

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

For the Year Ended June 30, 2013

With Independent Auditor's Reports Thereon

This Page Intentionally Left Blank

INTRODUCTORY SECTION

This Page Intentionally Left Blank

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
TABLE OF CONTENTS
June 30, 2013**

INTRODUCTORY SECTION

| | <u>Page</u> |
|--|-------------|
| Table of Contents | 1-3 |
| Official Roster | 4 |
| Public Housing Authority Official Roster | 5 |

FINANCIAL SECTION

| | |
|------------------------------|-----|
| Independent Auditor’s Report | 6-8 |
|------------------------------|-----|

BASIC FINANCIAL STATEMENTS

Government - Wide and Fund Financial Statements:

| | | |
|---|-----------|----|
| Statement of Net Position | Exhibit A | 9 |
| Statement of Activities | Exhibit B | 10 |
| Balance Sheet - Governmental Funds | Exhibit C | 11 |
| Reconciliation of the Governmental Fund Balance Sheet with the Statement Of Net Position | | 12 |
| Statement of Revenues, Expenditures And Changes in Fund Balance Governmental Funds | Exhibit D | 13 |
| Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, And Changes in Fund Balance with the Statement of Activities | | 14 |
| Statement of Revenues and Expenditures Budget and Actual – General Fund | Exhibit E | 15 |
| Statement of Net Position – Proprietary Funds | Exhibit F | 16 |
| Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds | Exhibit G | 17 |

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
TABLE OF CONTENTS, continued
June 30, 2013**

BASIC FINANCIAL STATEMENTS, continued

| | <u>Page</u> |
|---|--------------------|
| Government-Wide and Fund Financial Statements, continued: | |
| Statement of Cash Flows – Proprietary Fund | Exhibit H 18-19 |
| Statement of Changes in Assets and Liabilities – Trust and Agency Fund | Exhibit I 20 |
| Index | 21-22 |
| Notes to Basic Financial Statements | 24-62 |

SUPPLEMENTAL INFORMATION

Statement of Revenues and Expenditures – Budget and Actual

Major Capital Project Funds:

| | | |
|-----------|-------------|----|
| RUS Grant | Statement 1 | 63 |
|-----------|-------------|----|

Major Proprietary Funds:

| | | |
|-----------------|-------------|----|
| Water and Sewer | Statement 2 | 64 |
| Solid Waste | Statement 3 | 65 |

Non-Major Governmental Funds:

| | | |
|--|---------------|-------|
| Combining Balance Sheet | Statement A-1 | 66-67 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balance | Statement A-2 | 68-69 |

Statement of Revenues and Expenditures – Budget and Actual

| | | |
|----------------------|---------------|----|
| Correction Fund | Statement B-1 | 70 |
| EMS Fund | Statement B-2 | 71 |
| Fire Protection Fund | Statement B-3 | 72 |

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
TABLE OF CONTENTS, continued
June 30, 2013**

SUPPLEMENTAL INFORMATION, continued

| | | <u>Page</u> |
|---|---------------|--------------------|
| Statement of Revenues and Expenditures – Budget and Actual, continued | | |
| Law Enforcement Protection Fund | Statement B-4 | 73 |
| Municipal Streets Fund | Statement B-5 | 74 |
| Cemetery Fund | Statement B-6 | 75 |
| Street Improvement Fund | Statement B-7 | 76 |
| CDGB Grant | Statement B-8 | 77 |

OTHER SUPPLEMENTAL INFORMATION

| | | |
|-------------------------|------------|----|
| Joint Powers Agreements | Schedule 1 | 78 |
| Bank Depositories | Schedule 2 | 79 |

COMPLIANCE SECTION

| | |
|---|-------|
| Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 80-82 |
|---|-------|

FINDINGS AND RESPONSES

| | |
|------------------------|--------|
| Findings and Responses | 83-101 |
| Exit Conference | 102 |

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
OFFICIAL ROSTER
June 30, 2013**

Elected Officials (through June 30, 2013)

| | |
|-----------------|---------------|
| Richard Bauch | Mayor |
| Mark Castillo | Mayor Pro-Tem |
| Richard Esparza | Trustee |
| Amanda Chavez | Trustee |
| Albert Esparza | Trustee |

Administrative Staff

| | |
|---------------------|-----------------|
| Josephine Iris Mohr | Clerk/Treasurer |
|---------------------|-----------------|

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
PUBLIC HOUSING AUTHORITY
OFFICIAL ROSTER
June 30, 2013**

Board of Commissioners

| | |
|-----------------|------------------|
| Rodolfo Herrera | Chairperson |
| Johnny Trujillo | Vice-Chairperson |
| Sonya Dixon | Commissioner |
| Sylvia Sierra | Commissioner |
| Sharon Gonzales | Commissioner |

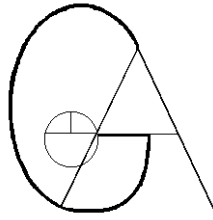
Administration

| | |
|--------------|--------------------|
| Gloria Duran | Executive Director |
|--------------|--------------------|

This Page Intentionally Left Blank

FINANCIAL SECTION

This Page Intentionally Left Blank



Gary E. Gaylord, C.P.A.

GARY E. GAYLORD, LTD.
CERTIFIED PUBLIC ACCOUNTANTS

740 San Mateo NE, Box A-3
Albuquerque, New Mexico 87108
(505) 266-4820
fax (505) 268-6618

INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information and the budgetary comparisons for the general fund of the Village of Santa Clara, Santa Clara, New Mexico, (The Village) as of and for the year ended June 30, 2013, 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, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I did not audit the financial statements of Santa Clara Public Housing Authority, a component unit of Village of Santa Clara, which statements reflect total assets of \$869,693 constituting 9 % of the Village's total assets and total revenue of \$238,971 constituting 11% of the Village's total revenue for the year then ended. Those statements were audited by other auditors, whose report has been furnished to me, and my opinion, insofar as it relates to the

INDEPENDENT AUDITOR'S REPORT, continued

amounts included for Santa Clara Public Housing Authority, is based solely on the report of the other auditors. I conducted the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinions

In my opinion, based upon my audit and the report of the other auditors, 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, 2013, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund for the year then ended in conformity with accounting principles 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, 2013, 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.

Other matters

Management has omitted the *Management's Discussion and Analysis (MD&A)* which is required to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate

INDEPENDENT AUDITOR'S REPORT, continued

operational, economic, or historical context. My opinion on the basic financial statements is not affected by the missing information.

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 other schedules required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other schedules required by 2.2.2. NMAC (Other Supplemental Information) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In my opinion, the schedules required by 2.2.2. NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated January 17, 2014, 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.



Gary E. Gaylord, Ltd. CPA's
Albuquerque, New Mexico
January 17, 2014

This Page Intentionally Left Blank

BASIC FINANCIAL STATEMENTS

This Page Intentionally Left Blank

State of New Mexico
Village of Santa Clara
Statement of Net Position
June 30, 2013

| | Primary Government | | | Component Unit - Housing Authority |
|--|----------------------------|-----------------------------|-----------|--|
| | Governmental Activities | Business-Type Activities | Total | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 531,514 | 113,950 | 645,464 | 71,787 |
| Investments | 570,506 | | 570,506 | |
| Customer accounts receivable, net | | 51,826 | 51,826 | 558 |
| Unbilled accounts receivable | | 25,518 | 25,518 | |
| Subsidy receivable | | | 0 | |
| Due from grantor | 18,906 | 73,383 | 92,289 | |
| Taxes receivable | 38,489 | 754 | 39,243 | |
| Other receivables | | | 0 | 35,070 |
| Prepaid insurance | | | 0 | 6,145 |
| Restricted assets: | | | | |
| Temporarily restricted: | | | | |
| Cash and cash equivalents | | 69,068 | 69,068 | 2,723 |
| Investments | | 89,173 | 89,173 | |
| Capital assets not being depreciated: | | | | |
| Land | 28,131 | | 28,131 | |
| Construction work in progress | 96,529 | 1,271,352 | 1,367,881 | |
| Capital assets net of accumulated depreciation | | | | |
| Infrastructure | 1,519,653 | 2,550,793 | 4,070,446 | 690,543 |
| Buildings and building improvements | 1,701,715 | 42,697 | 1,744,412 | 52,263 |
| Machinery and equipment | 235,641 | 92,029 | 327,670 | 10,604 |
| Total Assets | \$ 4,741,084 | 4,380,543 | 9,121,627 | 869,693 |
| LIABILITIES | | | | |
| Accounts payable | \$ 17,433 | 39,262 | 56,695 | 63,491 |
| Accrued salaries and benefits | 4,834 | 3,236 | 8,070 | 5,066 |
| Accrued compensated absences - current | 1,452 | 1,076 | 2,528 | 38 |
| Accrued interest payable | 83 | 6,243 | 6,326 | |
| Customer deposits | | 69,068 | 69,068 | 2,723 |
| Noncurrent liabilities: | | | | |
| Due within one year | 20,082 | 4,000 | 24,082 | |
| Due in more than one year | 62,239 | 319,378 | 381,617 | |
| Total Liabilities | 106,123 | 442,263 | 548,386 | 71,318 |
| NET POSITION | | | | |
| Net investment in capital assets | 3,506,606 | 3,638,872 | 7,145,478 | 753,410 |
| Restricted for: | | | | |
| Capital Projects | 36,937 | | 36,937 | |
| Other Purposes | 285,931 | | 285,931 | |
| Unrestricted | 805,487 | 299,408 | 1,104,895 | 44,965 |
| Total Net Position | \$ 4,634,961 | 3,938,280 | 8,573,241 | 798,375 |

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, 2013

| Functions/Programs | Program Revenues | | | | Net (Expenses) Revenue and Changes in Net Position | | | Component Unit - Housing Authority |
|---|------------------|----------------------|------------------------------------|----------------------------------|--|--------------------------|-----------|------------------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total | |
| Primary Government: | | | | | | | | |
| Governmental activities: | | | | | | | | |
| General Government | \$ 218,698 | 16,757 | 41,000 | | (160,941) | | (160,941) | |
| Public Safety | 517,658 | 49,356 | 129,696 | 16,529 | (322,077) | | (322,077) | |
| Public Works | 78,002 | | | 128,757 | 50,755 | | 50,755 | |
| Health and Welfare | 23,892 | 650 | 145 | | (23,097) | | (23,097) | |
| Interest on long-term debt | 786 | | | | (786) | | (786) | |
| Total governmental activities | \$ 839,036 | 66,763 | 170,841 | 145,286 | (456,146) | | (456,146) | |
| Business-type activities: | | | | | | | | |
| Water and Sewer | \$ 650,308 | 645,620 | | 48,688 | | 44,000 | 44,000 | |
| Solid Waste | 124,373 | 125,400 | | | | 1,027 | 1,027 | |
| Total business-type activities | \$ 774,681 | 771,020 | | 48,688 | | 45,027 | 45,027 | |
| Total Primary Government | \$ 1,613,717 | 837,783 | 170,841 | 193,974 | (456,146) | 45,027 | (411,119) | |
| Component unit - Housing Authority | \$ 233,544 | 66,353 | 84,812 | 87,752 | | | | 5,373 |
| General revenues: | | | | | | | | |
| Property taxes | | | | | 10,996 | | 10,996 | |
| Gasoline tax | | | | | 5,981 | | 5,981 | |
| Gross receipts tax | | | | | 199,615 | | 199,615 | |
| Other taxes | | | | | | | | |
| Small cities distribution | | | | | 171,074 | | 171,074 | |
| Unrestricted investment income | | | | | 3,362 | 21 | 3,383 | |
| Transfers | | | | | (191,235) | 191,235 | | |
| Total general revenues and transfers | | | | | 199,793 | 191,256 | 391,049 | |
| Change in net position | | | | | (256,353) | 236,283 | (20,070) | 5,373 |
| Net position at beginning of year, as previously reported | | | | | 4,891,314 | 3,701,997 | 8,593,311 | 794,102 |
| Adjustment | | | | | | | | (1,100) |
| Net position at beginning of year, as restated | | | | | 4,891,314 | 3,701,997 | 8,593,311 | 793,002 |
| Net position at end of year | | | | | \$ 4,634,961 | 3,938,280 | 8,573,241 | 798,375 |

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, 2013

| | <u>General Fund</u> | <u>RUS Grant</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|-------------------------|----------------------|---|---|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 225,355 | 114 | 306,045 | 531,514 |
| Investments | 570,506 | | | 570,506 |
| Taxes receivable | 36,324 | | 2,165 | 38,489 |
| Due from grantor | | 2,377 | 16,529 | 18,906 |
| Other accounts receivable | | | | |
| Due from other funds | <u>2,978</u> | | | <u>2,978</u> |
| Total assets | <u>\$ 835,163</u> | <u>2,491</u> | <u>324,739</u> | <u>1,162,393</u> |
| LIABILITIES AND FUND BALANCE | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 13,071 | 2,377 | 1,985 | 17,433 |
| Accrued salaries and benefits | 4,834 | | | 4,834 |
| Compensated absences | 1,452 | | | 1,452 |
| Deferred revenue | | | 16,529 | 16,529 |
| Due to other funds | | | 2,978 | 2,978 |
| Total liabilities | <u>19,357</u> | <u>2,377</u> | <u>21,492</u> | <u>43,226</u> |
| Fund Balance: | | | | |
| Unspendable | | | | |
| Restricted | | 114 | 306,225 | 306,339 |
| Committed | | | | |
| Assigned | | | | |
| Unassigned | 815,806 | | (2,978) | 812,828 |
| Total fund balance | <u>815,806</u> | <u>114</u> | <u>303,247</u> | <u>1,119,167</u> |
| Total liabilities and fund balances | <u>\$ 835,163</u> | <u>2,491</u> | <u>324,739</u> | <u>1,162,393</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 Position**
 June 30, 2013

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

| | | |
|---|----|--------------------|
| Total fund balances - Governmental Funds | \$ | 1,119,167 |
| 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 | | 16,529 |
| 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 | | 5,190,908 |
| Accumulated depreciation is | | <u>(1,609,238)</u> |
| | | 3,581,670 |
| 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 | | (83) |
| Compensated absences, net of current | | (7,258) |
| Notes payable to NMFA | | <u>(75,063)</u> |
| | | (82,404) |
| Rounding | | <u>(1)</u> |
| Total net position Governmental Activities | \$ | <u>4,634,961</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, 2013

| | General Fund | RUS Grant | Other Governmental Funds | Total Governmental Funds |
|------------------------------------|-------------------------|----------------------|---|---|
| Revenue: | | | | |
| Local Revenue | \$ | | | |
| Franchise tax | 34,573 | | | 34,573 |
| Gross Receipts Tax - Local | 94,971 | | 9,371 | 104,342 |
| Property Taxes | 10,996 | | | 10,996 |
| Cemetery fees | | | 650 | 650 |
| Licenses, Fines & Fees | 3,997 | | | 3,997 |
| Miscellaneous Charges for Services | 251 | | | 251 |
| Reimbursements | | | | |
| Court fines and fees | 7,596 | | 4,148 | 11,744 |
| Interest | 3,328 | | 33 | 3,361 |
| Other miscellaneous | 11,213 | | | 11,213 |
| State Revenue | | | | |
| Gross Receipts Tax - State shared | 95,274 | | | 95,274 |
| CFT Gas Tax | | | 5,981 | 5,981 |
| Motor Vehicle distribution | 4,479 | | | 4,479 |
| State fire allotment | | | | |
| Small cities distribution | 171,074 | | | 171,074 |
| Federal Revenue | | | | |
| Intergovernmental grants | 39,611 | 90,518 | 169,325 | 299,454 |
| | <u>477,363</u> | <u>90,518</u> | <u>189,508</u> | <u>757,389</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General Governmental: | | | | |
| Executive - Legislative | 27,211 | | | 27,211 |
| Finance - Administration | 113,216 | | | 113,216 |
| Public Safety: | | | | |
| Judicial | 40,608 | | 1,450 | 42,058 |
| Police | 297,330 | | | 297,330 |
| Animal Control | 27,914 | | | 27,914 |
| Fire | 4,793 | | | 4,793 |
| Health and Welfare | | | 6,206 | 6,206 |
| Public Works | 14,441 | | 90,216 | 104,657 |
| Non Current: | | | | |
| Debt Service | | | 20,588 | 20,588 |
| Capital Outlay | | | 72,383 | 72,383 |
| | <u>525,513</u> | | <u>190,843</u> | <u>716,356</u> |
| Revenues over (under) expenditures | (48,150) | 90,518 | (1,335) | 41,033 |
| Other financing sources (uses): | | | | |
| Operating transfers in | | | 13,080 | 13,080 |
| Operating transfers out | (113,080) | (91,235) | | (204,315) |
| Net change in fund balance | (161,230) | (717) | 11,745 | (150,202) |
| Fund balance, at beginning of year | <u>977,036</u> | <u>831</u> | <u>291,502</u> | <u>1,269,369</u> |
| Fund balance, at end of year | <u>\$ 815,806</u> | <u>114</u> | <u>303,247</u> | <u>1,119,167</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, 2013

| | | | |
|--|------------------|----|------------------|
| Total net change in fund balance - Governmental Funds | | \$ | (150,202) |
| <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 | 65,751 | | |
| Depreciation expense | <u>(202,161)</u> | | (136,410) |
| <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 | 13,271 | | |
| Compensated absences payable, net of current | (2,814) | | |
| Accrued interest payable | <u>57</u> | | 10,514 |
| <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>19,745</u> | | <u>19,745</u> |
| Change in net position of governmental activities | | \$ | <u>(256,353)</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, 2013

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) | |
|---|--------------------|-----------------|--------------------------------|----------------------------------|------------------------------|
| | Original Budget | Final Budget | | Original Budget to Final | Actual to Final Budget |
| | Revenue: | | | | |
| Franchise tax | \$ 30,000 | 30,797 | 30,797 | 797 | |
| Gross Receipts Tax - Local | 48,000 | 118,730 | 118,730 | 70,730 | |
| Property Taxes | 10,793 | 10,998 | 10,999 | 205 | 1 |
| Gross Receipts Tax - State shared | 42,000 | 119,031 | 119,031 | 77,031 | |
| Motor Vehicle distribution | 3,600 | 4,452 | 4,452 | 852 | |
| Licenses, Fines & Fees | 2,300 | 3,997 | 3,997 | 1,697 | |
| Miscellaneous Charges for Services | | 251 | 251 | 251 | |
| Court fines and fees | 12,000 | 7,512 | 9,116 | (4,488) | 1,604 |
| Interest | | 3,254 | 3,328 | 3,254 | 74 |
| Small cities distribution | 199,000 | 171,074 | 171,074 | (27,926) | |
| Other Miscellaneous | 28,000 | 149,116 | 64,297 | 121,116 | (84,819) |
| Total revenues | <u>375,693</u> | <u>619,212</u> | <u>536,072</u> | <u>243,519</u> | <u>(83,140)</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General Governmental: | | | | | |
| Executive - Legislative | 17,295 | 23,129 | 23,467 | (5,834) | (338) |
| Finance - Administration | 83,321 | 112,764 | 112,764 | (29,443) | |
| Public Safety: | | | | | |
| Judicial | 43,873 | 39,554 | 39,554 | 4,319 | |
| Police and Fire | 398,663 | 303,114 | 303,115 | 95,549 | (1) |
| Animal control | | 54,634 | 25,734 | (54,634) | 28,900 |
| Health and Welfare: | | | | | |
| Ambulance | 5,540 | | | | |
| Public Works | | | | | |
| Highways and streets | 16,000 | 14,400 | 14,440 | 1,600 | (40) |
| Total expenditures | <u>564,692</u> | <u>547,595</u> | <u>519,074</u> | <u>11,557</u> | <u>28,521</u> |
| Revenues over (under) expenditures | (188,999) | 71,617 | 16,998 | 255,076 | (54,619) |
| Other financing sources (uses): | | | | | |
| Operating transfers out | | (113,080) | (113,080) | (113,080) | |
| Revenues and other financing sources over (under)\ expenditures and other financing uses | (188,999) | (41,463) | (96,082) | 141,996 | <u>(54,619)</u> |
| Budgetary Notation: | | | | | |
| Cash appropriated from prior year for current year expenditures | \$ <u>188,999</u> | <u>41,463</u> | | <u>(141,996)</u> | |
| Reconciliation to GAAP basis financial statement | | | | | |
| Decrease in taxes receivable | | | (46,972) | | |
| Decrease in other receivables | | | (1,520) | | |
| Decrease in due from grantor | | | (13,472) | | |
| Increase in accounts payable | | | (4,705) | | |
| Decrease in deferred revenue | | | 3,256 | | |
| Increase in accrued compensation | | | (1,172) | | |
| Increase in accrued compensated absences | | | (563) | | |
| Net change in fund balance | | | \$ <u>(161,230)</u> | | |

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

Exhibit E

State of New Mexico
Village of Santa Clara
Statement of Net Position - Proprietary Funds
June 30, 2013

| ASSETS | Water and Sewer | Solid Waste | Total |
|---|----------------------------|------------------------|------------------|
| Current assets: | | | |
| Cash and cash equivalents | \$ 65,624 | 48,326 | 113,950 |
| Customer accounts receivable, net | 51,826 | | 51,826 |
| Unbilled accounts receivable | 20,637 | 4,881 | 25,518 |
| Due from grantor | 66,815 | 6,568 | 73,383 |
| Taxes receivable | | 754 | 754 |
| Restricted cash and investments: | | | |
| Customer meter deposits | 69,068 | | 69,068 |
| Revenue bond reserves | 89,173 | | 89,173 |
| Total current assets | 363,143 | 60,529 | 423,672 |
| Noncurrent assets: | | | |
| Capital Assets not being depreciated: | | | |
| Construction work in progress | 1,271,352 | | 1,271,352 |
| Capital Assets being depreciated: | | | |
| Infrastructure | 2,550,793 | | 2,550,793 |
| Buildings | 42,697 | | 42,697 |
| Machinery and equipment | 92,029 | | 92,029 |
| Total capital assets | 3,956,871 | | 3,956,871 |
| Accumulated depreciation | | | |
| Net capital assets | 3,956,871 | | 3,956,871 |
| Total assets | \$ 4,320,014 | 60,529 | 4,380,543 |
| LIABILITIES AND NET ASSETS (DEFICIT) | | | |
| Current liabilities: | | | |
| Trade accounts payable | \$ 39,262 | | 39,262 |
| Accrued salaries and benefits | 3,236 | | 3,236 |
| Customer meter deposits payable | 69,068 | | 69,068 |
| Accrued compensated absences - current | 1,076 | | 1,076 |
| Accrued interest payable | 6,243 | | 6,243 |
| Revenue bonds payable, current portion | 4,000 | | 4,000 |
| Total current liabilities | 122,885 | | 122,885 |
| Noncurrent liabilities: | | | |
| Noncurrent accrued compensated absences | 5,378 | | 5,378 |
| Revenue bonds payable, net of current portion | 314,000 | | 314,000 |
| Total noncurrent liabilities | 319,378 | | 319,378 |
| Total liabilities | 442,263 | | 442,263 |
| NET POSITION | | | |
| Net investment in capital assets | 3,638,872 | | 3,638,872 |
| Unrestricted | 238,879 | 60,529 | 299,408 |
| Total net assets | 3,877,751 | 60,529 | 3,938,280 |
| Total liabilities and net position | \$ 4,320,014 | 60,529 | 4,380,543 |

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

Exhibit F

State of New Mexico
Village of Santa Clara
**Statement of Revenues, Expenses and
Changes in Fund Net Position - Proprietary Funds**
For the Year Ended June 30, 2013

| | <u>Water and Sewer</u> | <u>Solid Waste</u> | <u>Total</u> |
|---------------------------------------|----------------------------|------------------------|------------------|
| Revenues: | | | |
| Utility charges | \$ 579,745 | 114,231 | 693,976 |
| Penalties | 14,905 | | 14,905 |
| Other miscellaneous | 50,970 | 5,597 | 56,567 |
| Environmental gross receipts tax | | 5,573 | 5,573 |
| Total operating revenue | <u>645,620</u> | <u>125,401</u> | <u>771,021</u> |
| Operating expenses: | | | |
| Salaries and benefits | 156,413 | | 156,413 |
| Travel and per diem | 4,417 | | 4,417 |
| Contractual services | 203,186 | 66,936 | 270,122 |
| Supplies | 20,780 | | 20,780 |
| Other operating expenses | 179,694 | 57,438 | 237,132 |
| Depreciation | 74,961 | | 74,961 |
| Total operating expenses | <u>639,451</u> | <u>124,374</u> | <u>763,825</u> |
| Net operating income (loss) | <u>6,169</u> | <u>1,027</u> | <u>7,196</u> |
| Non-operating income (expenses) | | | |
| Capital grants | 48,688 | | 48,688 |
| Investment income | 21 | | 21 |
| Interest expense | (10,857) | | (10,857) |
| Total nonoperating revenue (expenses) | <u>37,852</u> | | <u>37,852</u> |
| Income (loss) before transfers | 44,021 | 1,027 | 45,048 |
| Transfers in | 191,235 | | 191,235 |
| Transfers out | | | |
| Change in net position | 235,256 | 1,027 | 236,283 |
| Net position at beginning of year | <u>3,642,495</u> | <u>59,502</u> | <u>3,701,997</u> |
| Net position at end of year | <u>\$ 3,877,751</u> | <u>60,529</u> | <u>3,938,280</u> |

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

Exhibit G

State of New Mexico
Village of Santa Clara
Statement of Cash Flows - Proprietary Fund
For the Year Ended June 30, 2013

| | Water and Sewer | Solid Waste | Total |
|--|--------------------------------|------------------------|-----------------------|
| Cash flows from operating activities: | | | |
| Cash received from customers | \$ 662,175 | 127,997 | 790,172 |
| Cash received from taxes and other sources | | 6,983 | 6,983 |
| Payment to and on behalf of employees | (156,476) | | (156,476) |
| Payment to vendors for goods and services | (403,627) | (129,175) | (532,802) |
| Net cash flows from operating activities | <u>102,072</u> | <u>5,805</u> | <u>107,877</u> |
| Cash flows from capital and related financing activities: | | | |
| Transfer from general fund for capital acquisitions | 100,000 | | |
| Payments on revenue bonds | (4,000) | | (4,000) |
| Interest payments | (10,937) | | (10,937) |
| Purchase of capital assets | (209,017) | | (209,017) |
| Net cash flows from capital and related financing activities | <u>(123,954)</u> | | <u>(223,954)</u> |
| Cash flows from investing activities: | | | |
| Purchase of investments | (37,521) | | |
| Investment income | 21 | | 21 |
| | <u>(37,500)</u> | | <u>21</u> |
| Net increase (decrease) in cash and cash equivalents | (59,382) | 5,805 | (53,577) |
| Cash and cash equivalents, at beginning of year | <u>194,074</u> | <u>42,521</u> | <u>236,595</u> |
| Cash and cash equivalents, at end of year | <u><u>134,692</u></u> | <u><u>48,326</u></u> | <u><u>183,018</u></u> |
| Show on statement of net position: | | | |
| Unrestricted cash and cash equivalents | 65,624 | 48,326 | 113,950 |
| Restricted cash and cash equivalents | 69,068 | | 69,068 |
| | <u>\$ 134,692</u> | <u>48,326</u> | <u>183,018</u> |

During FYE 06-30-13 capital assets in the amount of \$ 91,235 were transferred from the RUS capital projects fund to the Water and Sewer Fund

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

Exhibit H, continued

State of New Mexico
Village of Santa Clara
Statement of Cash Flows - Proprietary Fund, continued
For the Year Ended June 30, 2013

| | <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) | \$ 6,169 | 1,027 | 7,196 |
| Adjustments to reconcile operating income (loss) to net cash flows from operating activities: | | | |
| Depreciation | 74,961 | | 74,961 |
| (Increase) decrease in operating assets: | | | |
| Trade accounts receivable | 9,541 | 7,721 | 17,262 |
| Unbilled accounts receivable | 6,286 | 447 | 6,733 |
| Taxes receivable | | 1,410 | 1,410 |
| Increase (decrease) in operating liabilities: | | | |
| Accounts payable | 4,451 | (4,801) | (350) |
| Accrued salaries and benefits | 257 | | 257 |
| Accrued compensated absences | (320) | | (320) |
| Customer deposits | 728 | | 728 |
| Rounding | (1) | 1 | |
| | <u>\$ 102,072</u> | <u>5,805</u> | <u>107,877</u> |

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

Exhibit H

State of New Mexico
 Village of Santa Clara
Statement of Changes in Assets and Liabilities
Trust and Agency Fund - Fund 71
Municipal Court Bond Funds
 For the Year Ended June 30, 2013

| | <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 I

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

INDEX

NOTE

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
 - A. Introduction
 - B. Financial Reporting Entity
 - C. Discretely Presented Component Unit
 - D. Government – Wide Financial Statements
 - E. Measurement Focus and Basis of Accounting
 - F. Assets, Liabilities and Equity
 - G. Revenues, Expenditures and Expenses
 - H. Other Policies
2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY
 - A. Budget Requirements, Accounting and Reporting
3. DUE TO/DUE FROM ACCOUNTS
4. DEPOSITS AND INVESTMENTS, LAWS AND REGULATIONS
5. ACCOUNTS RECEIVABLE
6. CAPITAL ASSETS
7. LONG TERM DEBT
8. OTHER NOTES
 - A. Litigation
 - B. Contingent Liabilities
 - C. Risk Management

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2013**

INDEX, continued

NOTES, continued

- 9. DEFICIT FUND BALANCES

- 10. COMPONENT UNIT
 - A. Cash
 - B. Custodial Credit Risk-Deposits
 - C. Receivables
 - D. Capital Assets
 - E. Compensated Absences
 - F. Other Required Individual Fund Disclosures
 - G. PERA Pension Plan
 - H. Post Employment Benefits
 - I. Risk Management
 - J. Contingent Liabilities
 - K. Federal Grants
 - L. Subsequent Events
 - M. Intergovernmental Transactions

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

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.

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, 2013**

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, 2013

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 four-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 Position, the Statement of Activities, and Changes in Net Position) 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 Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Non-Exchange Transactions.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, *continued*
June 30, 2013

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, and fiduciary 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, 2013 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, 2013

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, 2013 there were no major special revenue funds.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, *continued*
June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, *continued*

D. GOVERNMENT-WIDE FINANCIAL STATEMENTS, *continued*

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

RUS Grant – To account for Federal grant revenues and expenditures that were used to renovate and expand water and wastewater systems. 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, 2013

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, 2013.

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, 2013.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2013

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, 2013.

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 Position 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, 2013

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, 2013**

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, 2013

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 full accrual basis of accounting as described in professional literature issued by the Governmental Accounting Standards Board.

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, 2013

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, 2013

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, 2013 for the proprietary funds, as stated above.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2013

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, 2013 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 two operating cash transfers during the year ended June 30, 2013, as follows:

| | |
|---|------------------|
| From General Fund to Law Enforcement Protection | \$ 13,080 |
| From General Fund to Water and Sewer Fund | <u>100,000</u> |
| Total | <u>\$113,080</u> |

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.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2013

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

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

Capital Assets and Depreciation

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

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

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

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

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

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

Current year depreciation expense in the amount \$ 202,161 was charged to the following functional cost centers during the year on the Governmental Funds in the Statement of Activities

| | |
|--------------------|-------------------|
| General Government | \$ 34,924 |
| Public Safety | 108,286 |
| Public Works | 41,265 |
| Health and Welfare | <u>17,686</u> |
| | \$ <u>202,161</u> |

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued

F. ASSETS, LIABILITIES, AND EQUITY, continued

An additional \$ 74,961 in depreciation was recorded in the Water and Sewer Fund.

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

Long-Term Debt

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

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, *continued*
June 30, 2013

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

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

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.

Equity Classifications

Government-wide Statements

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

- a. Net investment in capital assets:
Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Unexpended debt proceeds, if any, attributed to the acquisition, construction, or improvement to capital assets are netted against the outstanding debt. At June 30, 2013 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, 2013

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, 2013.

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, 2013.

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, 2013.

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, 2013**

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 "Taxes 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, 2013

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

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

Property Taxes, continued

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

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

Property tax revenues amounted to \$ 10,996 for general operating purposes and \$0 for debt services purposes during the fiscal year ended June 30, 2013.

Expenditures/Expenses

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

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

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

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

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

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2013**

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, 2013**

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 for FYE 6-30-13

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, 2013

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 | \$ 2,977 | |
| Senior Center Renovation | | 113 |
| Industrial Park | _____ | <u>2,864</u> |
| Totals | \$ <u>2,977</u> | \$ <u>2,977</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, 2013.

| | <u>From</u> | <u>To</u> |
|------------------------------------|-------------|-----------|
| Capital Assets Transfer: | | |
| From RUS Water & Sewer Renovations | \$ 91,235 | |
| To Water and Sewer | | \$ 91,235 |

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, 2013**

**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, 2013**

**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 one 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 of 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, 2013, the Village had custodial credit risk in the amount of \$ 903,644.

The cash balance held by New Mexico Mortgage Finance Authority (\$ 3) and New Mexico State Treasurer (\$ 20,360) 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, 2013**

**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 | \$ 743,964 |
| NOW public funds | 89,173 |
| Time deposits | <u>570,507</u> |
| Total deposits | 1,403,644 |
| Less FDIC Insurance | |
| Demand deposits | (250,000) |
| Time deposits | <u>(250,000)</u> |
| Uninsured public funds | <u>\$ 903,644</u> |
| Required collateralization (50% of uninsured) | \$ 451,822 |
| Pledged collateral held by pledging bank but not in the Village's name | <u>1,112,258</u> |
| Excess collateralization | <u>\$ 660,437</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 | \$ 531,211 |
| Hatch Valley Mun | 418839BX3 | 08-01-13 | 100,213 |
| Belen NM SD | 077581NQ5 | 08-01-17 | 37,352 |
| Farmington | 311441HN2 | 09-01-17 | 102,679 |
| Lea Co, NM PS | 521513AG6 | 07-15-17 | 235,788 |
| Roswell, NM | 778544CL8 | 08-01-15 | <u>105,015</u> |
| Total | | | <u>\$1,112,258</u> |

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2013**

5. ACCOUNTS RECEIVABLE

The accounts receivable of the Village at June 30, 2013 are as follows:

| | Governmental <u>Activities</u> | Business-Type <u>Activities</u> | <u>Total</u> |
|------------------------------------|-----------------------------------|------------------------------------|-----------------------|
| Customer accounts receivable | \$ | \$ 96,826 | \$ 96,826 |
| Unbilled accounts receivable | | 25,518 | 25,518 |
| Due from grantor | 18,906 | 73,383 | 92,289 |
| Taxes receivable | <u>38,489</u> | <u>754</u> | <u>39,243</u> |
| Total receivables, before all. | \$ <u>57,395</u> | \$ <u>196,481</u> | \$ <u>253,876</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>2012</u> | Adjustments And <u>Additions</u> | <u>Deletions</u> | Balance June 30, <u>2013</u> |
|-----------------------------------|------------------------------------|--|------------------|------------------------------------|
| Governmental Activities: | | | | |
| Capital Assets Non Depreciable: | | | | |
| Land | \$ 28,131 | \$ | \$ | \$ 28,131 |
| Work in progress | <u>55,579</u> | <u>65,750</u> | <u>(24,800)</u> | <u>96,529</u> |
| Total | <u>83,710</u> | <u>65,750</u> | <u>(24,800)</u> | <u>124,660</u> |
| Capital Assets being depreciated: | | | | |
| Buildings and Improvements | 2,388,208 | | | 2,388,208 |
| Infrastructure | 1,677,723 | | | 1,677,723 |
| Furniture & Equipment | <u>975,516</u> | <u>24,800</u> | _____ | <u>1,000,316</u> |
| Total | <u>5,041,447</u> | <u>24,800</u> | _____ | <u>5,066,247</u> |
| Less accumulated depreciation: | | | | |
| Buildings and improvements | (608,143) | (78,350) | | (686,493) |
| Infrastructure | (124,417) | (33,653) | | (158,070) |
| Furniture & Equipment | <u>(674,517)</u> | <u>(90,158)</u> | _____ | <u>(764,675)</u> |
| Total accumulated depreciation | <u>(1,407,077)</u> | <u>(202,161)</u> | _____ | <u>(1,609,238)</u> |
| Other capital assets, net | <u>3,634,370</u> | <u>(177,361)</u> | _____ | <u>3,457,009</u> |
| Total capital assets, net | <u>3,718,080</u> | <u>(111,611)</u> | <u>(24,800)</u> | <u>3,581,669</u> |

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2013**

6. CAPITAL ASSETS, continued

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

| | |
|--------------------|------------------|
| General government | \$ 34,924 |
| Public Safety | 108,286 |
| Public Works | 41,265 |
| Health and Welfare | <u>17,686</u> |
| | <u>\$202,161</u> |

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

| | Balance June 30, <u>2012</u> | Adjustments And <u>Additions</u> | <u>Deletions</u> | Balance June 30, <u>2013</u> |
|-----------------------------------|------------------------------------|--|------------------|------------------------------------|
| Business -Type Activities: | | | | |
| Capital Assets Non Depreciable: | | | | |
| Construction Work in Progress: | | | | |
| Gravity Sewer Improvements | 14,224 | 65,062 | | 79,286 |
| Well Head Protection | 3,903 | 35,557 | | 39,460 |
| RUS Phase II | <u>1,061,371</u> | <u>91,235</u> | | <u>1,152,606</u> |
| Total | <u>1,079,498</u> | <u>191,854</u> | | <u>1,271,352</u> |
| Capital Assets being depreciated: | | | | |
| Buildings | 36,804 | 11,445 | | 48,249 |
| Improvements | 12,777 | | | 12,777 |
| Infrastructure | 3,328,232 | | | 3,328,232 |
| Furniture & Equipment | <u>113,310</u> | <u>89,040</u> | | <u>202,350</u> |
| Total | <u>3,491,123</u> | <u>100,485</u> | | <u>3,591,608</u> |
| Less accumulated depreciation: | | | | |
| Buildings and improvements | (16,702) | (1,627) | | (18,329) |
| Infrastructure | (711,145) | (66,294) | | (777,439) |
| Furniture & Equipment | <u>(103,281)</u> | <u>(7,040)</u> | <u>()</u> | <u>(110,321)</u> |
| Total accumulated depreciation | <u>(831,128)</u> | <u>(74,961)</u> | <u>()</u> | <u>(906,089)</u> |
| Other capital assets, net | <u>2,659,995</u> | <u>25,524</u> | | <u>2,685,519</u> |
| Total capital assets, net | <u>3,739,493</u> | <u>217,378</u> | | <u>3,956,871</u> |

At June 30, 2013 the Village had outstanding commitments for A/E fees in the approximate amount of \$50,000 on various project in progress and expected to be contracting with construction contractors to complete the various projects within FYE 06-30-14.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2013**

7. LONG TERM DEBT

Governmental Activities Debt

During the year ended June 30, 2013, the following changes occurred in the liabilities reported in the governmental activities debt of the Village.

| <u>Description</u> | Balance at June 30, <u>2012</u> | <u>Increase</u> | <u>Decrease</u> | Balance at June 30, <u>2013</u> | Amount Due in <u>One Year</u> |
|------------------------------|---------------------------------------|-----------------|-----------------|---------------------------------------|-------------------------------------|
| | \$ | | | | |
| New Mexico Finance Authority | 34,097 | | 16,881 | 17,216 | 17,216 |
| New Mexico Finance Authority | 60,711 | | 2,864 | 57,847 | 2,866 |
| Accrued Compensated Absences | <u>5,334</u> | <u>21,000</u> | <u>17,624</u> | <u>8,710</u> | <u>1,452</u> |
| | \$ <u>100,142</u> | <u>21,000</u> | <u>37,369</u> | <u>83,773</u> | <u>21,534</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> |
|-----------------------------------|------------------|-----------------|-----------------|---------------|
| 2014 | \$ <u>17,216</u> | <u>314</u> | <u>43</u> | <u>17,573</u> |
| | \$ <u>17,216</u> | <u>314</u> | <u>43</u> | <u>17,573</u> |

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2013**

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> |
|-----------------------------------|------------------|-----------------|-----------------|---------------|
| 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>57,847</u> | <u> </u> | <u>420</u> | <u>58,267</u> |

Enterprise (Proprietary) Debt

During the year-ended June 30, 2013, 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, 2012</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 | 95,000 | | 1,000 | 94,000 | 1,000 |
| Revenue Bonds Series 2010 | 227,000 | | 3,000 | 224,000 | 3,000 |
| Compensated Absences | <u>6,774</u> | <u>13,500</u> | <u>11,660</u> | <u>8,614</u> | <u>3,236</u> |
| Total | <u>328,774</u> | <u>13,500</u> | <u>15,660</u> | <u>326,614</u> | <u>7,236</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, 2013

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> |
|-----------------------------------|------------------|-----------------|----------------|
| 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 | 1,000 | 3,825 | 4,825 |
| 2019-2023 | 7,000 | 18,445 | 25,445 |
| 2024-2028 | 10,000 | 16,575 | 26,575 |
| 2029-2033 | 10,000 | 14,450 | 24,450 |
| 2034-2037 | 15,000 | 11,900 | 26,900 |
| 2038-2042 | 17,000 | 8,670 | 25,670 |
| 2043-2048 | <u>30,000</u> | <u>4,547</u> | <u>34,547</u> |
| | \$ <u>94,000</u> | <u>94,138</u> | <u>188,138</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> |
|-----------------------------------|-------------------|-----------------|----------------|
| 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 | 4,000 | 6,330 | 10,330 |
| 2019-2023 | 20,000 | 29,850 | 49,850 |
| 2024-2028 | 23,000 | 26,760 | 49,760 |
| 2029-2033 | 26,000 | 23,100 | 49,100 |
| 2034-2038 | 31,000 | 18,900 | 49,900 |
| 2039-2043 | 36,000 | 13,410 | 49,410 |
| 2044-2048 | 42,000 | 8,760 | 50,760 |
| 2049-2051 | <u>29,000</u> | <u>1,800</u> | <u>30,800</u> |
| | \$ <u>224,000</u> | <u>155,250</u> | <u>379,250</u> |

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2013**

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, 2013 the total required reserved amounted to \$ 35,396 and the Village had set aside \$89,173 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, 2013 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, 2013**

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, 2013**

9. DEFICIT FUND BALANCES

At June 30, 2013 the Village had deficit fund balances in 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, 2013**

10. COMPONENT UNIT

A. CASH

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

| | |
|-----------------|------------------|
| | <u>2013</u> |
| Cash | \$ 71,787 |
| Tenant Deposits | <u>2,723</u> |
| Total | \$ <u>74,510</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>2013</u> |
| Checking | \$ 74,510 |
| Less FDIC checking | <u>(74,510)</u> |
| Uninsured public funds | \$ _____. |

B. CUSTODIAL CREDIT RISK – DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the SCPHA’s deposit may not be returned to it. The SCPHA does not have a deposit policy for custodial risk. As of June 30, 2013, 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, 2013, are as follows:

| | |
|---|---------------------------|
| | <u>Low Income Housing</u> |
| Dwelling rent receivable | \$ <u>558</u> |
| Totals-net of allowance for doubtful accounts | \$ <u>558</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, 2013**

10. COMPONENT UNIT, continued

D. CAPITAL ASSETS

The following is a summary of capital assets and changes occurring during the year ended June 30, 2013. Land is not subject to depreciation.

| <u>Business-Like Activities</u> | Balance <u>06/30/12</u> | <u>Additions</u> | <u>Deletions</u> | Balance <u>06/30/13</u> |
|--|----------------------------|------------------|------------------|----------------------------|
| Capital assets being depreciated | | | | |
| Buildings | \$ 625,592 | \$ | \$ | \$ 625,592 |
| Improvements | 813,358 | 82,730 | | 896,088 |
| Computer Software | 6,100 | | | 6,100 |
| Furniture, equipment, vehicles | <u>61,381</u> | | | <u>61,381</u> |
| Total | <u>1,506,431</u> | <u>82,730</u> | | <u>1,589,161</u> |
| Accumulated depreciation | | | | |
| Building | 545,903 | 27,426 | | 573,329 |
| Computer Software | 1,938 | 1,220 | | 3,158 |
| Improvements | 188,654 | 16,891 | | 205,545 |
| Furniture, equipment, vehicles | <u>61,231</u> | <u>(7,512)</u> | | <u>53,719</u> |
| Total | <u>797,726</u> | <u>38,025</u> | | <u>835,751</u> |
| Net book value | <u>\$ 708,705</u> | <u>\$ 44,705</u> | <u>\$</u> | <u>\$ 753,410</u> |

Depreciation expense relating to business-like activities for the year-ended June 30, 2013 totaled \$38,025.

E. COMPENSATED ABSENCES

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

| Balance <u>06/30/12</u> | <u>Additions</u> | <u>Decreases</u> | Balance <u>06/30/13</u> | Due within <u>One year</u> |
|----------------------------|------------------|------------------|----------------------------|-------------------------------|
| <u>\$ 2,850</u> | <u>\$ 38</u> | <u>\$ 2,850</u> | <u>\$ 38</u> | <u>\$ 38</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, 2013

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, 2013.

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 11 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, 2013 and 2012 were \$3,727 and \$4,890 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, 2013**

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, 2013 were \$8,120.

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 is estimated to be \$190,443 at June 30, 2013 of which all but \$35,070 has been reimbursed by the insurance company.

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, 2013, HUD awarded \$84,812 as operating subsidies.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2013**

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, 2013, the SCPHA paid approximately \$16,300 for water expenses to the Village of Santa Clara.

N. PRIOR PERIOD ADJUSTMENT

During the fiscal year ended June 30, 2011 \$ 2,191 was paid to relocate the residence of the unit that was destroyed by fire. This expense was reimbursed by the insurance company during the year ending June 30, 2013.

This Page Intentionally Left Blank

SUPPLEMENTAL INFORMATION

This Page Intentionally Left Blank

State of New Mexico
 Village of Santa Clara
Major Capital Projects Fund
RUS GRANT - Fund 42
Statement of Revenues and Expenditures - Budget and Actual
 For the Year Ended June 30, 2013

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) | |
|---|----------------------------|-------------------------|---|--|---------------------------------------|
| | Original Budget | Final Budget | | Original Budget to Final | Actual to Final Budget |
| | | | | | |
| Revenues: | | | | | |
| Intergovernmental grant | \$ 725,125 | 725,125 | 88,141 | 0 | (636,984) |
| | <u>725,125</u> | <u>725,125</u> | <u>88,141</u> | <u>0</u> | <u>(636,984)</u> |
| Expenditures: | | | | | |
| Noncurrent: | | | | | |
| Capital outlay | 725,125 | 725,125 | 88,858 | 0 | 636,267 |
| | <u>725,125</u> | <u>725,125</u> | <u>88,858</u> | <u>0</u> | <u>636,267</u> |
| Revenues Over (Under) Expenditures | \$ <u>0</u> | <u>0</u> | (717) | <u>0</u> | <u>(717)</u> |
| Reconciliation to GAAP Basis Financial Statement: | | | | | |
| Increase in due from grantor | | | 2,377 | | |
| Increase in accounts payable | | | <u>(2,377)</u> | | |
| Net change in fund balance | | | \$ <u>(717)</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, 2013

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) | |
|---|--------------------|-----------------|--------------------------------|----------------------------------|------------------------------|
| | Original Budget | Final Budget | | Original Budget to Final | Actual to Final Budget |
| | Revenues: | | | | |
| Utility charges | \$ 605,750 | 548,425 | 595,572 | (57,325) | 47,147 |
| Investment income | | 21 | 21 | 21 | |
| Penalties | | 13,529 | 14,905 | 13,529 | 1,376 |
| Other, including state revenue | 311,580 | 929 | 50,969 | (310,651) | 50,040 |
| Total revenue | <u>917,330</u> | <u>562,904</u> | <u>661,467</u> | <u>(354,426)</u> | <u>98,563</u> |
| Expenditures | | | | | |
| Water: | | | | | |
| Salaries and benefits | 701,707 | 110,914 | 110,913 | 590,793 | 1 |
| Travel and per diem | | 2,453 | 2,453 | (2,453) | |
| Contractual services | | 4,444 | 4,444 | (4,444) | |
| Supplies | | 19,862 | 19,862 | (19,862) | |
| Other operating costs | | 275,144 | 318,561 | (275,144) | (43,417) |
| Waste water: | | | | | |
| Salaries and benefits | 311,580 | 46,496 | 46,496 | 265,084 | |
| Travel and per diem | | 1,965 | 1,965 | (1,965) | |
| Contractual services | | 246,854 | 209,354 | (246,854) | 37,500 |
| Supplies | | 6,919 | 919 | (6,919) | 6,000 |
| Other operating costs | | 69,306 | 69,305 | (69,306) | 1 |
| Total expenditures | <u>1,013,287</u> | <u>784,357</u> | <u>784,272</u> | <u>228,930</u> | <u>85</u> |
| Revenues over (under) expenditures | (95,957) | (221,453) | (122,805) | (125,496) | 98,648 |
| Other financing sources (uses): | | | | | |
| Operating transfers in | | 100,000 | 100,000 | 100,000 | |
| Revenues and other financing sources over (under) expenditures and other financing uses | (95,957) | (121,453) | (22,805) | (25,496) | <u>98,648</u> |
| Budgetary notation: Cash appropriated from prior year for current year expenditures | \$ <u>95,957</u> | <u>121,453</u> | | <u>25,496</u> | |
| Reconciliation to GAAP basis financial statements | | | | | |
| Decrease in net customer accounts receivable | | | (9,541) | | |
| Decrease in unbilled accounts receivable | | | (6,286) | | |
| Increase in due from grantor | | | 48,688 | | |
| Decrease in trade accounts payable | | | 11,677 | | |
| Increase in accrued salaries and benefits | | | (257) | | |
| Decrease in accrued compensated absence | | | 320 | | |
| Decrease in accrued interest payable | | | 80 | | |
| Nonbudgeted items: | | | | | |
| Transfer in of capital assets from governmental funds | | | 91,235 | | |
| Capital asset purchases treated as expenditures for budgetary report | | | 198,864 | | |
| Depreciation | | | (72,720) | | |
| Payments on long-term debt | | | (4,000) | | |
| Rounding | | | | | |
| Change in net assets | | | \$ <u>235,255</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, 2013

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) | |
|--|----------------------------|-------------------------|---|--|---------------------------------------|
| | Original Budget | Final Budget | | Original Budget to Final | Actual to Final Budget |
| | | | | | |
| Revenues: | | | | | |
| Utility charges | \$ 130,200 | 111,832 | 122,400 | (18,368) | 10,568 |
| Gross receipts tax collected | | 5,100 | 5,597 | 5,100 | 497 |
| Environmental gross receipts tax | 5,000 | 6,983 | 6,983 | 1,983 | |
| | <u>135,200</u> | <u>123,915</u> | <u>134,980</u> | <u>(11,285)</u> | <u>11,065</u> |
| Expenditures: | | | | | |
| Contractual services | | 66,936 | 66,936 | (66,936) | |
| Other operating expenses | 136,200 | 62,238 | 62,238 | 73,962 | |
| | <u>136,200</u> | <u>129,174</u> | <u>129,174</u> | <u>7,026</u> | |
| Revenues Over (Under) Expenditures | (1,000) | (5,259) | 5,806 | (4,259) | <u>11,065</u> |
| Budgetary Notation - Cash Appropriated from Prior year for current year expenditure | \$ <u>1,000</u> | <u>5,259</u> | | <u>4,259</u> | |
| Reconciliation to GAAP basis financial statements | | | | | |
| Decrease in net customer accounts receivable | | | (7,722) | | |
| Decrease in unbilled accounts receivable | | | (448) | | |
| Decrease in taxes receivable | | | (1,409) | | |
| Decrease in accounts payable | | | <u>4,801</u> | | |
| Change in net assets | | | \$ <u>1,028</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 Governmental Funds
Combining Balance sheet
June 30, 2013

| | Special Revenue Funds | | | | | | | |
|-------------------------------------|-----------------------------------|----------------------------|--|---|--|--|---------------------------------|--|
| | Correction Fund 20 | EMS Fund 21 | Fire Protection Fund 22 | Law Enforcement Protection Fund 24 | Municipal Streets Fund 25 | NM Energy, Mineral, & Nat. Resource Fund 43 | Cemetery Fund 53 | Total Special Revenue Funds |
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ 97,904 | 5,969 | 82,030 | 1,557 | 71,834 | 6,993 | 2,935 | 269,222 |
| Taxes receivable | | | | | 2,165 | | | 2,165 |
| Due from grantor | | | 16,529 | | | | | 16,529 |
| Other accounts receivable | | | | | | | | |
| | <u>\$ 97,904</u> | <u>5,969</u> | <u>98,559</u> | <u>1,557</u> | <u>73,999</u> | <u>6,993</u> | <u>2,935</u> | <u>287,916</u> |
| LIABILITIES AND FUND BALANCE | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable | \$ 217 | | 1,768 | | | | | 1,985 |
| Deferred revenue | | | 16,529 | | | | | 16,529 |
| Due to other funds | | | | | | | | |
| Total liabilities | <u>217</u> | | <u>18,297</u> | | | | | <u>18,514</u> |
| Restricted Fund Balance shown in: | | | | | | | | |
| Special revenue funds | 97,687 | 5,969 | 80,262 | 1,557 | 73,999 | 6,993 | 2,935 | 269,402 |
| Capital projects funds | | | | | | | | |
| Unassigned | | | | | | | | |
| Total fund balance | <u>97,687</u> | <u>5,969</u> | <u>80,262</u> | <u>1,557</u> | <u>73,999</u> | <u>6,993</u> | <u>2,935</u> | <u>269,402</u> |
| Total liabilities and fund balance | <u>\$ 97,904</u> | <u>5,969</u> | <u>98,559</u> | <u>1,557</u> | <u>73,999</u> | <u>6,993</u> | <u>2,935</u> | <u>287,916</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, 2013

| | Capital Projects Funds | | | | | | | |
|-------------------------------------|---|---|--|---|---|---------------------------------------|---|---|
| | Sr. Center Improv. Fund 35 | CDBG Colonias WW Fund 45 | Industrial Park Fund 55 | Main Street Park Fund 56 | Street Improvement Fund 60 | CDBG Grant Fund 75 | Total Capital Projects Funds | Total Other Governm. Funds |
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ | 36,818 | | 5 | | | 36,823 | 306,045 |
| Taxes receivable | | | | | | | | 2,165 |
| Due from grantor | | | | | | | | 16,529 |
| Other accounts receivable | | | | | | | | |
| | \$ | 36,818 | | 5 | | | 36,823 | 324,739 |
| LIABILITIES AND FUND BALANCE | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable | \$ | | | | | | | 1,985 |
| Deferred revenue | | | | | | | | 16,529 |
| Due to other funds | | 114 | 2,864 | | | | 2,978 | 2,978 |
| Total liabilities | | 114 | 2,864 | | | | 2,978 | 21,492 |
| Restricted Fund Balance shown in: | | | | | | | | |
| Special revenue funds | | | | | | | | 269,402 |
| Capital projects funds | | 36,818 | | 5 | | | 36,823 | 36,823 |
| Unassigned | | (114) | (2,864) | | | | (2,978) | (2,978) |
| Total fund balance | | (114) | 36,818 | (2,864) | 5 | | 33,845 | 303,247 |
| Total liabilities and fund balance | \$ | 36,818 | | 5 | | | 36,823 | 324,739 |

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, 2013

| | Special Revenue Funds | | | | | | | |
|------------------------------------|-----------------------------------|----------------------------|--|---|--|--|---------------------------------|--|
| | Correction Fund 20 | EMS Fund 21 | Fire Protection Fund 22 | Law Enforcement Protection Fund 24 | Municipal Streets Fund 25 | NM Energy, Mineral, & Nat. Resource Fund 43 | Cemetery Fund 53 | Total Special Revenue Funds |
| Revenues: | | | | | | | | |
| Court fines and fees | \$ 4,148 | | | | | | | 4,148 |
| Intergovernmental grant | | | 68,885 | 21,200 | | | | 90,085 |
| Cemetery fees | | | | | | | 650 | 650 |
| Gross receipts taxes | | | | | 9,371 | | | 9,371 |
| CFT gas tax | | | | | 5,981 | | | 5,981 |
| Investment income | | | 33 | | | | | 33 |
| | <u>4,148</u> | | <u>68,918</u> | <u>21,200</u> | <u>15,352</u> | | <u>650</u> | <u>110,268</u> |
| Expenditures: | | | | | | | | |
| Current: | | | | | | | | |
| General Government | | | | | | | | |
| Public Safety | 1,450 | | | | | | | 1,450 |
| Public Works | | | 27,829 | 5,108 | 19,039 | | | 51,976 |
| Health and Welfare | | 1,450 | | | | | 4,756 | 6,206 |
| Non-Current: | | | | | | | | |
| Capital Outlay | | | 21,030 | 10,353 | | | | 31,383 |
| Debt Service | | | 20,588 | | | | | 20,588 |
| Total expenditures | <u>1,450</u> | <u>1,450</u> | <u>69,447</u> | <u>15,461</u> | <u>19,039</u> | | <u>4,756</u> | <u>111,603</u> |
| Revenues Over (Under) Expenditures | <u>2,698</u> | <u>(1,450)</u> | <u>(529)</u> | <u>5,739</u> | <u>(3,687)</u> | | <u>(4,106)</u> | <u>(1,335)</u> |
| Other financing sources (uses): | | | | | | | | |
| Operating transfers in | | | | 13,080 | | | | 13,080 |
| Net Change in Fund Balance | 2,698 | (1,450) | (529) | 18,819 | (3,687) | | (4,106) | 11,745 |
| Fund balance at beginning of year | <u>94,989</u> | <u>7,419</u> | <u>80,791</u> | <u>(17,262)</u> | <u>77,686</u> | <u>6,993</u> | <u>7,041</u> | <u>257,657</u> |
| Fund balance at end of year | <u>\$ 97,687</u> | <u>5,969</u> | <u>80,262</u> | <u>1,557</u> | <u>73,999</u> | <u>6,993</u> | <u>2,935</u> | <u>269,402</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, 2013

| | Capital Projects Funds | | | | | | Total Capital Projects Funds | Total Other Governmental Funds |
|------------------------------------|-------------------------------------|-----------------------------------|----------------------------------|-----------------------------------|-------------------------------------|-----------------------------|---------------------------------------|---|
| | Sr. Center Improv. Fund 35 | CDBG Colonias WW Fund 45 | Industrial Park Fund 55 | Main Street Park Fund 56 | Street Improvement Fund 60 | CDBG Grant Fund 75 | | |
| Revenues: | | | | | | | | |
| Court fines and fees | \$ | | | | | | | 4,148 |
| Intergovernmental grant | | | | | 38,240 | 41,000 | 79,240 | 169,325 |
| Cemetery fees | | | | | | | | 650 |
| Gross receipts taxes | | | | | | | | 9,371 |
| CFT gas tax | | | | | | | | 5,981 |
| Investment income | | | | | | | | 33 |
| | | | | | <u>38,240</u> | <u>41,000</u> | <u>79,240</u> | <u>189,508</u> |
| Expenditures: | | | | | | | | |
| Current: | | | | | | | | |
| General Government | | | | | | | | 1,450 |
| Public Safety | | | | | | | | 90,216 |
| Public Works | | | | | 38,240 | | 38,240 | 6,206 |
| Health and Welfare | | | | | | | | |
| Non-Current: | | | | | | | | |
| Capital outlay | | | | | | 41,000 | 41,000 | 72,383 |
| | | | | | <u>38,240</u> | <u>41,000</u> | <u>79,240</u> | <u>170,255</u> |
| Revenues Over (Under) Expenditures | | | | | | | | 19,253 |
| Other financing sources (uses): | | | | | | | | |
| Operating transfers in | | | | | | | | 13,080 |
| Net Change in fund balance | | | | | | | | 11,745 |
| Fund balance at beginning of year | (114) | 36,818 | (2,864) | 5 | | | 33,845 | 291,502 |
| Fund balance at end of year | \$ <u>(114)</u> | <u>36,818</u> | <u>(2,864)</u> | <u>5</u> | | | <u>33,845</u> | <u>303,247</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, 2013

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) | |
|---|----------------------------|-------------------------|---|--|---------------------------------------|
| | Original Budget | Final Budget | | Original Budget to Final | Actual to Final Budget |
| | | | | | |
| Revenues: | | | | | |
| Court fines and fees | \$ 4,500 | 3,885 | 4,965 | (615) | 1,080 |
| | <u>4,500</u> | <u>3,885</u> | <u>4,965</u> | <u>(615)</u> | <u>1,080</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| Public Safety | 10,000 | 1,450 | 1,450 | 8,550 | |
| | <u>10,000</u> | <u>1,450</u> | <u>1,450</u> | <u>8,550</u> | |
| Revenues Over (Under) Expenditures | \$ (5,500) | <u>2,435</u> | 3,515 | <u>7,935</u> | <u>1,080</u> |
| Budgetary Notation - Cash Appropriated from prior year for current year expenditures | \$ <u>5,500</u> | | | | |
| Reconciliation to GAAP Basis Financial Statement | | | | | |
| Decrease in other receivables | | | <u>(817)</u> | | |
| Net changes in fund balance | | | \$ <u>2,698</u> | | |

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

State of New Mexico
 Village of Santa Clara
Non-Major Special Revenue Fund
EMS Fund - Fund 21
Statement of Revenues and Expenditures - Budget and Actual
 For the Year Ended June 30, 2013

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) | |
|--|----------------------------|-------------------------|---|--|---------------------------------------|
| | Original Budget | Final Budget | | Original Budget to Final | Actual to Final Budget |
| | | | | | |
| Revenues: | | | | | |
| State-Emergency management | \$ 5,000 | | | (5,000) | |
| | <u>5,000</u> | | | <u>(5,000)</u> | |
| Expenditures: | | | | | |
| Current: | | | | | |
| Health and Welfare | 8,025 | 1,450 | 1,450 | 6,575 | |
| | <u>8,025</u> | <u>1,450</u> | <u>1,450</u> | <u>6,575</u> | |
| Net changes in fund balance | (3,025) | (1,450) | <u>(1,450)</u> | <u>1,575</u> | |
| Budgetary Notation - Cash Appropriated from Prior Year for Current Year Expenditure | \$ <u>3,025</u> | <u>1,450</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
Special Revenue Fund
Fire Protection Fund - Fund 22
Statement of Revenues and Expenditures - Budget and Actual
 For the Year Ended June 30, 2013

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) | |
|---|----------------------------|-------------------------|---|--|---------------------------------------|
| | Original Budget | Final Budget | | Original Budget to Final | Actual to Final Budget |
| | | | | | |
| Revenues: | | | | | |
| State fire allotment | \$ 68,450 | 48,300 | 48,300 | (20,150) | |
| State fire allotment intercept | | 20,619 | 20,585 | 20,619 | (34) |
| Reimbursements | | | | | |
| Investment income | | | 33 | | 33 |
| | <u>68,450</u> | <u>68,919</u> | <u>68,918</u> | <u>469</u> | <u>(1)</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| Public Safety | 81,200 | 27,639 | 27,638 | 53,561 | 1 |
| Non-Current: | | | | | |
| Capital Outlay | | 19,629 | 19,629 | (19,629) | |
| Debt Service: | | | | | |
| Principal | | 21,229 | 19,745 | (21,229) | 1,484 |
| Interest | | 422 | 843 | (422) | (421) |
| | <u>81,200</u> | <u>68,919</u> | <u>67,855</u> | <u>12,281</u> | <u>1,064</u> |
| Revenues Over (Under) Expenditures | \$ (12,750) | | 1,063 | <u>12,750</u> | <u>1,063</u> |
| Budgetary Notation: Cash Appropriated From Prior Year for Current Year Expenditure | <u>12,750</u> | | | | |
| Reconciliation to GAAP Basis Financial Statement | | | | | |
| Increase in due from grantor | | | 16,529 | | |
| Increase in accounts payable | | | (1,592) | | |
| Increase in deferred revenue | | | (16,529) | | |
| Net changes in fund balance | | | \$ <u>(529)</u> | | |

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

State of New Mexico
 Village of Santa Clara
Non-Major Special Revenue Fund
Law Enforcement Protection Fund - Fund 24
Statement of Revenues and Expenditures - Budget and Actual
 For the Year Ended June 30, 2013

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) | |
|---|----------------------------|-------------------------|---|--|---------------------------------------|
| | Original Budget | Final Budget | | Original Budget to Final | Actual to Final Budget |
| | | | | | |
| Revenues: | | | | | |
| Law Enforcement Protection Distribution | \$ 21,200 | 21,200 | 21,200 | | |
| | <u>21,200</u> | <u>21,200</u> | <u>21,200</u> | | |
| Expenditures: | | | | | |
| Current: | | | | | |
| Public Safety | 21,200 | 5,108 | 5,108 | 16,092 | |
| Noncurrent: | | | | | |
| Capital Outlay | | 10,354 | 10,353 | (10,354) | 1 |
| | <u>21,200</u> | <u>15,462</u> | <u>15,461</u> | <u>5,738</u> | <u>1</u> |
| Revenues Over (Under) Expenditures | | 5,738 | 5,739 | 5,738 | 1 |
| Other financing sources (uses): | | | | | |
| Operating transfers in | | 13,080 | 13,080 | 13,080 | |
| Net change in fund balance | \$ <u> </u> | <u>18,818</u> | <u>18,819</u> | <u>18,818</u> | <u>1</u> |

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

State of New Mexico
 Village of Santa Clara
Non-Major Special Revenue Fund
Municipal Streets Fund - Fund 25
Statement of Revenues and Expenditures - Budget and Actual
 For the Year Ended June 30, 2013

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) | |
|---|----------------------------|-------------------------|---|--|---------------------------------------|
| | Original Budget | Final Budget | | Original Budget to Final | Actual to Final Budget |
| | | | | | |
| Revenues: | | | | | |
| GRT Municipal Infrastructure | \$ 4,200 | 11,715 | 11,716 | 7,515 | 1 |
| Gas Tax Distribution | 5,004 | 6,257 | 6,257 | 1,253 | |
| | <u>9,204</u> | <u>17,972</u> | <u>17,973</u> | <u>8,768</u> | <u>1</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| Public Works | 33,000 | 19,221 | 19,039 | 13,779 | 182 |
| | <u>33,000</u> | <u>19,221</u> | <u>19,039</u> | <u>13,779</u> | <u>182</u> |
| Revenues Over (Under) Expenditures | (23,796) | (1,249) | (1,066) | 22,547 | <u>183</u> |
| Budgetary Notation: Cash Appropriated From Prior Year for Current Year Expenditure | \$ <u>23,796</u> | <u>1,249</u> | | <u>(22,547)</u> | |
| Reconciliation to GAAP Basis Financial Statement | | | | | |
| Decrease in taxes receivable | | | <u>(2,621)</u> | | |
| Net changes in fund balance | | | \$ <u>(3,687)</u> | | |

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

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, 2013

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) | |
|---|----------------------------|-------------------------|---|--|---------------------------------------|
| | Original Budget | Final Budget | | Original Budget to Final | Actual to Final Budget |
| Revenues: | | | | | |
| Cemetery fees | \$ 1,000 | 650 | 650 | (350) | |
| | <u>1,000</u> | <u>650</u> | <u>650</u> | <u>(350)</u> | |
| Expenditures: | | | | | |
| Current: | | | | | |
| Health and Welfare | 3,500 | 4,756 | 4,756 | (1,256) | |
| | <u>3,500</u> | <u>4,756</u> | <u>4,756</u> | <u>(1,256)</u> | |
| Revenues Over (Under) Expenditures | (2,500) | (4,106) | (4,106) | (1,606) | |
| Budgetary Notation: Cash Appropriated From Prior Year for Current Year Expenditure | <u>2,500</u> | <u>4,106</u> | | <u>1,606</u> | |
| Reconciliation to GAAP Basis Financial Statements: | | | | | |
| Decrease in accounts payable | | | | | |
| Net Change in Fund Balance | | | \$ | <u>(4,106)</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
Street Improvement - Fund 60
Statement of Revenues and Expenditures - Budget and Actual
 For the Year Ended June 30, 2013

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) | |
|--|----------------------------|-------------------------|---|--|---------------------------------------|
| | Original Budget | Final Budget | | Original Budget to Final | Actual to Final Budget |
| | Revenues: | | | | |
| Street improvement grant | \$ 120,000 | 120,000 | 40,000 | | (80,000) |
| | <u>120,000</u> | <u>120,000</u> | <u>40,000</u> | | <u>(80,000)</u> |
| Expenditures: | | | | | |
| Noncurrent: | | | | | |
| Capital outlay | 120,000 | 120,000 | 49,671 | | 70,329 |
| | <u>120,000</u> | <u>120,000</u> | <u>49,671</u> | | <u>70,329</u> |
| Revenues Over (Under) Expenditures | @ | | (9,671) | | (9,671) |
| Reconciliation to GAAP Basis Financial Statements: | | | | | |
| Decrease in due from grantor | | | (1,760) | | |
| Decrease in accounts payable | | | <u>11,431</u> | | |
| Net Change in Fund Balance | | | <u></u> | | |

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

Statement B-7

State of New Mexico
 Village of Santa Clara
Non Major Capital Projects Fund
CDBG Grant - Fund 75
Statement of Revenues and Expenditures - Budget and Actual
 For the Year Ended June 30, 2013

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) | |
|----------------------------|----------------------------|-------------------------|---|--|---------------------------------------|
| | Original Budget | Final Budget | | Original Budget to Final | Actual to Final Budget |
| | Revenues: | | | | |
| Intergovernmental grant | \$ 45,000 | 45,500 | 41,000 | 500 | (4,500) |
| | <u>45,000</u> | <u>45,500</u> | <u>41,000</u> | <u>500</u> | <u>(4,500)</u> |
| Expenditures: | | | | | |
| Noncurrent: | | | | | |
| Capital outlay | 45,000 | 45,500 | 41,000 | (500) | 4,500 |
| | <u>45,000</u> | <u>45,500</u> | <u>41,000</u> | <u>(500)</u> | <u>4,500</u> |
| Net change in fund balance | \$ <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

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

Statement B-8

This Page Intentionally Left Blank

OTHER SUPPLEMENTAL INFORMATION

This Page Intentionally Left Blank

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, 2013

| <u>Bank Name and Account Description:</u> | <u>Account Type</u> | <u>Bank Balance</u> | <u>Deposits in Transit</u> | <u>Outstanding Checks</u> | <u>Adjustment Pending</u> | <u>Book Balance</u> |
|---|---------------------|---------------------|----------------------------|---------------------------|---------------------------|---------------------|
| AmBank | | | | | | |
| Village of Santa Clara General Account | 1 | \$ 743,850 | 3,552 | (55,512) | | 691,890 |
| Village of Santa Clara - Street Improvement | 1 | 0 | | | | 0 |
| Village of Santa Clara - RUS | 1 | 114 | | | | 114 |
| Village of Santa Clara - Asset Management | 2 | 57,613 | | | | 57,613 |
| Village of Santa Clara - Debt Service RUS Phase II | 2 | 6,052 | | | | 6,052 |
| Village of Santa Clara - Operations and Maintenance | 2 | 25,508 | | | | 25,508 |
| Village of Santa Clara | 3 | 66,065 | | | | 66,065 |
| Village of Santa Clara | 3 | 100,247 | | | | 100,247 |
| Village of Santa Clara | 3 | 100,503 | | | | 100,503 |
| Village of Santa Clara | 3 | 100,920 | | | | 100,920 |
| Village of Santa Clara | 3 | 202,772 | | | | 202,772 |
| New Mexico State Treasurer | 4 | 20,350 | | | | 20,350 |
| New Mexico State Treasurer | 4 | 10 | | | | 10 |
| NMFA Trust Accounts | 5 | 3 | | | | 3 |
| | | <u>\$ 1,424,007</u> | <u>3,552</u> | <u>(55,512)</u> | <u>0</u> | <u>1,372,047</u> |

| | |
|---|------------------|
| Shown on Statement of Net Assets as: | |
| Unrestricted cash and cash equivalents | 645,464 |
| Investments | 570,506 |
| Restricted cash and cash equivalents | 69,068 |
| Restricted investments | 89,173 |
| Less Cash on hand in unrestricted cash and cash equivalents | (3,034) |
| Plus trust and agency cash included in pooled cash account | 868 |
| Rounding | <u>2</u> |
| | <u>1,372,047</u> |

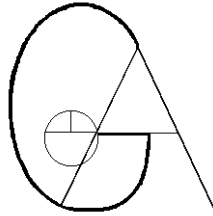
| | |
|--|---|
| Account Types | |
| Non Interest Bearing Checking Account | 1 |
| NOW Public Funds | 2 |
| Certificate of Deposit | 3 |
| Pooled Cash Investment Account | 4 |
| Debt Service Trust Accounts Held at NMFA | 5 |

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

Schedule 2

COMPLIANCE SECTION

This Page Intentionally Left Blank



Gary E. Gaylord, C.P.A.

GARY E. GAYLORD, LTD.
CERTIFIED PUBLIC ACCOUNTANTS

740 San Mateo NE, Box A-3
Albuquerque, New Mexico 87108
(505) 266-4820
Fax (505) 268-6618

**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**

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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund of Village of Santa Clara (Village) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Village presented as supplemental information, and have issued my report thereon date January 17, 2014.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, I do not express an opinion on the effectiveness of Village of Santa Clara's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying *schedule of findings and responses*, I identified certain deficiencies in internal control that I consider to be material weakness and significant deficiencies.

**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***

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
06-12 Recording Audit Adjusting Entries

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

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

The Village's Response to Findings

The Village's responses to the findings identified in my audit are described in the accompanying schedule of findings and responses. The Village's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Gary E. Gaylord, Ltd.
Albuquerque, New Mexico
January 17, 2014

This Page Intentionally Left Blank

FINDINGS AND RESPONSES

This Page Intentionally Left Blank

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2013**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified 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, 2013.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
SCHEDULE OF FINDINGS AND RESPONSES, continued
For the Year Ended June 30, 2013**

SECTION II- FINDING

Prior Year Audit Findings

Status

Financial Report - Internal Control

| | |
|---|----------|
| 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 | Repeated |
| 2011-04 Financial Reports to Mayor and Trustees | Updated |
| 2012-01 Municipal Court Procedures | Repeated |
| 2012-02 Utility Recepting and Adjustment Procedures | Updated |

Financial Report - Compliance

| | |
|---|---------|
| 2005-10 Audit Report Submission to the New Mexico State Auditor | Updated |
| 2009-01 Overbilling and Overpayment to Contractor | Updated |

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 Recepting and Adjustment Procedures |

Financial Report - Compliance

| |
|---|
| 2005-10 Audit Report Submission to the New Mexico State Auditor |
| 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, 2013**

**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, 2013, to the New Mexico State Auditor was December 1, 2013. The contract for the audit of FYE June 30, 2013 was not approved and signed by the New Mexico State Auditor's office until October 10, 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. Per Office of the State Auditor Rule NMAC 2.2.2 deadlines for submitting the Independent Public Auditor (IPA) recommendation (Section 2.2.2.8 (G) (6) (c)) and delivery of the completed audit report (NMAC 2.2.2.9 A.) are established to be May 1, and December 1, of the year being audited, respectfully.

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 ½ fiscal years the Village has submitted audit reports for June 30, 2009, 2010, 2011, 2012 and 2013. However, because the auditor selected by the Village experienced personal and family health issues and because of the late filing of its component unit financial statements the required deadlines could not be met.

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 in a timely basis.

Agency Response:

The Village agrees with the auditor's comments. All future audits will be contracted and completed in a timely manner.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
SCHEDULE OF FINDINGS AND RESONSES, continued
For the Year Ended June 30, 2013**

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, 2013

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. Efforts have been made to collect the amounts that were overpaid. So far, those efforts have not been successful.

Recommendation:

The Village should continue its efforts to collect the amounts due. Training and monitoring of the billing and payment processes should be continued.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
SCHEDULE OF FINDINGS AND RESPONSES, continued
For the Year Ended June 30, 2013**

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, 2013

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

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. Certified and hand delivered letters, have been taken to the Contractor. Meetings with Attorneys and Contractor have been scheduled. The Village has developed 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, 2013**

**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, 2013**

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 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.

The software company has been made aware of this issue and they have stated that the number that does not balance is the Cash Allocation amounts. The reason these don't equal the cash account is because there are several accounts in the 01 fund. When the system calculates the Cash Allocation, it takes into account ALL the accounts in the 01 fund. And that to correct this we will need to move the Suspense account, the Clearing accounts and all of the Liabilities into another fund such as the General Fund.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
SCHEDULE OF FINDINGS AND RESPONSES, continued
For the Year Ended June 30, 2013**

**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. During the audit for FYE 06-30-13 additional changes to personnel were made and internal control procedures were being developed.

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, 2013**

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. With limited staffing, management oversight and reporting must be made an essential part of the changes being made.

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, 2013**

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, 2013**

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, 2013**

**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)
9. Additional problems were noted once a replacement Court Clerk was hired by the Village, including unaccounted for payments that were recorded in the receipt books kept by the past two court clerks. An investigation has been started.

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, 2013**

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, A full time Court Clerk has been hired and trained 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. The previous court clerk no longer is employed by the Village.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
SCHEDULE OF FINDINGS AND RESPONSES, continued
For the Year Ended June 30, 2013**

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:

| <u>Stated Reason For Entry</u> | <u>Number of Instances</u> | <u>Amount</u> |
|---|-----------------------------------|----------------------|
| 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 review 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, 2013**

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 location a 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, 2013**

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, 2013**

**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, 2011.

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
SANTA CLARA PUBLIC HOUSING AUTHORITY
Schedule of Findings and Responses
June 30, 2013

Prior Year Reportable Findings and Questioned Costs – Financial Statement Findings:

Current Year Reportable Findings and Questioned Costs – Financial Statement Findings:

Finding 06-2012 Recording Audit Adjusting Entries – Not Resolved

Finding 06-2012 Recording Audit Adjusting Entries – Significant Deficiencies

Condition

The fee accountant did not record the audit adjusting entries for the year ending June 30, 2011.

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.

Response

The SCHA will adhere to the Auditor's recommendation.

Findings 06-01-2013 Noncompliance of Submission of the Audit Contract – Significant Deficiencies

Condition

Management did not submit the audit contract and recommendation by the deadline for fiscal year-ending 2013.

Cause

Management submitted the original contract by mail on June 24, 2013; however, it was not received by the Office of the State Auditor until July 5, 2013.

Effect

The final approval of the audit contract and recommendation was delayed until September 16, 2013.

Recommendation

SCPHA allow sufficient time to submit the audit contract and recommendation to the State Auditor in order for it to be received before the required deadline.

Response

Management will comply with this requirement in the future.

Finding 06-02-2013 Failure to Properly Account for Fire Loss – Material Weakness

Condition

Fee accountant capitalize the rehabilitation cost for the units that were destroyed in the amount of \$131,032 and recorded proceed received from the insurance company as other income in the amount of \$161,372. Additional cost to rehabilitate the units in the amount of \$52,363. A claim of \$35,070 was needed on additional reimbursement from the insurance company which was not recorded.

STATE OF NEW MEXICO
SANTA CLARA PUBLIC HOUSING AUTHORITY
Schedule of Findings and Responses
June 30, 2013

Current Year Reportable Findings and Questioned Costs – Financial Statement Findings: (continued)

Finding 06-02-2013 Failure to Properly Account for Fire Loss – Material Weakness (continued)

Cause

Management and the fee accountant were not aware of how to account for a fire loss in accordance with generally accepted accounting principles.

Effect

The capital assets and other income were materially misstated in the financial statement of SCPHA for the year-ending June 30, 2013.

Recommendation

Management and the fee accountant researched accounting principles to determine the proper accounting for unusual transactions of this magnitude in the future.

Response

We will take proper steps to research accounting principles for proper accounting of unusual transactions in the future.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
EXIT CONFERENCE
For the Year Ended June 30, 2013**

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 January 17, 2014
In attendance were the following:

Representing the Village of Santa Clara:

| | |
|---------------|-----------------|
| Richard Bauch | Mayor |
| Sheila Hudman | Clerk/Treasurer |

Representing the Auditors:

| | |
|----------------------|-------------------|
| Gary E. Gaylord, CPA | Auditor-in-Charge |
|----------------------|-------------------|

There were no passed adjustments.