

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

For the Year Ended June 30, 2014

With Independent Auditor's Reports Thereon

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INTRODUCTORY SECTION

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VILLAGE OF SANTA CLARA
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VILLAGE OF SANTA CLARA
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VILLAGE OF SANTA CLARA
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**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
OFFICIAL ROSTER
June 30, 2014**

Elected Officials

Richard Bauch	Mayor
Albert Esparza	Mayor Pro-Tem
Richard Esparza	Trustee
Olga Amador	Trustee
Hector Carrillo	Trustee

Administrative Staff

Sheila Hudman	Clerk/Treasurer
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**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
PUBLIC HOUSING AUTHORITY
OFFICIAL ROSTER
June 30, 2014**

Board of Commissioners

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

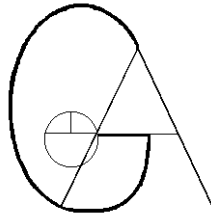
Administration

Gloria Duran	Executive Director
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FINANCIAL SECTION

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Gary E. Gaylord, C.P.A.

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Timothy Keller, New Mexico 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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information and the budgetary comparisons for the general fund and major special revenue fund of the Village of Santa Clara, Santa Clara, New Mexico, (The Village) as of and for the year ended June 30, 2014, and the related notes to the financial statements 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 non major governmental funds and fiduciary fund, and the budgetary comparisons for the non major funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2014, 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 \$ 769,751 constituting 7.5 % of the Village's total assets and total revenue of \$219,198 constituting 9.2 % of the

INDEPENDENT AUDITOR'S REPORT, continued

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 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 opinions.

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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village, as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and major special revenue fund for the year then ended in conformity with accounting 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 non major governmental and fiduciary fund of the Village as of June 30, 2014, and the respective changes in financial position thereof and the respective budgetary comparisons for the non major 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 5, 2015, on my consideration of the Village's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village of Santa Clara's internal control over financial reporting and compliance.



Gary E. Gaylord, Ltd. CPA's
Albuquerque, New Mexico
January 5, 2015

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BASIC FINANCIAL STATEMENTS

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State of New Mexico
Village of Santa Clara
Statement of Net Position
June 30, 2014

	Primary Government			Component Unit - Housing Authority
	Governmental Activities	Business-Type Activities	Total	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 511,587	194,258	705,845	51,733
Investments	593,655		593,655	
Customer accounts receivable, net		82,630	82,630	475
Unbilled accounts receivable		31,613	31,613	
Subsidy receivable			0	8,429
Due from grantor	104,712	121,910	226,622	
Taxes receivable	38,119	809	38,928	
Other receivables	3,406		3,406	
Prepaid expenses			0	6,683
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents		146,687	146,687	2,959
Capital assets not being depreciated:				
Land	28,131		28,131	
Construction work in progress	234,038	1,529,072	1,763,110	
Capital assets net of accumulated depreciation				
Infrastructure	1,486,000	2,536,644	4,022,644	
Buildings and building improvements	1,623,365	40,689	1,664,054	692,909
Machinery and equipment	160,031	78,899	238,930	6,563
Total Assets	<u>4,783,044</u>	<u>4,763,211</u>	<u>9,546,255</u>	<u>769,751</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 11,784	184,008	195,792	9,014
Accrued salaries and benefits	9,139	3,174	12,313	4,577
Accrued compensated absences - current	1,846	857	2,703	1,081
Accrued interest payable	23	6,170	6,193	
Customer deposits		57,488	57,488	2,959
Noncurrent liabilities:				
Due within one year	18,240	4,350	22,590	
Due in more than one year	45,972	320,587	366,559	
Total Liabilities	<u>87,004</u>	<u>576,634</u>	<u>663,638</u>	<u>17,631</u>
<u>NET POSITION</u>				
Net investment in capital assets	3,476,584	3,864,654	7,341,238	699,472
Restricted for:				
Capital Projects	45,449		45,449	
Other Purposes	88,075		88,075	
Unrestricted	1,085,932	321,923	1,407,855	52,648
Total Net Position	<u>\$ 4,696,040</u>	<u>4,186,577</u>	<u>8,882,617</u>	<u>752,120</u>

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

Exhibit A

State of New Mexico
Village of Santa Clara
Statement of Activities
For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position			Component Unit - Housing Authority
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental activities:								
General Government	\$ 157,223	4,492			(152,731)		(152,731)	
Public Safety	664,288	71,014	127,565	149,904	(315,805)		(315,805)	
Public Works	138,385			60,530	(77,855)		(77,855)	
Health and Welfare	18,592	800			(17,792)		(17,792)	
Interest on long-term debt	441				(441)		(441)	
Total governmental activities	\$ 978,929	76,306	127,565	210,434	(564,624)		(564,624)	
Business-type activities:								
Water and Sewer	\$ 767,644	672,513		285,624		190,493	190,493	
Solid Waste	138,669	150,057				11,388	11,388	
Total business-type activities	\$ 906,313	822,570		285,624		201,881	201,881	
Total Primary Government	\$ 1,885,242	898,876	127,565	496,058	(564,624)	201,881	(362,743)	
Component unit - Housing Authority	\$ 262,313	84,105	126,664	8,429				(43,115)
General revenues:								
Gasoline tax					5,004		5,004	
Gross receipts tax					210,696		210,696	
Other taxes					51,612		51,612	
Small cities distribution					372,937		372,937	
Unrestricted investment income					2,791	27	2,818	
Gain (loss) from sale of assets								(1,000)
Transfers					(17,337)	17,337		
Total general revenues and transfers					625,703	17,364	643,067	(1,000)
Change in net position					61,079	219,245	280,324	(44,115)
Net position at beginning of year, as previously reported					4,634,961	3,938,280	8,573,241	798,375
Adjustment						29,052	29,052	(2,140)
Net position at beginning of year, as restated					4,634,961	3,967,332	8,602,293	796,235
Net position at end of year					\$ 4,696,040	4,186,577	8,882,617	752,120

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, 2014

	General Fund	Fire Protection Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 395,972	1,883	134,113	531,968
Investments	573,273			573,273
Taxes receivable	35,971		2,148	38,119
Due from grantor		104,174	538	104,712
Other accounts receivable	3,406			3,406
Due from other funds	<u>2,978</u>			<u>2,978</u>
Total assets	<u>\$ 1,011,600</u>	<u>106,057</u>	<u>136,799</u>	<u>1,254,456</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 7,587	195	4,001	11,783
Accrued salaries and benefits	9,139			9,139
Compensated absences	1,846			1,846
Due to other funds			2,978	2,978
Total liabilities	<u>18,572</u>	<u>195</u>	<u>6,979</u>	<u>25,746</u>
Fund Balance:				
Unspendable				
Restricted		105,862	133,524	239,386
Committed				
Assigned				
Unassigned	<u>993,028</u>		<u>(3,704)</u>	<u>989,324</u>
Total fund balance	<u>993,028</u>	<u>105,862</u>	<u>129,820</u>	<u>1,228,710</u>
Total liabilities and fund balances	<u>\$ 1,011,600</u>	<u>106,057</u>	<u>136,799</u>	<u>1,254,456</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, 2014

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

Total fund balances - Governmental Funds	\$	1,228,710
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Capital assets used in governmental activities are not
 financial resources and therefore are not reported
 as assets in governmental funds.

The cost of capital assets is	5,328,416	
Accumulated depreciation is	<u>(1,796,852)</u>	3,531,564

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	(23)	
Noncurrent compensated absences	(9,231)	
Notes payable to NMFA	<u>(54,981)</u>	(64,235)

Rounding		<u>1</u>
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Total net position - Governmental Activities	\$	<u>4,696,040</u>
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SEE INDEPENDENT AUDITOR'S REPORTS
 The Accompanying Notes Are An Integral Part Of These Financial Statements

Exhibit C

State of New Mexico
Village of Santa Clara
**Statement of Revenues, Expenditures and
Changes in Fund Balance - Governmental Funds**
For the Year Ended June 30, 2014

	General Fund	Fire Protection Fund	Other Governmental Funds	Total Governmental Funds
Revenue:				
Local Revenue	\$			
Franchise tax	34,807			34,807
Gross Receipts Tax - Local	100,053		9,873	109,926
Property Taxes	12,062			12,062
Licenses, Fines & Fees	4,910			4,910
Miscellaneous Charges for Services	302			302
Court fines and fees	59,485		20,868	80,353
Interest	2,767			2,767
Other miscellaneous	24,134	108	1,879	26,121
State Revenue				
Gross Receipts Tax - State shared	100,771			100,771
CFT Gas Tax			5,004	5,004
Motor Vehicle distribution	4,743			4,743
State fire allotment		70,858		70,858
Small cities distribution	372,937			372,937
Grants		166,434	62,400	228,834
Federal Revenue				
Intergovernmental grants			20,529	20,529
	<u>716,971</u>	<u>237,400</u>	<u>120,553</u>	<u>1,074,924</u>
Expenditures:				
Current:				
General Governmental:			32	
Executive - Legislative	38,833			38,833
Finance - Administration	85,257			85,257
Public Safety:				
Judicial	114,918		6,893	121,811
Police	339,606		7,994	347,600
Animal Control	30,777		143	30,920
Fire	5,409	45,128		50,537
Health and Welfare			907	907
Public Works	14,326		82,762	97,088
Non Current:				
Debt Service		20,584		20,584
Capital Outlay		146,088	8,387	154,475
	<u>629,126</u>	<u>211,800</u>	<u>107,118</u>	<u>948,012</u>
Revenues over (under) expenditures	87,845	25,600	13,435	126,880
Other financing sources (uses):				
Operating transfers in	89,377			89,377
Operating transfers out			(106,714)	(106,714)
Net change in fund balance	177,222	25,600	(93,279)	109,543
Fund balance, at beginning of year	<u>815,806</u>	<u>80,262</u>	<u>223,099</u>	<u>1,119,167</u>
Fund balance, at end of year	<u>\$ 993,028</u>	<u>105,862</u>	<u>129,820</u>	<u>1,228,710</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, 2014

Total net change in fund balance - Governmental Funds		\$	109,543
<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	137,509		
Depreciation expense	<u>(187,613)</u>		(50,104)
<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>			
Unearned revenue recognition - timing difference	(16,529)		
Increase in noncurrent compensated absences payable	(1,973)		
Decrease in accrued interest payable	<u>60</u>		(18,442)
<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>20,082</u>		<u>20,082</u>
Change in net position of governmental activities		\$	<u>61,079</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, 2014

	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	34,959	34,959	4,959	
Gross Receipts Tax - Local	60,000	100,230	100,230	40,230	
Property Taxes	8,224	11,958	11,958	3,734	
Gross Receipts Tax - State shared	55,000	100,939	100,939	45,939	
Motor Vehicle distribution	8,500	4,703	4,703	(3,797)	
Licenses, Fines & Fees	5,250	2,245	4,910	(3,005)	2,665
Miscellaneous Charges for Services	1,200	302	302	(898)	
Court fines and fees	10,000	47,384	45,780	37,384	(1,604)
Interest	2,500	3,181	2,767	681	(414)
Small cities distribution	135,000	372,937	372,937	237,937	
Other Miscellaneous	20,000	36,684	34,433	16,684	(2,251)
Total revenues	<u>335,674</u>	<u>715,522</u>	<u>713,918</u>	<u>379,848</u>	<u>(1,604)</u>
Expenditures:					
Current:					
General Governmental:					
Executive - Legislative	29,731	41,059	41,059	(11,328)	
Finance & Budget:	105,787	85,207	85,207	20,580	
Public Safety:					
Judicial	53,244	113,957	114,464	(60,713)	(507)
Police	334,214	336,699	336,698	(2,485)	1
Fire	6,719	5,433	5,433	1,286	
Animal control	30,330	33,200	33,200	(2,870)	
Culture and Recreation:					
Historical Committee	1,500	1,136	1,136	364	
Public Works					
Highways and streets	17,500	12,715	12,715	4,785	
Total expenditures	<u>579,025</u>	<u>629,406</u>	<u>629,912</u>	<u>(50,381)</u>	<u>(506)</u>
Revenues over (under) expenditures	(243,351)	86,116	84,006	329,467	(2,110)
Other financing sources (uses):					
Operating transfers in		89,377	89,377	89,377	
Revenues and other financing sources over (under) expenditures and other financing uses	(243,351)	<u>175,493</u>	173,383	<u>418,844</u>	<u>(2,110)</u>
Budgetary Notation:					
Cash appropriated from prior year for current year expenditures	\$ <u>243,351</u>				
Reconciliation to GAAP basis financial statement					
Decrease in taxes receivable			(352)		
Increase in other receivables			3,407		
Decrease in accounts payable			5,483		
Increase in accrued compensation			(4,305)		
Increase in accrued compensated absences			(394)		
Net change in fund balance			\$ <u>177,222</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
Special Revenue Fund
Fire Protection Fund - Fund 22
Statement of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative)	
	Original Budget	Final Budget		Original Budget to Final	Actual to Final Budget
Revenues:					
State fire allotment	\$ 58,584	50,691	50,274	(7,893)	(417)
State fire allotment intercept			20,584	0	20,584
State legislative grant			62,260		62,260
Reimbursements		62,344	84	62,344	(62,260)
Investment income	20,750	20,607	24	(143)	(20,583)
	<u>79,334</u>	<u>133,642</u>	<u>133,226</u>	<u>54,308</u>	<u>(416)</u>
Expenditures:					
Current:					
Public Safety	66,250	45,552	45,301	20,698	251
Non-Current:					
Capital Outlay		147,489	147,489	(147,489)	0
Debt Service:					
Principal			20,082	0	(20,082)
Interest			502	0	(502)
	<u>66,250</u>	<u>193,041</u>	<u>213,374</u>	<u>(126,791)</u>	<u>(20,333)</u>
Net change in fund balance - Budgetary Basis	\$ 13,084	(59,399)	(80,148)	(72,483)	<u>(20,749)</u>
Budgetary Notation: Cash Appropriated From Prior Year for Current Year Expenditure	<u>(13,084)</u>	<u>59,399</u>		<u>72,483</u>	
Reconciliation to GAAP Basis Financial Statement					
Increase in due from grantor			87,645		
Decrease in accounts payable			1,574		
Decrease in deferred revenue			<u>16,529</u>		
Net changes in fund balance - GAAP Basis			\$ <u>25,600</u>		

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

Exhibit F

State of New Mexico
Village of Santa Clara
Statement of Net Position - Proprietary Funds
June 30, 2014

ASSETS	Water and Sewer	Solid Waste	Total
Current assets:			
Cash and cash equivalents	\$ 137,107	57,151	194,258
Customer accounts receivable, net	69,264	13,366	82,630
Unbilled accounts receivable	26,186	5,427	31,613
Due from grantor	121,910		121,910
Taxes receivable		809	809
Restricted cash and investments:			
Customer meter deposits	57,488		57,488
Revenue bond reserves	89,199		89,199
Total current assets	501,154	76,753	577,907
Noncurrent assets:			
Capital Assets not being depreciated:			
Construction work in progress	1,529,072		1,529,072
Capital Assets being depreciated:			
Infrastructure	3,381,373		3,381,373
Buildings	61,026		61,026
Machinery and equipment	202,351		202,351
Total capital assets	5,173,822		5,173,822
Accumulated depreciation	(988,518)		(988,518)
Net capital assets	4,185,304		4,185,304
Total assets	\$ 4,686,458	76,753	4,763,211
LIABILITIES AND NET POSITION			
Current liabilities:			
Trade accounts payable	\$ 179,172	4,836	184,008
Accrued salaries and benefits	3,174		3,174
Customer meter deposits payable	57,488		57,488
Accrued compensated absences - current	857		857
Accrued interest payable	6,170		6,170
Revenue bonds payable, current portion	4,350		4,350
Total current liabilities	251,211	4,836	256,047
Noncurrent liabilities:			
Noncurrent accrued compensated absences	4,287		4,287
Revenue bonds payable, net of current portion	316,300		316,300
Total noncurrent liabilities	320,587		320,587
Total liabilities	571,798	4,836	576,634
NET POSITION			
Net investment in capital assets	3,864,654		3,864,654
Unrestricted	250,006	71,917	321,923
Total net position	4,114,660	71,917	4,186,577
Total liabilities and net position	\$ 4,686,458	76,753	4,763,211

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

Exhibit G

State of New Mexico
Village of Santa Clara
**Statement of Revenues, Expenses and
Changes in Fund Net Position - Proprietary Funds**
For the Year Ended June 30, 2014

	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Total</u>
Revenues:			
Utility charges	\$ 658,908	150,057	808,965
Penalties	11,073		11,073
Other miscellaneous	2,532		2,532
Environmental gross receipts tax			
Total operating revenue	<u>672,513</u>	<u>150,057</u>	<u>822,570</u>
Operating expenses:			
Salaries and benefits	156,128		156,128
Travel, training and per diem	2,028		2,028
Insurance	22,479	543	23,022
Contractual services	205,615	71,386	277,001
Supplies	24,846		24,846
Other operating expenses	263,477	66,740	330,217
Depreciation	82,429		82,429
Total operating expenses	<u>757,002</u>	<u>138,669</u>	<u>895,671</u>
Net operating income (loss)	<u>(84,489)</u>	<u>11,388</u>	<u>(73,101)</u>
Non-operating income (expenses)			
Capital grants	285,624		285,624
Investment income	27		27
Interest expense	(10,642)		(10,642)
Total nonoperating revenue (expenses)	<u>275,009</u>		<u>275,009</u>
Income (loss) before transfers	190,520	11,388	201,908
Transfers in	17,337		17,337
Transfers out			
Change in net position	<u>207,857</u>	<u>11,388</u>	<u>219,245</u>
Net position at beginning of year, as previously reported	3,877,751	60,529	3,938,280
Adjustment	<u>29,052</u>		<u>29,052</u>
Net position at beginning of year, as restated	<u>3,906,803</u>	<u>60,529</u>	<u>3,967,332</u>
Net position at end of year	<u>\$ 4,114,660</u>	<u>71,917</u>	<u>4,186,577</u>

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

Exhibit H

State of New Mexico
 Village of Santa Clara
Statement of Cash Flows - Proprietary Funds
 For the Year Ended June 30, 2014

	Water and Sewer	Solid Waste	Total
Cash flows from operating activities:			
Cash received from customers	\$ 637,945	136,724	774,669
Cash received from taxes and other sources		5,934	5,934
Payment to and on behalf of employees	(157,499)		(157,499)
Payment to vendors for goods and services	(522,496)	(133,833)	(656,329)
Net cash flows from operating activities	<u>(42,050)</u>	<u>8,825</u>	<u>(33,225)</u>
Cash flows from capital and related financing activities:			
Proceeds from Colonias match loan	7,000		7,000
Proceeds from capital grants	259,581		259,581
Payments on revenue bonds	(4,350)		(4,350)
Interest payments	(10,715)		(10,715)
Purchase of capital assets	(149,564)		(149,564)
Net cash flows from capital and related financing activities	<u>101,952</u>		<u>101,952</u>
Cash flows from investing activities:			
Investment income	<u>27</u>		<u>27</u>
	<u>27</u>		<u>27</u>
Net increase (decrease) in cash and cash equivalents	59,929	8,825	68,754
Cash and cash equivalents, at beginning of year	<u>223,865</u>	<u>48,326</u>	<u>272,191</u>
Cash and cash equivalents, at end of year	<u><u>283,794</u></u>	<u><u>57,151</u></u>	<u><u>340,945</u></u>
Show on statement of net position:			
Unrestricted cash and cash equivalents	137,107	57,151	194,258
Restricted cash and cash equivalents	<u>146,687</u>		<u>146,687</u>
	<u>\$ 283,794</u>	<u>57,151</u>	<u>340,945</u>

During FYE 06-30-14 capital assets in the amount of \$ 17,337 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 I, continued

State of New Mexico
Village of Santa Clara
Statement of Cash Flows - Proprietary Funds, continued
For the Year Ended June 30, 2014

	<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)	\$ (84,489)	11,388	(73,101)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation	82,429		82,429
Reduction in allowances for doubtful accounts	(6,000)	(3,000)	(9,000)
(Increase) decrease in operating assets:			
Trade accounts receivable	(11,438)	(3,798)	(15,236)
Unbilled accounts receivable	(5,549)	(546)	(6,095)
Taxes receivable		(54)	(54)
Increase (decrease) in operating liabilities:			
Accounts payable	(4,051)	4,835	784
Accrued salaries and benefits	(62)		(62)
Accrued compensated absences	(1,309)		(1,309)
Customer deposits	(11,580)		(11,580)
Rounding	(1)		(1)
	<u>\$ (42,050)</u>	<u>8,825</u>	<u>(33,225)</u>

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

Exhibit I

State of New Mexico
Village of Santa Clara
STATEMENT OF FIDUCIARY NET POSITION - AGENCY FUND
Trust and Agency Fund - Fund 71
Municipal Court Bond Funds
June 30, 2014

Assets:

Cash	\$ <u>2,618</u>
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Liabilities:

Deposit held in trust	\$ <u>2,618</u>
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SEE INDEPENDENT AUDITOR'S REPORTS
The Accompanying Notes Are An Integral Part Of These Financial Statements

Exhibit J

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

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**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
NOTES TO FINANCIAL STATEMENTS, continued
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STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2014

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
June 30, 2014

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 animal control), public works (highways and streets), water and sewer, solid waste, health and welfare services, and general administrative 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, #39 and #61. 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
June 30, 2014

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.

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

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2014

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, 2014 the Village received operating grants and contributions and appropriations from the State of New Mexico; Public Safety (from State Fire Allotment, Law Enforcement Protection as well as Traffic Safety grants passed through the State Highway and Transportation Department and Federal grants).

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2014

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 plus deferred outflows of resources, liabilities plus deferred inflows of resources, 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 plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues or expenditures/expenses of the individual fund are at least 5 percent of the corresponding total for all funds of the Village combined.

During the FYE 06-30-14 the Village did not have any deferred outflows nor deferred inflows of resources. 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, 2014 the Village had a single major special revenue fund.

The Fire Protection Fund is used to account for the revenues by the State for the purposes of maintaining and operating a volunteer fire department authorized by NMSA Section 59A-53-7. In addition the fund was used to account for a grant from the State for making improvements to the fire station.

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. During the FYE 06-30-14 the Village did not have any major capital project funds.

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.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
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June 30, 2014

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.

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, 2014.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2014

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, 2014.

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, 2014.

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
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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.

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

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
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June 30, 2014

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. During FYE 06-30-14 the mill levy rate for Village operations was \$.701 on residential property and \$.1302 on Non-residential property.

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

- b. Proprietary funds use the economic resources measurement focus and the 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
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June 30, 2014

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.

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 \$ 29,000 and \$7,000, 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

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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, 2014 for the proprietary funds, as stated above.

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/or due 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, 2014 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 pooled cash account for almost all active funds.

There was one operating cash transfers during the year ended June 30, 2014, as follows:

From Correction Fund to General Fund	<u>\$ 89,377</u>
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The transfers and inter fund balances (Due to/Due from) have been eliminated when they are made between the various governmental funds in the Statement of Net Position and the Statement of Activities.

Capital Assets and Depreciation

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

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

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

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

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

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

Current year depreciation expense in the amount \$ 187,614 was charged to the following functional cost centers during the year on the Governmental Funds in the Statement of Activities

General Government	\$ 34,403
Public Safety	94,260
Public Works	41,265
Health and Welfare	<u>17,686</u>
	\$ <u>187,614</u>

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An additional \$ 82,429 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.

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.

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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, 2014 the Village did not have any unexpended debt proceeds.
- b. Restricted net position:
Consists of net position 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 position:
All other net position that do not meet the definition of “restricted” or “invested in capital assets.”

Fund Statements and statement of position

The terminology to describe Governmental Fund Equity was changed by GASB 54 and GASB 63. GASB 54 was effective for periods beginning after June 15, 2010 and GASB 63 was effective for financial statements for periods beginning after December 15, 2011. The new terminology is designed to enhance the usefulness of fund balance information and other equity information by providing clearer equity 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.

Nonspendable

Fund balance resulting from assets that are not spendable (generally inventories). The Village did not have any nonspendable fund balances at June 30, 2014.

Restricted

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

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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, 2014.

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, 2014.

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.

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.

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

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

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

Property 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 \$ 12,062 for general operating purposes and \$0 for debt services purposes during the fiscal year ended June 30, 2014.

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.

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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.

Unearned Income

The Village defers revenue from non-exchange transactions. The amount unearned 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 fiscal year ended June 30, 2014 the following GASB statements became effective.

GASB 65 “Items Previously Reported as Assets and Liabilities” This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources and inflows of resources, certain items that were previously reported as assets and liabilities. Except as reported in the Santa Clara Public Housing Authority, the Village did not have any deferred outflow nor deferred inflows of resources that were required to be reported as such.

GASB 66 “Technical Corrections – 2012” The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions, Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This pronouncement did not have any affect upon the Village’s current financial reporting objectives or practices.

GASB 67 “Financial Reporting for Pension Plans, an amendment of GASB Statement No. 25” The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement is not applicable to the Village as the Village is a municipality and does not have its own pension plan.

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GASB 68 “Accounting and Financial Reporting for Pensions an amendment of GASB Statement No. 27” This statement will become effective for the Village when the Village’s employees become members of New Mexico’s PERA. Participation in PERA is currently scheduled for January 1, 2015.

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

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 devise 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 6-30-14.

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

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expenditures and bond principle payments are treated as expenditures. Additionally, depreciation is not budgeted. Budgets may also include budgeted cash balances from the prior year. Actual figures shown on the budget comparison statements are presented utilizing the same methods of accounting used for budget purposes.

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

3. DUE TO/DUE FROM ACCOUNTS

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	\$ 2,978	
Senior Center Renovation		114
Industrial Park	_____	<u>2,864</u>
Totals	\$ <u>2,978</u>	\$ <u>2,978</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, 2014.

	<u>From</u>	<u>To</u>
Capital Assets Transfer:		
From RUS Water & Sewer Renovations	\$ 17,337	
To Water and Sewer		\$ 17,337

4. DEPOSITS AND INVESTMENTS, LAWS AND REGULATIONS

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

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

- a) Bonds or negotiable securities of the United States, the state or an county, municipality or town which has a taxable valuation of real property for the last

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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 one hundred two percent of the contract. The collateral required for investment in the contracts provided in this subsection shall be shown on the books of the financial institution as being the property of the investor and in the designation shall be contemporaneous with the investment.

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

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

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

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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, 2014, the Village had custodial credit risk in the amount of \$ 946,775.

The cash balance held by New Mexico Mortgage Finance Authority (\$ 6) and New Mexico State Treasurer Office (NMSTO) (\$ 20,380) are insured or collateralized in accordance with the respective entity's internal policies. The combined credit and interest rate risk for the deposit held in the NMSTO Local Government Investment Pool (LGIP) is AAAM Rated \$ 20,370 {48.6} day WAR (R), {116.20} day WAM (F).

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	\$ 782,544
NOW public funds	90,959
Time deposits	<u>573,272</u>
Total deposits	1,446,775
Less FDIC Insurance	
Demand deposits	(250,000)

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Time deposits	<u>(250,000)</u>
Uninsured public funds	<u>\$ 946,775</u>
Required collateralization (50% of uninsured)	\$ 473,388
Pledged collateral held by pledging bank but not in the Village's name	<u>1,092,126</u>
Excess collateralization	<u>\$ 618,738</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	\$ 508,310
Gallup/Mckinley	364010NS3	08-01-17	108,653
Belen NM SD	077581NQ5	08-01-17	37,334
Farmington	311441HN2	09-01-17	100,641
Lea Co, NM PS	521513AG6	07-15-17	234,156
Roswell, NM	778544CL8	08-01-15	<u>103,032</u>
Total			<u>\$1,092,126</u>

5. ACCOUNTS RECEIVABLE

The accounts receivable of the Village at June 30, 2014 are as follows:

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Customer accounts receivable	\$	\$ 118,629	\$ 118,629
Unbilled accounts receivable		31,613	31,613
Due from grantor	104,712	121,910	226,622
Other receivables	<u>3,406</u>		<u>3,406</u>
Taxes receivable	<u>38,119</u>	<u>809</u>	<u>38,928</u>
Total receivables, before all.	\$ 146,237	\$ <u>272,961</u>	\$ <u>419,198</u>
Allowance for doubtful a/c's	<u>None</u>	<u>36,000</u>	<u>36,000</u>

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

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6. CAPITAL ASSETS

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

	Balance June 30, <u>2013</u>	Adjustments And <u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2014</u>
Governmental Activities:				
Capital Assets Non Depreciable:				
Land	\$ 28,131	\$		\$ 28,131
Work in progress	<u>96,529</u>	<u>137,509</u>		<u>234,038</u>
Total	<u>124,660</u>	<u>137,509</u>		<u>262,169</u>
Capital Assets being depreciated:				
Buildings and Improvements	2,388,208			2,388,208
Infrastructure	1,677,723			1,677,723
Furniture & Equipment	<u>1,000,316</u>			<u>1,000,316</u>
Total	<u>5,066,247</u>			<u>5,066,247</u>
Less accumulated depreciation:				
Buildings and improvements	(686,493)	(78,350)		(764,843)
Infrastructure	(158,070)	(33,653)		(191,723)
Furniture & Equipment	<u>(764,675)</u>	<u>(75,610)</u>		<u>(840,285)</u>
Total accumulated depreciation	<u>(1,609,238)</u>	<u>(187,613)</u>		<u>(1,796,851)</u>
Other capital assets, net	<u>3,457,009</u>	<u>(187,613)</u>		<u>3,269,396</u>
Total capital assets, net	<u>3,581,669</u>	<u>(50,104)</u>		<u>3,531,565</u>

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

General government	\$ 34,403
Public Safety	94,260
Public Works	41,265
Health and Welfare	<u>17,686</u>
	\$ <u>187,614</u>

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

	Balance June 30, <u>2013</u>	Adjustments And <u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2014</u>
Business -Type Activities:				
Capital Assets Non Depreciable:				
Construction Work in Progress:				
Gravity Sewer Improvements	79,286	240,148		319,434
Well Head Protection	39,460	13,681	(53,141)	
SCADA & Hydrants		39,696		<u>39,696</u>
RUS Phase II	<u>1,152,606</u>	<u>17,338</u>		<u>1,169,944</u>
Total	<u>1,271,352</u>	<u>310,863</u>	<u>(53,141)</u>	<u>1,529,074</u>
Capital Assets being depreciated:				
Buildings	48,249			48,249
Improvements	12,777			12,777
Infrastructure	3,328,232	53,141		3,381,373
Furniture & Equipment	<u>202,350</u>			<u>202,350</u>
Total	<u>3,591,608</u>	<u>53,141</u>		<u>3,644,749</u>
Less accumulated depreciation:				
Buildings and improvements	(18,329)	(2,009)		(20,338)
Infrastructure	(777,439)	(67,290)		(844,729)
Furniture & Equipment	<u>(110,321)</u>	<u>(13,130)</u>	<u>()</u>	<u>(123,451)</u>
Total accumulated depreciation	<u>(906,089)</u>	<u>(82,429)</u>	<u>()</u>	<u>(988,518)</u>
Other capital assets, net	<u>2,685,519</u>	<u>(29,288)</u>		<u>2,656,231</u>
Total capital assets, net	<u>3,956,871</u>	<u>281,575</u>	<u>(53,141)</u>	<u>4,185,305</u>

At June 30, 2014 the Village had commitments for construction related activity in the approximate amount of \$ 123,058 on various project in progress.

7. LONG TERM DEBT

Governmental Activities Debt

During the year ended June 30, 2014, the following changes occurred in the liabilities reported in the governmental activities debt of the Village.

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<u>Description</u>	Balance at June 30, 2013	<u>Increase</u>	<u>Decrease</u>	Balance at June 30, 2014	Amount Due in <u>One Year</u>
	\$				
New Mexico Finance Authority	17,216		17,216		
New Mexico Finance Authority	57,847		2,866	54,981	18,240
Accrued Compensated Absences	<u>8,710</u>	<u>10,305</u>	<u>7,938</u>	<u>11,077</u>	<u>1,846</u>
	\$ <u>83,773</u>	<u>10,305</u>	<u>28,020</u>	<u>66,058</u>	<u>20,086</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 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>
2015	\$18,240		137	18,377
2016	18,327		92	18,419
2017	<u>18,414</u>	_____	<u>46</u>	<u>18,460</u>
	\$ <u>54,981</u>	_____	<u>275</u>	<u>55,256</u>

Enterprise (Proprietary) Debt

During the year-ended June 30, 2014, the following changes occurred in the liabilities reported in the statement of net assets of business-type activities.

<u>Description</u>	Balance at June 30, 2013	<u>Additions</u>	<u>Deletions</u>	Balance at June 30, 2014	Amount Due in <u>One Year</u>
Revenue Bonds Series 2008	94,000		1,000	93,000	1,000
Revenue Bonds Series 2010	224,000		3,000	221,000	3,000
Colonias Match Loan		7,000	350	6,650	350
Compensated Absences	<u>8,614</u>	<u>9,408</u>	<u>12,878</u>	<u>5,144</u>	<u>858</u>
Total	<u>326,614</u>	<u>16,408</u>	<u>17,228</u>	<u>325,794</u>	<u>5,208</u>

STATE OF NEW MEXICO
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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%

<u>Due in Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,000	3,782	4,782
2020-2024	8,000	18,148	26,148
2025-2029	10,000	16,150	26,150
2030-2034	11,000	14,025	25,025
2035-2039	15,000	11,263	26,263
2040-2044	18,000	7,948	25,948
2045-2048	<u>26,000</u>	<u>3,400</u>	<u>29,400</u>
	\$ <u>93,000</u>	<u>90,272</u>	<u>183,272</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>
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	4,000	6,210	10,210
2020-2024	20,000	29,250	49,250
2025-2029	24,000	26,070	50,070
2030-2034	27,000	22,320	49,320
2035-2039	32,000	17,970	49,970
2040-2044	37,000	12,390	49,390
2045-2049	43,000	6,960	49,960
2050-2051	<u>20,000</u>	<u>930</u>	<u>20,930</u>
	\$ <u>221,000</u>	<u>148,050</u>	<u>369,050</u>

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2014

The Series 2008 and 2010 revenue bonds require the establishment of certain resources as detailed in the bond indentures. At June 30, 2014 the total required reserved amounted to \$ 48,020 and the Village had set aside \$89,200 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

The Colonias Match Loan allows for early redemption at any time. The Colonias Match Loan is dated April 19, 2013 for \$7,000 and was issued for the purpose of providing a 10% match on the \$ 70,000 Colonias Grant. The loan is non-interest bearing and due in annual installments of \$ 350. The loan matures as follows:

<u>Due in Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	350		350
2016	350		350
2017	350		350
2018	350		350
2019	350		350
2020-2024	1,750		1,750
2025-2029	1,750		1,750
2030-2033	<u>1,400</u>		<u>1,400</u>
	<u>\$ 6,650</u>		<u>6,650</u>

8. OTHER NOTES

A. LITIGATION

At June 30, 2014 the Village was not aware of any litigation or pending litigation that would adversely affect its financial position except for a claim against one of the Village’s Trustees alleging defamation of character. The suit, if pursued by the plaintiff, will be vigorously defended and, in the opinion of counsel, is without merit. The Village is also continuing its efforts to recover monies overpaid to a contractor in a previous year.

B. RELATED PARTY TRANSACTIONS

During the FYE 06-30-14 the Village of Santa Clara paid the City of Bayard \$ 188,648 under the Joint Wastewater Plant Agreement for its portion of the costs associated with the wastewater disposal plant operated by the City of Bayard.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2014

C. CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. 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 his time although the Village expects such amounts will not have a material adverse effect on its financial position/net assets.

D. ADJUSTMENT TO BEGINNING EQUITY

Beginning Net Position has been increased by \$ 29,052 in the Water and Sewer Fund to recognize revenue on the Colonias Grant that was earned prior to June 30, 2013, but previously unrecorded.

E. RISK MANAGEMENT

The Village is exposed to various risks of loss related to tort litigation, destruction of property, errors and omissions, injuries to employees, natural disasters and other risks.

The Village manages these risks through the New Mexico Self Insurer's Fund. The Village insured itself for the following risks:

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

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

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

9. DEFICIT FUND BALANCES

STATE OF NEW MEXICO
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June 30, 2014

At June 30, 2014 the Village had deficit fund balances in three of its Capital Project Funds ((Senior Center Improvement Fund 35 (\$144), RUS Grant Fund 42 (\$762) 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.

10. EXPENDITURES IN EXCESS OF BUDGET

During the FYE 06-30-14 the Village made expenditures in excess of its budget in the following funds in the amounts indicated:

General Fund (10)	\$ 506
Fire Protection (22)	22,333
Law Enforcement (24)	1

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2014

11. COMPONENT UNIT DISCLOSURES

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Santa Clara Public Housing Authority (SCPHA) was established in 1976. Five commissioners who are selected by the Santa Clara Board of Trustees govern it. For financial reporting purposes only, the SCPHA is a discretely presented component unit of the Village of Santa Clara. The SCPHA was created to provide a conduit for housing funds for disadvantaged citizens.

The financial statements of SCPHA have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental 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 that, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of the SCPHA's accounting policies are described below.

A. Reporting Entity

In evaluating how to define the reporting entity for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the reporting entity was made by applying the criteria set forth in GAAP. The most primary standard for including or excluding a potential component unit with 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 evaluating 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, or whether the activity is conducted within the geographic boundaries of the government and is generally available to 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 SCPHA is able to exercise oversight responsibilities. Based upon the application of these criteria, the SCPHA has no component units.

B. Basis of Presentation and Accounting

The SCPHA's basic financial statements are presented on the full accrual basis of accounting and conform to accounting principles generally accepted in the United States of America.

The accounts of the SCPHA are organized on the basis of a proprietary fund type, specifically an enterprise fund. The activities of this fund are accounted for with a separate set of self-balancing accounts that comprise the SCPHA's assets, liabilities, net position, revenues and expenses.

Enterprise funds account for activities; (1) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (2) that are required by laws or regulations that the SCPHA's cost of providing services, including capital costs, such as depreciation or debt service, be recovered with fees and charges rather than with taxes or similar revenues; or (3) that the pricing policies of the SCPHA establish fees and charges designed to recover its costs, including capital costs, such as depreciation or debt service.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation and Accounting (continued)

The accounting and financial reporting treatment applied to the SCPHA is determined by its measurement focus. The transactions of the SCPHA are accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of net position. Net position, such as total assets net of total liabilities, are segregated into invested in unrestricted resources are available for use; it is the SCPHA's policy to use restricted resources first, then unrestricted resources as they are needed.

The SCPHA distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the SCPHA's principal ongoing operations. The principal operating revenues are rental income and federal grants. Operating expenses for the fund includes the cost of maintenance, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by U.S. Department of Housing and Urban Development (HUD) have been met. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

C. Budgets

The SCPHA adheres to the following regarding the budget:

1. The executive director and the fee accountant prepare the budget in accordance with HUD guidelines.
2. Capital expenditures for the Capital Fund Program (CFP) are budgeted for grant purposes. Expenditures capitalized are reflected as increases to capital assets and reported on the statement of net position. The SCPHA does not budget for depreciation expense.
3. HUD reviews the proposed budget and makes corrections, revisions and amendments as necessary.
4. The executive director submits the budget to the SCPHA's Board of Commissioners for approval.
5. The Board of Commissioner's approves the budget.

This budget is a guideline to operations but is not a legally enforceable document.

D. Cash and Cash Equivalents

The SCPHA's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the SCPHA to invest in interest bearing accounts with local financial institutions, direct obligations of the U.S. Treasury or New Mexico political subdivisions and the State Treasurer's Investment Pool. New Mexico Statutes require that financial institutions with public monies, in an amount not less than 50% of the uninsured public monies held on deposit. Collateral pledged is held in safekeeping by other financial institutions, with safekeeping receipts held by the SCPHA. The pledged securities remain in the name of the financial institution. There were no short-term investments held at June 30, 2014.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables from grants and tenants. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable accounts receivable. Changes in the valuation allowance have not been material to the financial statements. All accounts are considered collectible; therefore, an allowance was not provided.

F. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the proprietary fund financial statements.

G. Capital Assets

Capital assets, which include buildings, improvements, and equipment, are valued and reported at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are recorded at estimated fair market value at the date of donation. The SCPHA defines capital assets including computer software as assets with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements of \$5,000 or more are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. No computer software is developed in-house.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. During 2014 no interest was included as part of the cost of capital assets under construction.

Buildings, improvements, and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements	12-25
Furniture, equipment and vehicles	5-10

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available resources, is reflected as a liability of the SCPHA. In accordance with the provisions of Governmental Accounting Standards Board, Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. Annual leave is earned according to the following schedule:

- After the first year anniversary date, an employee will acquire five days (one week) of annual leave per year. This schedule is for employees employed by the SCPHA for the first seven years of employment.
- After seven years of employment, an employee will acquire fifteen days (three weeks) of annual leave per year.
- After 15 years of employment, an employee will acquire 20 days (four weeks) of annual leave per year.
- One personal day per year will be given, including those employees on a probationary period.

Upon termination, any unused annual vacation leave shall be paid.

I. Net Position

Net position comprise the various net earnings from operating income, non-operating revenues and expenses and capital contributions, net position is classified in the following three components:

The invested in capital assets consists of capital assets, net of accumulated depreciation.

Restricted assets consist of constraints imposed by creditors, such as through debt covenants; grantors, contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted assets consist of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

L. Cash Flows

For the purpose of the statement of cash flows, the SCPHA considers all highly liquid investments, including restricted cash with maturity of three months or less when purchased, to be cash equivalents.

M. 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 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.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2014

NOTE 2 CASH

New Mexico State Statutes provide authoritative guidance regarding the deposit of cash and idle cash. Deposits of funds may be made in interest or non-interest bearing checking accounts. Deposits may be made to the extent that they are insured by an agency of the United States of America or by collateral deposited as security or by bond given by the financial institution.

Idle cash may be invested in a wide variety of instruments, including money market accounts, certificates of deposit, the New Mexico State Treasurer's investment pool or in securities that are issued by the state or by the United States government or by their departments or agencies and which are either direct obligations of the state or the United States or are backed by the full faith and credit of those governments.

Cash Deposited with Financial Institutions. The SCPHA maintains cash in one financial institution. The SCPHA's deposits are carried at cost.

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

	\$ 51,733
Cash	
Tenant Deposits	2,959
Total	\$ 54,692

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.	
	\$ 54,692
Checking	
Less FDIC checking	(54,692)
Uninsured public funds	\$ -

NOTE 3 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, 2014 all of the SCPHA's deposits were insured; therefore, the SCPHA'S was not exposed to custodial risk.

NOTE 4 RECEIVABLES

Receivables as of June 30, are as follows:

	Low Income Housing
	\$ 475
Dwelling rentreceivable	
Totals-net of allowance for doubtful accounts	\$ 475

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

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2014

NOTE 5 CAPITAL ASSETS

The following is a summary of capital assets and changes occurring during the years-ended June 30, 2014 and June 30, 2013. Land is not subject to depreciation.

Business-Like Activities	Balance			Balance
	June 30, 2013	Additions	Deletions	June 30, 2014
Capital assets being depreciated				
Buildings	\$ 625,592	\$ -	\$ -	\$ 625,592
Improvements	896,088	6,730	-	902,818
Computer Software	6,100	-	-	6,100
Furniture, equipment, vehicles	61,381	-	-	61,381
Total	<u>1,589,161</u>	<u>6,730</u>	<u>-</u>	<u>1,595,891</u>
Accumulated depreciation				
Building	573,329	43,877	-	617,206
Computer Software	3,158.00	1,220	-	4,378
Improvements	205,545	12,750	-	218,295
Furniture, equipment, vehicles	53,719	2,821	-	56,540
Total	<u>835,751</u>	<u>60,668</u>	<u>-</u>	<u>896,419</u>
Net book value	<u>\$ 753,410</u>	<u>\$ (53,938)</u>	<u>\$ -</u>	<u>\$ 699,472</u>

Depreciation expense relating to business-like activities for the year-ended June 30, 2014 totaled \$60,668.

NOTE 6 COMPENSATED ABSENCES

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

Balance			Balance	Due
June 30,2013	Additions	Decreases	June 30,2014	Within One Year
<u>\$ 38</u>	<u>\$ 1,081</u>	<u>\$ 38</u>	<u>\$ 1,081</u>	<u>\$ 1,081</u>

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

NOTE 7 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, 2014.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2014

NOTE 8 PERA PENSION PLAN

Plan Description. All of SCPHA's full-time employees participate in a 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, 2014 was \$4,656, equal to the amount of the required contributions for the year.

NOTE 9 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.

NOTE 10 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 Workers' 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 years ending June 30, 2014 were \$10,328.

NOTE 11 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, including 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 approximately \$196,443 at June 30, 2013 of which all but \$35,070 has been reimbursed by the insurance company. The loss was reimbursed during the year ending June 30, 2014 in the amount of \$35,070.

NOTE 12 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 years ending June 30, 2014 HUD awarded \$126,664 as an operating subsidy.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2014

NOTE 13 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.

NOTE 14 INTERGOVERNMENTAL TRANSACTIONS

During the years ended June 30, 2014 the SCPHA paid approximately \$26,621 for water expenses to the Village of Santa Clara.

NOTE 15 PRIOR PERIOD ADJUSTMENT

During the fiscal year ending June 30, 2011, \$2,191 was paid to relocate the residence of the unit that was destroyed by fire. Prior period Audit Adjustments were posted the net amount of \$2,140 during the year ending June 30, 2014.

SUPPLEMENTAL INFORMATION

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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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative)	
	Original	Final		Original	Actual to
	Budget	Budget		Budget to	Final
			Basis)	Budget to	Final
				Final	Budget
Revenues:					
Utility charges	\$ 587,500	634,924	623,852	47,424	(11,072)
Investment income	150	27	27	(123)	
Penalties			11,073		11,073
Other, including state revenue	439,454	240,061	240,061	(199,393)	
Total revenue	<u>1,027,104</u>	<u>875,012</u>	<u>875,013</u>	<u>(152,092)</u>	<u>1</u>
Expenditures					
Water:					
Salaries and benefits	134,340	115,204	115,257	19,136	(53)
Travel, training and per diem	1,450	315	813	1,135	(498)
Insurance	31,040	13,784	16,430		(2,646)
Contractual services	404,704	117,303	117,303	287,401	
Supplies	17,000	20,288	20,258	(3,288)	30
Other operating costs	129,106	203,652	200,456	(74,546)	3,196
Waste water:					
Salaries and benefits	62,948	42,220	42,242	20,728	(22)
Travel, training and per diem	1,400	1,260	1,215	140	45
Insurance	28,900	16,050	6,223	12,850	9,827
Contractual services	30,000			30,000	
Supplies	1,500	3,263	3,263	(1,763)	
Other operating costs	220,075	282,263	292,113	(62,188)	(9,850)
Total expenditures	<u>1,062,463</u>	<u>815,602</u>	<u>815,573</u>	<u>229,605</u>	<u>29</u>
Revenues over (under) expenditures	(35,359)	59,410	59,440	77,513	<u>30</u>
Budgetary notation: Cash appropriated from prior year for current year expenditures	\$ <u>35,359</u>	<u>(59,410)</u>		<u>(77,513)</u>	
Reconciliation to GAAP basis financial statements					
Decrease in net customer accounts receivable			17,438		
Decrease in unbilled accounts receivable			5,549		
Increase in due from grantor			55,095		
Increase in accounts payable			(139,909)		
Decrease in accrued salaries and benefits			62		
Decrease in accrued compensated absence			1,309		
Decrease in accrued interest payable			73		
Decrease in meter deposits payable			12,069		
Nonbudgeted items:					
Transfer in of capital assets from governmental funds			17,337		
Capital asset purchases treated as expenditures for budgetary report			264,472		
Payments on long-term debt treated as expenditures for budgetary report			4,350		
Loan proceeds treated as revenue for budgetary report			(7,000)		
Depreciation			(82,429)		
Rounding			1		
Change in net position			\$ <u>207,857</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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative)	
	Original Budget	Final Budget		Original Budget to Final	Actual to Final Budget
Revenues:					
Utility charges	\$ 141,750	136,724	136,724	(5,026)	
Gross receipts tax collected					
Environmental gross receipts tax	6,500	5,934	5,934	(566)	
	<u>148,250</u>	<u>142,658</u>	<u>142,658</u>	<u>(5,592)</u>	
Expenditures:					
Contractual services	75,000	71,386	71,386	3,614	
Other operating expenses	59,850	62,447	62,447	(2,597)	
	<u>134,850</u>	<u>133,833</u>	<u>133,833</u>	<u>1,017</u>	
Revenues Over (Under) Expenditures	13,400	8,825	8,825	(4,575)	
Budgetary Notation - Cash Appropriated from Prior year for current year expenditure	\$ <u>(13,400)</u>	<u>(8,825)</u>		<u>4,575</u>	
Reconciliation to GAAP basis financial statements					
Increase in net customer accounts receivable			6,798		
Increase in unbilled accounts receivable			546		
Increase in taxes receivable			54		
Increase in accounts payable			<u>(4,835)</u>		
Change in net position			\$ <u>11,388</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, 2014

	Special Revenue Funds							
	Correction Fund 20	EMS Fund 21	Law Enforcement Protection Fund 24	Municipal Streets Fund 25	NM Energy, Mineral, & Nat. Resource Fund 43	Cemetery Fund 53	Animal Shelter 72	Total Special Revenue Funds
ASSETS								
Cash and cash equivalents	\$ 22,946	5,302	7,576	40,703	6,993	3,495	936	87,951
Taxes receivable				2,148				2,148
Due from grantor								
Other accounts receivable								
	<u>\$ 22,946</u>	<u>5,302</u>	<u>7,576</u>	<u>42,851</u>	<u>6,993</u>	<u>3,495</u>	<u>936</u>	<u>90,099</u>
LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts payable	\$ 661			1,363				2,024
Deferred revenue								
Due to other funds								
Total liabilities	<u>661</u>			<u>1,363</u>				<u>2,024</u>
Restricted Fund Balance shown in:								
Special revenue funds	22,285	5,302	7,576	41,488	6,993	3,495	936	88,075
Capital projects funds								
Unassigned								
Total fund balance	<u>22,285</u>	<u>5,302</u>	<u>7,576</u>	<u>41,488</u>	<u>6,993</u>	<u>3,495</u>	<u>936</u>	<u>88,075</u>
Total liabilities and fund balance	<u>\$ 22,946</u>	<u>5,302</u>	<u>7,576</u>	<u>42,851</u>	<u>6,993</u>	<u>3,495</u>	<u>936</u>	<u>90,099</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, 2014

		Capital Projects Funds								
		Sr. Center Improv. Fund 35	RUS Grant Fund 42	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	\$	713	36,818		5	8,626		46,162	134,113
	Taxes receivable									2,148
	Due from grantor		538						538	538
	Other accounts receivable									
		\$	<u>1,251</u>	<u>36,818</u>		<u>5</u>	<u>8,626</u>		<u>46,700</u>	<u>136,799</u>
LIABILITIES AND FUND BALANCE										
Liabilities:										
	Accounts payable	\$	1,977						1,977	4,001
	Deferred revenue									
	Due to other funds		114		2,864				2,978	2,978
	Total liabilities		<u>114</u>	<u>1,977</u>	<u>2,864</u>				<u>4,955</u>	<u>6,979</u>
Restricted Fund Balance shown in:										
	Special revenue funds									88,075
	Capital projects funds			36,818		5	8,626		45,449	45,449
	Unassigned		(114)	(726)	(2,864)				(3,704)	(3,704)
	Total fund balance		<u>(114)</u>	<u>(726)</u>	<u>36,818</u>	<u>(2,864)</u>	<u>5</u>	<u>8,626</u>	<u>41,745</u>	<u>129,820</u>
	Total liabilities and fund balanc	\$	<u>1,251</u>	<u>36,818</u>		<u>5</u>	<u>8,626</u>		<u>46,700</u>	<u>136,799</u>

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, 2014

	Special Revenue Funds							
	Correction	EMS	Law	Municipal	NM Energy,	Cemetery	Animal	Total
	Fund	Fund	Enforcement	Streets	Mineral, &	Fund	Shelter	Special
	20	21	Fund 24	Fund 25	Nat. Resource	53	72	Revenue
					Fund 43			Funds
Revenues:								
Court fines and fees	\$ 20,868							20,868
Intergovernmental grant			22,400					22,400
Miscellaneous revenue						800	1,079	1,879
Gross receipts taxes				9,873				9,873
CFT gas tax				5,004				5,004
Investment income								
	<u>20,868</u>		<u>22,400</u>	<u>14,877</u>		<u>800</u>	<u>1,079</u>	<u>60,024</u>
Expenditures:								
Current:								
General Government								
Public Safety	6,893		7,994				143	15,030
Public Works				47,388				47,388
Health and Welfare		667				240		907
Non-Current:								
Capital Outlay			8,387					8,387
Debt Service								
Total expenditures	<u>6,893</u>	<u>667</u>	<u>16,381</u>	<u>47,388</u>		<u>240</u>	<u>143</u>	<u>71,712</u>
Revenues Over (Under) Expenditures	<u>13,975</u>	<u>(667)</u>	<u>6,019</u>	<u>(32,511)</u>		<u>560</u>	<u>936</u>	<u>(11,688)</u>
Other financing sources (uses):								
Operating transfers out	<u>(89,377)</u>							<u>(89,377)</u>
Net Change in Fund Balance	(75,402)	(667)	6,019	(32,511)		560	936	(101,065)
Fund balance at beginning of year	<u>97,687</u>	<u>5,969</u>	<u>1,557</u>	<u>73,999</u>	<u>6,993</u>	<u>2,935</u>		<u>189,140</u>
Fund balance at end of year	\$ <u>22,285</u>	<u>5,302</u>	<u>7,576</u>	<u>41,488</u>	<u>6,993</u>	<u>3,495</u>	<u>936</u>	<u>88,075</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, 2014

	Capital Projects Funds							Total	Total
	Sr. Center	RUS	CDBG	Industrial	Main Street	Street	CDBG	Capital	Other
	Improv.	Grant	Colonias	Park	Park	Improvement	Grant	Projects	Governm.
	Fund	Fund	WW Fund	Fund	Fund	Fund	Fund	Funds	Funds
	35	42	45	55	56	60	75		
Revenues:									
Court fines and fees	\$								20,868
Intergovernmental grant		16,529				40,000	4,000	60,529	82,929
Cemetery fees									1,879
Gross receipts taxes									9,873
CFT gas tax									5,004
Investment income									
		<u>16,529</u>				<u>40,000</u>	<u>4,000</u>	<u>60,529</u>	<u>120,553</u>
Expenditures:									
Current:									
General Government		32						32	32
Public Safety									15,030
Public Works						31,374	4,000	35,374	82,762
Health and Welfare									907
Non-Current:									
Capital outlay									8,387
		<u>32</u>				<u>31,374</u>	<u>4,000</u>	<u>35,406</u>	<u>107,118</u>
Revenues Over (Under) Expenditures		<u>16,497</u>				<u>8,626</u>		<u>25,123</u>	<u>13,435</u>
Other financing sources (uses):									
Operating transfers out		(17,337)						(17,337)	(106,714)
Net change in fund balance		(840)				8,626		7,786	(93,279)
Fund balance at beginning of year	(114)	114	36,818	(2,864)	5			33,959	223,099
Fund balance at end of year	\$ (114)	<u>(726)</u>	<u>36,818</u>	<u>(2,864)</u>	<u>5</u>	<u>8,626</u>		<u>41,745</u>	<u>129,820</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variances Positive (Negative)</u>	
	<u>Original Budget</u>	<u>Final Budget</u>		<u>Original Budget to Final</u>	<u>Actual to Final Budget</u>
	Revenues:				
Court fines and fees	\$ 8,100	21,948	20,868	13,848	(1,080)
	<u>8,100</u>	<u>21,948</u>	<u>20,868</u>	<u>13,848</u>	<u>(1,080)</u>
Expenditures:					
Current:					
Public Safety	12,500	6,449	6,449	6,051	
	<u>12,500</u>	<u>6,449</u>	<u>6,449</u>	<u>6,051</u>	
Revenues Over (Under) Expenditures	(4,400)	15,499	14,419	19,899	(1,080)
Other operating sources (uses):					
Transfer out		(89,377)	(89,377)	(89,377)	
		<u>(89,377)</u>	<u>(89,377)</u>	<u>(89,377)</u>	
Net change in fund balance - Budgetary Basis	(4,400)	(73,878)	(74,958)	(69,478)	<u>(1,080)</u>
Budgetary Notation - Cash Appropriated from prior year for current year expenditures	\$ <u>4,400</u>	<u>73,878</u>		<u>69,478</u>	
Reconciliation to GAAP Basis Financial Statement					
Increase in accounts payable			(444)		
Net changes in fund balance - GAAP Basis			\$ <u>(75,402)</u>		

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

Statement B-1

State of New Mexico
 Village of Santa Clara
Non-Major Special Revenue Fund
EMS Fund - Fund 21
Statement of Revenues and Expenditures - Budget and Actual
 For the Year Ended June 30, 2014

	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	3,650	667	667	2,983	
	<u>3,650</u>	<u>667</u>	<u>667</u>	<u>2,983</u>	
Net changes in fund balance - Budgetary Basis and GAAP Basis	1,350	(667)	<u>(667)</u>	(2,017)	<u></u>
Budgetary Notation - Cash Appropriated from Prior Year for Current Year Expenditure	\$ <u>(1,350)</u>	<u>667</u>		<u>2,017</u>	

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

Statement B-2

State of New Mexico
 Village of Santa Clara
Non-Major Special Revenue Fund
Law Enforcement Protection Fund - Fund 24
Statement of Revenues and Expenditures - Budget and Actual
 For the Year Ended June 30, 2014

	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	\$ 22,400	22,400	22,400		
	<u>22,400</u>	<u>22,400</u>	<u>22,400</u>		
Expenditures:					
Current:					
Public Safety	2,500	7,993	7,994	(5,493)	(1)
Noncurrent:					
Capital Outlay	19,900	8,387	8,387	11,513	
	<u>22,400</u>	<u>16,380</u>	<u>16,381</u>	<u>6,020</u>	<u>(1)</u>
Net change in fund balance - Budgetary Basis and GAAP Basis	\$ <u> </u>	<u>6,020</u>	<u>6,019</u>	<u>6,020</u>	<u>(1)</u>

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

Statement B-3

State of New Mexico
 Village of Santa Clara
Non-Major Special Revenue Fund
Municipal Streets Fund - Fund 25
Statement of Revenues and Expenditures - Budget and Actual
 For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variances Positive (Negative)</u>	
	<u>Original Budget</u>	<u>Final Budget</u>		<u>Original Budget to Final</u>	<u>Actual to Final Budget</u>
	Revenues:				
GRT Municipal Infrastructure	\$ 11,000	9,890	9,890	(1,110)	
Gas Tax Distribution	6,000	4,587	5,004	(1,413)	417
	<u>17,000</u>	<u>14,477</u>	<u>14,894</u>	<u>(2,523)</u>	<u>417</u>
Expenditures:					
Current:					
Public Works	<u>30,000</u>	<u>46,025</u>	<u>46,025</u>	<u>(16,025)</u>	
	<u>30,000</u>	<u>46,025</u>	<u>46,025</u>	<u>(16,025)</u>	
Net change in fund balance - Budgetary Basis	(13,000)	(31,548)	(31,131)	(18,548)	<u>417</u>
Budgetary Notation: Cash Appropriated From Prior Year for Current Year Expenditure	\$ <u>13,000</u>	<u>31,548</u>		<u>18,548</u>	
Reconciliation to GAAP Basis Financial Statement					
Decrease in taxes receivable			(17)		
Increase in accounts payable			<u>(1,363)</u>		
Net changes in fund balance - GAAP Basis			\$ <u>(32,511)</u>		

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

Statement B-4

Village of Santa Clara
Non-Major Special Revenue Fund
Cemetery Fund - Fund 53
Statement of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative)	
	Original Budget	Final Budget		Original Budget to Final	Actual to Final Budget
	Revenues:				
Cemetery fees	\$ 500	800	800	300	
	<u>500</u>	<u>800</u>	<u>800</u>	<u>300</u>	
Expenditures:					
Current:					
Health and Welfare	500	240	240	260	
	<u>500</u>	<u>240</u>	<u>240</u>	<u>260</u>	
Net change in fund balance - Budgetary Basis		<u>560</u>	560	<u>560</u>	
Reconciliation to GAAP Basis Financial Statements:					
Decrease in accounts payable					
Net Change in Fund Balance - GAAP Basis			\$	<u>560</u>	

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

Statement B-5

Village of Santa Clara
Non-Major Special Revenue Fund
Animal Shelter Fund - Fund 72
Statement of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative)	
	Original Budget	Final Budget		Original Budget to Final	Actual to Final Budget
	Revenues:				
Donations	\$	1,079	1,079	1,079	
		1,079	1,079	1,079	
Expenditures:					
Current:					
Health and Welfare		143	143	(143)	
		143	143	(143)	
Net change in fund balance - Budgetary Basis and GAAP Basis	\$	936	936	936	

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

Statement B-6

State of New Mexico
 Village of Santa Clara
Nonmajor Capital Projects Fund
RUS GRANT - Fund 42
Statement of Revenues and Expenditures - Budget and Actual
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative)	
	Original Budget	Final Budget		Original Budget to Final	Actual to Final Budget
	Revenues:				
Intergovernmental grant	\$	18,368	18,368	18,368	
		18,368	18,368	18,368	
Expenditures:					
Noncurrent:					
Capital outlay		20,910	17,769	(20,910)	3,141
		20,910	17,769	(20,910)	3,141
Net change in fund balance		(2,542)	599	(2,542)	3,141
Budgetary Notation: Cash Appropriated From Prior Year for Current Year Expenditure		2,542		2,542	
Reconciliation to GAAP Basis Financial Statement:					
Decrease in due from grantor			(1,839)		
Decrease in accounts payable			400		
Net change in fund balance			\$ (840)		

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
Nonmajor Capital Projects Fund
Street Improvement - Fund 60
Statement of Revenues and Expenditures - Budget and Actual
 For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variances Positive (Negative)</u>	
	<u>Original Budget</u>	<u>Final Budget</u>		<u>Original Budget to Final</u>	<u>Actual to Final Budget</u>
	Revenues:				
Street improvement grant	\$ _____	40,000	40,000	40,000	_____
	_____	40,000	40,000	40,000	_____
Expenditures:					
Noncurrent:					
Capital outlay	_____	40,000	31,374	_____	8,626
	_____	40,000	31,374	_____	8,626
Net change in fund balance - Budgetary Basis and GAAP Basis	\$ _____	_____	8,626	40,000	8,626

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

Statement B-8

State of New Mexico
 Village of Santa Clara
Non Major Capital Projects Fund
CDBG Grant - Fund 75
Statement of Revenues and Expenditures - Budget and Actual
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative)	
	Original Budget	Final Budget		Original Budget to Final	Actual to Final Budget
	Revenues:				
Intergovernmental grant	\$	4,000	4,000	4,000	
		4,000	4,000	4,000	
Expenditures:					
Noncurrent:					
Capital outlay		4,000	4,000	(4,000)	
		4,000	4,000	(4,000)	
Net change in fund balance - Budgetary Basis and GAAP Basis	\$				

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

Statement B-9

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OTHER SUPPLEMENTAL INFORMATION

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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 participants to dispose of waste water into the City of Bayard Sewer system. During FYE 06-30-14 the Village's share of the operating costs of the facility was \$ 188,648.
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, 2014

<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	\$ 762,419	9,355	(18,379)		753,395
Village of Santa Clara - Street Improvement	1	17,988		(9,362)		8,626
Village of Santa Clara - RUS	1	1,251		(538)		713
Village of Santa Clara - Animal Shelter	1	886				886
Village of Santa Clara - Municipal Court Bond Account	2	1,759		(9)		1,750
Village of Santa Clara - Asset Management	2	57,631				57,631
Village of Santa Clara - Debt Service RUS Phase II	2	6,054				6,054
Village of Santa Clara - Operations and Maintenance	2	25,515				25,515
Village of Santa Clara	3	66,297				66,297
Village of Santa Clara	3	100,548				100,548
Village of Santa Clara	3	100,804				100,804
Village of Santa Clara	3	101,223				101,223
Village of Santa Clara	3	204,400				204,400
New Mexico State Treasurer	4	20,370	2			20,372
New Mexico State Treasurer	4	10				10
NMFA Trust Accounts	5	6				6
		<u>\$ 1,467,161</u>	<u>9,357</u>	<u>(28,288)</u>	<u>0</u>	<u>1,448,230</u>

Shown on Statement of Net Assets as:

Unrestricted cash and cash equivalents	\$ 705,845
Investments	593,655
Restricted cash and cash equivalents	146,687
Less Cash on hand in unrestricted cash and cash equivalents	(575)
Municipal Court Bond Account - Trust and Agency Funds	2,618
Rounding	
	<u>\$ 1,448,230</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

State of New Mexico
 Village of Santa Clara
Schedule of Changes in Assets and Liabilities
Trust and Agency Fund - Fund 71
Municipal Court Bond Funds
 For the Year Ended June 30, 2014

	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets:				
Cash	\$ <u> 868</u>	<u> 3,553</u>	<u> 1,803</u>	<u> 2,618</u>
Liabilities:				
Deposit held in trust	\$ <u> 868</u>	<u> 3,553</u>	<u> 1,803</u>	<u> 2,618</u>

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

Schedule 3

State of New Mexico
 Village of Santa Clara
Schedule of Collateralization
June 30, 2014

<u>Description of Pledged Collateral</u>	<u>CUSIP #</u>	<u>Maturity</u>	<u>Market Value</u>
FHLMC	3128X3F32	10/27/2014	\$ 508,310
Gallup/McKinley	364010NS3	8/1/2017	108,653
Belen NM SD	077581NQ5	8/1/2017	37,334
Farmington	311441HN2	9/1/2017	100,641
Lea Co. NM Pub Sch Dist 8	521513AG6	7/15/2017	234,156
Roswell, NM	778544CL8	8/1/2015	<u>103,032</u>
Total Pledged Securities			<u>\$ 1,092,126</u>

The collateral is held by AmBank for the account of Village of Santa Clara

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

Schedule 4

**State of New Mexico
Village of Santa Clara
Schedule of Special Appropriations
For the Year Ended June 30, 2014**

The following schedule shows the amounts appropriated by the State of New Mexico to the Village of Santa Clara and the current status of each appropriation:
Appropriations 12-668-0100-005 & 006 were passed through the New Mexico Natural Resource Trustees

<u>Project Description</u>	<u>Appropriation Number</u>	<u>Amount Appropriated</u>	<u>Appropriation Period</u>		<u>Prior Years Expenditures</u>	<u>Current Year Expenditures</u>	<u>Total Expenditures To June 30, 2014</u>	<u>Current Status</u>
			<u>From</u>	<u>To</u>				
Gravity Sewer Improvements	12-668-0100-0005	400,000	7/1/2012	6/30/2015	79,285	240,148	319,433	Ongoing
Wellhead Protection	12-668-0100-0006	75,000	7/1/2012	6/30/2015	39,460	13,681	53,141	Closed
Capital Outlay	12-L-G-1444	180,000	7/1/2013	6/30/2016	16,529	149,905	166,434	Ongoing

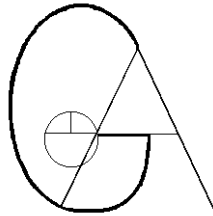
SEE INDEPENDENT AUDITOR'S REPORTS
The Accompanying Notes Are An Integral Part Of These Financial Statements

Schedule 5

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COMPLIANCE SECTION

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Gary E. Gaylord, C.P.A.

GARY E. GAYLORD, LTD.
CERTIFIED PUBLIC ACCOUNTANTS

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Albuquerque, New Mexico 87108
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

Timothy Keller, New Mexico 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, the discretely presented component unit, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and the major special revenue fund of Village of Santa Clara (Village) as of and for the year ended June 30, 2014, 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 November 19, 2014. My report includes a reference to other auditors who audited the Village of Santa Clara Public Housing Authority, the discretely presented component unit, as described in my report on Village of Santa Clara's financial statements. This report includes my consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

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.

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that I consider to be significant deficiencies:

2014-001	Expenditures in Excess of Budget
2014-002	Deficit Fund Balances
2005-010	Late Audit Report

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 Section 12-6-5 NMSA 1978 which are described in the accompanying schedule of findings and responses as items:

2014-001	Expenditures in Excess of Budget
2014-003	Late Auditor Selection
2005-010	Late Audit Report

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

**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**

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
November 19, 2014

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FINDINGS AND RESPONSES

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**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2014**

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. Significant deficiencies and other matters 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, 2014.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
SCHEDULE OF FINDINGS AND RESPONSES, continued
For the Year Ended June 30, 2014**

SECTION II- FINDING

Prior Year Audit Findings

Status

Financial Report - Internal Control – Primary Government

2005-10 SD - Audit Report Submission to the New Mexico State Auditor	Revised
2009-01 MW - Overbilling and Overpayment to Contractor	Not repeated
2011-01 SD - Bank Reconciliation Procedures	Resolved
2011-02 MW - Utility Billings and Collection	Resolved
2011-04 SD - Financial Reports to Mayor and Trustees	Resolved
2012-01 MW - Municipal Court Procedures	Resolved
2012-02 MW - Utility Recepting and Adjustment Procedures	Resolved

Financial Statement – Component Unit

06-2012 – Recording Audit Adjustments	Resolved
06-02-2013 – Noncompliance of Submission of the Audit Contract	Resolved
06-2012 – Failure to Properly Account for Fire Loss	Resolved

Financial Report – Compliance – Primary Government

2005-10 SD - Audit Report Submission to the New Mexico State Auditor	Revised
2009-01 MW - Overbilling and Overpayment to Contractor	Not repeated

Current Year Audit Findings – Primary Government

Financial Report - Internal Control – Primary Government

2005-010 [2005-10] SD – Late Audit Report
2014-001 SD – Expenditures in Excess of Budget
2014-002 SD – Deficit Fund Balances

Financial Statement – Component Unit

None to be Reported

Financial Report – Compliance – Primary Government

2005-010 [2005-10] SD – Late Audit Report
2014-001 SD – Expenditures in Excess of Budget
2014-003 OM – Late Auditor Selection/Contract

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
SCHEDULE OF FINDINGS AND RESPONSES, continued
For the Year Ended June 30, 2014**

**2005-010 |2005-10| Significant Deficiency
Late Audit Report**

Statement of Condition:

The audit report for the Village of Santa Clara was not submitted to the New Mexico Office of the State Auditor (NMOSA) in a timely manner. The Village's auditor and the Village's management and Mayor were informed that the submittal of the Village's report would not be accepted unless/until its component unit was included. The audit report of the component unit was not approved by the NMOSA until December 31, 2014 and the needed complete component unit report was not received by the Village's auditor until January 5, 2015. The component unit's audit report was submitted for review on November 25, 2014 (Contracted submission due date was December 1, 2014). The Village's report (without the component unit information) was ready for submission on November 22, 2014 (Contracted submission due date was December 1, 2014).

Criteria:

Per Section 2.2.2.9 (A)(1)(e) the deadline for submittal of the audit report to the NMOSA was December 1, 2014.

Effect:

A delay in the submittal of the audit report may result in the Village being designated as an "At Risk" entity and could have a detrimental effect on its ability to secure needed additional funding.

Cause:

The Village did not have the ability to enforce its desire for an earlier completion date on its component unit's audit once the contract with the NMOSA was signed by the component unit auditor, the housing authority (Component Unit) and NMOSA. Attempts by the Village's management and auditor to receive the component unit's report before the contracted due date were unsuccessful.

Recommendation:

The Village should either dictate that the component unit's audit be completed a minimum of 45 days prior to the NMOSA's deadline of December 1 or insist that the auditor for its Component Unit and the Village be the same audit firm.

Response:

The Village agrees with this finding. The Village has agreed with the Santa Clara Housing Authority to combine both Audits together under the same RFP for one Audit Firm to complete both audits consecutively to insure completion in a timely manner.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
SCHEDULE OF FINDINGS AND RESPONSES, continued
For the Year Ended June 30, 2014**

**2014-001 – Significant Deficiency
Expenditures in Excess of Budget**

Statement of Condition:

Expenditures in three of the Village’s funds exceeded the final budget as approved by the Village’s council and DFA. Expenditures exceeded budgets in the following funds by the amounts shown:

General Fund (10)	\$ 506
Fire Protection (22)	\$ 20,333
Law Enforcement (24)	\$ 1

Criteria:

New Mexico State Statutes Section 6-6-6 requires the Village to only approve claims authorized by its approved budget. No official shall pay any check or warrant in excess of its budget.

Effect:

The allowance for claims or checks or warrants in excess of approved budgets so allowed or paid shall be a liability against the officials so allowing or paying those claims or checks or warrants, and recovery for the excess amounts so allowed or paid may be had against the bondsmen of those officials.

Cause:

The Village, in its efforts to submit accurate and timely reports to Local Government – Department of Finance and Administration (LG DFA) adjusted its budget amounts to exactly equal the revenue and expenditure amounts as reflected in its accounting records. This action did not consider that errors/adjustments/rounding may be necessary to accurately reflect the cash basis (Budgetary Basis) audited expenditures made during the year.

Recommendation:

The Village should monitor its budgets in a timely manner and only process budget changes necessary to ensure that all required expenditures have been authorized by budget. All budget changes should identify the sources available for expenditure (Either currently received revenues or carry forward cash balances).

Agency Response:

The Village agrees with the Audit findings. The Village will monitor its budget as purchases are encumbered. Purchases Orders will not be approved until after the budget has been reviewed. There will be a spreadsheet created per line item that will deduct from the approved budget. If a purchase request is made and the budget does not allow the request will be denied or if the purchase is necessary the department supervisor will have to request a budget revision, which will then be approved by the Board of Trustees.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
SCHEDULE OF FINDINGS AND RESPONSES, continued
For the Year Ended June 30, 2014**

**2014-002 Significant Deficiency
Deficit Fund Balances**

Statement of Condition:

Two of the Village's capital project funds reflect deficit fund balances. These two funds have reflected deficit fund balances for the past few years. The two funds and their deficit balances are:

Senior Center Improvement (Fund 35)	\$ 144
Industrial Park (Fund 55)	\$ 2,864
RUS Grant (Fund 42)	\$ 726

Criteria:

Anticipated expenditures should always be covered by a source of funding. When funding sources fall short of required expenditures a different source of funding must be identified and budgeted. Some shortfalls may need to be covered by a transfer from the general fund.

Effect:

The two funds are no longer in use by the Village and will show deficit spending until a source of funds is identified and used to off-set the deficit.

Cause:

In prior years, the Village's capital project grant activity was not properly monitored.

Recommendation:

The Village will need to make a transfer from the general fund (or another source) to eliminate the deficit balances reflected in these two funds.

Agency Response:

The Village agrees with the Audit findings. The Village will make a transfer from the general fund (or another source) to eliminate the deficit balances reflected in these two funds.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
SCHEDULE OF FINDINGS AND RESPONSES, continued
For the Year Ended June 30, 2014**

**2014-003 Other Matter
Late Auditor Selection/Contract**

Statement of Condition:

The auditor selection and contract signing was not performed in a timely enough manner. The contract was signed by the Village on May 12, 2014, the auditor on May 16, 2014 and the Office of the State Auditor on June 16, 2014.

Criteria:

Per Section 2.2.2.8 (G)(6)(c)(iv) the deadline for signing the audit contract was May 15, 2014.

Effect:

A delay in the signing of the contract may cause a delay in the completion of the audit and the submittal of the audit report to the Office of the State Auditor (OSA).

Cause:

The new Clerk/Treasurer was unfamiliar with the due dates for submitting the required paperwork and, because of the late submittal to the OSA, a further delay occurred.

Recommendation:

Because the Clerk/Treasurer has now received information regarding the deadlines in place, every effort to meet the required deadlines should be made in the future.

Agency Response:

The Village agrees with the Audit findings. The Clerk/Treasurer will ensure that the deadline to secure an auditor is met.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
EXIT CONFERENCE
For the Year Ended June 30, 2014**

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 November 19, 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
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There were no passed adjustments.

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