</u>		<u>3,125</u>
Revenues Over (Under) Expenditures			(2,875)		(2,875)
Other financing sources (uses):					
Operating transfers in		1,692	1,692	(1,692)	
Revenues and other financing sources over (under) expenditures and other financing uses	\$ <u>        </u>	<u>1,692</u>	(1,183)	<u>(1,692)</u>	<u>(2,875)</u>
Reconciliation to GAAP Basis Financial Statement					
Increase in accounts payable			(479)		
Net changes in fund balance			\$ <u>(1,662)</u>		

SEE INDEPENDENT AUDITOR'S REPORTS  
 The Accompanying Notes Are An Integral Part Of These Financial Statements

Statement B-2

State of New Mexico  
 Village of Santa Clara  
**Non-Major Special Revenue Fund**  
**Fire Protection Fund**  
*Statement of Revenues and Expenditures - Budget and Actual*  
 For the Year Ended June 30, 2009

	<b>Budgeted Amounts</b>		<b>Actual (Budgetary Basis)</b>	<b>Variances Positive (Negative)</b>	
	<b>Original Budget</b>	<b>Final Budget</b>		<b>Original Budget to Final</b>	<b>Actual to Final Budget</b>
Revenues:					
State fire allotment	\$ 61,000	61,000	60,579		(421)
Reimbursements			21,491		21,491
Investment income	1,500	1,500	466		(1,034)
	<u>62,500</u>	<u>62,500</u>	<u>82,536</u>		<u>20,036</u>
Expenditures:					
Current:					
Public Safety	44,500	44,500	50,759		(6,259)
Non-Current:					
Principal	18,000	18,000	18,677		(677)
Interest			1,930		(1,930)
	<u>62,500</u>	<u>62,500</u>	<u>71,366</u>		<u>(8,866)</u>
Revenues Over (Under) Expenditures	\$ <u>          </u>	<u>          </u>	11,170	<u>          </u>	<u>11,170</u>
Reconciliation to GAAP Basis Financial Statement					
Increase in accounts payable			(8,962)		
Rounding			1		
Net changes in fund balance			\$ <u>2,209</u>		

SEE INDEPENDENT AUDITOR'S REPORTS  
 The Accompanying Notes Are An Integral Part Of These Financial Statements

Statement B-3

State of New Mexico  
 Village of Santa Clara  
**Non-Major Special Revenue Fund**  
**Law Enforcement Protection Fund**  
*Statement of Revenues and Expenditures - Budget and Actual*  
 For the Year Ended June 30, 2009

	<b>Budgeted Amounts</b>		<b>Actual (Budgetary Basis)</b>	<b>Variances Positive (Negative)</b>	
	<b>Original Budget</b>	<b>Final Budget</b>		<b>Original Budget to Final</b>	<b>Actual to Final Budget</b>
	Revenues:				
State fire allotment	\$ 21,000	21,000	20,600		(400)
	<u>21,000</u>	<u>21,000</u>	<u>20,600</u>		<u>(400)</u>
Expenditures:					
Current:					
Public Safety	21,000	21,000	18,659		2,341
	<u>21,000</u>	<u>21,000</u>	<u>18,659</u>		<u>2,341</u>
Revenues Over (Under) Expenditures	\$ <u>          </u>	<u>          </u>	1,941	<u>          </u>	<u>1,941</u>
Reconciliation to GAAP Basis Financial Statement					
Increase in accounts payable			<u>(600)</u>		
Net changes in fund balance			\$ <u>1,341</u>		

SEE INDEPENDENT AUDITOR'S REPORTS  
 The Accompanying Notes Are An Integral Part Of These Financial Statements

Statement B-4

State of New Mexico  
 Village of Santa Clara  
**Non-Major Special Revenue Fund**  
**Cemetery Fund**  
*Statement of Revenues and Expenditures - Budget and Actual*  
 For the Year Ended June 30, 2009

	<b>Budgeted Amounts</b>		<b>Actual (Budgetary Basis)</b>	<b>Variances Positive (Negative)</b>	
	<b>Original Budget</b>	<b>Final Budget</b>		<b>Original Budget to Final</b>	<b>Actual to Final Budget</b>
Revenues:					
Cemetery fees	\$ _____	_____	300	_____	300
	_____	_____	300	_____	300
Expenditures:					
Current:					
Health and Welfare	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____
Revenues Over (Under) Expenditures	\$ _____	_____	300	_____	300

SEE INDEPENDENT AUDITOR'S REPORTS  
 The Accompanying Notes Are An Integral Part Of These Financial Statements

Statement B-5

State of New Mexico  
 Village of Santa Clara  
**Non-Major Capital Project Fund**  
**Special Appropriation Maintenance**  
*Statement of Revenues and Expenditures - Budget and Actual*  
 For the Year Ended June 30, 2009

	<b>Budgeted Amounts</b>		<b>Actual (Budgetary Basis)</b>	<b>Variances Positive (Negative)</b>	
	<b>Original Budget</b>	<b>Final Budget</b>		<b>Original Budget to Final</b>	<b>Actual to Final Budget</b>
Revenues:					
Intergovernmental grant	\$ _____	_____	41,243	_____	41,243
	_____	_____	41,243	_____	41,243
Expenditures:					
Non-Current:					
Capital outlay	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____
Revenues Over (Under) Expenditures			41,243		41,243
Other financing sources (uses):					
Operating transfers in	_____	26	26	(26)	_____
Revenues and other financing sources over (under) expenditures and other financing uses	\$ _____	26	41,269	(26)	41,243

SEE INDEPENDENT AUDITOR'S REPORTS  
 The Accompanying Notes Are An Integral Part Of These Financial Statements

Statement B-6

State of New Mexico  
 Village of Santa Clara  
**Non-Major Capital Project Fund**  
**Community Center Improvements**  
*Statement of Revenues and Expenditures - Budget and Actual*  
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative)	
	Original Budget	Final Budget		Original Budget to Final	Actual to Final Budget
Revenues:					
Miscellaneous local revenue	\$ _____	_____	_____ 350	_____	_____ 350
	_____	_____	_____ 350	_____	_____ 350
Expenditures:					
Non-Current:					
Capital outlay	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____
Revenues Over (Under) Expenditures			350		350
Other financing sources (uses):					
Operating transfers in	_____	1,880	1,880	(1,880)	_____
Revenues and other financing sources over (under) expenditures and other financing uses	\$ _____	1,880	2,230	(1,880)	350

SEE INDEPENDENT AUDITOR'S REPORTS  
 The Accompanying Notes Are An Integral Part Of These Financial Statements

Statement B-7

State of New Mexico  
 Village of Santa Clara  
**Non-Major Capital Project Fund**  
**Industrial Park**  
*Statement of Revenues and Expenditures - Budget and Actual*  
 For the Year Ended June 30, 2009

	<b>Budgeted Amounts</b>		<b>Actual (Budgetary Basis)</b>	<b>Variances Positive (Negative)</b>	
	<b>Original Budget</b>	<b>Final Budget</b>		<b>Original Budget to Final</b>	<b>Actual to Final Budget</b>
Revenues:					
State grant	\$ _____	_____	17,488	_____	17,488
	_____	_____	17,488	_____	17,488
Expenditures:					
Non-Current:					
Capital outlay	_____	_____	19,560	_____	(19,560)
	_____	_____	19,560	_____	(19,560)
Revenues Over (Under) Expenditures	\$ _____	_____	(2,072)	_____	(2,072)
Reconciliation to GAAP Basis Financial Statement					
Decrease in accounts payable			197		
Net changes in fund balance			\$ (1,875)		

SEE INDEPENDENT AUDITOR'S REPORTS  
 The Accompanying Notes Are An Integral Part Of These Financial Statements

Statement B-8

State of New Mexico  
 Village of Santa Clara  
**Non-Major Capital Project Fund**  
**FEMA Twin Sisters**  
*Statement of Revenues and Expenditures - Budget and Actual*  
 For the Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variances Positive (Negative)</u>	
	<u>Original Budget</u>	<u>Final Budget</u>		<u>Original Budget to Final</u>	<u>Actual to Final Budget</u>
Revenues:					
State grant	\$ _____	_____	_____	_____	_____
	_____	_____	_____	_____	_____
Expenditures:					
Non-Current:					
Capital outlay	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____
Revenues Over (Under) Expenditures	\$ _____	_____		_____	_____
Reconciliation to GAAP Basis Financial Statement					
Decrease in intergovernmental receivable			_____	(2,747)	
Net changes in fund balance			\$ _____	(2,747)	

SEE INDEPENDENT AUDITOR'S REPORTS  
 The Accompanying Notes Are An Integral Part Of These Financial Statements

Statement B-9



**REQUIRED SUPPLEMENTARY INFORMATION**

State of New Mexico  
 Village of Santa Clara  
**Schedule of Expenditures of Federal Awards**  
 For the Year Ended June 30, 2009

	<u>Federal CFDA Number</u>	<u>Federal Grant Number</u>	<u>Primary Government Expenditures</u>	<u>Component Unit</u>	<u>Major Program</u>
<b>Direct Grants and Loans:</b>					
<b>U.S. Department of Agriculture:</b>					
Water and Waste Water Disposal Systems for Rural Communities (Phase I)	10.760	36-0009-0856003550	1,031,836		Yes
Interim Loan (Phase II)	10.770	36-0009-0856003550	68,214		Yes
<b>U.S. Department of Housing and Urban Development:</b>					
Public and Indian Housing	14.850a	NM-029-000000109D		103,003	No
Capital Funds	14.872	NM02P02950109		26,343	No
<b>U.S. Department of Justice:</b>					
Public Safety Partnership & Community Policing	16.710	2002UMWX0233	62,555		No
<b>Indirect Grants Passed Through New Mexico Department of Transportation:</b>					
<b>U.S. Department of Transportation:</b>					
Operation DWI	20-601		5,976		No
Operation Buckle Down	20-609		1,512		No
			<u>1,170,093</u>	<u>129,346</u>	

- 1) The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Village of Santa Clara, New Mexico and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented may differ from amounts presented in, or used in the preparation of the statement.
- 2) The Village of Santa Clara did not have any sub-recipient grantees during the FYE June 30, 2009.
- 3) The Village of Santa Clara did not receive any noncash assistance.
- 4) The Village of Santa Clara did not have any Federal notes or bonds outstanding, other than the Interim loan shown in the above schedule, at June 30, 2009.

SEE INDEPENDENT AUDITOR'S REPORTS  
 The Accompanying Notes Are An Integral Part Of These Financial Statements

Schedule 1

## **OTHER SUPPLEMENTARY INFORMATION**

**JOINT WASTEWATER PLANT AGREEMENT**

Participants:	Village of Santa Clara, City of Bayard and Fort Bayard Special District
Party responsible for operations:	City of Bayard
Description:	Operation and maintenance of joint use sewer system
Beginning and ending of agreement	Agreement began on September 11, 1963 and remains in effect until canceled by the participating governments
Total estimated amount of project and portion applicable to Village	The joint powers agreement is an ongoing joint venture to allow the the participants to dispose of waste water into the City of Bayard Sewer system. As of June 30, 2009, the governments have expended \$ 9,399,190 for the construction of a new wastewater facility. The governments desire to make improvements to the discharge for purposes of recycling. The anticipated cost of the improvements is \$ 4,000,000. During the FYE 06-30-09 the Village's share of the operating costs of the facility was \$ 205,346
Entity responsible for the annual audit	City of Bayard
Fiscal Agent	City of Bayard
Name of Entity accounting for revenues and expenditures	The City of Bayard has reflected all revenues and expenses within the joint wastewater fund of the City of Bayard

SEE INDEPENDENT AUDITOR'S REPORTS  
The Accompanying Notes Are An Integral Part Of These Financial Statements

Schedule 2

State of New Mexico  
 Village of Santa Clara  
**Bank Depositories**  
 June 30, 2009

<u>Bank Name and Account Description:</u>	<u>Account Type</u>	<u>Bank Balance</u>	<u>Deposits in Transit</u>	<u>Outstanding Checks</u>	<u>Adjustment Pending</u>	<u>Book Balance</u>
AmBank						
Village of Santa Clara General Account	1	\$ 426,051	2,813	(10,126)	(100)	418,638
Village of Santa Clara	2	63,856				63,856
Village of Santa Clara	2	18,516				18,516
Village of Santa Clara	2	17,602				17,602
New Mexico State Treasurer	3	19,769	4			19,773
New Mexico State Treasurer	3	480				480
		<u>\$ 546,274</u>	<u>2,817</u>	<u>(10,126)</u>	<u>(100)</u>	<u>538,865</u>

Shown on Statement of Net Assets as:  
 Unrestricted cash and cash equivalents  
 Restricted cash and cash equivalents

421,591  
 117,274  
538,865

Account Types	
Non Interest Bearing Checking Account	1
Certificate of Deposit	2
Pooled Cash Investment Account	3

SEE INDEPENDENT AUDITOR'S REPORTS  
 The Accompanying Notes Are An Integral Part Of These Financial Statements

Schedule 3

State of New Mexico  
Village of Santa Clara  
**Schedule of Special Appropriations**  
**SAP 07-4474-GF**  
As of June 30, 2009

On March 4, 2009 the Secretary of the New Mexico Environment Department signed Special Appropriation Project Number SAP 07-4474-GF in the amount of \$50,000. The Special Appropriation was authorized by the New Mexico Legislature (Laws of 2007, Chapter 42, Section 59, Sub Section 66 (Chapter 42)) for expenditure "to plan, Design and construct water and sewer system improvements in Santa Clara in Grant County."

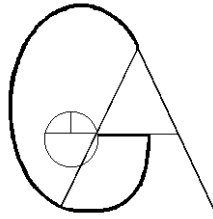
The term of the Special Appropriation was for the period from signing (March 4, 2009) to June 30, 2011.

The entire Special Appropriation was expended during FYE 06-30-09 by the Village and reimbursement was received from the New Mexico Environment Department. There was no unexpended balance or unencumbered balance at June 30, 2009.

SEE INDEPENDENT AUDITOR'S REPORTS  
The Accompanying Notes Are An Integral Part Of These Financial Statements

Schedule 4

## **COMPLIANCE SECTION**



Gary E. Gaylord, C.P.A.

**GARY E. GAYLORD, LTD.**  
CERTIFIED PUBLIC ACCOUNTANTS

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Hector Balderas, State Auditor  
and  
Richard Bauch, Mayor  
Village Trustees  
Village of Santa Clara  
Santa Clara, New Mexico

I have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information, the budgetary comparisons of the general fund, major capital projects funds, major proprietary funds, and the combining and individual funds and related budgetary comparisons presented as supplemental information of the Village of Santa Clara, Santa Clara, New Mexico, (The Village) as of and for the year ended June 30, 2009, and have issued my report thereon dated July 5, 2012. 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.

**Internal Control Over Financial Reporting**

Management of the Village is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered the Village's internal control over financial reporting as a basis for designing my auditing procedures 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 over financial reporting. Accordingly, I do not express an opinion of the effectiveness of the Village's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.



**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, continued**

However, as described in the accompanying schedule of findings and questioned costs. I identified certain deficiencies in internal control over financial reporting that I consider to be material weaknesses and other deficiencies that I consider to be significant deficiencies.

*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. I consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

2009-01 Overbilling and Overpayment to Contractor

*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. I consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies.

2005-10 Audit Report Submission to the New Mexico State Auditor

2006-01 Stewardship of Organization

2006-03 Internal Control and Compliance with Grants

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items:

2005-10 Audit Report Submission to the New Mexico State Auditor

2006-11 No Gas Distribution Franchise Ordinance

2006-14 Expenditures in Excess of Budget Authority

2009-01 Overbilling and Overpayment to Contractor

2009-02 Timeliness of Filing Single Audit Report to Federal Clearinghouse

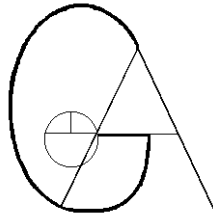
**REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS, continued**

The Village's response to the finding identified in my audit is described in the accompanying schedule of findings and questioned costs. I did not audit the Village's response and, accordingly, I express no opinion on it.

This report is intended solely for the information of the Board of Trustees, management, Federal and State Awarding agencies, the Office of the New Mexico State Auditor, New Mexico Legislature, and the New Mexico Department of Finance and Administration and is not intended to be and should not be used by anyone other than these specified parties.



Gary E. Gaylord, Ltd. CPA's  
July 5, 2012



Gary E. Gaylord, C.P.A.

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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A  
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133**

Hector Balderas, State Auditor  
and  
Richard Bauch, Mayor  
Village Trustees  
Village of Santa Clara  
Santa Clara, New Mexico

Compliance

I have audited The Village of Santa Clara, New Mexico's (The Village) compliance with the types of compliance requirements described in the Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2009. The Village of Santa Clara, Santa Clara, New Mexico's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Village's management. My responsibility is to express an opinion on the Village's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the Village's compliance with those requirements.

As described in 2009-01 in the findings and questioned costs "Overbilling and Overpayment to Contractor", the Village did not comply with the allowable costs principles of OMB Circular A-87 and A-133 on its Water and Waste Water Disposal Systems for Rural Communities grant.

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A  
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133, continued**

Compliance with such requirements are necessary, in my opinion, for the Village to comply with requirements applicable to that program.

In my opinion, except for the non-compliance described in the preceding paragraph the Village of Santa Clara, Santa Clara, New Mexico complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

Management of The Village is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered The Village's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of The Village of Santa Clara, Santa Clara, New Mexico' internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, I identified certain deficiencies in internal control over compliance that I consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as:

2006-03 Internal Control and Compliance with Grants  
2009-02 Timeliness of Filing Single Audit to Federal Clearinghouse

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A  
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133, continued**

A *significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance yet important enough to merit attention by those charged with governance.

The Village of Santa Clara, New Mexico's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. I did not audit The Village of Santa Clara, New Mexico's responses and, accordingly, we express no opinion in it.

This report is intended solely for the information and use of the Board of Trustees, management, the Office of the State Auditor, the New Mexico Legislature, and applicable federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in black ink, reading "Gary E. Gaylord, Ltd. CPA's", written over a horizontal line.

Gary E. Gaylord, Ltd. CPA's  
July 5, 2012

## **FINDINGS AND QUESTIONED COSTS**

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2009**

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

Financial Statements:

1. Type of auditors' report issued Unqualified

Internal control over financial reporting:

- |   |     |
|---|-----|
| 1. Material weaknesses identified?  | No  |
| 2. Reportable condition (s) identified that are not considered to be material weaknesses? | Yes |
| 3. Noncompliance material to financial statements noted?                                  | No  |

Federal Awards:

Internal control over major programs:

- |   |     |
|---|-----|
| 1. Material weakness(es) identified?  | Yes |
| 2. Reportable condition(s) identified that are not considered to be material weaknesses | Yes |

Type of auditors' report issued on compliance for major programs Qualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.760	Water and Wastewater Disposal Systems For Rural Communities

Dollar threshold used to distinguish between Type A and Type B programs \$ 300,000

Auditee qualified as low-risk auditee No

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued  
For the Year Ended June 30, 2009**

**SECTION II- FINDINGS**

**PRIOR YEAR AUDIT FINDINGS**

**Financial Report – Internal Control**

	<b><u>Status</u></b>
2006-01 Stewardship of Organization	Repeated/Updated
2006-03 Internal Control and Compliance with Grants	Repeated/Updated
2006-11 No Gas Distribution Franchise Ordinance	Repeated
2006-12 Noncompliance with Debt and Bond Covenants	Resolved
2006-14 Expenditures in Excess of Budget Authority	Repeated/Updated
2006-15 Minutes	Resolved
2008-01 Submission of DFA Quarterly Reports	Resolved
2008-02 Misappropriation of Utility Payments	Resolved
2008-03 Approval of Adjusting Journal Entries	Resolved
2008-04 Comprehensive Set of Policies	Resolved

**Financial Report – Compliance**

2005-10 Audit Report Submission to the New Mexico State Auditor	Repeated
---	----------

**CURRENT YEAR AUDIT FINDINGS**

**Financial Report - Internal Control**

2005-10 Audit Report Submission to the New Mexico State Auditor
2006-01 Stewardship of Organization
2006-03 Internal Control and Compliance with Grants
2009-01 Overbilling and Over Payment to Contractor

**Financial Report - Compliance**

2005-10 Audit Report Submission to the New Mexico State Auditor
2006-11 No Gas Distribution Franchise Ordinance
2006-14 Expenditures in Excess of Budget Authority
2009-01 Overbilling and Over Payment to Contractor
2009-02 Timeliness of Filing Single Audit Report to Federal Clearinghouse

**Federal Awards - Compliance**

2009-01 Overbilling and Over Payment to Contractor
2009-02 Timeliness of Filing Single Audit Report to Federal Clearinghouse

**Federal Awards - Internal Control**

2006-03 Internal Control and Compliance with Grants
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**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued  
For the Year Ended June 30, 2009**

**2005-10 Significant Deficiency**

**AUDIT REPORT SUBMISSION TO THE NEW MEXICO STATE AUDITOR**

**Statement of Condition:**

The required submission date of the audit report for the fiscal year ended June 30, 2009, to the New Mexico State Auditor was December 1, 2009.

**Criteria:**

New Mexico State Statutes Section 12-6-12 requires the state auditor to promulgate reasonable regulations necessary to carry out the duties of the office. NMAC 2.2.2 requires that the Village submit its audit report by December 1st following the end of each fiscal year at June 30<sup>th</sup>.

**Effect:**

Delays in submission of the audit report affect the reporting of financial information to other state agencies and local governments.

**Cause:**

Due to turnover of personnel and Board of Trustees, the Village did not seek proposals for audit services in a timely fashion.

**Recommendation:**

The Village should place a greater emphasis on securing an audit firm on a timely basis in order to assist in the completion of the audit on a timely basis.

**Agency Response:**

We agree with the auditor's comments and will make it a priority to have the audits up to date.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued  
For the Year Ended June 30, 2009**

**2006-01 Significant Deficiency  
STEWARDSHIP OF ORGANIZATION**

**Statement of Condition:**

The Village is not in compliance with establishing and maintaining a functioning internal control structure inherent in the established accounting practices of the local government.

**Criteria:**

New Mexico Administrative Code (NMAC) 2.20.5, *Accounting by Governmental Entities* places responsibility at the state agency level to uphold standards for properly following and maintaining model accounting practices through hiring and appointing personnel with the necessary educational background, experience, and knowledge for supervising, monitoring, and controlling the agency's accounting function. Although much improvement has been noted, the following is a list of significant weaknesses of internal control over accounting and financial reporting: Inadequate management oversight and review process

Improper organization of documents supporting the financial activities of the Village

Numerous posting errors noted during cash analysis and cash reconciliation

Prior year audit adjustments were not recorded

Utility revenue amounts were not recorded in the proper account nor in the appropriate accounting cycle

Lack of understanding and knowledge of projects that legally bind the Village

**Effect:**

When lack of sufficient controls exists over required forms, the entity's ability to prevent, detect, and correct a misstatements diminishes. The Village was not in compliance with NMAC Section 2.20.5 due to the lack of strong internal controls and oversight.

**Cause:**

The Village's prior years of significant turnover in personnel and inadequate understanding of the accounting software in use by the Village is still affecting the office.

**Recommendation:**

We recommend the Village develop and evaluate written policies and procedures to increase and maintain stronger internal controls over accounting, documentation and financial reporting. Implementation of an authorized representative to review documentation to assist in catching and correcting errors. If deemed necessary, the Village should consider contracting with a knowledgeable individual or firm to assist the accounting personnel in its efforts. Additional training should be given on how to use and understand the software program and the reports available and/or in use.

**Agency Response:** We agree with the auditor's comments and will follow his recommendations.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued  
For the Year Ended June 30, 2009**

**2006-03 Significant Deficiency**

**INTERNAL CONTROL AND COMPLIANCE WITH GRANTS**

**Statement of Condition:**

The Village does not have adequate support procedures for grant reporting. Reports to grantors and requests for reimbursement continue to be submitted late.

**Criteria:**

The Village is not in compliance with NMAC 2.20.5, OMB Circular A-102 "Grants and Cooperative Agreements with State and Local Governments", and the related Common Rule for "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments".

**Effect:**

The Village was not in compliance with all grant requirements.

**Cause:**

The Village grant activity is not properly monitored for reporting requirements. Documents needed to support grant activities are not organized adequately to ensure timely retrieval and reporting.

**Recommendation:**

The Board of Trustees should implement strong internal controls and monitoring procedures over grants and obtain adequate training for responsible personnel to enable compliance with all grant requirements.

**Agency Response:**

We agree with the auditor's comments and will follow his recommendations.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued  
For the Year Ended June 30, 2009**

**2006-11 Significant Deficiency**

**NO GAS DISTRIBUTION FRANCHISE ORDINANCE**

**Statement of Condition:**

The Village does not have a current gas distribution franchise ordinance. The Ordinance No. 74 issued March 9, 1978 for gas distribution expired in 2003.

**Criteria:**

New Mexico State Statutes Section 3-25-2 provides for the authorization to establish a franchise ordinance for gas distribution. Section 3.42.1 (F) provides that the length of time for any franchise ordinance is not to exceed twenty-five years.

**Effect:**

The Village does not have a current ordinance for gas distribution and is not in compliance with the New Mexico State Statutes.

**Cause:**

Before November 2010 there were no procedures over monitoring and renewing ordinances.

**Recommendation:**

The Village needs to issue an ordinance for gas distribution in accordance state statutes. All transactions requiring authorization by an ordinance should be evaluated and procedures performed to determine that ordinances are current and retained to support transactions.

**Agency Response:**

The Village of Santa Clara adopted a new Gas Franchise Ordinance in 2010.

**STATE OF NEW MEXICO  
 VILLAGE OF SANTA CLARA  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued  
 For the Year Ended June 30, 2009**

**2006-14 Significant Deficiency  
EXPENDITURES IN EXCESS OF BUDGET AUTHORITY**

**Statement of Condition:**

The Village was not in compliance with the budget process and expended funds without proper budget authority:

<u>Fund</u>	<u>Over Expenditure Amount</u>
Water & Sewer	\$143,208
Solid Waste	\$ 21,130
Fire Protection Fund	\$ 8,866
Industrial Park	\$ 19,560

**Criteria:**

Per New Mexico State Statutes 6-6-2(A) the deadline for submission of the proposed budget to DFA is June 1<sup>st</sup> of each fiscal year. New Mexico State Statutes Section 6-6-2(B) states that DFA approves and certifies by July 1<sup>st</sup> of each fiscal year to each local public body an operating budget for use pending approval of a final budget. Proper monitoring of budget is needed per NMSA 6-6-2(D): make corrections, revisions and amendments to the proposed budgets as may be necessary to meet the requirements of law. Per New Mexico State Statutes Section 6-6-2(I) Supervise the disbursement of funds to the end that expenditures will not be made in excess of budgeted items or for items not budgeted and that there will not be illegal expenditures. New Mexico State Statutes Section 6-6-3(B) requires local public bodies to make all reports as may be required by DFA by 30 days following the end of a quarter. New Mexico State Statutes Section 6-6-6 restricts all officials and governing authorities from approval claims in excess of the approved budget and prohibits any payments in excess of the approved budget.

**Effect:**

Noncompliance with State Statutes may subject the Village Officials and employees to fines, penalties and/or imprisonment as defined in the Statutes.

**Cause:**

Accounting personnel and Board of Trustees did not monitor their use of funds.

**Recommendation:**

The Village needs to monitor and, as necessary, make budget adjustments in accordance with State Statutes.

**Agency Response:**

We agree with the auditor's comments. The Village will mandate that all department supervisors monitor their department funds to stay within budget. We will also have the Clerk's Office monitor the funds as well.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued  
For the Year Ended June 30, 2009**

**2009-01 Material Weakness**

**OVERBILLING AND OVERPAYMENT TO CONTRACTOR**

**US DEPARTMENT OF AGRICULTURE**

**WATER AND WASTE WATER DISPOSAL SYSTEMS**

**FOR RURAL COMMUNITIES**

**CFDA #10.760**

**GRANT # 36-0009-0856003550**

**FISCAL YEAR ENDED JUNE 30, 2009**

**Questioned Costs: \$22,476**

**Statement of Condition:**

The Village received grants from the Federal Government, USDA Rural Development (RD) for Santa Clara Water and Wastewater Improvements, a Rural Utilities Systems Project (RUS). The Village's A/E firm and Village personnel did not properly review the billings from the construction company. On progress billings numbers 2, 3 and 9 the Village was charged \$9,584, \$12,975 and \$49, respectively too much in gross receipts tax (GRT) that was paid to the contractor. Other billing errors and payments thereon reduced the net overpayment to \$22,476. The over billing and overpayments occurred in FYE June 30, 2009. All contractor payments were audited through the contract close to determine if corrective action had been made. No corrective action was noted. The contract, with approved change orders totaled \$1,532,770 plus applicable GRT at the contract closing date.

**Criteria:**

Federally financed projects are subject to Compliance Requirements as described in OMB Circular A-87 and within OMB Circular A-133, under allowable costs. That law requires that the grantor monitor the amounts paid and that "Direct charges to Federal Awards were for allowable costs."

**Effect:**

The Village was not in compliance with all grant requirements.

**Cause:**

The Village grant activity is not properly monitored.

**Recommendation:**

We recommend the Village develop and evaluate written policies and procedures to ensure stronger internal controls and monitoring procedures over grants. Adequate training should be provided to personnel who are responsible for ensuring compliance with grant requirements. Further, we recommend that the Village be reimbursed the overpayments, made to the contractor and notify the grantor of the overpayments made.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued  
For the Year Ended June 30, 2009**

**2009-01 Material Weakness**

**OVERBILLING AND OVERPAYMENT TO CONTRACTOR**

**US DEPARTMENT OF AGRICULTURE**

**WATER AND WASTE WATER DISPOSAL SYSTEMS**

**FOR RURAL COMMUNITIES**

**CFDA #10.760**

**GRANT # 36-0009-0856003550**

**FISCAL YEAR ENDED JUNE 30, 2009**

**Questioned Costs: \$22,476**

**Agency Response:**

We agree with the auditor's comments and will contact the grantor. The Village will develop and evaluate procedures to ensure stronger internal controls and monitoring procedures over grants. They will also attend more training to ensure proper compliance with all grant requirements.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued  
For the Year Ended June 30, 2009**

**2009-02 Significant Deficiency**

**TIMELINESS OF FILING SINGLE AUDIT REPORT TO FEDERAL CLEARINGHOUSE**

**Statement of Condition:**

The Data Collection Form and Reporting Package were not submitted to the Federal Clearinghouse and Federal agencies within 9 months after fiscal year end.

**Criteria:**

OMB Circular A-133.320 requires the Data Collection Form and Reporting Package be submitted to the Federal Clearinghouse and Federal agencies within 9 months after fiscal year end.

**Effect:**

The Village was not in compliance with OMB Circular A-133.320.

**Cause:**

The audit report and information necessary to complete the Data Collection Form and Reporting Package were not available within 9 months after the fiscal year end.

**Recommendation:**

The Village should promptly submit the Data Collection Form and Reporting Package upon receipt of the audit report.

**Agency Response:**

We agree with the auditor's comments and will comply.



**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA HOUSING AUTHORITY  
A COMPONENT UNIT OF THE VILLAGE OF SANTA CLARA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued  
For the Year Ended June 30, 2009**

**Separately Issued Housing Authority (Component Unit)**

Reportable Findings and Question Costs – Financial Statement Audit:

**Prior Year Audit Findings**

**Status**

**Financial Report – Internal Control**

2006-01 General Ledger, Accounting Records, and Reconciliations	Repeated/Modified
2007-01 Failure to File Accurate Payroll Tax Reports	Repeated
2008-01 Failure to Report Rent Subsidies on GAAP Basis	Repeated
2008-02 Actual Expenditures in Excess of Budgeted Expenditures for Fiscal Year	Resolved

**Financial Report – Other Matters**

2006-06 Audit Report Submission to the New Mexico State Auditor	Repeated/Modified
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**Current Year Audit Findings**

**Financial Report – Internal Control**

2006-01 General Ledger, Accounting Records, and Reconciliations  
2007-01 Failure to File Accurate Payroll Tax Reports  
2008-01 Failure to Report Rent Subsidies on GAAP Basis

**Financial Report – Other Matters**

2006-06 Audit Report Submission to the New Mexico State Auditor

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA HOUSING AUTHORITY  
A COMPONENT UNIT OF THE VILLAGE OF SANTA CLARA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued  
For the Year Ended June 30, 2009**

**2006-02 GENERAL LEDGER, ACCOUNTING RECORDS, AND RECONCILIATIONS**

**Statement of Condition:**

During the course of the audit, we noted several accounting errors in the general ledger and accounts are not reconciled. Tenant A/R Dwelling Rental was understated by \$3,411.

**Criteria:**

New Mexico State Statute Section 6-6-3 provides that every local body shall keep all the books, records, and accounts, including subsidiary ledgers, timely, completely, and accurately.

**Effect:**

If accounting records are not being reconciled, it could result in improper financial reporting and does not follow State Statutes.

**Cause:**

The SCPHA does not reconcile their source documents to the general ledger and journal entries posted to the general ledger are not accurately reflecting financial transactions and are not reviewed and approved by SCPHA management.

**Recommendation:**

The SCPHA needs to ensure that the general ledger is complete and accurate and properly reconciled.

**Agency Response:**

The SCPHA will adhere to the auditor's recommendation.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA HOUSING AUTHORITY  
A COMPONENT UNIT OF THE VILLAGE OF SANTA CLARA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued  
For the Year Ended June 30, 2009**

**2006-06 AUDIT REPORT SUBMISSION TO THE NEW MEXICO STATE AUDITOR**

**Statement of Condition:**

The audit report was not completed and forwarded to the New Mexico State Auditor in a timely manner. The report was delivered on May 13, 2010.

**Criteria:**

As per SAO 2.2.2.9, (A) (1) (d), the New Mexico State Audit contract calls for this audit report to be delivered by December 1, 2008.

**Effect:**

Violation of the State Auditor's Rule. Audited financial information is not available for the SCPHA to use and distribute as necessary.

**Cause:**

The audit was not submitted to the SCPHA until May 13, 2010. The current year auditor's contract was not awarded in the normal course of distribution. Also, additional time was needed by the auditor to assemble the necessary financial information. SCHPH had to change fee accountants in order to complete the accounting process subsequent to June 30, 2009.

**Recommendation:**

The SCPHA, along with the auditor, must implement procedures that would produce a timely audit. Proper accounting control must be established where the SCPHA staff is able to produce financial information for the auditor that has been properly reconciled.

**Agency Response:**

The SCPHA will work along with the auditor to implement procedures that will produce a timely audit. In the future because a new fee accountant has been contracted to maintain the records on a timely basis.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA HOUSING AUTHORITY  
A COMPONENT UNIT OF THE VILLAGE OF SANTA CLARA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued  
For the Year Ended June 30, 2009**

**2007-01 FAILURE TO FILE ACCURATE PAYROLL TAX REPORTS**

**Statement of Condition:**

The fee accountant prepared the first quarterly report of which SCPHA paid. The remaining three quarters have not been prepared and submitted. The amount due plus penalty and interest is not determined at this point.

**Criteria:**

In accordance with the Internet Revenue Service, payroll contributions shall accrue and become payable for each calendar year in which the payments of contributions become due. (IRS Publication 15).

**Effect:**

The payroll journal was prepared but the quarterly report was not. The gross wages on the 941's did not match the gross wages in the Authority's general ledger. Undetermined penalties may be charged after the corrected quarterly reports are filed.

**Cause:**

The payroll tax quarterly reports were to be prepared by the fee accountant, which was not done. Management requested the quarterly reports be prepared to be submitted which was not done.

**Recommendation:**

We recommend that management closely review the quarterly tax reports and compare them to the payroll journal. New fee accountant is in the process of preparing the quarterly reports to be submitted. Deposits were made during the year to offset the ending liability. The final liability is not determinable at this time.

**Agency Response:**

The SCPHA will adhere to auditor's recommendations.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA HOUSING AUTHORITY  
A COMPONENT UNIT OF THE VILLAGE OF SANTA CLARA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued  
For the Year Ended June 30, 2009**

**2008-01 FAILURE TO REPORT RENT SUBSIDIES ON GAAP BASIS**

**Statement of Condition:**

Net operating subsidy of \$83,975 was incorrectly reported as rent subsidy for the FYE 6/30/09.

**Criteria:**

Rent subsidies are to be reported on GAAP basis. Due to late filing of the required reports due to HUD, the rent subsidies were delayed in the being sent to Santa Clara Public Housing Authority.

**Effect:**

The revenues were not matched against expenses in accordance with GAAP.

**Cause:**

The audit report of Village of Santa Clara was not filed in a timely manner as was the Santa Clara Public Housing Authority, the component unit. As a result, there was a delay in funds being available for distribution to the Santa Clara Public Housing Authority.

**Recommendation:**

The audit report needs to be filed on a timely basis.

**Agency Response:**

The SCPHA will adhere to auditor's recommendations.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
EXIT CONFERENCE  
For the Year Ended June 30, 2009**

**EXIT CONFERENCE**

**Preparation of Financial Statements:**

The Village of Santa Clara and its component unit are responsible for the form and content of the accompanying financial statements which have been prepared by Gary E. Gaylord, Ltd.

An exit conference was held at the office of the Village of Santa Clara on July 5, 2012.

In attendance were the following:

**Representing the Village of Santa Clara:**

Richard Bauch	Mayor
Lucia J. Romo	Clerk/Treasurer

**Representing the Auditors:**

Gary E. Gaylord, CPA	Auditor-in-Charge
Pilar Rubio	Staff Auditor