

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

**For the Year Ended June 30, 2012**

**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, 2012**

**Elected Officials (through June 30, 2012)**

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, 2012**

**Board of Commissioners**

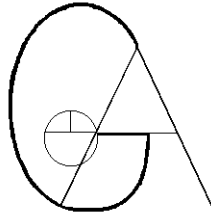
Rudolfo Herrera	Chairperson
Johnny Trujillo	Vice-Chairperson
Sonya Dixon	Commissioner
Stephen Miranda	Commissioner

**Administration**

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





Gary E. Gaylord, C.P.A.

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

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## **INDEPENDENT AUDITOR'S REPORT**

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

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information and the budgetary comparisons for the general fund and major special revenue fund of the Village of Santa Clara, Santa Clara, New Mexico, (The Village) as of and for the year ended June 30, 2012, 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 fiduciary fund, and the budgetary comparisons for the major capital project fund 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, 2012, 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 \$816,150 as of June 30, 2012, and net operating revenues of \$258,536 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, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and major special revenue 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 above present fairly, in all material respects, the respective financial position of each nonmajor governmental and fiduciary fund of the Village as of June 30, 2012, 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 July 26, 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, 2012, 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 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

July 26, 2013

## **BASIC FINANCIAL STATEMENTS**

State of New Mexico  
Village of Santa Clara  
**Statement of Net Assets**  
June 30, 2012

	<b>Primary Government</b>			<b>Component Unit - Housing Authority</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 522,773	168,255	691,028	86,088
Investments	667,855		667,855	
Customer accounts receivable, net		75,656	75,656	1,336
Unbilled accounts receivable		32,252	32,252	
Subsidy receivable			0	5,312
Due from grantor	15,233	18,127	33,360	
Taxes receivable	88,082	2,164	90,246	
Other receivables	2,337		2,337	3,772
Prepaid insurance			0	8,177
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents		68,340	68,340	2,760
Investments		51,651	51,651	
Capital assets not being depreciated:				
Land	28,131		28,131	
Construction work in progress	55,579	1,079,498	1,135,077	
Capital assets net of accumulated depreciation				
Infrastructure	1,553,306	2,617,087	4,170,393	708,705
Buildings and building improvements	1,780,065	32,879	1,812,944	
Machinery and equipment	300,999	10,029	311,028	
Total Assets	<u>\$ 5,014,360</u>	<u>4,155,938</u>	<u>9,170,298</u>	<u>816,150</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 19,102	47,525	66,627	6,997
Accrued salaries and benefits	3,662	2,979	6,641	7,189
Accrued compensated absences - current	889	1,129	2,018	2,850
Accrued interest payable	140	6,323	6,463	
Customer deposits		68,340	68,340	2,760
Noncurrent liabilities:				
Due within one year	19,745	4,000	23,745	
Due in more than one year	79,508	323,645	403,153	2,252
Total Liabilities	<u>123,046</u>	<u>453,941</u>	<u>576,987</u>	<u>22,048</u>
<b>NET ASSETS</b>				
Investment in capital assets, net of related debt	3,623,272	3,417,493	7,040,765	708,705
Restricted for:				
Capital Projects	34,677		34,677	
Other Purposes	257,657		257,657	
Unrestricted	975,708	284,504	1,260,212	85,397
Total Net Assets	<u>\$ 4,891,314</u>	<u>3,701,997</u>	<u>8,593,311</u>	<u>794,102</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, 2012

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets			Component Unit - Housing Authority
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
<b>Primary Government:</b>								
Governmental activities:								
General Government	\$ 121,708	12,026			(109,682)		(109,682)	
Public Safety	451,766	32,515	135,071	121,609	(162,571)		(162,571)	
Public Works	80,975			460,305	379,330		379,330	
Health and Welfare	19,659	400	5,003		(14,256)		(14,256)	
Interest on long-term debt	1,105				(1,105)		(1,105)	
Total governmental activities	\$ 675,213	44,941	140,074	581,914	91,716		91,716	
Business-type activities:								
Water and Sewer	\$ 655,582	679,116		18,127		41,661	41,661	
Solid Waste	131,420	132,807				1,387	1,387	
Total business-type activities	\$ 787,002	811,923		18,127		43,048	43,048	
Total Primary Government	\$ 1,462,215	856,864	140,074	600,041	91,716	43,048	134,764	
Component unit - Housing Authority	\$ 228,755	79,367	96,503	18,342				(24,520)
General revenues:								
Property taxes					10,069		10,069	
Gasoline tax								
Gross receipts tax					281,821	8,008	289,829	
Other taxes					44,965		44,965	
Small cities distribution					199,483		199,483	
Unrestricted investment income					2,584	195	2,779	
Transfers					(61,718)	61,718		
Total general revenues and transfers					477,204	69,921	547,125	
Change in net assets					568,920	112,969	681,889	(24,520)
Net assets at beginning of year					4,322,394	3,589,028	7,911,422	809,617
Net assets at end of year					\$ 4,891,314	3,701,997	8,593,311	785,097

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, 2012

	<u>General Fund</u>	<u>Fire Protection</u>	<u>CDBG Grant</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 205,955	80,968		235,850	522,773
Investments	667,855				667,855
Taxes receivable	83,296			4,786	88,082
Due from grantor	13,472			1,760	15,232
Other accounts receivable	1,520			817	2,337
Due from other funds	<u>20,239</u>				<u>20,239</u>
Total assets	<u>\$ 992,337</u>	<u>80,968</u>		<u>243,213</u>	<u>1,316,518</u>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Accounts payable	\$ 7,494	177		11,431	19,102
Accrued salaries and benefits	3,662				3,662
Compensated absences	889				889
Deferred revenue	3,256				3,256
Due to other funds				20,239	20,239
Total liabilities	<u>15,301</u>	<u>177</u>		<u>31,670</u>	<u>47,148</u>
Fund Balance:					
Unspendable					
Restricted	47,058	80,791		231,782	359,631
Committed					
Assigned					
Unassigned	929,978			(20,239)	909,739
Total fund balance	<u>977,036</u>	<u>80,791</u>		<u>211,543</u>	<u>1,269,370</u>
Total liabilities and fund balances	<u>\$ 992,337</u>	<u>80,968</u>		<u>243,213</u>	<u>1,316,518</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, 2012

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

Total fund balances - Governmental Funds	\$	1,269,370
Revenue timing difference because receipt of the revenue was not available for expenditure within 60 days of year end - Deferred for governmental funds but included under full accrual accounting		3,256
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		5,125,157
Accumulated depreciation is		<u>(1,407,077)</u>
		3,718,080
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		(140)
Compensated absences, net of current		(4,445)
Notes payable to NMFA		<u>(94,808)</u>
		(99,393)
Rounding		<u>1</u>
Total net assets Governmental Activities	\$	<u><u>4,891,314</u></u>

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

Exhibit C



State of New Mexico  
Village of Santa Clara  
**Statement of Revenues, Expenditures and  
Changes in Fund Balance - Governmental Funds**  
For the Year Ended June 30, 2012

	<b>General Fund</b>	<b>Fire Protection</b>	<b>CDBG Grant</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
Revenue:					
Franchise tax	\$ 30,439				30,439
Gross Receipts Tax - Local	134,167			13,238	147,405
Property Taxes	10,069				10,069
Intergovernmental grants	43,179	121,608	396,109	115,996	676,892
Gross Receipts Tax - State shared	134,416				134,416
CFT Gas Tax				6,667	6,667
Motor Vehicle distribution	4,603				4,603
Cemetery fees				400	400
Licenses, Fines & Fees	2,885				2,885
Miscellaneous Charges for Services	1,999				1,999
State fire allotment		70,092			70,092
Reimbursements					
Court fines and fees	3,731			2,831	6,562
Interest	2,584				2,584
Small cities distribution	199,483				199,483
Other miscellaneous	8,096				8,096
	<u>575,651</u>	<u>191,700</u>	<u>396,109</u>	<u>139,132</u>	<u>1,302,592</u>
Expenditures:					
Current:					
General Governmental:					
Executive - Legislative	16,574				16,574
Finance - Administration	70,860				70,860
Public Safety:					
Judicial	31,494				31,494
Police	252,266			11,936	264,202
Animal Control	13,825				13,825
Fire	5,171	40,655			45,826
Health and Welfare				1,972	1,972
Public Works	13,604			67,148	80,752
Non Current:					
Debt Service		20,592			20,592
Capital Outlay		137,281	396,109	41,807	575,197
	<u>403,794</u>	<u>198,528</u>	<u>396,109</u>	<u>122,863</u>	<u>1,121,294</u>
Revenues over (under) expenditures	171,857	(6,828)		16,269	181,298
Other financing sources (uses):					
Operating transfers in					
Operating transfers out				(61,718)	(61,718)
Net change in fund balance	171,857	(6,828)		(45,449)	119,580
Fund balance, at beginning of year	<u>805,179</u>	<u>87,619</u>		<u>256,992</u>	<u>1,149,790</u>
Fund balance, at end of year	<u>\$ 977,036</u>	<u>80,791</u>		<u>211,543</u>	<u>1,269,370</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, 2012

Total net change in fund balance - Governmental Funds		\$ 119,580
<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	610,747	
Depreciation expense	<u>(190,611)</u>	420,136
<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>		
Deferred revenue recognition	3,256	
Compensated absences payable, net of current	6,460	
Accrued interest payable	<u>52</u>	9,768
<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>		
NMFA Notes payable	<u>19,436</u>	<u>19,436</u>
Change in net assets of governmental activities		\$ <u>568,920</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variances Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>		<u>Original</u>	<u>Actual to</u>
	<u>Budget</u>	<u>Budget</u>		<u>Budget to</u>	<u>Final</u>
			<u>Final</u>	<u>Budget</u>	
Revenue:					
Franchise tax	\$ 25,000	32,922	32,922	7,922	
Gross Receipts Tax - Local	42,000	106,164	106,164	64,164	
Property Taxes	10,662	10,209	10,209	(453)	
Gross Receipts Tax - State shared	42,000	106,421	106,421	64,421	
Motor Vehicle distribution	3,900	4,607	4,607	707	
Licenses, Fines & Fees	1,640	2,885	2,885	1,245	
Miscellaneous Charges for Services		1,999	1,999	1,999	
Court fines and fees	17,160	6,274	6,274	(10,886)	
Interest		2,088	2,584	2,088	496
Small cities distribution	135,000	199,483	199,483	64,483	
Other Miscellaneous	31,135	38,353	38,353	7,218	
	<u>308,497</u>	<u>511,405</u>	<u>511,901</u>	<u>202,908</u>	<u>496</u>
Expenditures:					
Current:					
General Governmental:					
Executive - Legislative	9,740	18,157	18,157	(8,417)	
Finance - Administration	64,089	66,320	66,320	(2,231)	
Public Safety:					
Judicial	42,716	35,442	35,442	7,274	
Police and Fire	283,536	283,106	277,868	430	5,238
Health and Welfare:					
Ambulance	2,943	2,943			2,943
Public Works					
Highways and streets	16,000	16,000	13,552		2,448
	<u>419,024</u>	<u>421,968</u>	<u>411,339</u>	<u>(2,944)</u>	<u>10,629</u>
Revenues over (under) expenditures	(110,527)	<u>89,437</u>	100,562	<u>199,964</u>	<u>11,125</u>
Budgetary Notation:					
Cash appropriated from prior year for current year expenditures	\$ <u>110,527</u>				
Reconciliation to GAAP basis financial statement					
Increase in taxes receivable			56,628		
Decrease in other receivables			(3,093)		
Increase in due from grantor			13,472		
Decrease in accounts payable			226		
Increase in deferred revenue			(3,256)		
Decrease in accrued compensation			7,137		
Decrease in accrued compensated absences			181		
			<u>171,857</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  
**Major Special Revenue Fund**  
**Fire Protection Fund - Fund 22**  
*Statement of Revenues and Expenditures - Budget and Actual*  
 For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative)	
	Original Budget	Final Budget		Original Budget to Final	Actual to Final Budget
Revenues:					
State fire allotment	\$ 70,571	49,532	49,532	(21,039)	0
State fire allotment intercept			20,560	0	20,560
Reimbursements	130,000	358,727	136,686	228,727	(222,041)
Investment income		20,606		20,606	(20,606)
	<u>200,571</u>	<u>428,865</u>	<u>206,778</u>	<u>228,294</u>	<u>(222,087)</u>
Expenditures:					
Current:					
Public Safety			71,287		
Non-Current:					
Capital Outlay			109,560		
Debt Service:					
Principal			19,436		
Interest			1,156		
	<u>207,121</u>	<u>423,479</u>	<u>201,439</u>	<u>(216,358)</u>	<u>222,040</u>
Revenues Over (Under) Expenditures	\$ (6,550)	<u>5,386</u>	5,339	<u>11,936</u>	<u>(47)</u>
Budgetary Notation: Cash Appropriated From Prior Year for Current Year Expenditure	\$ <u>6,550</u>				
Reconciliation to GAAP Basis Financial Statement					
Decrease in due from grantor			(15,078)		
Decrease in accounts payable			<u>2,911</u>		
Net changes in fund balance			\$ <u>(6,828)</u>		

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

Exhibit F

State of New Mexico  
Village of Santa Clara  
**Statement of Net Assets - Proprietary Funds**  
June 30, 2012

<b>ASSETS</b>	<b>Water and Sewer</b>	<b>Solid Waste</b>	<b>Total</b>
<b>Current assets:</b>			
Cash and cash equivalents	\$ 125,734	42,521	168,255
Customer accounts receivable, net	61,367	14,289	75,656
Unbilled accounts receivable	26,923	5,329	32,252
Due from grantor	18,127		18,127
Taxes receivable		2,164	2,164
<b>Restricted cash and investments:</b>			
Customer meter deposits	68,340		68,340
Revenue bond reserves	51,651		51,651
<b>Total current assets</b>	<b>352,142</b>	<b>64,303</b>	<b>416,445</b>
<b>Noncurrent assets:</b>			
<b>Capital Assets not being depreciated:</b>			
Construction work in progress	1,079,498		1,079,498
<b>Capital Assets being depreciated:</b>			
Infrastructure	3,328,232		3,328,232
Buildings	49,581		49,581
Machinery and equipment	115,551		115,551
Total capital assets	4,572,862		4,572,862
Accumulated depreciation	(833,369)		(833,369)
Net capital assets	3,739,493		3,739,493
<b>Total assets</b>	<b>\$ 4,091,635</b>	<b>64,303</b>	<b>4,155,938</b>
<b>LIABILITIES AND NET ASSETS (DEFICIT)</b>			
<b>Current liabilities:</b>			
Trade accounts payable	\$ 8,260	4,801	13,061
Other accounts payable	34,464		34,464
Accrued salaries and benefits	2,979		2,979
Customer meter deposits payable	68,340		68,340
Accrued compensated absences - current	1,129		1,129
Accrued interest payable	6,323		6,323
Revenue bonds payable, current portion	4,000		4,000
Total current liabilities	125,495	4,801	130,296
<b>Noncurrent liabilities:</b>			
Noncurrent accrued compensated absences	5,645		5,645
Revenue bonds payable, net of current portion	318,000		318,000
Total noncurrent liabilities	323,645		323,645
<b>Total liabilities</b>	<b>449,140</b>	<b>4,801</b>	<b>453,941</b>
<b>NET ASSETS</b>			
Investment in capital assets, net of related debt	3,417,493		3,417,493
Unrestricted	225,002	59,502	284,504
<b>Total net assets</b>	<b>3,642,495</b>	<b>59,502</b>	<b>3,701,997</b>
<b>Total liabilities and net assets</b>	<b>\$ 4,091,635</b>	<b>64,303</b>	<b>4,155,938</b>

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 Revenues, Expenses and  
Changes in Fund Net Assets - Proprietary Funds**  
For the Year Ended June 30, 2012

	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Total</u>
Revenues:			
Utility charges	\$ 602,361	132,808	735,169
Penalties	13,250		13,250
Other miscellaneous	63,504		63,504
Environmental gross receipts tax		8,008	8,008
Total operating revenue	<u>679,115</u>	<u>140,816</u>	<u>819,931</u>
Operating expenses:			
Salaries	127,474		127,474
Benefits	15,571		15,571
Travel and per diem	1,503		1,503
Contractual services	204,075	66,936	271,011
Supplies	30,022		30,022
Other operating expenses	192,649	64,484	257,133
Depreciation	73,966		73,966
	<u>645,260</u>	<u>131,420</u>	<u>776,680</u>
Net operating income (loss)	<u>33,855</u>	<u>9,396</u>	<u>43,251</u>
Non-operating income (expenses)			
Capital grants	18,127		18,127
Investment income	195		195
Interest expense	<u>(10,322)</u>		<u>(10,322)</u>
Total nonoperating revenue (expenses)	<u>8,000</u>		<u>8,000</u>
Income (loss) before transfers	41,855	9,396	51,251
Transfers in	61,718		61,718
Transfers out			
Change in net assets	103,573	9,396	112,969
Net assets at beginning of year	<u>3,538,922</u>	<u>50,106</u>	<u>3,589,028</u>
Net assets at end of year	<u>\$ 3,642,495</u>	<u>59,502</u>	<u>3,701,997</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 Cash Flows - Proprietary Fund**  
For the Year Ended June 30, 2012

	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from customers	\$ 661,693	131,425	793,118
Cash received from taxes and other sources		6,400	6,400
Payment to and on behalf of employees	(147,237)		(147,237)
Payment to vendors for goods and services	(425,206)	(131,966)	(557,172)
Net cash flows from operating activities	<u>89,250</u>	<u>5,859</u>	<u>95,109</u>
Cash flows from capital and related financing activities:			
RUS grant proceeds used to purchase capital assets	61,718		61,718
Payments on revenue bonds	(4,000)		(4,000)
Interest payments	(11,818)		(11,818)
Purchase of capital assets	(67,718)		(67,718)
Net cash flows from capital and related financing activities	<u>(21,818)</u>		<u>(21,818)</u>
Cash flows from investing activities:			
Purchase of investments	(51,652)		
Investment income	195		195
	<u>(51,457)</u>		<u>195</u>
Net increase (decrease) in cash and cash equivalents	15,975	5,859	21,834
Cash and cash equivalents, at beginning of year	<u>178,099</u>	<u>36,662</u>	<u>214,761</u>
Cash and cash equivalents, at end of year	<u><u>194,074</u></u>	<u><u>42,521</u></u>	<u><u>236,595</u></u>
Show on statement of net assets:			
Unrestricted cash and cash equivalents	125,734	42,521	168,255
Restricted cash and cash equivalents	68,340		68,340
	<u>\$ 194,074</u>	<u>42,521</u>	<u>236,595</u>

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

Exhibit I, continued

State of New Mexico  
Village of Santa Clara  
**Statement of Cash Flows - Proprietary Fund, continued**  
For the Year Ended June 30, 2012

	<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)	\$ 33,855	9,396	43,251
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation	73,966		73,966
(Increase) decrease in operating assets:			
Trade accounts receivable	7,378	(804)	6,574
Unbilled accounts receivable	(1,597)	(579)	(2,176)
Taxes receivable		(1,608)	(1,608)
Increase (decrease) in operating liabilities:			
Accounts payable	3,043	(546)	2,497
Accrued salaries and benefits	(4,301)		(4,301)
Accrued compensated absences	109		109
Customer deposits	(23,203)		(23,203)
	<u>\$ 89,250</u>	<u>5,859</u>	<u>95,109</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  
**Statement of Changes in Assets and Liabilities**  
**Trust and Agency Fund - Fund 71**  
**Municipal Court Bond Funds**  
 For the Year Ended June 30, 2012

	<u>Balance at Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at End of Year</u>
Assets:				
Cash	\$ <u>868</u>			<u>868</u>
Liabilities:				
Deposit held in trust	\$ <u>868</u>			<u>868</u>

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

Exhibit J

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

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**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2012**

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**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**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 in the United State of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The 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 government-wide and the proprietary fund financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures issued after November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Governments also have the option of following subsequent private sector guidance for their government-wide financial statements and enterprise funds, subject to the same limitation. The Village has elected not to follow the subsequent private sector guidance.

The Village is a body, political and corporate, under the name and form of government selected by its qualified electors. The Village may:

1. Sue and be sued;
2. Enter into contracts and leases;
3. Acquire and hold property, both real and personal;
4. Have a common seal, which may be altered at pleasure;
5. Exercise such other privileges that are incident to corporations of like character or degree that are not inconsistent with the laws of New Mexico;
6. Protect generally the property of its municipality and its inhabitants;
7. Preserve peace and order within the municipality; and
8. Establish rates for services provided by municipal utilities and revenue-producing projects, including amounts which the governing body determines to be reasonable in the operation of similar facilities.

The Village operates under a Mayor, Council form of government. The Village's more significant accounting policies are described below:

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2012**

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

**B. FINANCIAL REPORTING ENTITY**

The Village, which was formerly known as Village of Central was incorporated in May of 1947. The Village 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.

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete

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. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluation potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the Santa Clara Public Housing Authority has been included in the Village's financial statements as a discretely presented component unit.

STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2012

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

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.

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.

STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2012

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

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

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.

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, 2012 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).

STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2012

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

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

**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.

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** – This fund category is used to account for funds of specific revenue sources that are legally restricted to expenditures for specified purposes. During the fiscal year ended June 30, 2012 a single major special revenue fund was reported upon. **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-53-7.



STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2012

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.

CDBG Grant – To account for Federal grant revenues and expenditures that were used to help the Village acquire a new fire station. 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, 2012**

**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, 2012.

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, 2012.

STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2012

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, 2012.

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, 2012

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, 2012**

**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, 2012

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, 2012

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, 2012

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, 2012 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, 2012**

**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, 2012 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, 2012.

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, 2012

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 \$190,611 was charged to the following functional cost centers during the year on the Governmental Funds in the Statement of Activities

General Government	\$ 34,274
Public Safety	97,386
Public Works	41,265
Health and Welfare	<u>17,686</u>
	\$ <u>190,611</u>

An additional \$ 73,966 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, 2012**

**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 in the year issued 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, 2012

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, 2012 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, 2012

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, 2012.

**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, 2012.

**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, 2012.

**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, 2012**

**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, 2012

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 1<sup>st</sup>. 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 10<sup>th</sup> of the year in which the tax bill is prepared and April 10<sup>th</sup> 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 \$ 10,169 for general operating purposes and \$0 for debt services purposes during the fiscal year ended June 30, 2012.

**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.

**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.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2012**

**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, 2012.

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, 2012**

**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 6-30-12.

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, 2012

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	\$ 20,239	
Law Enforcement Protection		\$ 17,262
Senior Center Renovation		113
Industrial Park	_____	<u>2,864</u>
Totals	\$ <u>20,239</u>	\$ <u>20,239</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, 2012.

	<u>From</u>	<u>To</u>
Capital Assets Transfer:		
From RUS Water & Sewer Renovations	\$ 61,718	
To Water and Sewer		\$ 61,718

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, 2012**

**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, 2012**

**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, 2012, the Village had custodial credit risk in the amount of \$ 1,261,466.

The cash balance held by New Mexico Mortgage Finance Authority (\$ 3) and New Mexico State Treasurer (\$ 20,333) are insured or collateralized in accordance with the respective entity's internal policies.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2012**

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

Except for deposits in transit and outstanding checks, the carrying value of deposits as reflected by the respective depositories were equal to the amounts recorded in the accounting records of the Village. Deposits are collateralized with eligible securities, as described by New Mexico State Statute. Such collateral is held at a Federal Reserve Bank, or member bank other than the depository bank, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds with the exception of deposit insurance provided by the Federal Deposit Insurance Corporation.

	<u>AmBank</u>
Demand deposits	\$ 843,612
Time deposits	<u>667,854</u>
Total deposits	1,511,466
Less FDIC Insurance	<u>(250,000)</u>
Uninsured public funds	<u>\$1,261,466</u>
Required collateralization (50% of uninsured)	\$ 630,733
Pledged collateral held by pledging bank's agent, but not in the Village's name	<u>784,881</u>
Excess collateralization	<u>\$ 154,148</u>

The following is a listing of the collateralization pledged for the account of the Village.

<u>Name</u>	<u>CUSIP</u>	<u>Maturity</u>	<u>Market Value</u>
FHLMC	3128X3F32	10-27-14	\$ 331,524
Hatch Valley Mun	418839BX3	08-01-13	102,814
Lea Co, NM PS	521513AG6	07-15-17	243,378
Roswell, NM	778544CL8	08-01-15	<u>107,165</u>
Total			<u>\$ 984,881</u>

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2012**

**5. ACCOUNTS RECEIVABLE**

The accounts receivable of the Village at June 30, 2012 are as follows:

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Customer accounts receivable	\$	\$ 120,656	\$ 120,656
Unbilled accounts receivable		32,252	32,252
Due from grantor	15,232	18,127	33,359
Taxes receivable	88,028	2,164	90,192
Other receivable	<u>2,337</u>		<u>2,337</u>
Total receivables, before all.	\$ <u>105,597</u>	\$ <u>173,199</u>	\$ <u>278,796</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>2011</u>	Adjustments And <u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2012</u>
Governmental Activities:				
Capital Assets Non Depreciable:				
Land	\$ 28,131	\$	\$	\$ 28,131
Work in progress	<u>56,258</u>	<u>584,617</u>	<u>585,296</u>	<u>55,579</u>
Total	<u>84,389</u>	<u>584,617</u>	<u>585,296</u>	<u>83,710</u>
Capital Assets being depreciated:				
Buildings and Improvements	1,802,912	585,296		2,388,208
Infrastructure	1,677,723			1,677,723
Furniture & Equipment	<u>990,683</u>	<u>26,130</u>	<u>41,297</u>	<u>975,516</u>
Total	<u>4,471,318</u>	<u>611,426</u>	<u>41,297</u>	<u>5,041,447</u>
Less accumulated depreciation:				
Buildings and improvements	(538,328)	(69,815)		(608,143)
Infrastructure	(90,765)	(33,652)		(124,417)
Furniture & Equipment	<u>(628,670)</u>	<u>(87,144)</u>	<u>(41,297)</u>	<u>(674,517)</u>
Total accumulated depreciation	<u>(1,257,763)</u>	<u>(190,611)</u>	<u>(41,297)</u>	<u>(1,407,077)</u>
Other capital assets, net	<u>3,213,555</u>	<u>420,815</u>		<u>3,634,370</u>
Total capital assets, net	<u>3,297,944</u>	<u>1,005,432</u>	<u>585,296</u>	<u>3,718,080</u>

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2012**

**6. CAPITAL ASSETS, continued**

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

General government	\$ 34,274
Public Safety	97,386
Public Works	41,265
Health and Welfare	<u>17,686</u>
	<u>\$190,611</u>

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

	Balance June 30, <u>2011</u>	Adjustments And <u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2012</u>
Business -Type Activities:				
Capital Assets Non Depreciable:				
Construction Work in Progress:				
Gravity Sewer Improvements		14,224		14,224
Well Head Protection		3,903		3,903
RUS Phase II	<u>999,653</u>	<u>61,718</u>		<u>1,061,371</u>
Total	<u>999,653</u>	<u>79,845</u>		<u>1,079,498</u>
Capital Assets being depreciated:				
Buildings	14,467	22,337		36,804
Improvements	12,777			12,777
Infrastructure	3,328,232			3,328,232
Furniture & Equipment	<u>115,551</u>		<u>2,241</u>	<u>113,310</u>
Total	<u>3,471,027</u>	<u>22,237</u>	<u>2,241</u>	<u>3,491,123</u>
Less accumulated depreciation:				
Buildings and improvements	(16,383)	(319)		(16,702)
Infrastructure	(644,852)	(66,293)		(711,145)
Furniture & Equipment	<u>(98,169)</u>	<u>(7,353)</u>	<u>(2,241)</u>	<u>(103,281)</u>
Total accumulated depreciation	<u>(759,404)</u>	<u>(73,965)</u>	<u>(2,241)</u>	<u>(831,128)</u>
Other capital assets, net	<u>2,711,623</u>	<u>(51,628)</u>		<u>2,659,995</u>
Total capital assets, net	<u>3,711,276</u>	<u>28,217</u>		<u>3,739,493</u>

At June 30, 2012 the Village had outstanding commitments for A/E fees and construction in the approximate amount of \$8,300 and \$59,000, respectively on the RUS Wastewater project phase II and other outstanding commitments in the approximate amount of \$20,000.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2012**

**7. LONG TERM DEBT**

**Governmental Activities Debt**

During the year ended June 30, 2012, the following changes occurred in the liabilities reported in the governmental activities debt of the Village.

<u>Description</u>	Balance at June 30, <u>2011</u>	<u>Increase</u>	<u>Decrease</u>	Balance at June 30, <u>2012</u>	Amount Due in <u>One Year</u>
	\$				
New Mexico Finance Authority	50,671		16,574	34,097	16,881
New Mexico Finance Authority	63,573		2,862	60,711	2,864
Accrue Compensated Absences	<u>10,905</u>	<u>21,000</u>	<u>26,571</u>	<u>5,334</u>	<u>889</u>
	\$ <u>125,149</u>	<u>21,000</u>	<u>46,007</u>	<u>100,142</u>	<u>20,634</u>

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

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>
2013	\$16,881	606	85	17,572
2014	<u>17,216</u>	<u>314</u>	<u>43</u>	<u>17,573</u>
	\$ <u>34,097</u>	<u>920</u>	<u>128</u>	<u>35,145</u>



**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2012**

**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>
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>60,711</u>	<u>      </u>	<u>572</u>	<u>61,283</u>

**Enterprise (Proprietary) Debt**

During the year-ended June 30, 2012, 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, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2012</u>	<u>Amount Due in One Year</u>
Revenue Bonds Series 2008	96,000		1,000	95,000	1,000
Revenue Bonds Series 2010	230,000		3,000	227,000	3,000
Compensated Absences	<u>6,665</u>	<u>15,500</u>	<u>15,391</u>	<u>6,774</u>	<u>1,129</u>
Total	<u>332,665</u>	<u>15,500</u>	<u>19,391</u>	<u>328,774</u>	<u>5,129</u>

Series 2008 water and sewer revenue bonds payable to USDA Rural Development 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, 2012

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>
2013	\$1,000	4,037	5,037
2014	1,000	3,995	4,995
2015	1,000	3,953	4,953
2016	1,000	3,910	4,910
2017	1,000	3,868	4,868
2018-2022	6,000	18,700	24,700
2023-2027	10,000	17,000	27,000
2028-2032	10,000	14,875	24,875
2033-2037	14,000	12,495	26,495
2038-2042	16,000	9,350	25,350
2043-2047	20,000	5,397	25,397
2048	<u>14,000</u>	<u>595</u>	<u>14,595</u>
	\$ <u>95,000</u>	<u>98,175</u>	<u>193,175</u>

Series 2010 revenue bonds in the original amount of \$230,000, payable to USDA Rural Development 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>
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	4,000	6,450	10,450
2018-2022	20,000	30,450	50,450
2023-2027	22,000	27,420	49,420
2028-2032	25,000	23,850	48,850
2033-2037	30,000	19,800	49,800
2038-2042	35,000	14,580	49,580
2043-2047	41,000	9,990	50,990
2048-2051	<u>38,000</u>	<u>2,940</u>	<u>40,940</u>
	\$ <u>227,000</u>	<u>162,180</u>	<u>389,180</u>

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2012**

**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, 2012 the total required reserved amounted to \$26,696 and the Village had set aside \$51,652 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

**8. OTHER NOTES**

**A. LITIGATION**

At June 30, 2012 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, 2012**

**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.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2012**

**9. DEFICIT FUND BALANCES**

At June 30, 2012 the Village had deficit fund balances in one of its Special Revenue Funds (Law Enforcement Protection Fund) (\$17,262) 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.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2012**

**10. COMPONENT UNIT**

**A. CASH**

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

	<u>2012</u>
Cash	\$ 86,088
Tenant Deposits	<u>2,760</u>
Total	\$ <u>88,848</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>2012</u>
Checking	\$ 88,848
Less FDIC checking	<u>(88,848)</u>
Uninsured public funds	\$ <u>          </u>

**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, 2012, 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, 2012, are as follows:

	<u>Low Income Housing</u>
Dwelling rent receivable	\$ <u>1,336</u>
Totals-net of allowance for doubtful accounts	\$ <u>1,336</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, 2012**

**10. COMPONENT UNIT, continued**

**D. CAPITAL ASSETS**

The following is a summary of capital assets and changes occurring during the year ended June 30, 2012. Land is not subject to depreciation.

<u>Business-Like Activities</u>	Balance 06/30/11	Additions	Deletions	Balance 06/30/12
Capital assets being depreciated				
Buildings	\$ 625,592	\$	\$	\$ 625,592
Improvements	777,715	35,643		813,358
Computer Software	6,100			6,100
Furniture, equipment, vehicles	<u>61,381</u>			<u>61,381</u>
Total	<u>1,470,788</u>	<u>35,643</u>		<u>1,506,431</u>
Accumulated depreciation				
Building	518,477	27,426		545,903
Computer Software	718	1,220		1,938
Improvements	171,763	16,891		188,654
Furniture, equipment, vehicles	<u>53,649</u>	<u>7,582</u>		<u>61,231</u>
Total	<u>744,607</u>	<u>53,119</u>		<u>797,726</u>
Net book value	<u>\$ 726,181</u>	<u>\$(17,476)</u>	<u>\$</u>	<u>\$ 708,705</u>

Depreciation expense relating to business-like activities for the year-ended June 30, 2012 totaled \$53,119.

**E. COMPENSATED ABSENCES**

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

Balance 06/30/11	Additions	Decreases	Balance 06/30/12	Due within One year
<u>\$ 1,110</u>	<u>\$ 5,102</u>	<u>\$ 1,110</u>	<u>\$ 5,102</u>	<u>\$ 2,850</u>

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

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2012**

**10. COMPONENT UNIT, continued**

**F. 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, 2012.

**G. 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, 2012 and 2011 were \$4,890 and \$500 equal to the amount of the required contributions for the years, respectively.



**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2012**

**10. COMPONENT UNIT, continued**

**H. 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.

**I. 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, 2012 were \$9,993.

**J. 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. Two units were destroyed by fire. The insurance company is in the process of determining the total loss. The amount of the loss was not available as of June 30, 2012.

**K. 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, 2012, HUD awarded \$150,680 as operating subsidies.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2012**

**10. COMPONENT UNIT, continued**

**L. 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.

**M. INTERGOVERNMENTAL TRANSACTIONS**

During the year ended June 30, 2012, the SCPHA paid approximately \$17,032 for water expenses to the Village of Santa Clara.

## **SUPPLEMENTAL INFORMATION**

State of New Mexico  
 Village of Santa Clara  
**Major Capital Projects Fund**  
**CDBG Road Improvements - Fund 75**  
*Statement of Revenues and Expenditures - Budget and Actual*  
 For the Year Ended June 30, 2012

	<b>Budgeted Amounts</b>		<b>Actual (Budgetary Basis)</b>	<b>Variances Positive (Negative)</b>	
	<b>Original Budget</b>	<b>Final Budget</b>		<b>Original Budget to Final</b>	<b>Actual to Final Budget</b>
	Revenues:				
Intergovernmental grant	\$ 396,873	396,873	396,109	0	(764)
	<u>396,873</u>	<u>396,873</u>	<u>396,109</u>	<u>0</u>	<u>(764)</u>
Expenditures:					
Noncurrent:					
Capital outlay	396,873	396,873	396,109	0	764
	<u>396,873</u>	<u>396,873</u>	<u>396,109</u>	<u>0</u>	<u>764</u>
Revenues Over (Under) Expenditures	\$ <u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</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, 2012

	<b>Budgeted Amounts</b>		<b>Actual (Budgetary Basis)</b>	<b>Variances Positive (Negative)</b>	
	<b>Original</b>	<b>Final</b>		<b>Original</b>	<b>Actual to</b>
	<b>Budget</b>	<b>Budget</b>		<b>Budget to</b>	<b>Final</b>
			<b>Basis)</b>	<b>Final</b>	<b>Budget</b>
<b>Revenues:</b>					
Utility charges	\$ 520,000	580,802	580,802	60,802	
Investment income	400	233	195	(167)	(38)
Penalties		13,250	13,250	13,250	
Other, including state revenue	96,400	69,474	89,428	(26,926)	19,954
	<u>616,800</u>	<u>663,759</u>	<u>683,675</u>	<u>46,959</u>	<u>19,916</u>
<b>Expenditures</b>					
Salaries			131,398		
Benefits			15,839		
Travel and per diem			1,503		
Contractual services			223,679		
Supplies			30,022		
Other operating costs			190,403		
	<u>613,824</u>	<u>614,824</u>	<u>592,844</u>		<u>21,980</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ <u>2,976</u>	<u>48,935</u>	90,831	46,959	41,896
<b>Reconciliation to GAAP basis financial statements</b>					
Decrease in net customer accounts receivable			(7,378)		
Increase in unbilled accounts receivable			1,598		
Increase in due from grantor			18,127		
Increase in trade accounts payable			(3,043)		
Increase in other payables			(34,464)		
Decrease in accrued salaries and benefits			4,300		
Increase in accrued compensated absence			(109)		
Decrease in accrued interest payable			1,496		
<b>Nonbudgeted items:</b>					
Transfer in of capital assets from governmental funds			61,718		
Capital asset purchases treated as expenditures for budgetary report			40,464		
Depreciation			(73,966)		
Payments on long-term debt			4,000		
Rounding			(1)		
Net change in fund balance			\$ <u>103,573</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, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative)	
	Original Budget	Final Budget		Original Budget to Final	Actual to Final Budget
Revenues:					
Utility charges	\$ 123,000	131,425	131,425	8,425	
Environmental gross receipts tax	9,000	6,400	6,400	(2,600)	
	<u>132,000</u>	<u>137,825</u>	<u>137,825</u>	<u>5,825</u>	
Expenditures:					
Contractual services			66,936		
Other operating expenses			65,030		
	<u>138,000</u>	<u>134,453</u>	<u>131,966</u>		<u>2,487</u>
Revenues Over (Under) Expenditures	(6,000)	<u>3,372</u>	5,859	<u>5,825</u>	<u>2,487</u>
Budgetary Notation - Cash Appropriated from Prior year for current year expenditure	\$ <u>6,000</u>				
Reconciliation to GAAP basis financial statements					
Increase in net customer accounts receivable			803		
Increase in unbilled accounts receivable			579		
Increase in taxes receivable			1,608		
Decrease in accounts payable			546		
Rounding			<u>1</u>		
Net change in fund balance			\$ <u>9,396</u>		

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

## **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).

**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.

**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.

**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, 2012

	<b>Special Revenue Funds</b>						<b>Total Special Revenue Funds</b>
	<b>Correction Fund 20</b>	<b>EMS Fund 21</b>	<b>Law Enforcement Protection Fund 24</b>	<b>Municipal Streets Fund 25</b>	<b>NM Energy, Mineral, &amp; Nat. Resource Fund 43</b>	<b>Cemetery Fund 53</b>	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 94,172	7,419		72,900	6,993	7,041	188,525
Taxes receivable				4,786			4,786
Due from grantor							
Other accounts receivable	<u>817</u>						<u>817</u>
	<u>\$ 94,989</u>	<u>7,419</u>		<u>77,686</u>	<u>6,993</u>	<u>7,041</u>	<u>194,128</u>
<b>LIABILITIES AND FUND BALANCE</b>							
Liabilities:							
Accounts payable	\$						
Due to other funds			17,262				17,262
Total liabilities			<u>17,262</u>				<u>17,262</u>
Restricted Fund Balance shown in:							
Special revenue funds	94,989	7,419		77,686	6,993	7,041	194,128
Capital projects funds							
Unassigned			(17,262)				(17,262)
Total fund balance	<u>94,989</u>	<u>7,419</u>	<u>(17,262)</u>	<u>77,686</u>	<u>6,993</u>	<u>7,041</u>	<u>176,866</u>
Total liabilities and fund balance	<u>\$ 94,989</u>	<u>7,419</u>		<u>77,686</u>	<u>6,993</u>	<u>7,041</u>	<u>194,128</u>

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

Statement A-1, continued

State of New Mexico  
Village of Santa Clara  
**Non-Major Governmental Funds**  
**Combining Balance sheet, continued**  
June 30, 2012

	Capital Projects Funds						Total Capital Projects Funds	Total Other Governm. Funds
	Sr. Center Improv. Fund 35	RUS Water & Sewer Renovations 42	CDBG Colonias WW Fund 45	Industrial Park Fund 55	Main Street Park Fund 56	Street Improvement Fund 60		
<b>ASSETS</b>								
Cash and cash equivalents	\$	831	36,818		5	9,671	47,325	235,850
Taxes receivable								4,786
Due from grantor						1,760	1,760	1,760
Other accounts receivable								817
	\$	831	36,818		5	11,431	49,085	243,213
<b>LIABILITIES AND FUND BALANCE</b>								
Liabilities:								
Accounts payable	\$					11,431	11,431	11,431
Due to other funds		113		2,864			2,977	20,239
Total liabilities		113		2,864		11,431	14,408	31,670
Restricted Fund Balance shown in:								
Special revenue funds								194,128
Capital projects funds		831	36,818		5		37,654	37,654
Unassigned		(113)		(2,864)			(2,977)	(20,239)
Total fund balance		(113)	831	(2,864)	5		34,677	211,543
Total liabilities and fund balance	\$	831	36,818		5	11,431	49,085	243,213

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

Statement A-1

**State of New Mexico**  
**Village of Santa Clara**  
**Non-Major Governmental Funds**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balance**  
 For the Year Ended June 30, 2012

	<b>Special Revenue Funds</b>						
	<b>Correction Fund 20</b>	<b>EMS Fund 21</b>	<b>Law Enforcement Protection Fund 24</b>	<b>Municipal Streets Fund 25</b>	<b>NM Energy, Mineral, &amp; Nat. Resource Fund 43</b>	<b>Cemetery Fund 53</b>	<b>Total Special Revenue Funds</b>
Revenues:							
Court fines and fees	\$ 2,831						2,831
Intergovernmental grant		5,003	46,798				51,801
Cemetery fees						400	400
Gross receipts taxes				13,238			13,238
CFT gas tax				6,667			6,667
Reimbursements							
Investment income							
	<u>2,831</u>	<u>5,003</u>	<u>46,798</u>	<u>19,905</u>		<u>400</u>	<u>74,937</u>
Expenditures:							
Current:							
General Government							
Public Safety	1,071		10,865				11,936
Public Works				26,107			26,107
Health and Welfare		1,472				500	1,972
Non-Current:							
Capital Outlay			41,807				41,807
	<u>1,071</u>	<u>1,472</u>	<u>52,672</u>	<u>26,107</u>		<u>500</u>	<u>81,822</u>
Revenues Over (Under) Expenditures	<u>1,760</u>	<u>3,531</u>	<u>(5,874)</u>	<u>(6,202)</u>		<u>(100)</u>	<u>(6,885)</u>
Other financing sources (uses):							
Operating transfers out							
Net Change in Fund Balance	1,760	3,531	(5,874)	(6,202)		(100)	(6,885)
Fund balance at beginning of year	<u>93,229</u>	<u>3,888</u>	<u>(11,387)</u>	<u>83,888</u>	<u>6,993</u>	<u>7,141</u>	<u>183,752</u>
Fund balance at end of year	<u>\$ 94,989</u>	<u>7,419</u>	<u>(17,261)</u>	<u>77,686</u>	<u>6,993</u>	<u>7,041</u>	<u>176,867</u>

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

Statement A-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, 2012

	Capital Projects Funds						Total Capital Projects Funds	Total Other Governmental Funds
	Sr. Center Improv. Fund 35	RUS Water & Sewer Renovations 42	CDBG Colonias WW Fund 45	Industrial Park Fund 55	Main Street Park Fund 56	Street Improvement Fund 60		
Revenues:								
Court fines and fees	\$							2,831
Intergovernmental grant		62,435				1,760	64,195	115,996
Cemetery fees								400
Gross receipts taxes								13,238
CFT gas tax								6,667
Reimbursements								
Investment income								
		<u>62,435</u>				<u>1,760</u>	<u>64,195</u>	<u>139,132</u>
Expenditures:								
Current:								
General Government								
Public Safety								11,936
Public Works						41,041	41,041	67,148
Health and Welfare								1,972
Non-Current:								
Capital outlay								41,807
						<u>41,041</u>	<u>41,041</u>	<u>122,863</u>
Revenues Over (Under) Expenditures		<u>62,435</u>				<u>(39,281)</u>	<u>23,154</u>	<u>16,269</u>
Other financing sources (uses):								
Operating transfers out		<u>(61,718)</u>					<u>(61,718)</u>	<u>(61,718)</u>
Net Change in fund balance		717				(39,281)	(38,564)	(45,449)
Fund balance at beginning of year	<u>(114)</u>	<u>114</u>	<u>36,818</u>	<u>(2,864)</u>	<u>5</u>	<u>39,281</u>	<u>73,240</u>	<u>256,992</u>
Fund balance at end of year	\$ <u><u>(114)</u></u>	<u><u>831</u></u>	<u><u>36,818</u></u>	<u><u>(2,864)</u></u>	<u><u>5</u></u>	<u><u>34,676</u></u>	<u><u>211,543</u></u>	

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

Statement A-2

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, 2012

	<b>Budgeted Amounts</b>		<b>Actual (Budgetary Basis)</b>	<b>Variances Positive (Negative)</b>	
	<b>Original Budget</b>	<b>Final Budget</b>		<b>Original Budget to Final</b>	<b>Actual to Final Budget</b>
	<u>          </u>	<u>          </u>		<u>          </u>	<u>          </u>
Revenues:					
Court fines and fees	\$ 7,400	2,136	2,136	(5,264)	
	<u>7,400</u>	<u>2,136</u>	<u>2,136</u>	<u>(5,264)</u>	
Expenditures:					
Current:					
Public Safety	10,000	1,149	1,149	8,851	
	<u>10,000</u>	<u>1,149</u>	<u>1,149</u>	<u>8,851</u>	
Revenues Over (Under) Expenditures	\$ (2,600)	<u>987</u>	987	<u>3,587</u>	<u>          </u>
Budgetary Notation - Cash Appropriated from Prior Year for Current Year Expenditure	\$ <u>2,600</u>				
Reconciliation to GAAP Basis Financial Statement					
Increase in other receivables			695		
Decrease in accounts payable			<u>78</u>		
Net changes in fund balance			\$ <u>1,760</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, 2012

	<b>Budgeted Amounts</b>		<b>Actual (Budgetary Basis)</b>	<b>Variances Positive (Negative)</b>	
	<b>Original Budget</b>	<b>Final Budget</b>		<b>Original Budget to Final</b>	<b>Actual to Final Budget</b>
	Revenues:				
State-Emergency management	\$ 5,000	5,003	5,003	3	
	<u>5,000</u>	<u>5,003</u>	<u>5,003</u>	<u>3</u>	
Expenditures:					
Current:					
Health and Welfare	4,850	1,472	1,472	3,378	
	<u>4,850</u>	<u>1,472</u>	<u>1,472</u>	<u>3,378</u>	
Revenues Over (Under) Expenditures	\$ <u>150</u>	<u>3,531</u>	<u>3,531</u>	<u>3,381</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**  
**Law Enforcement Protection Fund - Fund 24**  
*Statement of Revenues and Expenditures - Budget and Actual*  
 For the Year Ended June 30, 2012

	<b>Budgeted Amounts</b>		<b>Actual (Budgetary Basis)</b>	<b>Variances Positive (Negative)</b>	
	<b>Original Budget</b>	<b>Final Budget</b>		<b>Original Budget to Final</b>	<b>Actual to Final Budget</b>
Revenues:					
Law Enforcement Protection Distribution	\$ 21,800	21,800	21,800		
State Grant		24,998	24,998	24,998	
	<u>21,800</u>	<u>46,798</u>	<u>46,798</u>	<u>24,998</u>	
Expenditures:					
Current:					
Public Safety	21,800	38,136	38,135	(16,336)	1
Noncurrent:					
Capital Outlay		14,537	14,537	(14,537)	
	<u>21,800</u>	<u>52,673</u>	<u>52,672</u>	<u>(30,873)</u>	<u>1</u>
Revenues Over (Under) Expenditures	\$ <u>          </u>	(5,875)	<u>(5,874)</u>	<u>(5,875)</u>	<u>1</u>
Budgetary Notation: Cash Appropriated From Prior Year for Current Year Expenditure	\$	\$ <u>5,875</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**  
**Municipal Streets Fund - Fund 25**  
*Statement of Revenues and Expenditures - Budget and Actual*  
 For the Year Ended June 30, 2012

	<b>Budgeted Amounts</b>		<b>Actual (Budgetary Basis)</b>	<b>Variances Positive (Negative)</b>	
	<b>Original Budget</b>	<b>Final Budget</b>		<b>Original Budget to Final</b>	<b>Actual to Final Budget</b>
Revenues:					
GRT Municipal Infrastructure	\$ 4,200	10,474	10,474	6,274	
Gas Tax Distribution	5,004	6,696	6,696	1,692	
	<u>9,204</u>	<u>17,170</u>	<u>17,170</u>	<u>7,966</u>	
Expenditures:					
Current:					
Public Works	30,500	30,500	26,107		4,393
	<u>30,500</u>	<u>30,500</u>	<u>26,107</u>		<u>4,393</u>
Revenues Over (Under) Expenditures	(21,296)	(13,330)	(8,937)	<u>7,966</u>	<u>4,393</u>
Budgetary Notation: Cash Appropriated From Prior Year for Current Year Expenditure	\$ <u>21,296</u>	<u>13,330</u>			
Reconciliation to GAAP Basis Financial Statement					
Increase in taxes receivable			2,736		
Rounding			<u>(1)</u>		
Net changes in fund balance			\$ <u>(6,202)</u>		

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

Statement B-4



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, 2012

	<b>Budgeted Amounts</b>		<b>Actual (Budgetary Basis)</b>	<b>Variances Positive (Negative)</b>	
	<b>Original Budget</b>	<b>Final Budget</b>		<b>Original Budget to Final</b>	<b>Actual to Final Budget</b>
Revenues:					
Cemetery fees	\$ 1,000	400	400	(600)	
	<u>1,000</u>	<u>400</u>	<u>400</u>	<u>(600)</u>	
Expenditures:					
Current:					
Health and Welfare	3,000	537	536	2,463	1
	<u>3,000</u>	<u>537</u>	<u>536</u>	<u>2,463</u>	<u>1</u>
Revenues Over (Under) Expenditures	(2,000)	(137)	(136)	<u>1,863</u>	<u>1</u>
Budgetary Notation: Cash Appropriated From Prior Year for Current Year Expenditure	<u>2,000</u>	<u>137</u>			
Reconciliation to GAAP Basis Financial Statements:					
Decrease in accounts payable			<u>36</u>		
Net Change in Fund Balance			\$ <u>(100)</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  
**Nonmajor Capital Projects Fund**  
**RUS Water and Sewer Renovations - Fund 42**  
*Statement of Revenues and Expenditures - Budget and Actual*  
 For the Year Ended June 30, 2012

	<b>Budgeted Amounts</b>		<b>Actual (Budgetary Basis)</b>	<b>Variances Positive (Negative)</b>	
	<b>Original Budget</b>	<b>Final Budget</b>		<b>Original Budget to Final</b>	<b>Actual to Final Budget</b>
	Revenues:				
Intergovernmental grant - RUS	\$ 1,000,000	1,000,000	62,436		(937,564)
	<u>1,000,000</u>	<u>1,000,000</u>	<u>62,436</u>		<u>(937,564)</u>
Expenditures:					
Noncurrent:					
Capital outlay:					
Phase II	1,000,000	1,000,000	61,718		
	<u>1,000,000</u>	<u>1,000,000</u>	<u>61,718</u>		<u>938,282</u>
Revenues Over (Under) Expenditures			718		718
Other financing sources (uses):					
Bond proceeds					
RCAC loan payoff					
GMAC loan payoff					
Revenues and other financing sources over (under) expenditures and other financing uses	\$		<u>718</u>		<u>718</u>

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

State of New Mexico  
 Village of Santa Clara  
**Non Major Capital Projects Fund**  
**Street Improvement Fund - Fund 60**  
*Statement of Revenues and Expenditures - Budget and Actual*  
 For the Year Ended June 30, 2012

	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		40,000	29,611	(40,000)	10,389
		40,000	29,611	(40,000)	10,389
Revenues Over (Under) Expenditures	\$		(29,611)		(29,611)
Reconciliation to GAAP Basis Financial Statements:					
Increase in due from grantor			1,760		
Increase in accounts payable			(11,431)		
Rounding			1		
Net Change in Fund Balance			\$ (39,281)		

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

Statement B-7

## **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 1

State of New Mexico  
 Village of Santa Clara  
**Bank Depositories**  
 June 30, 2012

Bank Name and Account Description:	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Adjustment Pending	Book Balance
AmBank						
Village of Santa Clara General Account	1	\$ 781,458	4,832	(57,239)		729,051
Village of Santa Clara - Street Improvement	1	9,671				9,671
Village of Santa Clara - RUS	1	831				831
Village of Santa Clara - Asset Management	2	32,600				32,600
Village of Santa Clara - Debt Service RUS Phase II	2	3,550				3,550
Village of Santa Clara - Operations and Maintenance	2	15,502				15,502
Village of Santa Clara	3	100,025				100,025
Village of Santa Clara	3	100,234				100,234
Village of Santa Clara	3	100,301				100,301
Village of Santa Clara	3	100,367				100,367
Village of Santa Clara	3	201,159				201,159
Village of Santa Clara	3	65,768				65,768
New Mexico State Treasurer	4	20,317	3			20,320
New Mexico State Treasurer	4	10				10
NMFA Trust Accounts	5	3				3
		<u>\$ 1,531,796</u>	<u>4,835</u>	<u>(57,239)</u>	<u>0</u>	<u>1,479,392</u>

Shown on Statement of Net Assets as:

Unrestricted cash and cash equivalents	\$ 691,028
Investments	667,855
Restricted cash and cash equivalents	119,991
Less Cash on hand included in unrestricted cash and cash equivalents	(350)
Plus trust and agency cash included in pooled cash account	<u>868</u>
	<u>\$ 1,479,392</u>

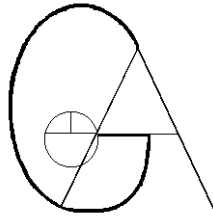
Account Types

Non Interest Bearing Checking Account	1
Interest Bearing Checking Account	2
Certificate of Deposit	3
Pooled Cash Investment Account	4
Debt Service Trust Accounts Held at NMFA	5

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

Schedule 2

## **COMPLIANCE SECTION**



Gary E. Gaylord, C.P.A.

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

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

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

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund, major special revenue fund, major capital projects fund, 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, 2012, and have issued my report thereon dated July 26, 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 responses, 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 responses to be material weaknesses.

2009-01 Overbilling and Overpayment to Contractor  
2011-02 Utility Billings and Collection  
2012-01 Municipal Court Procedures  
2012-02 Utility Receipting and Adjustment Procedures

*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 responses to be significant deficiencies.

2005-10 Audit Report Submission to the New Mexico State Auditor  
2011-01 Bank Reconciliation Procedures  
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 responses as items:

2005-10 Audit Report Submission to the New Mexico State Auditor  
2009-01 Overbilling and Overpayment to Contractor  
2012-01 Municipal Court Procedures

**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 responses. 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.*

Gary E. Gaylord, Ltd. CPA's

July 26, 2013

## **FINDINGS AND RESPONSES**

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
SCHEDULE OF FINDINGS AND RESPONSES  
For the Year Ended June 30, 2012**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the basic financial statement of the Village of Santa Clara
2. Material weaknesses and significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. A single audit was not required for the year ended June 30, 2012.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
SCHEDULE OF FINDINGS AND RESPONSES, continued  
For the Year Ended June 30, 2012**

**SECTION II- FINDING**

**Prior Year Audit Findings**

**Financial Report – Internal Control**

	<b><u>Status</u></b>
2005-10 Audit Report Submission to the New Mexico State Auditor	Updated
2009-01 Overbilling and Overpayment to Contractor	Updated
2011-01 Bank Reconciliation Procedures	Repeated
2011-02 Utility Billings and Collection	Updated
2011-03 Monthly Utility Reports	Resolved
2011-04 Financial Reports to Mayor and Trustees	Updated

**Financial Report - Compliance**

2005-10 Audit Report Submission to the New Mexico State Auditor	Updated
2006-14 Expenditures in Excess of Budget Authority	Resolved
2009-01 Overbilling and Overpayment to Contractor	Updated
2009-02 Timeliness of Filing Single Audit Report to Federal Clearinghouse	N/A

**Federal Awards - Compliance**

2009-02 Timeliness of Filing Single Audit Report to Federal Clearinghouse	N/A
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**CURRENT YEAR AUDIT FINDINGS**

**Financial Report - Internal Control**

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
2011-04 Financial Reports to Mayor and Trustees
2012-01 Municipal Court Procedures
2012-02 Utility Receipting and Adjustment Procedures

**Financial Report - Compliance**

2005-10 Audit Report
2009-01 Overbilling and Overpayment to Contractor

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
SCHEDULE OF FINDINGS AND RESPONSES, continued  
For the Year Ended June 30, 2012**

**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, 2012, to the New Mexico State Auditor was December 1, 2012. The contract for the audit of FYE June 30, 2012 was not approved and signed by the New Mexico State Auditor's office until March 7, 2013.

**Criteria:**

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

**Effect:**

Delays in submission of the audit report affect the reporting of financial information to other state agencies and local governments. Sanctions against the Village may be imposed that could result in the withholding of otherwise approved New Mexico Legislative Grants. If imposed, financial hardship to the community would result.

**Cause:**

The current administration took office when audits had not been contracted for nor submitted since the audit for fiscal year ended June 30, 2008. Over the last two fiscal years the Village has submitted audit reports for June 30, 2009, 2010, 2011 and 2012.

**Recommendation:**

The Village should continue to place 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:**

The Village agrees with the auditor's comments, an audit firm has been secured for FYE2013 audit; the auditor's report will be submitted on time. All future audits will be contracted in a timely manner.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
SCHEDULE OF FINDINGS AND RESONSES, continued  
For the Year Ended June 30, 2012**

**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, 2012**

**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 (Diamond Construction). 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 2012 because the billing errors were not discovered until the audit of FYE 06-30-09 and corrective action was not taken until 2013.

**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 RESPONSES, continued  
For the Year Ended June 30, 2012**

**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, 2012**

**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:**

The village agrees with the auditor's comments and has contacted the grantor and contractor concerning the overpayments this will be pursued until resolved. The village is in the process of developing compliance procedures to ensure stronger internal controls and monitoring requirements. The Village will receive continued training to ensure proper compliance with all grant requirements.



**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
SCHEDULE OF FINDINGS AND RESPONSES, continued  
For the Year Ended June 30, 2012**

**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, in theory, accounting for all bank activity in the Village’s operating accounts. However, this reconciling activity does not ensure that individual fund activity is being properly posted in a timely manner. The software in use by the Village will, in many situations, record net debits and/or credits to the cash accounts of the individual operating funds of the Village. The reconciliation of each individual fund’s cash position is made more difficult because of this netting of cash activity.

**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 that utilize 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 (01).)

**Effect:**

The Village’s G/L did not always reflect accounting activities in the proper month nor were the cash balances shown for individual funds in agreement with the balance reflected in the joint operating cash account. (Fund 01). Cash balances, as shown by individual fund, were inaccurate.

**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.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
SCHEDULE OF FINDINGS AND RESPONSES, continued  
For the Year Ended June 30, 2012**

**2011-01 Significant Deficiency**

**BANK RECONCILIATION PROCEDURES, continued**

**Agency Response:**

The village agrees with the auditor's comments and has chosen to upgrade its software program, it is in the early process, once complete the Village Clerk/Treasurer will attend training on this new software, also the personal using this software will receive additional training in October 2013, there will be webinar training courses for any updates for this program. Until the process is complete a check sheet has been developed to assist in more accurate bank reconciliation procedure that ensures individual balances (by fund) are in agreement with the overall reconciled cash balance reflected in the joint fund.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
SCHEDULE OF FINDINGS AND RESPONSES, continued  
For the Year Ended June 30, 2012**

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

**Statement of Condition:**

During the audit for fiscal year ended 06-30-11 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 June 30, 2010. 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.

During the audit for fiscal year ended June 30, 2012 the problems noted during FYE 06-30-11 were being addressed. However, this effort was not begun until late in FYE 06-30-13 when the audit for June 30, 2011 was in progress. The utility clerk was fired.

**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.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
SCHEDULE OF FINDINGS AND RESPONSES, continued  
For the Year Ended June 30, 2012**

**2011-02 Material Weakness**

**UTILITY BILLINGS AND COLLECTION, continued**

**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.

**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:**

The village agrees with the auditor's comments, the utility clerk has been terminated and a new person hired. The accounts are now being reviewed weekly to stop what was the pervasive delinquency of customer accounts. Delinquent and service disconnect notices are being sent out on a regular basis, service is being discontinued for nonpayment when required. A collection agency will be obtained for terminated accounts with past due balances, these accounts will be adjusted as a write off. The Mayor and the Trustees will be given an aging report each month to review the status of all accounts. Meter serial numbers have been collected for all active accounts to insure a more accurate reading by matching the serial number with the address. Meters with zero readings have been replaced to insure all water usage has been accounted for. The new software and training will also insure that accounts do not go unchecked or delinquent. Customer complaints will be documented and attended to immediately this will be in a report to be given to the Mayor and Trustees for their review.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
SCHEDULE OF FINDINGS AND RESPONSES, continued  
For the Year Ended June 30, 2012**

**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. Monthly reporting was begun after FYE 06-30-12. However, further improvements could be made in this process and the minutes of trustee meetings should note the reports being accepted or rejected.

**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.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
SCHEDULE OF FINDINGS AND RESPONSES, continued  
For the Year Ended June 30, 2012**

**2011-04 Significant Deficiency**

**FINANCIAL REPORTS TO MAYOR AND TRUSTEES, continued**

**Agency Response:**

The village agrees with the auditor's comments, a new budget report comparison chart is being developed, by fund and overall financial status for the new fiscal year 2013-2014. This report will show a more detailed look at all departments and funds within the Village. Customer accounts receivable and delinquent reports, along with status report on payroll tax filings, and any required reports to DFA will be given to the Mayor and board of trustees at each regular meeting.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
SCHEDULE OF FINDINGS AND RESPONSES, continued  
For the Year Ended June 30, 2012**

**2012-01 Material Weakness  
MUNICIPAL COURT PROCEDURES**

**Statement of Condition:**

Numerous problems were noted during FYE 06-30-12 in how the municipal court conducted its operations, including:

1. Court not held at scheduled times. I noted that records indicated that court had not been held during the months of September & October of 2011. Also, there did not appear to be Court sessions during the months of December 2011 through February 2012.
2. Docket sheets did not appear to be in use by the court. Rather, a sign-in sheet was used to indicate the individuals who wanted to have their cases heard by the Judge.
3. I was unable to locate any written “notices to appear” that might have been issued by the Judge or the court clerk during the year ended June 30, 2012.
4. There were no bench warrants issued during the year ended June 30, 2012.
5. There did not appear to be adequate follow-up on tickets that had been marked as Pending Assessments (PA’s) or cases that had been adjudicated for which no payments had been received (through September 25, 2012) (according to the court’s documentation). Through June 30, 2012 the number of adjudicated cases for which there were no payments indicated totaled 39 and the assessed fines and court costs totaled \$ 3,560.
6. There were 90 speeding tickets issued during the year for which adjudication had not been rendered. The anticipated revenue (if all ticket were adjudicated at suggested fine and court costs) amounted to \$ 7,854.
7. Cash payments were not always deposited to the Village’s operating accounts and at least 2 payments received by check had not been receipted in the court’s receipt book.
8. Court deposits were not being made in a timely manner. (i.e. – a deposit was made on June 21, 2012 of receipts collected during the period October 6, 2011 through June 13, 2012)

**Criteria:**

NMRA 21-300( C)(1) “administrative diligence standard” states: “A judge shall diligently discharge the judge’s administrative responsibilities, maintain professional competence in judicial administration and without bias and should cooperate with other judges and court officials in the administration of court business.” NMRA 21-300( C)(2) states: “A judge shall inform and require the judge’s staff, court officials, and others subject to the judge’s direction and control to observe the standards of confidentiality, fidelity and diligence that apply to the judge.” Further NMRA 21-300(B)(8) states “A judge shall dispose of all judicial matters promptly, efficiently, and fairly.”

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
SCHEDULE OF FINDINGS AND RESPONSES, continued  
For the Year Ended June 30, 2012**

**2012-01 Material Weakness  
MUNICIPAL COURT PROCEDURES, Continued**

**Effect:**

Court fines and fees were down substantially from prior years and the State of New Mexico and the Village of Santa Clara were not served properly, cash collections were not handled properly, police issued tickets were not adjudicated in a timely manner and the duties and responsibilities of the judge did not appear to be handled properly.

**Cause:**

Unknown

**Recommendation:**

Proper municipal court procedures should be followed. All payments on adjudicated cases, whether by cash, check, money order or other should be receipted in the court's receipt book. (community service adjudications, if any, should be documented in separate records). Payments received by mail should be listed upon receipt by someone other than the court clerk. This listing of payments should be compared to the court's receipt book to ensure that all payments received through the mail have been recorded. Deposits should be made daily and deposit slips should include, at a minimum, the receipt #'s that make up the deposit (Check listings should include the defendant's name (payee name) and/or adjudicated case number).

**Agency Response:**

The village agrees with the auditor's comments, an alternate judge has been appointed and also a temporary Court Clerk Specialist has been hired to assist in implementing proper court procedures. A full time Court Clerk will be hired and trained by these individuals to insure the proper handling of court cases and monies, this training will be implemented according to Supreme Court Rules. A cash register has been purchased for court use only, with keys indicating where the money is to be applied for that specific case. New cash receipt books have been purchased numbered numerically, with a complete breakdown of money receipted by fines and fees. Also indicating cash, check, money order, case docket number and signature of court clerk. At end of day, check and balances will coincide with cash register, receipt book and with a computer printout of all monies posted. Mail will be stamped received then delivered by the Clerk/Treasurer to the Court Clerk, it will then be opened in the presence of the Clerk/Treasurer documenting, check, cash, or money order and the amount, with both initialing the envelope, it along with the completed receipt will be retained in the client's case file. Deposits will be made daily with a form that includes the receipt numbers, the breakdown of total fines and fees, a copy will be retained with the daily deposit for the Village along with a copy for the court. Court records will be kept according to Supreme Court Rules.



**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
SCHEDULE OF FINDINGS AND RESPONSES, continued  
For the Year Ended June 30, 2012**

**2012-02 Material Weakness**

**UTILITY RECEIPTING AND ADJUSTMENT PROCEDURES**

**Statement of Condition:**

During the year ended June 30, 2012 the utility clerk recorded journal entries that adjusted the amounts owed from customers. A total of 2,999 journal entries were made to individual accounts and reduced the overall receivable balances by \$ 193,018. I judgmentally tested 83 individual journal entries that totaled \$ 36,513. My testing resulted in the following questionable entries that did not appear to be adequately supported in the utility records:

<b><u>Stated Reason For Entry</u></b>	<b><u>Number of Instances</u></b>	<b><u>Amount</u></b>
1.) Temp. shut down/Out of town	11	\$ 831
2.) Reread Meter/Meter too high/Meter not right	20	2,143
3.) Remove Billing/Correction to billing	2	221
4.) Remove penalties	<u>2</u>	<u>126</u>
Total	<u>35</u>	<u>\$ 3,321</u>

When I expanded the scope of audit to include entries recorded by the fired utility clerk during FYE 06-30-13 I found an additional 31 questionable entries that totaled \$ 3,045.

**Criteria:**

Adequate internal control procedures should include, at a minimum, a review of the work product produced by each employee by a second employee (preferably by someone in a superior position to the employee being reviewed). Ideally, all requested journal entries recorded to the records of the Village should be reviewed before they are made and bear the name or initials of the requester and approver.

**Effect:**

The following effects may have occurred 1) inappropriate adjustments, 2) possible misappropriation of funds, 3) inaccurate receivable balances, 4) unhappy customers and/or employees.

**Cause:**

There was no segregation of duties and journal entries were not being review after they were posted.

**Recommendation:**

Journal entries should be reviewed for accuracy and validity and should be documented to show both the preparer and the approver.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
SCHEDULE OF FINDINGS AND RESPONSES, continued  
For the Year Ended June 30, 2012**

**2012-02 Material Weakness**

**UTILITY RECEIPTING AND ADJUSTMENT PROCEDURES, Continued**

**Agency Response:**

The village agrees with the auditor's comments, the Transaction Register Report will be printed daily this report includes all transactions to the utility customer accounts. Also there will be a form designed with the account number, customer name, a detailed reason for journal entry and a location for preparer and approver initials. These reports will be kept with the daily deposit reports.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA HOUSING AUTHORITY  
A COMPONENT UNIT OF THE VILLAGE OF SANTA CLARA  
SCHEDULE OF FINDINGS AND RESPONSES, continued  
For the Year Ended June 30, 2012**

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

**Reportable Findings and Question Costs – Financial Statement Audit:**

**PRIOR YEAR AUDIT FINDINGS**

**STATUS**

**Financial Report – Internal Control**

None

**Financial Report – Other Matters**

26-6 Audit Report Submission to the New Mexico State Auditor

Resolved

**CURRENT YEAR AUDIT FINDINGS**

**Financial Report – Internal Control**

06-12 Recording Audit Adjusting Entries

**Financial Report – Other Matters**

None

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA HOUSING AUTHORITY  
A COMPONENT UNIT OF THE VILLAGE OF SANTA CLARA  
SCHEDULE OF FINDINGS AND RESPONSES, continued  
For the Year Ended June 30, 2012**

**06-6 Significant Deficiencies  
RECORDING AUDIT ADJUSTING ENTRIES**

**Statement of Condition:**

The fee accountant did not record the audit adjusting entries for the year ended June 30, 2012.

**Cause:**

The fee accountant made the decision that it was not necessary to post those entries.

**Effect:**

The beginning balances were misstated in the amount of the audit adjusting entries.

**Recommendation:**

The SCPHA, must implement procedures that will ensure that the audit adjusting entries are posted to the records on a timely basis to ensure that the beginning entries are accurately stated in the records.

**Agency Response:**

The SCPHA will adhere to the Auditors recommendation.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
EXIT CONFERENCE  
For the Year Ended June 30, 2012**

**EXIT CONFERENCE**

**Preparation of Financial Statements:**

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

An exit conference was held at the office of the Village of Santa Clara on July 26, 2013.  
In attendance were the following:

**Representing the Village of Santa Clara:**

Richard Bauch	Mayor
Sheila Hudmn	Clerk/Treasurer

**Representing the Auditors:**

Gary E. Gaylord, CPA	Auditor-in-Charge
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There were no passed adjustments.