

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

For the Year Ended June 30, 2011

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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VILLAGE OF SANTA CLARA
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**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
OFFICIAL ROSTER
June 30, 2011**

Elected Officials (through June 30, 2011)

Richard Bauch	Mayor
Mark Castillo	Mayor Pro-Tem
Richard Esparza	Trustee
Amanda Chavez	Trustee
Albert Esparza	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, 2011**

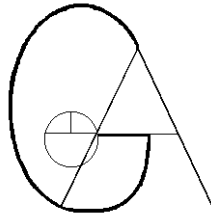
Board of Commissioners

Rudolfo Herrera	Chairperson
Johnny Trujillo	Vice-Chairperson
Sonya Dixon	Commissioner
Stephen Miranda	Commissioner

Administration

Gloria Duran	Executive Director
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FINANCIAL SECTION



Gary E. Gaylord, C.P.A.

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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 and the budgetary comparisons for the general fund of the Village of Santa Clara, Santa Clara, New Mexico, (The Village) as of and for the year ended June 30, 2011, which collectively comprise the Village's basic financial statements as listed in the table of contents. I also have audited the financial statements of each of the Village's nonmajor governmental funds and the budgetary comparisons for the major capital project funds and proprietary funds and all nonmajor funds presented as supplemental information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the Village of Santa Clara's management. My responsibility is to express opinions on these financial statements based on my audit.

I was 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 \$842,547 as of June 30, 2011, and net operating revenues of \$194,212 for the year then ended. Those statements were audited by other auditors whose report has been furnished to me, and my 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.

INDEPENDENT AUDITOR'S REPORT, continued

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 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 the 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, each major fund, and the aggregate remaining fund information of the Village, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital project fund and proprietary funds and all nonmajor funds for the year then 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 March 22, 2013, 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.

For the year ended June 30, 2011, the Village has omitted the *Management's Discussion and Analysis (MD&A)* that the Government Accounting Standards Board required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by the missing information.

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 statement of changes in assets and liabilities of the trust and agency funds and 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
March 22, 2013

BASIC FINANCIAL STATEMENTS

State of New Mexico
Village of Santa Clara
Statement of Net Assets
June 30, 2011

	Primary Government			Component Unit - Housing Authority
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 1,124,017	86,261	1,210,278	104,892
Customer accounts receivable, net		82,231	82,231	2,087
Unbilled accounts receivable		30,076	30,076	
Subsidy receivable			0	
Due from grantor	15,078		15,078	
Taxes receivable	28,718		28,718	
Other receivables	4,735		4,735	
Prepaid insurance			0	8,615
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	32	129,055	129,087	2,703
Capital assets not being depreciated:				
Land	28,131		28,131	
Construction work in progress	56,258	999,653	1,055,911	
Capital assets net of accumulated depreciation				
Infrastructure	1,586,959	2,683,380	4,270,339	605,952
Buildings and building improvements	1,264,584	10,861	1,275,445	107,115
Machinery and equipment	362,013	17,382	379,395	11,183
Total Assets	<u>\$ 4,470,525</u>	<u>4,038,899</u>	<u>8,509,424</u>	<u>842,547</u>
LIABILITIES				
Accounts payable	\$ 10,922	10,564	21,486	5,288
Accrued salaries and benefits	10,799	7,280	18,079	13,040
Accrued compensated absences - current	1,070	1,111	2,181	1,110
Accrued interest payable	191	7,819	8,010	
Customer deposits		91,543	91,543	2,703
Noncurrent liabilities:				
Due within one year	19,436	4,000	23,436	
Due in more than one year	105,713	327,554	433,267	
Total Liabilities	<u>148,131</u>	<u>449,871</u>	<u>598,002</u>	<u>22,141</u>
NET ASSETS				
Investment in capital assets, net of related debt	3,183,700	3,385,277	6,568,977	724,250
Restricted for:				
Capital Projects	73,240		73,240	
Other Purposes	271,371		271,371	
Unrestricted	794,083	203,751	997,834	96,156
Total Net Assets	<u>\$ 4,322,394</u>	<u>3,589,028</u>	<u>7,911,422</u>	<u>820,406</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, 2011

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	
Primary Government:								
Governmental activities:								
General Government	\$ 105,782	36,770			(69,012)		(69,012)	
Public Safety	458,433	23,206	156,639		(278,588)		(278,588)	
Public Works	56,153			2,021,346	1,965,193		1,965,193	
Health and Welfare	26,452	1,000	5,000		(20,452)		(20,452)	
Interest on long-term debt	1,394				(1,394)		(1,394)	
Total governmental activities	\$ 648,214	60,976	161,639	2,021,346	1,595,747		1,595,747	
Business-type activities:								
Water and Sewer	\$ 667,500	657,035				(10,465)	(10,465)	
Solid Waste	145,905	125,612				(20,293)	(20,293)	
Total business-type activities	\$ 813,405	782,647				(30,758)	(30,758)	
Total Primary Government	\$ 1,461,619	843,623	161,639	2,021,346	1,595,747	(30,758)	1,564,989	
Component unit - Housing Authority	\$ 228,755	79,367	96,503	18,342				(34,543)
General revenues:								
Property taxes					10,168		10,168	
Gasoline tax								
Gross receipts tax					186,792		186,792	
Other taxes					10,675	5,329	16,004	
Small cities distribution					35,000		35,000	
Unrestricted investment income					734	422	1,156	
Transfers					(913,523)	913,523		
Total general revenues and transfers					(670,154)	919,274	249,120	
Change in net assets					925,593	888,516	1,814,109	(34,543)
Net assets at beginning of year, as previously reported					3,396,801	2,733,601	6,130,402	854,949
Adjustment						(33,089)	(33,089)	
Net assets at beginning of year, as restated					3,396,801	2,700,512	6,097,313	854,949
Net assets at end of year					\$ 4,322,394	3,589,028	7,911,422	820,406

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

State of New Mexico
 Village of Santa Clara
Balance Sheet - Governmental Funds
 June 30, 2011

	<u>General Fund</u>	<u>RUS Water & Sewer Renovations</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 779,122	114	344,813	1,124,049
Taxes receivable	26,668		2,050	28,718
Due from grantor			15,078	15,078
Other accounts receivable	4,613		122	4,735
Due from other funds	<u>14,365</u>			<u>14,365</u>
Total assets	<u>\$ 824,768</u>	<u>114</u>	<u>362,063</u>	<u>1,186,945</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 7,720		3,201	10,921
Accrued salaries and benefits	10,799			10,799
Compensated absences	1,070			1,070
Due to other funds			<u>14,365</u>	<u>14,365</u>
Total liabilities	<u>19,589</u>		<u>17,566</u>	<u>37,155</u>
Fund Balance:				
Unspendable				
Restricted	34,919	114	358,862	393,895
Committed				
Assigned				
Unassigned	<u>770,260</u>		<u>(14,365)</u>	<u>755,895</u>
Total fund balance	<u>805,179</u>	<u>114</u>	<u>344,497</u>	<u>1,149,790</u>
Total liabilities and fund balances	<u>\$ 824,768</u>	<u>114</u>	<u>362,063</u>	<u>1,186,945</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**
 June 30, 2011

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

Total fund balances - Governmental Funds	\$	1,149,790
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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	4,555,707	
Accumulated depreciation is	<u>(1,257,763)</u>	3,297,944

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	(191)	
Compensated absences, net of current	(10,905)	
Notes payable to NMFA	<u>(114,244)</u>	<u>(125,340)</u>

Total net assets Governmental Activities	\$	<u>4,322,394</u>
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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, 2011

	General Fund	RUS Water & Sewer Renovations	Other Governmental Funds	Total Governmental Funds
Revenue:				
Franchise tax	\$ 30,741			30,741
Gross Receipts Tax - Local	88,918			88,918
Property Taxes	10,168			10,168
Intergovernmental grants		913,636	106,546	1,020,182
Gross Receipts Tax - State shared	89,102		8,772	97,874
CFT Gas Tax			6,306	6,306
Motor Vehicle distribution	4,370			4,370
Cemetery fees			1,000	1,000
Licenses, Fines & Fees	1,539			1,539
Miscellaneous Charges for Services	2,579			2,579
State fire allotment			71,522	71,522
Reimbursements			1,716	1,716
Court fines and fees	15,866		5,338	21,204
Interest	677		57	734
Small cities distribution	35,000			35,000
Other miscellaneous	25,769			25,769
	<u>304,729</u>	<u>913,636</u>	<u>201,257</u>	<u>1,419,622</u>
Expenditures:				
Current:				
General Governmental:				
Executive - Legislative	14,201			14,201
Finance - Administration	120,793			120,793
Public Safety:				
Judicial	45,817			45,817
Police and Fire	242,903		134,860	377,763
Health and Welfare:				
Ambulance	3,451		5,316	8,767
Other				
Public Works	13,159		17,819	30,978
Non Current:				
Debt Service			20,596	20,596
Capital Outlay				
	<u>440,324</u>	<u> </u>	<u>178,591</u>	<u>618,915</u>
Revenues over (under) expenditures	(135,595)	913,636	22,666	800,707
Other financing sources (uses):				
Operating transfers in				
Operating transfers out		(913,522)		(913,522)
Net change in fund balance	(135,595)	114	22,666	(112,815)
Fund balance, at beginning of year	940,774		321,831	1,262,605
Fund balance, at end of year	<u>\$ 805,179</u>	<u>114</u>	<u>344,497</u>	<u>1,149,790</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, 2011

Total net change in fund balance - Governmental Funds		\$ (112,815)
<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	1,131,428	
Depreciation expense	<u>(167,378)</u>	964,050
<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	(9,843)	
Accrued interest payable	<u>48</u>	(9,795)
<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	65,000	
NMFA Notes payable	<u>19,154</u>	84,154
Rounding		<u>(1)</u>
Change in net assets of governmental activities		\$ <u>925,593</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 - Fund 10
*Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Basis)*
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative)	
	Original	Final		Original	Actual to
	Budget	Budget		Budget to	Final
			Final	Budget	
Revenue:					
Franchise tax	\$ 25,000	25,000	30,846		5,846
Gross Receipts Tax - Local	260,000	260,000	114,493		(145,507)
Property Taxes	10,370	10,370	10,345		(25)
Gross Receipts Tax - State shared	60,000	60,000	114,620		54,620
Motor Vehicle distribution	3,720	3,720	4,305		585
Licenses, Fines & Fees	1,500	1,500	1,539		39
Miscellaneous Charges for Services	400	400	2,579		2,179
Court fines and fees	35,738	35,738	13,092		(22,646)
Interest			677		677
Small cities distribution	120,000	120,000	35,000		(85,000)
Other Miscellaneous	27,480	27,480	25,218		(2,262)
	<u>544,208</u>	<u>544,208</u>	<u>352,714</u>		<u>(191,494)</u>
Expenditures:					
Current:					
General Governmental:					
Executive - Legislative	16,745	16,745	12,617		4,128
Finance - Administration	151,463	151,463	120,625		30,838
Public Safety:					
Judicial	52,695	52,695	42,472		10,223
Police and Fire	265,386	265,386	238,996		26,390
Health and Welfare:					
Ambulance	24,661	24,661	3,451		21,210
Public Works					
Highways and streets	15,060	15,060	13,159		1,901
	<u>526,010</u>	<u>526,010</u>	<u>431,320</u>		<u>94,690</u>
Revenues over (under) expenditures	\$ <u>18,198</u>	<u>18,198</u>	(78,606)		<u>(96,804)</u>
Reconciliation to GAAP basis financial statement					
Decrease in taxes receivable			(51,311)		
Increase in other receivables			3,324		
Increase in accounts payable			(6,483)		
Increase in accrued compensation			(1,663)		
Increase in accrued compensated absences			(857)		
			<u>\$ (135,596)</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, 2011

ASSETS	Water and Sewer	Solid Waste	Total
Current assets:			
Cash and cash equivalents	\$ 49,599	36,662	86,261
Customer accounts receivable, net	68,745	13,486	82,231
Unbilled accounts receivable	25,326	4,750	30,076
Taxes receivable			
Restricted cash and cash equivalents:			
Customer meter deposits	91,543		91,543
Revenue bond reserves	36,957	555	37,512
Total current assets	272,170	55,453	327,623
Noncurrent assets:			
Capital Assets not being depreciated:			
Construction work in progress	999,653		999,653
Capital Assets being depreciated:			
Infrastructure	3,328,232		3,328,232
Buildings	27,244		27,244
Machinery and equipment	115,551		115,551
Total capital assets	4,470,680		4,470,680
Accumulated depreciation	(759,404)		(759,404)
Net capital assets	3,711,276		3,711,276
Total assets	\$ 3,983,446	55,453	4,038,899
LIABILITIES AND NET ASSETS (DEFICIT)			
Current liabilities:			
Trade accounts payable	\$ 5,217	5,347	10,564
Accrued salaries and wages	7,280		7,280
Customer meter deposits payable	91,543		91,543
Accrued compensated absences - current	1,111		1,111
Accrued interest payable	7,819		7,819
Revenue bonds payable, current portion	4,000		4,000
Total current liabilities	116,970	5,347	122,317
Noncurrent liabilities:			
Noncurrent accrued compensated absences	5,554		5,554
Revenue bonds payable, net of current portion	322,000		322,000
Total noncurrent liabilities	327,554		327,554
Total liabilities	444,524	5,347	449,871
NET ASSETS			
Investment in capital assets, net of related debt	3,385,277		3,385,277
Unrestricted	153,645	50,106	203,751
Total net assets	3,538,922	50,106	3,589,028
Total liabilities and net assets	\$ 3,983,446	55,453	4,038,899

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, 2011

	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Total</u>
Revenues:			
Utility charges	\$ 533,829	120,109	653,938
Other charges for services	1,635		1,635
Penalties	13,200		13,200
Other miscellaneous	25,566		25,566
Other state revenues	23,199	5,503	28,702
Environmental gross receipts tax		5,329	5,329
Total operating revenue	<u>597,429</u>	<u>130,941</u>	<u>728,370</u>
Operating expenses:			
Salaries	121,713		121,713
Benefits	14,263		14,263
Travel and per diem	2,060		2,060
Contractual services	221,553	69,273	290,826
Supplies	17,311		17,311
Other operating expenses	232,218	76,632	308,850
Depreciation	46,943		46,943
	<u>656,061</u>	<u>145,905</u>	<u>801,966</u>
Net operating income (loss)	<u>(58,632)</u>	<u>(14,964)</u>	<u>(73,596)</u>
Non-operating income (expenses)			
Capital grant from NMDOT	59,606		59,606
Investment income	422		422
Interest expense	(11,439)		(11,439)
Total nonoperating revenue (expenses)	<u>48,589</u>		<u>48,589</u>
Income (loss) before transfers	(10,043)	(14,964)	(25,007)
Transfers in	913,523		913,523
Transfers out			
Change in net assets	903,480	(14,964)	888,516
Net assets at beginning of year, at previously reported	2,668,531	65,070	2,733,601
Adjustment	<u>(33,089)</u>		<u>(33,089)</u>
Net assets at beginning of year, as restated	<u>2,635,442</u>	<u>65,070</u>	<u>2,700,512</u>
Net assets at end of year	<u>\$ 3,538,922</u>	<u>50,106</u>	<u>3,589,028</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, 2011

	Water and Sewer	Solid Waste	Total
Cash flows from operating activities:			
Cash received from customers	\$ 562,213	126,107	688,320
Cash received from taxes and other sources		6,824	6,824
Payment to and on behalf of employees	(136,923)		(136,923)
Payment to vendors for goods and services	(487,639)	(134,558)	(622,197)
Net cash flows from operating activities	<u>(62,349)</u>	<u>(1,627)</u>	<u>(63,976)</u>
Cash flows from capital and related financing activities:			
RCAC loan proceeds	2,235		2,235
Revenue Bond Proceeds	230,000		230,000
RUS grant proceeds used to retire debt	151,269		151,269
RUS grant proceeds used to purchase capital assets	762,254		762,254
NMDOT Capital Asset Contribution	59,606		59,606
Payment on RCAC Debt	(112,408)		(112,408)
Payments on revenue bonds	(38,000)		(38,000)
Interest payments	(5,983)		(5,983)
Purchase of capital assets	(1,054,095)		(1,054,095)
Net cash flows from capital and related financing activities	<u>(5,122)</u>		<u>(5,122)</u>
Cash flows from investing activities:			
Investment income	422		422
	<u>422</u>		<u>422</u>
Net increase (decrease) in cash and cash equivalents	(67,049)	(1,627)	(68,676)
Cash and cash equivalents, at beginning of year	<u>245,148</u>	<u>38,289</u>	<u>283,437</u>
Cash and cash equivalents, at end of year	<u><u>178,099</u></u>	<u><u>36,662</u></u>	<u><u>214,761</u></u>
Show on statement of net assets:			
Unrestricted cash and cash equivalents	49,599	36,662	86,261
Restricted cash and cash equivalents	<u>128,500</u>		<u>128,500</u>
	<u>\$ 178,099</u>	<u>36,662</u>	<u>214,761</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, 2011

	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Total</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOW FROM OPERATING ACTIVITIES</u>			
Net operating income (loss)	\$ (58,632)	(14,964)	(73,596)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation	46,943		46,943
Provision for uncollectible accounts	20,000	6,000	26,000
(Increase) decrease in operating assets:			
Trade accounts receivable	(36,700)	495	(36,205)
Unbilled accounts receivable			
Taxes receivable		1,495	1,495
Increase (decrease) in operating liabilities:			
Accounts payable	(34,496)	5,347	(29,149)
Accrued salaries and benefits	(3,309)		(3,309)
Accrued compensated absences	2,361		2,361
Customer deposits	1,484		1,484
	<u>\$ (62,349)</u>	<u>(1,627)</u>	<u>(63,976)</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 - Fund 71
Municipal Court Bond Funds
 June 30, 2011

	<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>201</u>	<u> </u>	<u>868</u>
Liabilities:				
Deposit held in trust	\$ <u>667</u>	<u>201</u>	<u> </u>	<u>868</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, 2011**

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**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

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**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

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 Village of Central 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, 2011**

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, 2011

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, 2011

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 may be 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, 2011 the Village received operating grants and contributions 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, 2011**

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 special revenue fund major funds during the fiscal year ended June 30, 2011.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2011

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.

RUS Water and Sewer Renovations – To account for Federal grant revenues and expenditures for water and sewer improvements. Funding is authorized by a 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 revenues and cost associated with providing 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, 2011**

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. The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital Project Fund

Capital Project Funds are used to account for and report resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Debt Service Funds

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village did not have any debt services funds at June 30, 2011.

Permanent Funds

Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs. The Village did not have any permanent funds at June 30, 2011

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2011

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

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

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 agency 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).

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, 2011.

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.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2011

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

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

Measurement Focus, continued

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:

- 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.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued

E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING, continued

Measurement Focus, continued

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.

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 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’s 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.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued

E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING, continued

Measurement Focus, continued

- 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.

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 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.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2011

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

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

Expenditure Recognition, continued

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.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, non capital financing, or investing activities.

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

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.

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.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued

F. ASSETS, LIABILITIES, AND EQUITY, continued

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. An allowance for doubtful accounts has been provided against the customer accounts receivable in the Water & Sewer Fund and Solid Waste Fund in the amounts of \$ 35,000 and \$10,000, respectively.

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.

Allowance for Doubtful Accounts

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

A provision for uncollectible accounts was maintained at June 30, 2011 for the proprietary funds and certain governmental funds, as follows:

Governmental Funds:		
General		None
Proprietary Funds:		
Water & Sewer Fund		\$35,000
Solid Waste Fund		\$10,000

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued

F. ASSETS, LIABILITIES, AND EQUITY, continued

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, 2011 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 almost all active funds.

There were no operating transfers during the year ended June 30, 2011.

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.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued

F. ASSETS, LIABILITIES, AND EQUITY, continued

Capital Assets and Depreciation, continued

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

Current year depreciation expense in the amount \$ 167,377 was charged to the following functional cost centers during the year on the Governmental Funds in the Statement of Activities

General Government	\$ 35,787
Public Safety	88,728
Public Works	25,176
Health and Welfare	<u>17,686</u>
	\$ <u>167,377</u>

An additional \$46,943 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.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued

F. ASSETS, LIABILITIES, AND EQUITY, continued

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.

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, 2011

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, 2011 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

The terminology to describe Governmental Fund Equity was changed by GASB 54 for periods beginning after June 15, 2010. The new terminology is designed to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied.

Governmental fund equity is classified as fund balance. Fund balance is classified as either spendable or nonspendable. Spendable fund balance is further classified as restricted, committed, assigned and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2011

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

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

Equity Classifications, continued

Fund Statements, continued

Nonspendable

Fund balance resulting from assets that are not spendable (generally inventories). The Village did not have any nonspendable fund balances at June 30, 2011.

Restricted

Amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority (Village Mayor and Trustees). The Village did not have any committed fund balances at June 30, 2011.

Assigned

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The Village did not have any assigned fund balances at June 30, 2011.

Unassigned

Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued

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 as revenue in the Statement of Revenues, Expenditures and Changes in Fund Balance and are shown 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.

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.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued

G. REVENUES, EXPENDITURES, AND EXPENSES, continued

Property Taxes, continued

Property taxes are levied each year, with the exception of livestock, on the assessed valuation of property located in the Village as of the preceding January 1st. Mill levy rates are set by the State of New Mexico each year for the General Fund and Debt Service Fund. Property taxes represent a lien upon the property until paid when the taxes are levied.

Property taxes are payable in two equal installments on November 10th of the year in which the tax bill is prepared and April 10th of the following year. Property taxes are collected by the County Treasurer and remitted to the Village in the month following collection.

Property tax revenues amounted to \$ 10,168 for general operating purposes and \$0 for debt services purposes during the fiscal year ended June 30, 2011.

Expenditures/Expenses

It is the policy of the Village to apply restricted resources prior to unrestricted resources when both restricted and unrestricted resources are available for expenditure.

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)
Noncurrent (further classified as:)
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, 2011**

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.

In February 2009 GASB issued Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". The Village implemented the provisions of GASB No. 54 effective June 30, 2011.

GASB continues to issue Statements that may or may not have a bearing on the accounting and financial reporting of individual governments.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2011**

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.

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 6-30-11.

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.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2011**

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, continued

A. BUDGET REQUIREMENTS, ACCOUNTING, AND REPORTING, continued

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

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	\$ 14,365	
Law Enforcement Protection		\$ 11,387
Senior Center Renovation		114
Industrial Park	_____	<u>2,864</u>
Totals	\$ <u>14,365</u>	\$ <u>14,365</u>

The due to/due from accounts are eliminated in the Statement of Net Assets.

The following transfer of capital assets occurred during the year ended June 30, 2011.

	<u>From</u>	<u>To</u>
Capital Assets Transfer:		
From RUS Water & Sewer Renovations	\$(913,523)	
To Water and Sewer		\$(913,523)

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.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2011**

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

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
- 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 on 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.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2011**

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

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.

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, 2011, the Village did not have any custodial credit risk as all deposits were insured by FDIC.

The cash balance held by New Mexico Mortgage Finance Authority (\$ 32) and New Mexico State Treasurer (\$ 20,333) are insured or collateralized in accordance with their internal policies.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2011**

5. ACCOUNTS RECEIVABLE

The accounts receivable of the Village at June 30, 2011 are as follows:

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Customer accounts receivable	\$	\$ 127,231	\$ 127,231
Unbilled accounts receivable		30,076	30,076
Due from grantor	15,078		15,078
Taxes receivable	28,718		28,718
Other receivable	<u>4,735</u>		<u>4,735</u>
Total receivables, before all.	\$ <u>48,531</u>	\$ <u>157,307</u>	\$ <u>205,838</u>
Allowance for doubtful a/c's	<u>None</u>	<u>45,000</u>	<u>45,000</u>

Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

6. CAPITAL ASSETS

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

	Balance June 30, <u>2010</u>	Adjustments And <u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2011</u>
Governmental Activities:				
Capital Assets Non Depreciable:				
Land	\$ 28,131	\$	\$	\$ 28,131
Work in progress		<u>56,258</u>		<u>56,258</u>
Total	<u>28,131</u>	<u>56,258</u>		<u>84,389</u>
Capital Assets being depreciated:				
Buildings and Improvements	1,802,912			1,802,912
Infrastructure	610,013	1,067,710		1,677,723
Furniture & Equipment	<u>983,222</u>	<u>7,460</u>		<u>990,682</u>
Total	<u>3,396,147</u>	<u>1,075,170</u>		<u>4,471,317</u>
Less accumulated depreciation:				
Buildings and improvements	(474,610)	(63,718)		(538,328)
Infrastructure	(73,201)	(17,563)		(90,764)
Furniture & Equipment	<u>(542,573)</u>	<u>(86,096)</u>		<u>(628,669)</u>
Total accumulated depreciation	<u>(1,090,384)</u>	<u>(167,377)</u>		<u>(1,257,761)</u>
Other capital assets, net	<u>2,305,763</u>	<u>907,793</u>		<u>3,213,556</u>
Total capital assets, net	\$ <u>2,333,894</u>	<u>964,056</u>		<u>3,297,945</u>

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2011**

6. CAPITAL ASSETS, continued

During FYE June 30, 2011 NMDOT completed their lead project of reconstructing the Village's streets, storm drains and erosion control which resulted in adding \$1,067,710 to the infrastructure assets.

Depreciation expense on governmental assets was charged to the following functional cost centers:

General government	\$ 35,787
Public Safety	88,728
Public Works	25,176
Health and Welfare	<u>17,686</u>
	<u>\$167,377</u>

The following is a summary of the business-type capital assets:

	Balance June 30, <u>2010</u>	Adjustments And <u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2011</u>
Business -Type Activities:				
Capital Assets Non Depreciable:				
Construction Work in Progress:				
RUS Phase I	\$ 2,157,621	105,009	2,262,630	
RUS Phase II	<u>110,174</u>	<u>889,479</u>		<u>999,653</u>
Total	<u>2,267,795</u>	<u>994,488</u>	<u>2,262,630</u>	<u>999,653</u>
Capital Assets being depreciated:				
Buildings	14,467			14,467
Improvements	12,777			12,777
Infrastructure	1,005,995	2,322,237		3,328,232
Furniture & Equipment	<u>115,551</u>			<u>115,551</u>
Total	<u>1,148,790</u>	<u>2,322,237</u>		<u>3,471,027</u>
Less accumulated depreciation:				
Buildings and improvements	(16,063)	(320)		(16,383)
Infrastructure	(605,850)	(39,002)		(644,852)
Furniture & Equipment	<u>(90,548)</u>	<u>(7,621)</u>		<u>(98,169)</u>
Total accumulated depreciation	<u>(712,461)</u>	<u>(46,943)</u>		<u>(759,404)</u>
Other capital assets, net	<u>436,329</u>	<u>2,275,294</u>		<u>2,711,623</u>
Total capital assets, net	<u>\$ 2,704,124</u>	<u>3,269,782</u>	<u>(2,262,630)</u>	<u>3,711,276</u>

At June 30, 2011 the Village had outstanding commitments for A/E fees and construction in the approximate amount of \$8,300 and \$119,000, respectively on the RUS Wastewater project phase II and other outstanding construction related commitments in the amount of \$80,000.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2011**

7. LONG TERM DEBT

Governmental Activities Debt

During the year ended June 30, 2011, the following changes occurred in the liabilities reported in the governmental activities debt of the Village.

<u>Description</u>	Balance at June 30, 2010	<u>Increase</u>	<u>Decrease</u>	Balance at June 30, 2011	Amount Due in <u>One Year</u>
New Mexico Board of Finance	\$ 65,000		65,000		
New Mexico Finance Authority	66,965		16,294	50,671	16,574
New Mexico Finance Authority	66,433		2,860	63,573	2,862
Accrue Compensated Absences	<u>1,274</u>	<u>21,000</u>	<u>11,369</u>	<u>10,905</u>	<u>1,070</u>
	\$ <u>199,672</u>	<u>21,000</u>	<u>95,523</u>	<u>125,149</u>	<u>20,506</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 was paid off during FYE June 30, 2011.

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.

<u>Due in Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Adm. Fee</u>	<u>Total</u>
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>50,671</u>	<u>1,791</u>	<u>255</u>	<u>52,717</u>

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2011**

7. LONG TERM DEBT, continued

Governmental Activities Debt, continued

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>
2012	\$ 2,862		159	3,021
2013	2,864		152	3,016
2014	2,866		145	3,011
2015	18,240		137	18,377
2016	18,327		92	18,419
2017	<u>18,414</u>	<u>_____</u>	<u>46</u>	<u>18,460</u>
	\$ <u>63,573</u>	<u>_____</u>	<u>731</u>	<u>64,304</u>

Enterprise (Proprietary) Debt

During the year-ended June 30, 2011, 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, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2011</u>	<u>Amount Due in One Year</u>
RCAC Loan	\$ 110,174	2,235	112,409		
Revenue Bonds Series 1977	37,000		37,000		
Revenue Bonds Series 2008	97,000		1,000	96,000	1,000
Revenue Bonds Series 2010		230,000		230,000	3,000
Compensated Absences	<u>_____</u>	<u>15,500</u>	<u>8,835</u>	<u>6,665</u>	<u>1,111</u>
Total	\$ <u>244,174</u>	<u>247,735</u>	<u>159,244</u>	<u>332,665</u>	<u>5,111</u>

Series 1977 water and sewer revenue bonds, which were originally a total of \$145,000, were paid off during FYE June 30, 2011.

Series 2008 water and sewer revenue bonds in the original amount of \$99,000 were issued February 22, 2008. The bonds are 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 was for infrastructure improvements. The bonds mature serially through the year 2048 at an annual rate of 4.250%

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2011**

7. LONG TERM DEBT, continued

Enterprise (Proprietary) Debt, continued

<u>Due in Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,000	4,080	5,080
2013	1,000	4,038	5,038
2014	1,000	3,995	4,995
2015	1,000	3,953	4,953
2016	1,000	3,910	4,910
2017-2021	5,000	18,913	23,913
2022-2026	10,000	17,425	27,425
2027-2031	10,000	15,300	25,300
2032-2036	13,000	13,047	26,047
2037-2041	15,000	9,988	24,988
2042-2046	20,000	6,375	26,375
2047-2048	<u>18,000</u>	<u>1,232</u>	<u>19,232</u>
	\$ <u>96,000</u>	<u>102,256</u>	<u>198,256</u>

Series 2010 revenue bonds in the original amount of \$230,000 were issued October 10, 2010. The bonds are due in annual installments of principle from \$3,000 to \$11,000 in October of each year and bear interest at 3% per annum.

The bonds were used as part of the matching required by the RUS grant for the water and wastewater improvements and to pay off the Series 1977 bonds and the interim financing from RCAC.

<u>Due in Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 3,000	6,900	9,900
2013	3,000	6,810	9,810
2014	3,000	6,720	9,720
2015	3,000	6,630	9,630
2016	3,000	6,540	9,540
2017-2021	20,000	31,050	51,050
2022-2026	21,000	28,050	49,050
2027-2031	25,000	24,600	49,600
2032-2036	29,000	20,670	49,670
2037-2041	34,000	16,020	50,020
2042-2046	39,000	10,620	49,620
2047-2051	<u>47,000</u>	<u>4,350</u>	<u>51,350</u>
	\$ <u>230,000</u>	<u>168,960</u>	<u>398,960</u>

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2011**

7. LONG TERM DEBT, continued

Enterprise (Proprietary) Debt, continued

The Series 2008 and 2010 revenue bonds require the establishment of certain resources as detailed in the bond indentures. At June 30, 2011 the total required reserved amounted to \$20,847 and the Village had set aside \$36,957 in its reserve accounts.

The Series 2008 and 2010 provide, at the option of the Village, for early redemption upon the payment of the outstanding debt at par plus accrued interest thereon. The early redemption is available to the Village after the following dates:

For 2080 Series	January 1, 2017
For 2010 Series	January 1, 2020

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. The interim loan was paid off during FYE 06-30-11.

8. OTHER NOTES

A. LITIGATION

At June 30, 2011 the Village was not aware of any litigation or pending litigation that would adversely affect its financial position.

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.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2011**

8. OTHER NOTES, continued

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.

9. EXPENDITURES IN EXCESS OF BUDGET

During the fiscal year ended June 30, 2011 the Village made expenditures in excess of its budgetary authorization as follows:

<u>Fund</u>	<u>Excess Expenditures</u>
Water and Sewer	\$ 5,486

The Village did not realize that the budget had been exceeded. The Village will increase its review of budget and will work closely with the governing Board of Trustees to prevent further occurrences.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2011**

10. DEFICIT FUND BALANCES

At June 30, 2011 the Village had deficit fund balances in one of its Special Revenue Funds (Law Enforcement Protection Fund) (\$11,387) and two of its Capital Project Funds ((Senior Center Improvement Fund 35 (\$144) and Industrial Park Fund 55 (\$2,864)). The Village is supported by various Federal and State grants. Fund deficits are the result of expending amounts greater than available resources. The Village may be required to transfer funds from its general fund to cover the deficits in the funds cited.

11. PRIOR PERIOD ADJUSTMENT

Beginning net assets of the Water and Sewer (Wastewater) Fund was decreased by \$33,089 to recognize the write-off of amounts due from customers who terminated services prior to June 30, 2010.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2011**

12. COMPONENT UNIT

A. CASH

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

	<u>2011</u>
Cash	\$ 104,892
Tenant Deposits	<u>2,703</u>
Total	\$ <u>107,595</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>2011</u>
Checking	\$ 107,595
Less FDIC checking	<u>(107,595)</u>
Uninsured public funds	\$ _____.

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, 2011, 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, 2011, are as follows:

	<u>Low Income Housing</u>
Dwelling rent receivable	\$ <u>2,087</u>
Totals-net of allowance for doubtful accounts	\$ <u>2,087</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, 2011**

12. COMPONENT UNIT, continued

D. CAPITAL ASSETS

The following is a summary of capital assets and changes occurring during the year ended June 30, 2011.

<u>Business-Like Activities</u>	Balance 06/30/10	Additions	Deletions	Balance 06/30/11
Capital assets being depreciated				
Buildings	\$ 625,592	\$	\$	\$ 625,592
Improvements	765,473	12,242		777,715
Computer Software		6,100		6,100
Furniture, equipment, vehicles	61,381			61,381
Total	<u>1,452,446</u>	<u>18,342</u>	<u></u>	<u>1,470,788</u>
Accumulated depreciation				
Building	491,051	27,426		518,477
Computer Software		718		718
Improvements	155,035	16,728		171,763
Furniture, equipment, vehicles	47,998	7,582		55,580
Total	<u>694,084</u>	<u>52,454</u>	<u></u>	<u>746,538</u>
Net book value	<u>\$ 758,362</u>	<u>\$(34,112)</u>	<u>\$</u>	<u>\$ 724,250</u>

Depreciation expense relating to business-like activities for the year-ended June 30, 2011 totaled \$52,454.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2011**

12. COMPONENT UNIT, continued

E. INTER-FUND TRANSFERS

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

<u>2011</u>	<u>From</u>	<u>To</u>	<u>Reason</u>
	<u>Capital Projects Funds</u>		
\$ 12,242	Project #NM02P029501-08	Low Rent Fund	To transfer prior year funds for capital expensed items
<u>\$ 6,100</u>	Project #NM02P029501-8		For management operations
<u>\$ 18,342</u>			

F. COMPENSATED ABSENCES

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

<u>Balance</u> <u>06/30/10</u>	<u>Additions</u>	<u>Decreases</u>	<u>Balance</u> <u>06/30/11</u>	<u>Due within</u> <u>One year</u>
<u>\$ 9,449</u>	<u>\$ 1,110</u>	<u>\$ 9,449</u>	<u>\$ 1,110</u>	<u>\$ 1,110</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, 2011.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2011**

12. COMPONENT UNIT, continued

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, 2011, 2010 and 2009 were \$5,000, \$9,449, and \$1,646 equal to the amount of the required contributions for the years, respectively.

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, 2011 were \$9,993.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2011**

12. COMPONENT UNIT, continued

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 for the year ending June 30, 2010. The Board of Commissioners made a determination to pay the executive director the accumulated uncompensated time. The value of this compensation was \$8,348.

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, 2011, HUD awarded \$96,503 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 year ended June 30, 2011, the SCPHA paid approximately \$18,152 for water expenses to the Village of Santa Clara.

SUPPLEMENTAL INFORMATION

State of New Mexico
Village of Santa Clara
Major Capital Projects Fund
RUS Water and Sewer Renovations - Fund 42
Statement of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative)	
	Original Budget	Final Budget		Original Budget to Final	Actual to Final Budget
	Revenues:				
Intergovernmental grant - RUS	\$ 2,512,000	2,512,000	913,636		(1,598,364)
	<u>2,512,000</u>	<u>2,512,000</u>	<u>913,636</u>		<u>(1,598,364)</u>
Expenditures:					
Noncurrent:					
Capital outlay:					
Phase I			105,009		
Phase II			887,245		
	<u>2,512,000</u>	<u>2,512,000</u>	<u>992,254</u>		<u>1,519,746</u>
Revenues Over (Under) Expenditures			(78,618)		(78,618)
Other financing sources (uses):					
Bond proceeds			230,000		230,000
RCAC loan payoff			(112,409)		(112,409)
GMAC loan payoff			(38,860)		(38,860)
			<u>78,731</u>		<u>78,731</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$		<u>113</u>		<u>113</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 - Funds 51 and 70
Statement of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2011

	<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:				
Utility charges	\$ 501,900	501,900	497,129		(4,771)
Other charges for services			1,635		1,635
Investment income	400	400	422		22
Penalties			13,200		13,200
Other state revenue	49,000	49,000	87,625		38,625
	<u>551,300</u>	<u>551,300</u>	<u>600,011</u>		<u>48,711</u>
Expenditures					
Salaries			122,562		
Benefits			14,360		
Travel and per diem			2,060		
Contractual services			260,543		
Supplies			18,544		
Other operating costs			250,590		
	<u>663,173</u>	<u>663,173</u>	<u>668,659</u>		<u>(5,486)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(111,873)	(111,873)	(68,648)		43,225
Budgetary Notation:					
Cash appropriated from prior year for current year expenditures	<u>111,873</u>	<u>111,873</u>			
Reconciliation to GAAP basis financial statements					
Increase in net customer accounts receivable			16,700		
Decrease in accounts payable			34,611		
Decrease in accrued salaries and benefits			3,309		
Increase in accrued compensated absence			(2,361)		
Increase in accrued interest payable			(5,456)		
Nonbudgeted items:					
Transfer in of capital assets from governmental funds			762,254		
Transfer in from governmental funds to pay outstanding debt			112,408		
Capital assets donated by NMDOT			59,606		
Depreciation			(46,943)		
Payments on long-term debt			38,000		
Net change in fund balance			\$ <u>903,480</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 - Fund 52
Solid Waste
Statement of Revenues and Expenditures - Budget and Actual
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative)	
	Original Budget	Final Budget		Original Budget to Final	Actual to Final Budget
Revenues:					
Utility charges	\$ 131,000	131,000	126,107		(4,893)
Environmental gross receipts tax	57,400	57,400	6,824		(50,576)
	<u>188,400</u>	<u>188,400</u>	<u>132,931</u>		<u>(55,469)</u>
Expenditures:					
Contractual services	70,000	70,000	69,273		727
Other operating expenses	77,420	77,420	65,285		12,135
	<u>147,420</u>	<u>147,420</u>	<u>134,558</u>		<u>12,862</u>
Revenues Over (Under) Expenditures	\$ <u>40,980</u>	<u>40,980</u>	(1,627)		<u>(42,607)</u>
Reconciliation to GAAP basis financial statements					
Decrease in net customer accounts receivable			(6,495)		
Decrease in taxes receivable			(1,495)		
Increase in accounts payable			<u>(5,347)</u>		
Net change in fund balance			<u>(14,964)</u>		

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

Statement A-3

NON MAJOR SPECIAL REVENUE FUNDS

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

Correction 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).

Municipal Streets 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).

NM Energy, Minerals and Natural Resources Department – To account for reimbursements received by the Village from NMEMNRD forestry division. (Resolution 2009-20)

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.

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

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

Industrial Park Fund – 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 Fund - 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.

Street Improvement Fund - To account for State grant revenues and expenditures thereof for the purpose of improvements to the Village streets. Authorized by the State grant agreement.

State of New Mexico
Village of Santa Clara
Non-Major Governmental Funds
Combining Balance sheet
June 30, 2011

	Special Revenue Funds							Total Special Revenue Funds
	Correction Fund 20	EMS Fund 21	Fire Protection Fund 22	Law Enforcement Protection Fund 24	Municipal Streets Fund 25	NM Energy, Mineral, & Nat. Resource Fund 43	Cemetery Fund 53	
ASSETS								
Cash and cash equivalents	\$ 93,185	3,888	75,628		81,838	6,993	7,177	268,709
Taxes receivable					2,050			2,050
Due from grantor			15,078					15,078
Other accounts receivable	122							122
	<u>\$ 93,307</u>	<u>3,888</u>	<u>90,706</u>		<u>83,888</u>	<u>6,993</u>	<u>7,177</u>	<u>285,959</u>
LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts payable	\$ 78		3,087				36	3,201
Due to other funds				11,387				11,387
Total liabilities	<u>78</u>		<u>3,087</u>	<u>11,387</u>			<u>36</u>	<u>14,588</u>
Restricted Fund Balance shown in:								
Special revenue funds	93,229	3,888	87,619		83,888	6,993	7,141	282,758
Capital projects funds								
Unassigned				(11,387)				(11,387)
Total fund balance	<u>93,229</u>	<u>3,888</u>	<u>87,619</u>	<u>(11,387)</u>	<u>83,888</u>	<u>6,993</u>	<u>7,141</u>	<u>271,371</u>
Total liabilities and fund balance	<u>\$ 93,307</u>	<u>3,888</u>	<u>90,706</u>		<u>83,888</u>	<u>6,993</u>	<u>7,177</u>	<u>285,959</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, 2011

	Capital Projects Funds					Total Capital Projects Funds	Total Other Governm. Funds
	Sr. Center Improv. Fund 35	CDBG Colonias WW Fund 45	Industrial Park Fund 55	Main Street Park Fund 56	Street Improvement Fund 60		
ASSETS							
Cash and cash equivalents	\$	36,818		5	39,281	76,104	344,813
Taxes receivable							2,050
Due from grantor							15,078
Other accounts receivable							122
	\$	<u>36,818</u>		<u>5</u>	<u>39,281</u>	<u>76,104</u>	<u>362,063</u>
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts payable	\$						3,201
Due to other funds		<u>114</u>	<u>2,864</u>			<u>2,978</u>	<u>14,365</u>
Total liabilities		<u>114</u>	<u>2,864</u>			<u>2,978</u>	<u>17,566</u>
Restricted Fund Balance shown in:							
Special revenue funds							282,758
Capital projects funds		36,818		5	39,281	76,104	76,104
Unassigned		<u>(114)</u>	<u>(2,864)</u>			<u>(2,978)</u>	<u>(14,365)</u>
Total fund balance		<u>(114)</u>	<u>(2,864)</u>	<u>5</u>	<u>39,281</u>	<u>73,126</u>	<u>344,497</u>
Total liabilities and fund balance	\$	<u>36,818</u>		<u>5</u>	<u>39,281</u>	<u>76,104</u>	<u>362,063</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
For the Year Ended June 30, 2011

	Special Revenue Funds							Total Special Revenue Funds
	Correction Fund 20	EMS Fund 21	Fire Protection Fund 22	Law Enforcement Protection Fund 24	Municipal Streets Fund 25	NM Energy, Mineral, & Nat. Resource Fund 43	Cemetery Fund 53	
Revenues:								
Court fines and fees	\$ 5,338							5,338
Intergovernmental grant		5,000	40,346	21,200				66,546
Cemetery fees							1,000	1,000
Gross receipts taxes					8,772			8,772
CFT gas tax					6,306			6,306
State fire allotment			50,951					50,951
State fire allotment intercepted			20,571					20,571
Reimbursements				16		1,700		1,716
Investment income			57					57
	<u>5,338</u>	<u>5,000</u>	<u>111,925</u>	<u>21,216</u>	<u>15,078</u>	<u>1,700</u>	<u>1,000</u>	<u>161,257</u>
Expenditures:								
Current:								
General Government								
Public Safety	2,692		108,683	23,485				134,860
Public Works					17,100			17,100
Health and Welfare		2,673					2,643	5,316
Non-Current:								
Debt Service								
Principal			19,154					19,154
Interest			1,442					1,442
Capital Outlay								
	<u>2,692</u>	<u>2,673</u>	<u>129,279</u>	<u>23,485</u>	<u>17,100</u>		<u>2,643</u>	<u>177,872</u>
Revenues Over (Under) Expenditures	<u>2,646</u>	<u>2,327</u>	<u>(17,354)</u>	<u>(2,269)</u>	<u>(2,022)</u>	<u>1,700</u>	<u>(1,643)</u>	<u>(16,615)</u>
Other financing sources (uses):								
Operating transfers in								
Net Change in Fund Balance	2,646	2,327	(17,354)	(2,269)	(2,022)	1,700	(1,643)	(16,615)
Fund balance at beginning of year	<u>90,583</u>	<u>1,561</u>	<u>104,973</u>	<u>(9,118)</u>	<u>85,910</u>	<u>5,293</u>	<u>8,784</u>	<u>287,986</u>
Fund balance at end of year	\$ <u>93,229</u>	<u>3,888</u>	<u>87,619</u>	<u>(11,387)</u>	<u>83,888</u>	<u>6,993</u>	<u>7,141</u>	<u>271,371</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
For the Year Ended June 30, 2011

	Capital Projects Funds					Total Capital Projects Funds	Total Other Governmental Funds
	Sr. Center Improv. Fund 35	CDBG Colonias WW Fund 45	Industrial Park Fund 55	Main Street Park Fund 56	Street Improvement Fund 60		
Revenues:							
Court fines and fees	\$						5,338
Intergovernmental grant					40,000	40,000	106,546
Cemetery fees							1,000
Gross receipts taxes							8,772
CFT gas tax							6,306
State fire allotment							50,951
State fire allotment intercept							20,571
Reimbursements							1,716
Investment income							57
					40,000	40,000	201,257
Expenditures:							
Current:							
General Government							134,860
Public Safety							17,819
Public Works					719	719	5,316
Health and Welfare							
Non-Current:							
Debt Service							19,154
Principal							1,442
Interest							
Capital outlay							
					719	719	178,591
Revenues Over (Under) Expenditures					39,281	39,281	22,666
Other financing sources (uses):							
Operating transfers in							
Net Change in fund balance					39,281	39,281	22,666
Fund balance at beginning of year	(114)	36,818	(2,864)	5		33,845	321,831
Fund balance at end of year	\$ (114)	36,818	(2,864)	5	39,281	73,126	344,497

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 - Fund 20
Statement of Revenues and Expenditures - Budget and Actual
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative)	
	Original Budget	Final Budget		Original Budget to Final	Actual to Final Budget
	Revenues:				
Court fines and fees	\$ 11,800	11,800	5,506		(6,294)
	<u>11,800</u>	<u>11,800</u>	<u>5,506</u>		<u>(6,294)</u>
Expenditures:					
Current:					
Public Safety	11,000	11,000	2,614		8,386
	<u>11,000</u>	<u>11,000</u>	<u>2,614</u>		<u>8,386</u>
Revenues Over (Under) Expenditures	\$ <u>800</u>	<u>800</u>	2,892		<u>2,092</u>
Reconciliation to GAAP Basis Financial Statement					
Decrease in other receivables			(168)		
Increase in accounts payable			<u>(78)</u>		
Net changes in fund balance			\$ <u>2,646</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 - Fund 21
Statement of Revenues and Expenditures - Budget and Actual
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative)	
	Original Budget	Final Budget		Original Budget to Final	Actual to Final Budget
	Revenues:				
State-Emergency management	\$ 6,224	6,224	5,000		(1,224)
	<u>6,224</u>	<u>6,224</u>	<u>5,000</u>		<u>(1,224)</u>
Expenditures:					
Current:					
Health and Welfare	6,224	6,224	2,673		3,551
	<u>6,224</u>	<u>6,224</u>	<u>2,673</u>		<u>3,551</u>
Revenues Over (Under) Expenditures	\$ <u> </u>	<u> </u>	<u>2,327</u>		<u>2,327</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 - Fund 22
Statement of Revenues and Expenditures - Budget and Actual
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variences Positive (Negative)	
	Original Budget	Final Budget		Original Budget to Final	Actual to Final Budget
	Revenues:				
State fire allotment	\$ 51,000	51,000	50,951		(49)
State fire allotment intercept	37,828	37,828	20,571		(17,257)
Reimbursements		25,224	25,268	25,224	44
Investment income			57		57
	<u>88,828</u>	<u>114,052</u>	<u>96,847</u>	<u>25,224</u>	<u>(17,205)</u>
Expenditures:					
Current:					
Public Safety	44,403	107,455	105,596	(63,052)	1,859
Non-Current:					
Debt Service:					
Principal	19,154	19,154	19,154		
Interest	1,443	1,443	1,442		1
	<u>65,000</u>	<u>128,052</u>	<u>126,192</u>	<u>(63,052)</u>	<u>1,860</u>
Revenues Over (Under) Expenditures	<u>\$ 23,828</u>	<u>(14,000)</u>	(29,345)	<u>(37,828)</u>	<u>(15,345)</u>
Reconciliation to GAAP Basis Financial Statement					
Increase in due from grantor			15,078		
Increase in accounts payable			(3,088)		
Rounding			<u>1</u>		
Net changes in fund balance			\$ <u>(17,354)</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 - Fund 24
Statement of Revenues and Expenditures - Budget and Actual
 For the Year Ended June 30, 2011

	<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:					
Law Enforcement Protection Distribution	\$ <u>21,200</u>	<u>21,216</u>	<u>21,216</u>	<u>16</u>	<u> </u>
	<u>21,200</u>	<u>21,216</u>	<u>21,216</u>	<u>16</u>	<u> </u>
Expenditures:					
Current:					
Public Safety	<u>21,200</u>	<u>35,353</u>	<u>34,513</u>	<u>(14,153)</u>	<u>840</u>
	<u>21,200</u>	<u>35,353</u>	<u>34,513</u>	<u>(14,153)</u>	<u>840</u>
Revenues Over (Under) Expenditures		(14,137)	(13,297)	<u>(14,137)</u>	<u>840</u>
Budgetary Notation: Cash Appropriated From Prior Year for Current Year Expenditure	\$ <u> </u>	<u>14,137</u>			
Reconciliation to GAAP Basis Financial Statement					
Decrease in accounts payable			<u>11,028</u>		
Net changes in fund balance			\$ <u>(2,269)</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
Municipal Streets Fund - Fund 25
Statement of Revenues and Expenditures - Budget and Actual
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative)	
	Original Budget	Final Budget		Original Budget to Final	Actual to Final Budget
Revenues:					
GRT Municipal Infrastructure	\$ 4,800	4,800	11,296		6,496
Gas Tax Distribution	5,004	5,004	6,001		997
	<u>9,804</u>	<u>9,804</u>	<u>17,297</u>		<u>7,493</u>
Expenditures:					
Current:					
Public Works	29,000	29,000	19,095		9,905
	<u>29,000</u>	<u>29,000</u>	<u>19,095</u>		<u>9,905</u>
Revenues Over (Under) Expenditures	(19,196)	(19,196)	(1,798)		17,398
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(19,196)</u>	<u>(19,196)</u>	(1,798)		<u>17,398</u>
Reconciliation to GAAP Basis Financial Statement					
Decrease in taxes receivable			(2,220)		
Decrease in accounts payable			<u>1,996</u>		
Net changes in fund balance			\$ <u>(2,022)</u>		

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 Special Revenue Fund
NM Energy Mineral and Natural Resources Fund - Fund 43
Statement of Revenues and Expenditures - Budget and Actual
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative)	
	Original Budget	Final Budget		Original Budget to Final	Actual to Final Budget
	Revenues:				
Forestry Service Reimbursements	\$ _____	_____	1,700	_____	1,700
	_____	_____	1,700	_____	1,700
Expenditures:					
Current:					
Public Safety	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____
Revenues Over (Under) Expenditures	\$ _____	_____	1,700	_____	1,700

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

Statement B-6

Village of Santa Clara
Non-Major Special Revenue Fund
Cemetery Fund - Fund 53
Statement of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative)	
	Original Budget	Final Budget		Original Budget to Final	Actual to Final Budget
	Revenues:				
Cemetery fees	\$ _____	600	1,000	600	400
	_____	600	1,000	600	400
Expenditures:					
Current:					
Health and Welfare	_____	2,634	2,634	(2,634)	_____
	_____	2,634	2,634	(2,634)	_____
Revenues Over (Under) Expenditures	\$ _____	(2,034)	(1,634)	(2,034)	400
Budgetary Notation: Cash Appropriated From Prior Year for Current Year Expenditure		2,034			
Reconciliation to GAAP Basis Financial Statements:					
Increase in accounts payable			(9)		
Net Change in Fund Balance			(1,643)		

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 Projects Fund
Street Improvement Fund - Fund 60
Statement of Revenues and Expenditures - Budget and Actual
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative)	
	Original Budget	Final Budget		Original Budget to Final	Actual to Final Budget
	Revenues:				
Intergovernmental grant	\$ _____	40,000	40,000	40,000	_____
	_____	40,000	40,000	40,000	_____
Expenditures:					
Noncurrent:					
Capital outlay	_____	719	719	(719)	_____
	_____	719	719	(719)	_____
Revenues Over (Under) Expenditures	\$ _____	39,281	39,281	39,281	_____

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

Statement B-8

REQUIRED SUPPLEMENTAL INFORMATION

State of New Mexico
 Village of Santa Clara
Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2011

	<u>Federal CFDA Number</u>	<u>Federal Grant Number</u>	<u>Primary Government Expenditures</u>	<u>Major Program</u>
Direct Grants and Loans:				
U.S. Department of Agriculture:				
Water and Waste Water Disposal Systems for				
Rural Communities (Phase I)	10.760	36-0009-0856003550	105,009	Yes
Rural Communities (Phase II)	10.760	36-0009-0856003550	808,627	Yes
			<hr/>	
			<u>913,636</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, 2010.
- 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, 2010.

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

Schedule 1

OTHER SUPPLEMENTAL 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, 2011

<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	\$ 1,222,675	1,451	(46,765)	574	1,177,935
Village of Santa Clara - Street Improvement	1	39,281				39,281
Village of Santa Clara - RUS	1	1,585		(1,471)		114
Village of Santa Clara	2	65,270				65,270
Village of Santa Clara	2	18,926				18,926
Village of Santa Clara	2	17,992				17,992
New Mexico State Treasurer	3	20,270	4			20,274
New Mexico State Treasurer	3	59				59
NMFA Trust Accounts	4	32				32
		<u>\$ 1,386,090</u>	<u>1,455</u>	<u>(48,236)</u>	<u>574</u>	<u>1,339,883</u>

Shown on Statement of Net Assets as:

Unrestricted cash and cash equivalents	\$ 1,210,278
Restricted cash and cash equivalents	129,087
Less Cash on hand included in unrestricted cash and cash equivalents	(350)
Plus trust and agency cash included in pooled cash account	868
	<u>\$ 1,339,883</u>

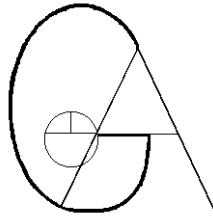
Account Types

Non Interest Bearing Checking Account	1
Certificate of Deposit	2
Pooled Cash Investment Account	3
Debt Service Trust Accounts Held at NMFA	4

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

Schedule 3

COMPLIANCE SECTION



Gary E. Gaylord, C.P.A.

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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, 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, 2011, and have issued my report thereon dated March 22, 2013. 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
2011-02 Utility Billings and Collection

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
2011-01 Bank Reconciliation Procedures
2011-03 Monthly Utility Reports
2011-04 Financial Reports to Mayor and Trustees

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items:

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

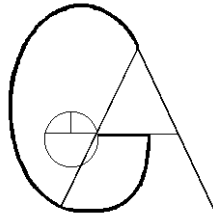
**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS, continued**

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

This report is intended solely for the information of management, the Board of Trustees, others within the entity, the New Mexico Department of Finance and Administration, 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 these specified parties.



Gary E. Gaylord, Ltd. CPA's
March 22, 2013



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 U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Village of Santa Clara's major federal programs for the year ended June 30, 2011. The Village of Santa Clara'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, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 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, 2011.

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 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's 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:

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's responses to the findings identified in my audit are described in the accompanying schedule of findings and questioned costs. I did not audit Village's responses and, accordingly, I express no opinion in it.

This report is intended solely for the information of management, the Board of Trustees, others within the entity, the New Mexico Department of Finance and Administration, 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 these specified parties.



Gary E. Gaylord, Ltd. CPA's
March 22, 2013

FINDINGS AND QUESTIONED COSTS

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

1. Type of auditors' report issued Unqualified

Internal control over financial reporting:

1. Material weaknesses identified? Yes

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 No

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:

CFDA Number

10.760

Name of Federal Program or Cluster

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, 2011**

SECTION II- FINDING

Prior Year Audit Findings

<u>Financial Report – Internal Control</u>	<u>Status</u>
2005-10 Audit Report Submission to the New Mexico State Auditor	Updated
2006-03 Internal Control and Compliance with Grants	Resolved
2009-01 Overbilling and Overpayment to Contractor	Repeated
<u>Financial Report - Compliance</u>	
2005-10 Audit Report Submission to the New Mexico State Auditor	Updated
2006-14 Expenditures in Excess of Budget Authority	Updated
2009-01 Overbilling and Overpayment to Contractor	Repeated
2009-02 Timeliness of Filing Single Audit Report to Federal Clearinghouse	Repeated
<u>Federal Awards - Compliance</u>	
2009-02 Timeliness of Filing Single Audit Report to Federal Clearinghouse	Repeated

CURRENT YEAR AUDIT FINDINGS

<u>Financial Report - Internal Control</u>	
2005-10 Audit Report Submission to the New Mexico State Auditor	
2009-01 Overbilling and Overpayment to Contractor	
2011-01 Bank Reconciliation Procedures	
2011-02 Utility Billings and Collection	
2011-03 Monthly Utility Reports	
2011-04 Financial Reports to Mayor and Trustees	
<u>Financial Report - Compliance</u>	
2005-10 Audit Report Submission to the New Mexico State Auditor	
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	
<u>Federal Awards - Compliance</u>	
2009-02 Timeliness of Filing Single Audit Report to Federal Clearinghouse	

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued
For the Year Ended June 30, 2011**

**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, 2011, to the New Mexico State Auditor was December 1, 2011. The contract for the audit of FYE June 30, 2011 was not approved and signed by the New Mexico State Auditor's office until March 7, 2013 and had a contractual due date of March 13, 2013 (6 days after approval). Audit submissions for the FYE June 30, 2012 will also be late.

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 30th.

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. The audit firm was not informed that the State Auditor's Office was experiencing problems with the contracting process until shortly before the contractual due date of the report.

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, 2011**

**2006-14 Reportable Instance of Noncompliance
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 and Sewer	\$ 5,486

Criteria:

Per New Mexico State Statutes 6-6-2(A) the deadline for submission of the proposed budget to DFA is June 1st of each fiscal year. New Mexico State Statutes Section 6-6-2(B) states that DFA approves and certifies by July 1st 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 approving 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 were unaware that expenditures had exceeded budget authority. Monitoring procedures were ineffective on this fund.

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, 2011**

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, 2011

Questioned Costs: \$22,476 in FYE 06-30-09

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. This comment is being repeated in 2011 because the billing errors were not discovered until the audit of FYE 06-30-09 and corrective action had not been taken prior to the completion of the audit for FYE 06-30-11.

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's grant activity was not properly monitored.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued
For the Year Ended June 30, 2011**

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, 2011

Questioned Costs: \$22,476 in FYE 06-30-09

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.

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, 2011**

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. The reporting package will also be late for the fiscal years ending June 30, 2012.

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
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued
For the Year Ended June 30, 2011**

2011-01 Significant Deficiency

BANK RECONCILIATION PROCEDURES

Statement of Condition:

The computer software used by the Village (Caselle) allows Village personnel to easily do bank reconciliations at the end of each month. The software program provides a single “joint fund - - (01)” that is reconciled that, in theory, accounts for all bank activity in the Village’s operating account. This “joint fund - - (01)” allows the Village to reconcile the bank account activity against a single fund. However, this reconciling activity does not ensure that individual fund activity is being properly posted in a timely manner. During the Audit of the Water and Sewer Fund (Fund 51) and Solid Waste Fund (Fund 52) for June 30, 2011 it was noted that the accounting records for cash activities in the two funds were not reflected in the G/L postings in the proper month. (i.e.: Cash activity occurring in the current month was posted in the G/L in the following month or later).

Criteria:

Generally Accepted Accounting Principle for Governmental Entities as practiced in New Mexico requires that financial reporting be done by reporting the financial activities of each individual fund in a timely manner. In order to ensure that each fund’s activities are reported properly, the bank account reconciliation process should include a process wherein the reconciled balance in the “joint fund - - (01)” agrees with the operating account balances shown by the individual funds utilizing the joint checking account. (Total of all individual fund operating cash balances at the end of the month being worked on should equal the reconciled account balance of the joint fund.

Effect:

The Village’s G/L did not reflect accounting activities in the proper month and any reports using figures from the G/L would have reported inaccurate revenue figures for the month(s) being reported upon.

Cause:

The automated posting routine was not working correctly or was not being utilized properly by the accounting personnel of the Village.

Recommendation:

Village staff should be trained properly on the use of the software and should incorporate into their accounting procedures a routine that ensures that individual balances (by fund) are in agreement with the overall reconciled cash balance reflected in the joint fund.

Agency Response: Village Employees attended training in October 2012 on the software and will attend additional trainings.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued
For the Year Ended June 30, 2011**

**2011-02 Material Weakness
UTILITY BILLINGS AND COLLECTION**

Statement of Condition:

During the audit of the Water & Sewer Fund (51) and the Solid Waste Fund (52) I noted that individual customer receivable balances had increased significantly over the balances reflected in the prior year. I selected 296 accounts with questionable balances out of a total of 894 customer accounts. Of the 296 accounts selected for examination I found the following:

- 1) 165 of the accounts appeared on only one of the two aging reports available and were accounts that should have been written-off years earlier. The total accounts receivable from these 165 accounts was \$ 33,089.
- 2) 33 of the accounts were for customers who had terminated service in a prior year for which the billing software was still generating bills each month (in error). During FYE 06-30-11 these accounts were billed a total of \$ 22,212, in error.
- 3) 4 accounts were with customers for which it appears as if they had never paid on their account. Services were still being provided on these accounts. The total owed by these 4 customers totaled \$ 5,941.
- 4) Numerous customers were allowed service even when their monthly or occasional payment (less often than monthly) did not equal the service charge for any single month.
- 5) 19 additional accounts were receiving services even though a payment had not been made on the account for over one year. The total owed by these 19 customers was \$ 15,549.
- 6) I found two accounts that were being billed on a monthly basis even though there was no documented meter reading in the billing system.

Criteria:

Water, sewer and solid waste services are provided to Village's residences and businesses and billings for these services are generally billed on a monthly basis. When customers object to the amounts billed the Village attempts to re-verify the meter readings used to generate the billing and attempts to make adjustments, when necessary. The Village's policy is to terminate service when valid billings go unpaid.

Effect:

Ineffective billing and collections on customer accounts that could lead to a significant loss in needed revenue for the successful operation of the Village's utilities. If the problems get worse or continue for an extended period of time, the possibility exists that the Village could end up in violation of its bond ordinances.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued
For the Year Ended June 30, 2011**

**2011-02 Material Weakness
UTILITY BILLINGS AND COLLECTION, continued**

Cause:

Inadequate or ineffective review of the billing and collection practices of the Village.
Unwillingness to terminate services because of nonpayment on outstanding accounts receivable.
Inadequate training on the software for handling accounts when services are terminated.

Recommendation:

Village staff should be trained properly on the use of the software and should incorporate into their accounting procedures a routine that ensures that individual customer account balances are reviewed each month with an eye towards stopping the pervasive delinquency currently being experienced on customer accounts receivable. The Village's policies for terminating services for nonpayment on accounts should be strengthened and enforced. The mayor and trustees should be provided with a list of delinquent accounts each month for their review and input into the process. Customer complaints should be documented and incorporated into a written report to the mayor and trustees for their review and action.

Agency Response:

In October 2012, employees attended training for all areas of the software.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued
For the Year Ended June 30, 2011**

**2011-03 Significant Deficiency
MONTHLY UTILITY REPORTS**

Statement of Condition:

The Village began the process of gathering together and organizing the various reports that document the activities of the Water and Sewer and Solid Waste utilities. It was determined that many of the reports that should have been retained in the Village's files were missing and the reports had to be regenerated in order to complete the "audit trail" needed to ascertain and support entries in the accounting records of the Village.

Criteria:

At a minimum, the following additional records (daily deposit records are currently retained in separate files and no changes to how these records are kept is being recommended) in hard copy should be retained each month as supporting documents to the activities of the utilities:

- 1) Meter Readings (Original Readings)
- 2) Meter Readings for any re-reading of meters, together with notations on actions taken because of the findings when the meters are re-read.
- 3) Billing Register by Customer Name
- 4) Billing and Usage Report
- 5) Transaction Allocation By Service By Name
- 6) Transaction Summary
- 7) Supporting documentation for any adjustments made to accounts receivable balances
- 8) Aging Report by Name
- 9) Accounts Receivable by Service By Name

Note: Whenever the Aging Report by Name and the Accounts Receivable by Service By Name (7 and 8 above) do not agree with each other an explanation of the difference should be explained and the proposed actions to correct the records should be documented.

Effect:

Inadequate "audit trail" and inadequate documentation for making necessary changes to individual accounts receivable balances when errors or irregularities occur.

Cause:

Until recently, there was no demand or policy in place that required that records in support of the activities of the utilities be retained. Records were not organized in a logical manner and records were either not produced or were not retained for future use and/or review.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued
For the Year Ended June 30, 2011**

**2011-03 Significant Deficiency
MONTHLY UTILITY REPORTS, continued**

Recommendation:

Needed records, as noted under criteria, should be retained and organized by month in support of the accounting records of the utility.

Agency Response:

The needed reports will be printed and retained monthly as suggested.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued
For the Year Ended June 30, 2011**

2011-04 Significant Deficiency

FINANCIAL REPORTS TO MAYOR AND TRUSTEES

Statement of Condition:

The Village's Mayor and Trustees are not provided with sufficient financial reports to adequately monitor the financial activities of the Village. Instead, the mayor must monitor the activities of the Village by working closely with staff and depending on staff to carry out their duties and responsibilities in a responsible manner. Although quarterly reports are prepared and filed with DFA these reports are rarely, if ever, shared with the Mayor and Trustees in the monthly meetings. However, the budgets are properly discussed with the citizens of the Village and are adopted in accordance with applicable State Statutes.

Criteria:

The financial affairs of the Village are ultimately the responsibility of the mayor and trustees of the Village (elected officials). In order to adequately monitor the financial affairs of the Village monthly financial information should be shared with them to include, at a minimum:

- Budget comparison reports by Fund
- Cash Position by Fund
- Customer Accounts Receivable Reports
- Delinquent Accounts Report
- Check Register Report By Vendor (w/o payroll information)
- Status Report on Payroll tax filings
- Copies of any required reports to DFA which show financial position and/or Revenues and/or Expenditures year to date

Effect:

Without adequate reporting, the Trustees and Mayor are forced to trust that staff is carrying out the policies of the Village with limited oversight. Fortunately, for the most part, staff tries very hard to accomplish the numerous tasks required of them in an effective and efficient manner.

Cause:

Staff was not tasked with the responsibility for producing the reports enumerated above and has been understaffed most of the time under audit.

Recommendation:

The Mayor, Trustees and Financial Staff of the Village should determine the form and content of reports that should be produced for review and approval by the Mayor and Trustees. The production of the reports should be timely so that adequate oversight of the Village's financial affairs is possible.

Agency Response: The Mayor and Trustees will be given monthly reports as recommended.

**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, 2011**

Separately Issued Housing Authority (Component Unit)

Reportable Findings and Question Costs – Financial Statement Audit:

Prior Year Audit Findings

Status

Financial Report – Internal Control

2006-02 General Ledger, Accounting Records, and Reconciliations	Resolved
2007-01 Failure to File Accurate Payroll Tax Reports	Resolved
2008-01 Failure to Report Rent Subsidies on GAAP Basis	Resolved
2010-01 Failure to Record Accounts Payable	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

None

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, 2011**

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 March 21, 2012.

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, 2011.

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 March 21, 2012. 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, 2011.

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
EXIT CONFERENCE
For the Year Ended June 30, 2011**

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 March 22, 2013.

In attendance were the following:

Representing the Village of Santa Clara:

Richard Bauch	Mayor
J. Iris Mohr	Administrator

Representing the Auditors:

Gary E. Gaylord, CPA	Auditor-in-Charge
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