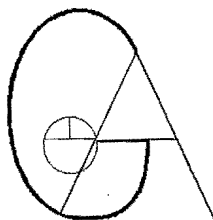


**VILLAGE OF SANTA CLARA**  
**FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**  
**For the Year Ended June 30, 2015**  
**With Independent Auditor's Reports Thereon**



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

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

**For the Year Ended June 30, 2015**

**With Independent Auditor's Reports Thereon**

## **INTRODUCTORY SECTION**

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
TABLE OF CONTENTS  
June 30, 2015**

**INTRODUCTORY SECTION**

	<u>Page</u>
Table of Contents	1-4
Official Roster	5
Housing Authority Official Roster	6

**FINANCIAL SECTION**

Independent Auditor's Report	7-10
------------------------------	------

**BASIC FINANCIAL STATEMENTS**

Government - Wide and Fund Financial Statements:

Statement of Net Position	Exhibit A	11
Statement of Activities	Exhibit B	12
Balance Sheet - Governmental Funds	Exhibit C	13
Reconciliation of the Governmental Fund Balance Sheet with the Statement Of Net Position		14
Statement of Revenues, Expenditures And Changes in Fund Balance Governmental Funds	Exhibit D	15
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, And Changes in Fund Balance with the Statement of Activities		16
Statement of Revenues and Expenditures Budget and Actual – General Fund	Exhibit E	17
Statement of Net Position – Proprietary Funds	Exhibit G	18

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
TABLE OF CONTENTS, continued  
June 30, 2015**

**BASIC FINANCIAL STATEMENTS, continued**

Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	Exhibit H	19
Statement of Cash Flows Proprietary Fund	Exhibit I	20-21
Statement of Fiduciary Net Position – Agency Fund	Exhibit J	22
Index		23-24
Notes to Basic Financial Statements		25-68

**SUPPLEMENTARY INFORMATION**

Statement of Revenues and Expenditures – Budget and Actual

Major Proprietary Funds:

Water and Sewer	Statement 1	69
Solid Waste	Statement 2	70

Non-Major Governmental Funds:

Combining Balance Sheet	Statement A-1	71-72
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	Statement A-2	73-74

Statement of Revenues and Expenditures – Budget and Actual

Correction Fund	Statement B-1	75
EMS Fund	Statement B-2	76
Fire Protection Fund	Statement B-3	77
Law Enforcement Protection Fund	Statement B-4	78

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
TABLE OF CONTENTS, continued  
June 30, 2015**

**SUPPLEMENTAL INFORMATION, continued**

		<u>Page</u>
Statement of Revenues and Expenditures – Budget and Actual, continued		
Municipal Streets Fund	Statement B-5	79
Economic Development Fund	Statement B-6	80
Cemetery Fund	Statement B-7	81
Animal Shelter Fund	Statement B-8	82
Senior Center Fund	Statement B-9	83
RUS Grant Fund	Statement B-10	84
Colonias Grant Fund	Statement B-11	85
Industrial Park Fund	Statement B-12	86
Main Street Park Fund	Statement B-13	87
Street Improvement Fund	Statement B-14	88
CDGB Grant Fund	Statement B-15	89

**REQUIRED SUPPLEMENTARY INFORMATION**

Proportionate Share of Net Pension Liability	Schedule 1	90
Contributions of PERA Fund	Schedule 2	91

**OTHER SUPPLEMENTARY INFORMATION**

Joint Powers Agreements	Schedule 3	92
Bank Depositories	Schedule 4	93

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
TABLE OF CONTENTS, continued  
June 30, 2015**

Schedule of Changes in Assets and Liabilities	Schedule 5	94
Schedule of Collateralization	Schedule 6	95
Schedule of Special Appropriations	Schedule 7	96
Schedule of Vendor Information (part 1)	Schedule 8	97
Schedule of Vendor Information (part 2)	Schedule 9	98

**COMPLIANCE SECTION**

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	99-101
---	--------

**FINDINGS AND RESPONSES**

Findings and Responses	102-109
Exit Conference	110

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
OFFICIAL ROSTER  
June 30, 2015**

**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  
SANTA CLARA HOUSING AUTHORITY  
OFFICIAL ROSTER  
June 30, 2015**

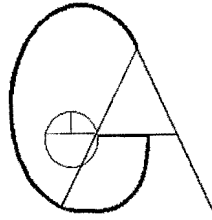
**Board of Commissioners**

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

**Administration**

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



Gary E. Gaylord, C.P.A.

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

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

## INDEPENDENT AUDITOR'S REPORT

Mr. Tim Keller, State Auditor  
and  
Richard Bauch, Mayor  
Village Trustees  
Village of Santa Clara  
Santa Clara, New Mexico

### **Report on Financial Statements**

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information and the budgetary comparisons for the general fund of the Village of Santa Clara, Santa Clara, New Mexico, (The Village) as of and for the year ended June 30, 2015, 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, 2015, 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 and deferred outflows of resources of \$ 728,472 constituting 6.9 % of the Village's total assets and total revenue of

## **INDEPENDENT AUDITOR'S REPORT, continued**

\$223,912 constituting 9.7 % of the Village's total revenue for the year then ended. Those statements were audited by other auditors, whose report has been furnished to me, and my opinion, insofar as it relates to the 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, each major fund, and the aggregate remaining fund information of the Village, as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof in conformity with accounting principles generally accepted in the United State of America. In my opinion, based upon my audit, the budgetary comparison for the general fund for the year then ended presents fairly, in all material respects, the results of operations, in conformity with accounting principles more fully described in Note 1 which is a comprehensive basis of accounting other than 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, 2015, and the respective changes in financial position thereof. In my opinion, the respective budgetary comparisons for the non major funds for the year then ended present fairly, in all material respects, the results of operations, in conformity with accounting principles more fully described in Note 1 which is a

## INDEPENDENT AUDITOR'S REPORT, continued

comprehensive basis of accounting other than accounting principles generally accepted in the United State of America.

### Other matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United State of America require that the *Management's Discussion and Analysis* and the pension liability schedules be presented to supplement the basic financial statements.

Management has omitted the *Management's Discussion and Analysis (MD&A)*. 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 operational, economic, or historical context. My opinion on the basic financial statements is not affected by the missing information.

I have applied certain limited procedures to the pension liability schedules in accordance with auditing standards generally accepted in the United State of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basis financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

#### *Other 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 Supplementary 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.

The schedules of Vendor Information on pages 97-98 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on them.

## INDEPENDENT AUDITOR'S REPORT, continued

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated February 23, 2016 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  
February 23, 2016

## **BASIC FINANCIAL STATEMENTS**

State of New Mexico  
Village of Santa Clara  
**Statement of Net Position**  
June 30, 2015

	<u>Primary Government</u>			<u>Component Unit - Housing Authority</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 846,214	144,566	990,780	48,604
Investments	428,810		428,810	
Customer accounts receivable, net		71,539	71,539	
Unbilled accounts receivable		23,762	23,762	
Subsidy receivable				
Due from grantor	34,101	7,898	41,999	6,263
Taxes receivable	36,800	774	37,574	
Other receivables				
Prepaid expenses				6,914
Internal balance receivable		10,972	10,972	
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents		147,846	147,846	2,956
Capital assets not being depreciated:				
Land	28,131		28,131	
Construction work in progress	105,227	114,404	219,631	23,436
Capital assets net of accumulated depreciation				
Infrastructure	1,543,297	4,058,853	5,602,150	9,345
Buildings and building improvements	1,730,567	104,826	1,835,393	627,971
Machinery and equipment	190,231	129,485	319,716	
Total Assets	<u>4,943,378</u>	<u>4,814,925</u>	<u>9,758,303</u>	<u>725,489</u>
Deferred outflows of resources	<u>4,747</u>		<u>4,747</u>	<u>2,983</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 24,863	5,364	30,227	4,579
Accrued salaries and benefits	9,991	5,330	15,321	2,196
Accrued compensated absences - current	1,810	1,080	2,890	
Accrued interest payable		6,084	6,084	
Customer deposits		58,608	58,608	2,956
Prepaid rent				705
Internal balance payable	10,972		10,972	
Noncurrent liabilities:				
Net pension liability				29,644
Due within one year	18,327	10,300	28,627	
Due in more than one year	27,465	311,401	338,866	
Total Liabilities	<u>93,428</u>	<u>398,167</u>	<u>491,595</u>	<u>40,080</u>
Deferred inflows of resources				<u>11,618</u>
<b>NET POSITION</b>				
Net investment in capital assets	3,560,712	4,091,268	7,651,980	643,992
Restricted for:				
Capital Projects	27,783		27,783	
Other Purposes	263,339		263,339	
Unrestricted	1,002,863	325,490	1,328,353	32,782
Total Net Position	<u>\$ 4,854,697</u>	<u>4,416,758</u>	<u>9,271,455</u>	<u>676,774</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, 2015

Functions/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Position			Component Unit - Housing Authority
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Primary Government:</b>							
Governmental activities:							
General Government	\$ 175,429	10,297	70,000		(95,132)	(95,132)	
Public Safety	597,689	81,607	108,603	11,766	(395,713)	(395,713)	
Public Works	90,241	6,888		139,395	56,042	56,042	
Health and Welfare	21,381	800			(20,581)	(20,581)	
Interest on long-term debt	115				(115)	(115)	
Total governmental activities	\$ 884,855	99,592	178,603	151,161	(455,499)	(455,499)	
Business-type activities:							
Water and Sewer	\$ 759,581	753,768		126,349		120,536	120,536
Solid Waste	136,219	140,591				4,372	4,372
Total business-type activities	\$ 895,800	894,359		126,349		124,908	124,908
Total Primary Government	\$ 1,780,655	993,951	178,603	277,510	(455,499)	124,908	(330,591)
Component unit - Housing Authority	\$ 259,219	86,916	105,128	31,868			(35,307)
General revenues:							
Gasoline tax					5,004	5,004	
Gross receipts tax					163,406	4,896	168,302
Other taxes					52,978		52,978
Small cities distribution					393,483		393,483
Unrestricted investment income					2,268	38	2,306
Gain (loss) from sale of assets							
Transfers					(72,988)	72,988	
Total general revenues and transfers					544,151	77,922	622,073
Change in net position					88,652	202,830	291,482
Net position at beginning of year, as previously reported					4,696,040	4,186,577	8,882,617
Restatement					70,005	27,351	97,356
Net position at beginning of year, as restated					4,766,045	4,213,928	8,979,973
Net position at end of year					\$ 4,854,697	4,416,758	9,271,455

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, 2015

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 581,229	264,987	846,216
Investments	408,405	20,405	428,810
Taxes receivable	34,725	2,074	36,799
Due from grantor		34,101	34,101
Other accounts receivable			
Due from other funds			
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 1,024,359</u>	<u>321,567</u>	<u>1,345,926</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities:			
Accounts payable	\$ 5,389	19,473	24,862
Accrued salaries and benefits	9,991		9,991
Compensated absences	1,810		1,810
Due to other funds		10,972	10,972
Total liabilities	<u>17,190</u>	<u>30,445</u>	<u>47,635</u>
Fund Balance:			
Unspendable			
Restricted		291,122	291,122
Committed			
Assigned			
Unassigned	1,007,169		1,007,169
Total fund balance	<u>1,007,169</u>	<u>291,122</u>	<u>1,298,291</u>
Total liabilities and fund balances	<u>\$ 1,024,359</u>	<u>321,567</u>	<u>1,345,926</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, 2015

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

Total fund balances - Governmental Funds	\$	1,298,291
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		5,680,214
Accumulated depreciation is		<u>(2,082,761)</u>
		3,597,453
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:		
Noncurrent compensated absences		(9,051)
Notes payable to NMFA		(36,741)
		(45,792)
Payments to PERA after the measurement date are treated as deferred outflows of resources		<u>4,747</u>
		4,747
Rounding		<u>(2)</u>
Total net position - Governmental Activities	\$	<u>4,854,697</u>

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

Exhibit C

State of New Mexico  
Village of Santa Clara  
**Statement of Revenues, Expenditures and  
Changes in Fund Balance - Governmental Funds**  
For the Year Ended June 30, 2015

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenue:			
Local Revenue	\$		
Franchise tax	31,750		31,750
Gross Receipts Tax - Local	77,415	7,638	85,053
Property Taxes	16,872		16,872
Licenses, Fines & Fees	1,494		1,494
Miscellaneous Charges for Services	2,551		2,551
Court fines and fees	58,479	20,733	79,212
Interest	2,243	24	2,267
Other miscellaneous	8,646	21,930	30,576
State Revenue			
Gross Receipts Tax - State shared	78,353		78,353
CFT Gas Tax		5,004	5,004
Motor Vehicle distribution	4,356		4,356
State fire allotment			
Small cities distribution	393,483		393,483
Grants	9,146	234,162	243,308
Federal Revenue			
Intergovernmental grants		72,216	72,216
	<u>684,788</u>	<u>361,707</u>	<u>1,046,495</u>
Expenditures:			
Current:			
General Governmental:			
Executive - Legislative	73,448		73,448
Finance - Administration	83,382	38	83,420
Public Safety:			
Judicial	68,184	7,142	75,326
Police	362,177	2,006	364,183
Animal Control	34,786	52	34,838
Fire	6,500	25,244	31,744
Health and Welfare		1,182	1,182
Public Works	21,109	96,683	117,792
Non Current:			
Capital Outlay		83,534	83,534
Debt Service		18,377	18,377
	<u>649,586</u>	<u>234,258</u>	<u>883,844</u>
Revenues over (under) expenditures	35,202	127,449	162,651
Other financing sources (uses):			
Operating transfers in	5	21,065	21,070
Operating transfers out	(21,065)	(93,076)	(114,141)
Net change in fund balance	14,142	55,438	69,580
Fund balance, at beginning of year	993,027	235,684	1,228,711
Fund balance, at end of year	<u>\$ 1,007,169</u>	<u>291,122</u>	<u>1,298,291</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, 2015

Total net change in fund balance - Governmental Funds		\$ 69,580
<p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. For governmental activities, those assets are shown in the Statement of net assets and allocated over their estimated useful lives as annual depreciation.</p>		
Capital outlays	198,514	
Depreciation expense	<u>(202,631)</u>	(4,117)
<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>		
Decrease in noncurrent compensated absences payable	180	
Decrease in accrued interest payable	<u>23</u>	203
<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>18,240</u>	18,240
<p>Increase in deferred outflows of resources - Pension payments after the measurement date</p>		
	<u>4,747</u>	4,747
Rounding		<u>(1)</u>
Change in net position of governmental activities		<u>\$ 88,652</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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative)	
	Original Budget	Final Budget		Original Budget to Final	Actual to Final Budget
	Revenue:				
Franchise tax	\$ 29,800	29,800	30,904		1,104
Gross Receipts Tax - Local	102,069	80,000	78,159	(22,069)	(1,841)
Property Taxes	11,752	11,982	17,076	230	5,094
Gross Receipts Tax - State shared	82,386	82,387	79,108	1	(3,279)
Motor Vehicle distribution	4,198	4,198	4,745		547
Licenses, Fines & Fees	2,420	4,008	2,499	1,588	(1,509)
Miscellaneous Charges for Services	1,100	800	501	(300)	(299)
Court fines and fees	39,583	48,000	61,299	8,417	13,299
Interest	722	3,066	2,243	2,344	(823)
Small cities distribution	135,000	392,483	393,483	257,483	1,000
Other Miscellaneous	15,682	13,528	19,423	(2,154)	5,895
Total revenues	<u>424,712</u>	<u>670,252</u>	<u>689,440</u>	<u>245,540</u>	<u>19,188</u>
Expenditures:					
Current:					
General Governmental:					
Executive - Legislative	44,032	69,555	72,029	(25,523)	(2,474)
Finance & Budget	100,739	106,727	82,723	(5,988)	24,004
Public Safety:					
Judicial	62,323	81,111	68,501	(18,788)	12,610
Police	412,957	426,352	363,939	(13,395)	62,413
Fire		2,720	6,500	(2,720)	(3,780)
Animal control	13,104	48,090	34,619	(34,986)	13,471
Health and Welfare	5,190			5,190	
Culture and Recreation	2,000			2,000	
Public Works					
Highways and streets	17,500	20,500	22,718	(3,000)	(2,218)
Total expenditures	<u>657,845</u>	<u>755,055</u>	<u>651,029</u>	<u>(97,210)</u>	<u>104,026</u>
Revenues over (under) expenditures	<u>(233,133)</u>	<u>(84,803)</u>	<u>38,411</u>	<u>148,330</u>	<u>123,214</u>
Other financing sources (uses):					
Operating transfers in			5		5
Operating transfers out		(104,578)	(21,065)	(104,578)	83,513
Net other financing sources (uses)		<u>(104,578)</u>	<u>(21,060)</u>	<u>(104,578)</u>	<u>83,518</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(233,133)</u>	<u>(189,381)</u>	<u>17,351</u>	<u>43,752</u>	<u>206,732</u>
Budgetary Notation:					
Cash appropriated from prior year for current year expenditures	\$ <u>233,133</u>	<u>189,381</u>		<u>(43,752)</u>	
Reconciliation to GAAP basis financial statement					
Decrease in taxes receivable			(1,245)		
Decrease in other receivables			(3,406)		
Decrease in accounts payable			2,258		
Increase in accrued compensation			(852)		
Decrease in compensated absences			36		
Net change in fund balance			\$ <u>14,142</u>		

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

Exhibit E

State of New Mexico  
Village of Santa Clara  
**Statement of Net Position - Proprietary Funds**  
June 30, 2015

<b>ASSETS</b>	<b>Water and Sewer</b>	<b>Solid Waste</b>	<b>Total</b>
<b>Current assets:</b>			
Cash and cash equivalents	\$ 81,508	63,058	144,566
Customer accounts receivable, net	58,475	13,064	71,539
Unbilled accounts receivable	19,329	4,433	23,762
Due from grantor	7,898		7,898
Taxes receivable		774	774
Due from other funds	10,972		10,972
<b>Restricted cash and investments:</b>			
Customer meter deposits	58,608		58,608
Revenue bond reserves	89,238		89,238
<b>Total current assets</b>	<b>326,028</b>	<b>81,329</b>	<b>407,357</b>
<b>Noncurrent assets:</b>			
<b>Capital Assets not being depreciated:</b>			
Construction work in progress	114,404		114,404
<b>Capital Assets being depreciated:</b>			
Infrastructure	4,979,936		4,979,936
Buildings	124,821		124,821
Machinery and equipment	435,982		435,982
Total capital assets	5,655,143		5,655,143
Accumulated depreciation	(1,247,575)		(1,247,575)
Net capital assets	4,407,568		4,407,568
<b>Total assets</b>	<b>\$ 4,733,596</b>	<b>81,329</b>	<b>4,814,925</b>
<b>LIABILITIES AND NET POSITION</b>			
<b>Current liabilities:</b>			
Trade accounts payable	\$ 5,220	144	5,364
Accrued salaries and benefits	5,330		5,330
Customer meter deposits payable	58,608		58,608
Accrued compensated absences - current	1,080		1,080
Accrued interest payable	6,084		6,084
Revenue bonds payable, current portion	10,300		10,300
Total current liabilities	86,622	144	86,766
<b>Noncurrent liabilities:</b>			
Noncurrent accrued compensated absences	5,401		5,401
Revenue bonds payable, net of current portion	306,000		306,000
Total noncurrent liabilities	311,401		311,401
<b>Total liabilities</b>	<b>398,023</b>	<b>144</b>	<b>398,167</b>
<b>NET POSITION</b>			
Net investment in capital assets	4,091,268		4,091,268
Unrestricted	244,305	81,185	325,490
<b>Total net position</b>	<b>4,335,573</b>	<b>81,185</b>	<b>4,416,758</b>
<b>Total liabilities and net position</b>	<b>\$ 4,733,596</b>	<b>81,329</b>	<b>4,814,925</b>

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

Exhibit G

State of New Mexico  
Village of Santa Clara  
**Statement of Revenues, Expenses and  
Changes in Fund Net Position - Proprietary Funds**  
For the Year Ended June 30, 2015

	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Total</u>
Revenues:			
Utility charges	\$ 616,671	140,591	757,262
Penalties	11,394		11,394
Other miscellaneous	125,703		125,703
Environmental gross receipts tax		4,896	4,896
Total operating revenue	<u>753,768</u>	<u>145,487</u>	<u>899,255</u>
Operating expenses:			
Salaries and benefits	183,826		183,826
Travel, training and per diem	2,229		2,229
Contractual services	208,565	71,736	280,301
Supplies	26,008		26,008
Other operating expenses	230,252	64,483	294,735
Depreciation	98,205		98,205
Total operating expenses	<u>749,085</u>	<u>136,219</u>	<u>885,304</u>
Net operating income (loss)	<u>4,683</u>	<u>9,268</u>	<u>13,951</u>
Non-operating income (expenses)			
Capital grants	126,349		126,349
Investment income	38		38
Interest expense	(10,496)		(10,496)
Total nonoperating revenue (expenses)	<u>115,891</u>		<u>115,891</u>
Income (loss) before transfers	<u>120,574</u>	<u>9,268</u>	<u>129,842</u>
Transfers in	93,071		93,071
Transfers out	(20,083)		(20,083)
Net transfers	<u>72,988</u>		<u>72,988</u>
Change in net position	<u>193,562</u>	<u>9,268</u>	<u>202,830</u>
Net position at beginning of year, as previously reported	4,114,660	71,917	4,186,577
Restatement	<u>27,351</u>		<u>27,351</u>
Net position at beginning of year, as restated	<u>4,142,011</u>	<u>71,917</u>	<u>4,213,928</u>
Net position at end of year	<u>\$ 4,335,573</u>	<u>81,185</u>	<u>4,416,758</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, 2015

	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from customers	\$ 773,734	141,886	915,620
Cash received from taxes and other sources		4,931	4,931
Payment to and on behalf of employees	(180,334)		(180,334)
Payment to vendors for goods and services	(471,712)	(140,910)	(612,622)
Net cash flows from operating activities	<u>121,688</u>	<u>5,907</u>	<u>127,595</u>
Cash flows from Noncapital Financing Activities:			
Transfer from other funds	<u>36,818</u>		<u>36,818</u>
	<u>36,818</u>		<u>36,818</u>
Cash flows from capital and related financing activities:			
Proceeds from capital grants	228,189		228,189
Payments on revenue bonds	(4,350)		(4,350)
Interest payments	(10,582)		(10,582)
Purchase of capital assets	(426,203)		(426,203)
Net cash flows from capital and related financing activities	<u>(212,946)</u>		<u>(212,946)</u>
Net increase (decrease) in cash and cash equivalents	(54,440)	5,907	(48,533)
Cash and cash equivalents, at beginning of year	<u>283,794</u>	<u>57,151</u>	<u>340,945</u>
Cash and cash equivalents, at end of year	<u><u>229,354</u></u>	<u><u>63,058</u></u>	<u><u>292,412</u></u>
Show on statement of net position:			
Unrestricted cash and cash equivalents	81,508	63,058	144,566
Restricted cash and cash equivalents	<u>147,846</u>		<u>147,846</u>
	<u>\$ 229,354</u>	<u>63,058</u>	<u>292,412</u>

During FYE 06-30-15 capital assets in the amount of \$ 56,253 were transferred from the RUS capital projects fund to the Water and Sewer Fund and \$ 20,083 in capital assets were transferred from Water and Sewer Fund to the governmental funds.

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, 2015

	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Total</u>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOW FROM OPERATING ACTIVITIES</u></b>			
Net operating income (loss)	\$ 4,683	9,268	13,951
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation	98,205		98,205
(Increase) decrease in operating assets:			
Trade accounts receivable	10,789	302	11,091
Unbilled accounts receivable	6,857	994	7,851
Operating grants receivable	1,200		1,200
Taxes receivable		34	34
Increase (decrease) in operating liabilities:			
Accounts payable	(4,659)	(4,691)	(9,350)
Accrued salaries and benefits	2,155		2,155
Accrued compensated absences	1,337		1,337
Customer deposits	1,121		1,121
Rounding			
	<u>\$ 121,688</u>	<u>5,907</u>	<u>127,595</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, 2015

Assets:	
Cash	\$ <u>          264</u>
Liabilities:	
Deposit held in trust	\$ <u>          264</u>

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

Exhibit J

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**INDEX**

NOTE

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

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2015**

**INDEX, continued**

NOTES, continued

10. COMPONENT UNIT DISCLOSURES
  - A. Cash
  - B. Tenants Receivable
  - C. Capital Assets
  - D. Accrued Compensated Absences
  - E. Pension Plan – Public Employees Retirement Association
  - F. Post Employment Benefits
  - G. Risk Management
  - H. Contingent Liabilities
  - I. Restatements

**STATE OF NEW MEXICO**  
**VILLAGE OF SANTA CLARA**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**June 30, 2015**

**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.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2015**

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

**B. FINANCIAL REPORTING ENTITY**

The Village, which was formerly known as Village of Central was incorporated in May of 1947. 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, 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 government is able to exercise oversight responsibilities. Finally, the nature and significance of a

**STATE OF NEW MEXICO**  
**VILLAGE OF SANTA CLARA**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**June 30, 2015**

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.

**C. DISCRETELY PRESENTED COMPONENT UNIT**

Santa Clara Housing Authority (SCHA) 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. SCHA is a separate legal entity from the Village of Santa Clara and is a component unit of the Village. SCHA does not have any component units.

A five member board governs SCHA and is appointed to two-year terms by the Village Board of Trustees. The major revenue sources for SCHA are tenant rental receipts and subsidies from the Department of Housing and Urban Development. SCHA 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 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 services. 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, deferred outflows of resources, liabilities and deferred inflows of resources 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



**STATE OF NEW MEXICO**  
**VILLAGE OF SANTA CLARA**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**June 30, 2015**

accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Non-Exchange Transactions.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges for services which include charges to customers for utility and other services, fines and forfeitures from courts, and licenses and permits and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. Separate financial statements are provided for governmental funds, business-type funds, 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, 2015 the Village received operating grants and contributions and appropriations from the State of New Mexico for Economic Development, Public Safety (State Fire Allotments, Law Enforcement Protection as well as Traffic Safety grants which were passed through the New Mexico Department of Transportation.

**STATE OF NEW MEXICO**  
**VILLAGE OF SANTA CLARA**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**June 30, 2015**

Capital grants/loans were received from both State and Federal grantors for Utility, Infrastructure and other capital improvements/additions.

**E. Fund Financial Statements**

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

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

Total assets 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 FYE 06-30-15 the Village adopted Resolution No. 2014-34 which provided employees with the opportunity to participate in the state plan for Deferred Compensation pursuant to NMSA 1978 Section 10-7A-1 et seq. As a result of this action, the Village incurred deferred outflows of resources for the first time. The Village did not have any recognizable 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.

**STATE OF NEW MEXICO**  
**VILLAGE OF SANTA CLARA**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**June 30, 2015**

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, 2015 the Village had no major special revenue funds.

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 06-30-15 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.

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.

**STATE OF NEW MEXICO**  
**VILLAGE OF SANTA CLARA**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**June 30, 2015**

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, 2015.

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, 2015.

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).

**STATE OF NEW MEXICO**  
**VILLAGE OF SANTA CLARA**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**June 30, 2015**

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, 2015.

**F. 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.

The accounting objectives of this measurement focus are the determination of operating income, changes in net position (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 position.

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

**STATE OF NEW MEXICO**  
**VILLAGE OF SANTA CLARA**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**June 30, 2015**

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

Tax notices are sent by the County Treasurer to property owners by November 1 of each year to be paid in whole or two installments by November 10 and April 10 of the following year. The County collects such taxes and distributes them to the Village on a monthly basis. The Village accounts for its share of property taxes in the general fund. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60 day period after the close of the Village’s fiscal year. During FYE 06-30-15 the mill levy rate for Village operations was \$ .6245 mills on residential property and \$ 1.1853 mills on Non-residential property.

**STATE OF NEW MEXICO**  
**VILLAGE OF SANTA CLARA**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**June 30, 2015**

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

- 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.

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.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2015**

**G. 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 they are usually measurable. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. For governmental fund financial statement purposes, interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Interest and investment earnings are recognized when earned, regardless of when received in the government-wide and proprietary fund statements in accordance with the accrual basis of accounting.



**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2015**

**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.

**Inventory**

Material and supplies are valued at cost, which approximates market, using the first-in/first out (FIFO) method of accounting. The Village had no recognizable inventory at June 30, 2015.

**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, 2015 there were due to/due from accounts in the fund financial statements which are presented in note 3. The due to/due from balances reflected in the balance sheet are the result of a reimbursement being deposited into the wrong account (an account that had not made the original disbursement for which reimbursement was received). The Village uses a pooled cash account for almost all active funds.

There were several operating cash transfers during the year ended June 30, 2015, as follows:

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2015**

**Transfers between governmental funds:**

From Main Street Park Fund to General Fund	\$ <u>      5</u>
From General Fund to Fire Protection Fund	\$ 18,087
From General Fund to Senior Citizens Fund	114
From General Fund to Industrial Park Fund	<u>2,864</u>
	<u>\$ 21,065</u>

**Transfers of Cash and Capital Assets Between Governmental & Proprietary Funds:**

From RUS Grant Fund to Water & Sewer Fund	\$ 56,253
From Colonias Grant Fund to Water & Sewer Fund	36,818
To Governmental Funds from Water and Sewer Fund	<u>(20,083)</u>
Net transfer in form Governmental to Proprietary	<u>\$ 72,988</u>

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.

The transfers between the governmental funds and the proprietary funds are shown on the Statement of Activities (Exhibit B) as transfers.

**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.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2015**

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

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

Current year depreciation expense in the amount \$ 202,631 was charged to the following functional cost centers during the year on the Governmental Funds in the Statement of Activities

General Government	\$ 43,184
Public Safety	97,822
Public Works	41,425
Health and Welfare	<u>20,200</u>
	<u>\$ 202,631</u>

An additional \$ 98,205 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 position. 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

**STATE OF NEW MEXICO**  
**VILLAGE OF SANTA CLARA**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**June 30, 2015**

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.

**Deferred Outflows and Inflows of Resources**

The Village has recognized deferred outflows of resources for 2015 pension contributions paid after the actuarial measurement date. The Village, by resolution No. 2014-34 provided employees with the opportunity to participate in the state plan for Deferred Compensation pursuant to NMSA 1978 Section 10-7A-1 et seq. As a result of this action, the Village incurred deferred outflows of resources for the first time. The Village did not have any recognizable deferred inflows of resources. Five employees became active members in the deferred compensation offered by the Village. The effective date for joining the deferred compensation plan was January 1, 2015.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this

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

**June 30, 2015**

purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Equity Classifications**

*Government-wide Statements*

Net position comprises the various net earnings from operating income, non-operating revenues and expenses, and capital contributions. Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets:  
This component of net position 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, 2015 the Village did not have any unexpended debt proceeds.
- b. Restricted net position:  
This component of 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:  
This component of net position consists of all other net position that does not meet the definition of "restricted" or "net investment 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

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

**June 30, 2015**

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, 2015.

**Restricted**

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

**Committed**

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority (Village Mayor and Trustees). The Village did not have any committed fund balances at June 30, 2015.

**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, 2015.

**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.

**H. 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

**STATE OF NEW MEXICO**  
**VILLAGE OF SANTA CLARA**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**June 30, 2015**

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 Position (Government-wide) and Balance Sheet (Fund Financial Statements).

**Property Taxes**

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

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

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

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

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

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

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

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2015**

Property tax revenues amounted to \$ 16,872 for general operating purposes and \$0 for debt services purposes during the fiscal year ended June 30, 2015.

**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.

**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.

**I. OTHER POLICIES**

**GASB Pronouncements**

In fiscal year ended June 30, 2014 the following GASB statements became



**STATE OF NEW MEXICO**  
**VILLAGE OF SANTA CLARA**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**June 30, 2015**

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. 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.

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

During FYE 06-30-15 GASB continued issuing accounting and financial reporting standards. The following is a summary of the pronouncements that became effective for the Village during the year ended June 30, 2015.

**GASB 69 “Government Combinations and Disposals of Government Operations”** This statement provides guidance on government mergers and/or acquisitions as well as guidance on disposals of a government’s operations. This pronouncement will be applicable to the Village if/when a segment of its operations is purchased/merged or disposed of in the future.

**GASB 70 “Accounting and Financial Reporting for Nonexchange Financial Guarantees”** This statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. This

**STATE OF NEW MEXICO**  
**VILLAGE OF SANTA CLARA**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**June 30, 2015**

statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. This pronouncement is currently not applicable to the Village as the Village has not guaranteed any obligations of other entities.

**GASB 71 “Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68”**

This statement addresses the accounting treatment to be utilized by a government when it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions. This pronouncement is applicable to the Village as the deferred inflows of resources cannot be established for the Village until after the next measurement date.

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 Accounting and Reporting**

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

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

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

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

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2015**

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 6-30-15.

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

Budgets for all governmental type funds are prepared on the cash basis of accounting which is inconsistent with generally accepted accounting principles (GAAP). Budgets of the Enterprise Funds differ from GAAP in that capital expenditures and bond/note principle payments are treated as other financing uses. Bond/note proceeds are shown as other financing sources. 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 depositing a reimbursement from a grantor in an account/fund different than the fund that expended the amount being reimbursed.

	<u>Due From</u>	<u>Due To</u>
Water & Sewer Fund	\$ 10,972	
Colonias Grant		\$ 10,972

**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:

**STATE OF NEW MEXICO**  
**VILLAGE OF SANTA CLARA**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**June 30, 2015**

- a) Bonds or negotiable securities of the United States, the state or a county, municipality or town which has a taxable valuation of real property for the last preceding year of at least one million dollars (\$1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or
  
- b) securities that are issued by the United States government or by its agencies instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States or government or agencies guaranteed by the United States government; or
  
- c) in contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least on hundred two percent of the contract. The collateral required for investment in the contracts provided in this subsection shall be shown on the books of the financial institution as being the property of the investor and in the designation shall be contemporaneous with the investment.

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

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

**STATE OF NEW MEXICO**  
**VILLAGE OF SANTA CLARA**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**June 30, 2015**

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

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

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

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

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Village does not have a deposit policy for custodial risk. As of June 30, 2015, the Village had custodial credit risk in the amount of \$ 1,059,451.

The cash balance held by New Mexico Mortgage Finance Authority (\$ 19,338) and New Mexico State Treasurer Office (NMSTO) (\$ 20,405) 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 {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.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2015**

	<u>First American Bank</u>
Demand deposits	\$ 1,061,536
NOW public funds	89,510
Time deposits	<u>408,405</u>
Total deposits	1,559,451
Less FDIC Insurance	
Demand deposits	(250,000)
Time deposits	<u>(250,000)</u>
Uninsured public funds	<u>\$ 1,059,451</u>
Required collateralization (50% of uninsured)	\$ 529,726
Pledged collateral held by pledging bank but not in the Village's name	<u>974,997</u>
Excess collateralization	<u>\$ 445,271</u>

**5. ACCOUNTS RECEIVABLE**

The accounts receivable of the Village at June 30, 2015 are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Customer accounts receivable	\$	\$ 107,539	\$ 107,539
Unbilled accounts receivable		23,762	23,762
Due from grantor	34,101	7,898	41,999
Other receivables			
Taxes receivable	<u>36,800</u>	<u>774</u>	<u>37,574</u>
Total receivables, before all.	<u>\$ 70,901</u>	<u>\$ 139,973</u>	<u>\$ 210,874</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.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2015**

**6. CAPITAL ASSETS**

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

	Balance June 30, <u>2014</u>	Adjustments and <u>Additions</u>	Adjustments and <u>Deletions</u>	Balance June 30, <u>2015</u>
Governmental Activities:				
Capital Assets Non Depreciable:				
Land	\$ 28,131			\$ 28,131
Work in progress	<u>234,038</u>	<u>60,257</u>	<u>(189,068)</u>	<u>105,227</u>
Total	<u>262,169</u>	<u>60,257</u>	<u>(189,068)</u>	<u>133,358</u>
Capital Assets being depreciated:				
Buildings and Improvements	2,388,208	217,191		2,605,399
Infrastructure	1,677,723	90,592		1,768,315
Furniture & Equipment	<u>1,000,316</u>	<u>200,684</u>	<u>(27,858)</u>	<u>1,173,142</u>
Total	<u>5,066,247</u>	<u>508,467</u>	<u>(27,858)</u>	<u>5,546,856</u>
Less accumulated depreciation:				
Buildings and improvements	(764,843)	(109,989)		(874,832)
Infrastructure	(191,722)	(33,663)	367	(225,018)
Furniture & Equipment	<u>(840,285)</u>	<u>(170,484)</u>	<u>27,858</u>	<u>(982,911)</u>
Total accumulated depreciation	<u>(1,796,850)</u>	<u>(314,136)</u>	<u>28,225</u>	<u>(2,082,761)</u>
Other capital assets, net	<u>3,269,397</u>	<u>194,331</u>	<u>367</u>	<u>3,464,095</u>
Total capital assets, net	<u>3,531,566</u>	<u>254,588</u>	<u>(188,701)</u>	<u>3,597,453</u>

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

General government	\$ 43,184
Public Safety	97,822
Public Works	41,425
Health and Welfare	<u>20,200</u>
	<u>\$ 202,631</u>

**STATE OF NEW MEXICO**  
**VILLAGE OF SANTA CLARA**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**June 30, 2015**

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

	Balance June 30, <u>2014</u>	Adjustments and <u>Additions</u>	Adjustments and <u>Deletions</u>	Balance June 30, <u>2015</u>
<b>Business -Type Activities:</b>				
Capital Assets Non Depreciable:				
Construction Work in Progress:				
Gravity Sewer Improvements	319,434	92,298	(411,732)	
SCADA & Hydrants	39,696	10,972		50,668
RUS Phase II	1,169,944	56,253	(1,226,197)	
SCADA & Re-wiring		23,080		23,080
Loop 152 Water Lines		33,097		33,097
Emergency Water Line		7,559		7,559
Total	<u>1,529,074</u>	<u>223,259</u>	<u>(1,637,929)</u>	<u>114,404</u>
Capital Assets being depreciated:				
Buildings and improvements	61,026	63,794		124,820
Infrastructure	3,381,373	1,598,563		4,979,936
Furniture & Equipment	<u>202,350</u>	<u>265,622</u>	<u>(31,990)</u>	<u>435,982</u>
Total	<u>3,644,749</u>	<u>1,927,979</u>	<u>(31,990)</u>	<u>5,540,738</u>
Less accumulated depreciation:				
Buildings and improvements	(20,338)	(2,762)	3,106	(19,994)
Infrastructure	(844,729)	(79,248)	2,893	(921,084)
Furniture & Equipment	<u>(123,451)</u>	<u>(215,035)</u>	<u>31,990</u>	<u>(306,496)</u>
Total accumulated depreciation	<u>(988,518)</u>	<u>(297,045)</u>	<u>37,989</u>	<u>(1,247,574)</u>
Other capital assets, net	<u>2,656,231</u>	<u>1,630,934</u>	<u>5,999</u>	<u>4,293,164</u>
Total capital assets, net	<u>4,185,305</u>	<u>1,854,193</u>	<u>(1,631,930)</u>	<u>4,407,568</u>

At June 30, 2015 the Village had commitments for construction related activity in the approximate amount of \$ 175,000 on various project in progress.



**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2015**

**7. LONG TERM DEBT**

**A. Governmental Activities Debt**

During the year ended June 30, 2015, the following changes occurred in the liabilities reported in the governmental activities debt of the Village.

<u>Description</u>	Balance at June 30, 2014	<u>Increase</u>	<u>Decrease</u>	Balance at June 30, 2015	Amount Due in <u>One Year</u>
	\$				
New Mexico Finance Authority	54,981		18,240	36,741	18,327
Accrued Compensated Absences	<u>11,077</u>	<u>10,400</u>	<u>10,516</u>	<u>10,961</u>	<u>1,810</u>
	\$ <u>66,058</u>	<u>10,400</u>	<u>28,756</u>	<u>47,702</u>	<u>20,137</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>
2016	\$18,327		92	18,419
2017	<u>18,414</u>	_____	<u>46</u>	<u>18,460</u>
	\$ <u>36,741</u>	_____	<u>138</u>	<u>36,879</u>

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2015**

**B. Enterprise (Proprietary) Debt**

During the year-ended June 30, 2015, the following changes occurred in the liabilities reported in the statement of net assets of business-type activities.

<u>Description</u>	<u>Balance at June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2015</u>	<u>Amount Due in One Year</u>
Revenue Bonds Series 2008	93,000		1,000	92,000	1,000
Revenue Bonds Series 2010	221,000		3,000	218,000	3,000
Colonias Match Loan	6,650		350	6,300	6,300
Compensated Absences	<u>5,144</u>	<u>9,100</u>	<u>7,763</u>	<u>6,481</u>	<u>1,080</u>
Total	<u>325,794</u>	<u>9,100</u>	<u>12,113</u>	<u>322,781</u>	<u>11,380</u>

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

<u>Due in Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,000	3,740	4,740
2021-2025	9,000	17,808	26,808
2026-2030	10,000	15,725	25,725
2031-2035	12,000	13,557	25,557
2036-2040	15,000	10,625	25,625
2041-2045	19,000	7,183	26,183
2046-2048	<u>22,000</u>	<u>2,295</u>	<u>24,295</u>
	\$ <u>92,000</u>	<u>86,318</u>	<u>178,318</u>

**STATE OF NEW MEXICO**  
**VILLAGE OF SANTA CLARA**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**June 30, 2015**

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>
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	4,000	6,090	10,090
2021-2025	20,000	28,650	48,650
2026-2030	25,000	25,350	50,350
2031-2035	28,000	21,510	49,510
2036-2040	33,000	17,010	50,010
2041-2045	38,000	11,280	49,280
2046-2050	44,000	5,670	49,670
2051	<u>11,000</u>	<u>330</u>	<u>11,330</u>
	<u>\$ 218,000</u>	<u>141,420</u>	<u>359,420</u>

The Series 2008 and 2010 revenue bonds require the establishment of certain resources as detailed in the bond indentures. At June 30, 2015 the total required reserved amounted to \$ 54,225 and the Village had set aside \$89,238 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, 2017ias
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 a \$ 70,000 Colonias Grant. The loan is non-interest bearing and due in annual installments of \$ 350. Subsequent to the year ended June 30, 2015 the Colonias grant was amended and increased to \$ 243,193. The original loan was replaced during this process with a new match loan in the amount of \$ 24,319.

STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2015

8. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

**General Information about the Pension Plan**

**Plan description.** The Public Employees Retirement Fund (PERA Fund) is a **cost-sharing, multiple employer defined benefit pension plan**. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19 NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18 NMSA 1978) and the Educational Retirement Act (Chapter 22 Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11 NMSA 1978), governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 366.

**Benefits provided.** For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2014 available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf).

**Contributions.** The contribution requirements of defined benefit plan members and the Village of Santa Clara are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY 14 for the various PERA coverage options, for both Tier 1 and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at [http://osanm.org/media/audits/366Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://osanm.org/media/audits/366Public_Employees_Retirement_Association_2014.pdf). The PERA coverage

**STATE OF NEW MEXICO**  
**VILLAGE OF SANTA CLARA**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**June 30, 2015**

option that applies to Village of Santa Clara beginning January 1, 2015 were \$ 4,747 for the period January 1, 2015 to June 30, 2015.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:**

The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation at each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2014.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members, municipal police members; municipal fire members; state general members; state police members and legislative members. The Village of Santa Clara's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2014. Only employer contributions for the pay period end dates that fell within the period of July 1, 2013 to June 30, 2014 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2014 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

**For PERA Fund Division Municipal General.** At June 30, 2015, the Village of Santa Clara did not report a liability for its proportionate share of the net pension liability as its employees were not members of PERA prior to January 1, 2015. See the footnotes related to the Santa Clara Housing Authority for the liability of its component unit.

For the year ended June 30, 2015, the Village of Sana Clara did not recognize any PERA Fund Division Municipal General pension expense. At June 30, 2015, Village of Santa Clara reported PERA Fund Division

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2015**

Municipal General deferred outflows of resources and deferred inflows of resources related to pensions, as follows:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Diff. between expected & actual experience	0	0
Changes of assumptions	0	0
Net difference between projected & actual earnings on pension plan investments	0	0
Change in proportion and differences between Village of Santa Clara contributions and proportionate share of contributions	0	0
Village of Santa Clara contributions subsequent to the measurement date	4,747	0
Totals	<u>\$ 4,747</u>	<u>\$ 0</u>

The deferred outflows of resources related to pensions resulting from Village of Santa Clara contribution which were made subsequent to the measurement date of June 30, 2014 in the amount of \$ 4,747 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense when they are determined.

**Actuarial assumptions.** As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2013 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2014 actuarial valuation.

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
• Investment rate of return	7.75% annual rate, net of investment expense
• Payroll growth	3.50% annual rate
• Projected salary increases	3.50% to 14.25% annual rate
• Includes inflation at	3.00% annual rate

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2015**

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>ALL FUNDS – Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
U.S. Equity	21.1%	5.00%
International Equity	24.8	5.20
Private Equity	7.0	8.20
Core & Global Fixed Income	26.1	1.85
Fixed Income Plus Sectors	5.0	4.80
Real Estate	5.0	5.30
Real Assets	7.0	5.70
Absolute Return	4.0	4.15
Totals	100.0%	

**Discount rate:** The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Village of Santa Clara's proportionate share of the net pension liability to changes in the discount rate.** The following table shows the sensitivity of the net pension liability to changes in the discount rate. In particular, the table presents the Village of Santa Clara's net pension liability in each PERA Fund Division that Village of Santa Clara participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2015**

<b>PERA Fund Division Municipal General</b>	<b>1% Decrease (6.75%)</b>	<b>Current Discount Rate (7.75%)</b>	<b>1% Increase (8.75%)</b>
Proportionate share of the net pension liability	To be determined	To be determined	To be determined

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued FY14 Restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

**Payables to the pension plan.** The Village is legally required to make defined contributions to the cost sharing pension plan on behalf of its participant employees. At June 30, 2015, the Village had paid all required contributions and therefore, there is no payable to the pension plan.

**9. OTHER NOTES**

**A. LITIGATION**

At June 30, 2015 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. 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 this time although the Village expects such amounts will not have a material adverse effect on its financial position/net assets.

**C. ADJUSTMENT TO BEGINNING EQUITY**

Effective June 30, 2015 a comprehensive inventory of the Village's capital assets was performed which included the inventory of all known movable and non movable items owned by the Village. As a result, governmental



**STATE OF NEW MEXICO**  
**VILLAGE OF SANTA CLARA**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**June 30, 2015**

net capital assets increased by \$ 70,005 and proprietary net capital assets increased by \$ 27,351 as shown on the Statement of Activities (Exhibit B).

**D. 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.

**E. SUBSEQUENT EVENTS**

Subsequent to FYE 06-30-15 the Village entered into several grant/loan agreements for the purposes of acquiring and/or improving its infrastructure assets.

**STATE OF NEW MEXICO**  
**VILLAGE OF SANTA CLARA**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**June 30, 2015**

**10. COMPONENT UNIT DISCLOSURES**

**A. CASH DEPOSITS WITH FINANCIAL INSTITUTIONS**

The Santa Clara Housing Authority maintains deposits in two financial institutions within Santa Clara, New Mexico. The Authority's deposits are carried at cost.

As of June 30, 2015, the amounts of cash reported on the financial statements differs from the amount on deposit with the various institutions because of transactions in transit and outstanding checks.

Deposits are held at Wells Fargo Bank in checking accounts. At June 30, 2015 the bank balance was \$54,269 and the carrying value was \$ 51,560 because of reconciling items of (\$ 2,709). All deposits are insured by the Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that in the event of a bank failure, the housing authority's deposit may not be returned to it. Santa Clara Husing Authority does not have a deposit policy for custodial credit risk. As of June 30, 2015, all of the Authority's deposits were insured and the Authority was not exposed to custodial credit risk.

**B. TENENTS RECEIVABLES**

Receivables as of June 30, 2015, consisted of the following:

	<u>Low Income Housing</u>
Charges for services	\$ <u>0</u>
Less allowance for doubtful accounts	\$ <u>0</u>

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2015**

**C. CAPITAL ASSETS**

The following is a summary of capital assets and changes occurring during the year ended June 30, 2015. Land is not subject to depreciation.

	<u>Balance 06/30/14</u>	<u>Reclass &amp; Additions</u>	<u>Reclass &amp; Deletions</u>	<u>Balance 06/30/15</u>
Capital assets not being deprec.				
Construction in progress	\$ 0	23,435		23,435
Capital assets being depreciated				
Buildings	\$ 625,592	\$ 889,840	\$	\$ 1,515,432
Leasehold improvements	902,818	(890,576)		12,242
Computer software	6,100	( 6,100)		0
Furniture, equipment, vehicles	<u>61,381</u>	<u>5,349</u>		<u>66,730</u>
Total	<u>1,595,891</u>	<u>( 1,487 )</u>		<u>1,594,404</u>
Accumulated depreciation				
Building	(617,206)	(56,015)	(212,713)	(885,934)
Leasehold improvements	(218,295)	(612)	216,010	(2,897)
Computer software	(4,378)		4,378	0
Furniture, equipment, vehicles	<u>(56,540)</u>	<u>(4,041)</u>	<u>(7,675)</u>	<u>(68,256)</u>
Total	<u>(896,419)</u>	<u>( 60,668)</u>		<u>(957,087)</u>
Depreciable capital assets, net	<u>\$ 699,472</u>	<u>\$ (62,155)</u>		<u>\$ 637,317</u>
Business-type capital assets, net	<u>\$ 699,472</u>	<u>\$ (38,720)</u>		<u>\$ 660,752</u>

**D. COMPENSATED ABSENCES**

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

<u>Balance 06/30/14</u>	<u>Additions</u>	<u>Decreases</u>	<u>Balance 06/30/15</u>	<u>Due within One year</u>
<u>\$ 1,081</u>	<u>\$ 0</u>	<u>\$ 1,081</u>	<u>\$ 0</u>	<u>\$ 0</u>

STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2015

**E. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**

**General Information about the Pension Plan**

**Plan description.** The Public Employees Retirement Fund (PERA Fund) is a **cost-sharing, multiple employer defined benefit pension plan**. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19 NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18 NMSA 1978) and the Educational Retirement Act (Chapter 22 Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11 NMSA 1978), governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 366.

**Benefits provided.** For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2014 available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf).

**Contributions.** The contribution requirements of defined benefit plan members and the Santa Clara Housing Authority are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY 14 for the various PERA coverage options, for both Tier 1 and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at [http://osanm.org/media/audits/366Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://osanm.org/media/audits/366Public_Employees_Retirement_Association_2014.pdf). The PERA coverage option that applies to Santa Clara Housing Authority is Municipal General. Statutorily required contributions to the plan from the housing

**STATE OF NEW MEXICO**  
**VILLAGE OF SANTA CLARA**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**June 30, 2015**

authority were \$ 2,983 for the year ended June 30, 2015.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:**

The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2014.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members, municipal police members; municipal fire members; state general members; state police members and legislative members. The Santa Clara Housing Authority's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2014. Only employer contributions for the pay period end dates that fell within the period of July 1, 2013 to June 30, 2014 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2014 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

**For PERA Fund Division Municipal General.** At June 30, 2015, the Santa Clara Housing Authority reported a liability of \$ 29,644 for its proportionate share of the net pension liability. At June 30, 2014, the Santa Clara Housing Authority's proportion was .0038 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the Santa Clara Housing Authority recognized PERA Fund Division Municipal General pension expense of

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2015**

\$ 1,237. At June 30, 2015, Santa Clara Housing Authority reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows of resources related to pensions, from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Diff. between expected & actual experience	0	0
Changes of assumptions	0	20
Net difference between projected & actual earnings on pension plan investments	0	11,598
Change in proportion and differences between Santa Clara Housing Authority contributions and proportionate share of contributions	0	0
Santa Clara Housing Authority contributions subsequent to the measurement date	<u>2,983</u>	<u>0</u>
Totals	<u>\$ 2,983</u>	<u>\$ 11,618</u>

The deferred outflows of resources related to pensions resulting from Santa Clara Housing Authority contribution which were made subsequent to the measurement date of June 30, 2014 in the amount of \$ 2,983 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b><u>Year Ended June 30,</u></b>	<b><u>Amount</u></b>
2016	\$ 2,904
2017	2,904
2018	2,904
2019	2,904
2020	<u>2</u>
Total	<u>\$ 11,618</u>

**Actuarial assumptions.** As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2013 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2015**

events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2014 actuarial valuation.

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
• Investment rate of return	7.75% annual rate, net of investment expense
• Payroll growth	3.50% annual rate
• Projected salary increases	3.50% to 14.25% annual rate
• Includes inflation at	3.00% annual rate

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>ALL FUNDS – Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
U.S. Equity	21.1%	5.00%
International Equity	24.8	5.20
Private Equity	7.0	8.20
Core & Global Fixed Income	26.1	1.85
Fixed Income Plus Sectors	5.0	4.80
Real Estate	5.0	5.30
Real Assets	7.0	5.70
Absolute Return	4.0	4.15
Totals	100.0%	

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2015**

**Discount rate:** The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Santa Clara Housing Authority's proportionate share of the net pension liability to change in the discount rate.** The following table shows the sensitivity of the net pension liability to changes in the discount rate. In particular, the table presents the Santa Clara Housing Authority's net pension liability in each PERA Fund Division that Santa Clara Housing Authority participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

<b>PERA Fund Division</b>	<b>1% Decrease (6.75%)</b>	<b>Current Discount Rate (7.75%)</b>	<b>1% Increase (8.75%)</b>
Municipal General			
Proportionate share of the net pension liability	\$ 55,886	\$ 29,644	\$ 9,371

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued FY14 Restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

**Payables to the pension plan.** The Authority is legally required to make defined contributions to the cost sharing pension plan on behalf of its participant employees. At June 30, 2015, the Authority had paid all required contributions and therefore, there is no payable to the pension plan.

**F. POST-EMPLOYMENT BENEFITS**

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



**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2015**

**G. RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has purchased commercial insurance to provide for these contingencies. The Authority pays an annual premium for its general insurance coverages and risk of loss is transferred.

**H. 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 Authority expects such amounts, if any, to be immaterial.

**I. RESTATEMENT**

The Authority has restated Net Position at June 30, 2014 for the following:

Net pension liability	\$ 40,039.
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This restatement is due to the implementation of GASB 68, *Accounting and Financial Reporting for Pensions*.

## **SUPPLEMENTARY INFORMATION**

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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative)	
	Original Budget	Final Budget		Original Budget to Final	Actual to Final Budget
	Revenues:				
Utility charges	\$ 593,000	631,182	634,317	38,182	3,135
Investment income		27	38	27	11
Penalties		10,000	11,394	10,000	1,394
Other, including state revenue	166,662	582,106	366,064	415,444	(216,042)
Total revenue	<u>759,662</u>	<u>1,223,315</u>	<u>1,011,813</u>	<u>463,653</u>	<u>(211,502)</u>
Expenditures					
Water:					
Salaries and benefits			130,030		(130,030)
Travel, training and per diem			962		(962)
Contractual services			32,686		(32,686)
Supplies			22,414		(22,414)
Other operating costs	500,000	985,231	573,060	(485,231)	412,171
Waste water:					
Salaries and benefits			50,515		(50,515)
Travel, training and per diem			1,267		(1,267)
Contractual services			195,544		(195,544)
Supplies			4,187		(4,187)
Other operating costs	331,490	376,357	82,495	(44,867)	293,862
Total expenditures	<u>831,490</u>	<u>1,361,588</u>	<u>1,093,160</u>	<u>(530,098)</u>	<u>268,428</u>
Revenues over (under) expenditures	<u>(71,828)</u>	<u>(138,273)</u>	<u>(81,347)</u>	<u>(66,445)</u>	<u>56,926</u>
Operating transfers in		137,545	36,818	137,545	(100,727)
Operating transfers out					
		<u>137,545</u>	<u>36,818</u>	<u>137,545</u>	<u>(100,727)</u>
Change in net position	(71,828)	(728)	(44,529)	71,100	<u>(43,801)</u>
Budgetary Notation - Cash Appropriated from Prior Year for Current Year Expenditure	\$ <u>71,828</u>	<u>728</u>		<u>(71,100)</u>	
Reconciliation to GAAP basis financial statements					
Decrease in net customer accounts receivable			(10,789)		
Decrease in unbilled accounts receivable			(6,857)		
Decrease in due from grantor			(114,012)		
Decrease in accounts payable			175,170		
Increase in accrued salaries and benefits			(2,155)		
Increase in accrued compensated absence payable			(1,336)		
Decrease in accrued interest payable			86		
Increase in meter deposits payable			(1,121)		
Nonbudgeted items:					
Transfer in of capital assets from governmental funds			56,253		
Capital asset purchases treated as expenditures for budgetary report			245,408		
Payments on long-term debt treated as expenditures for budgetary report			(4,350)		
Depreciation			(98,205)		
Rounding			(1)		
Change in net position			\$ <u>193,562</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variances Positive (Negative)</u>	
	<u>Original Budget</u>	<u>Final Budget</u>		<u>Original Budget to Final</u>	<u>Actual to Final Budget</u>
	Revenues:				
Utility charges	\$ 132,000	132,000	135,680		3,680
Gross receipts tax collected	6,600	6,600	6,206		(394)
Environmental gross receipts tax	6,555	6,555	4,931		(1,624)
	<u>145,155</u>	<u>145,155</u>	<u>146,817</u>		<u>1,662</u>
Expenditures:					
Contractual services	69,350	76,223	71,736	(6,873)	4,487
Other operating expenses	69,350	70,000	69,174	(650)	826
	<u>138,700</u>	<u>146,223</u>	<u>140,910</u>	<u>(7,523)</u>	<u>5,313</u>
Revenues Over (Under) Expenditures	6,455	(1,068)	5,907	(7,523)	<u>6,975</u>
Budgetary Notation - Cash Appropriated from Prior year for current year expenditure	\$ <u>(6,455)</u>	<u>1,068</u>		<u>7,523</u>	
Reconciliation to GAAP basis financial statements					
Increase in net customer accounts receivable			(302)		
Increase in unbilled accounts receivable			(994)		
Increase in taxes receivable			(34)		
Decrease in accounts payable			<u>4,691</u>		
Change in net position			\$ <u>9,268</u>		

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

Statement 2

## NON MAJOR SPECIAL REVENUE FUNDS

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

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

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

**Fire Protection Fund** - To account for the revenues received from 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 and to make payments on the debt incurred for fire equipment purchased in prior years.

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

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

**Economic Development Fund** - To account for a grant received from the State for the purpose of economic development within the Village.

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

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

**Animal Control** - To accounts for the operations of the animal control rescue and control efforts as permitted under Village Ordinance 14-2.

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

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

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

**RUS Grant** - To account for Federal grant revenues and expenditures that were used to renovate and expand water and wastewater systems. Funding is authorized by a Federal grant agreement.

**Colonias Grant Fund** – To account for loan/grant revenues received from the Colonias Infrastructure Board and New Mexico Finance Authority as authorized under the amended and restated Colonias Infrastructure Project Fund # 2796-CIF as authorized by Resolution No. 2016-6. Grant/loan expenditures are to be used for the purpose of design phase and installation of hydrants and the acquisition and installation of a new supervisory control data acquisition (“SCADA”) system to monitor water tank levels and shall include such other related work and revisions necessary to complete the Project. The amended project is funded with a \$ 218,874 grant and a \$ 24,319 loan.

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

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

**Street Improvement Fund** - To account for State grant revenues and required local matching. Expenditures are for the purpose of making improvements to Village streets. Authorized by State grant agreements with New Mexico Department of Transportation (CO-OP SP-1-14-966 and CO-OP SP-1-15-966). The various street projects are funded with combined State grants of \$ 60,000 and local matching of \$20,000.

**CDBG Grant** – To account for Federal revenues received and expended for the purpose of designing, constructing, and furnishing sidewalks, lighting, minor shoulder improvements, drainage and ADA improvements in the Village. Funding for the project (CDBG 14-C-RS-07-G-14) includes a Federal CDBG grant in the amount of \$ 500,000 as well as a required cash match of \$ 25,000 and leverage of \$ 62,269. The cash and leverage funds are being accounted for in other Village funds.

State of New Mexico  
 Village of Santa Clara  
**Non-Major Governmental Funds**  
**Combining Balance sheet**  
 June 30, 2015

	<b>Special Revenue Funds</b>									<b>Total Special Revenue Funds</b>
	<b>Correction Fund 20</b>	<b>EMS Fund 21</b>	<b>Fire Protection Fund 22</b>	<b>Law Enf. Prot. Fund 24</b>	<b>Municipal Streets Fund 25</b>	<b>Econ. Dev. Fund 26</b>	<b>NM Energy, Min. &amp; Natri. Resources Fund 43</b>	<b>Cemetery Fund 53</b>	<b>Animal Shelter 72</b>	
<b>ASSETS</b>										
Cash and cash equivalents	\$ 36,501	5,068	91,830	3,181	10,328	70,000	6,993	3,348	3,360	230,609
Investments			20,405							20,405
Taxes receivable					2,074					2,074
Due from grantor			11,766							11,766
	<u>\$ 36,501</u>	<u>5,068</u>	<u>124,001</u>	<u>3,181</u>	<u>12,402</u>	<u>70,000</u>	<u>6,993</u>	<u>3,348</u>	<u>3,360</u>	<u>264,854</u>
<b>LIABILITIES AND FUND BALANCE</b>										
Liabilities:										
Accounts payable	\$ 625		721	169						1,515
Deferred revenue										
Due to other funds										
Total liabilities	<u>625</u>		<u>721</u>	<u>169</u>						<u>1,515</u>
Restricted Fund Balance shown in:										
Special revenue funds	35,876	5,068	123,280	3,012	12,402	70,000	6,993	3,348	3,360	263,339
Capital projects funds										
Unassigned										
Total fund balance	<u>35,876</u>	<u>5,068</u>	<u>123,280</u>	<u>3,012</u>	<u>12,402</u>	<u>70,000</u>	<u>6,993</u>	<u>3,348</u>	<u>3,360</u>	<u>263,339</u>
Total liabilities and fund balance	<u>\$ 36,501</u>	<u>5,068</u>	<u>124,001</u>	<u>3,181</u>	<u>12,402</u>	<u>70,000</u>	<u>6,993</u>	<u>3,348</u>	<u>3,360</u>	<u>264,854</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, 2015

	<b>Capital Projects Funds</b>								
	Sr. Center Improv. Fund 35	RUS Grant Fund 42	Colonias Grant 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
<b>ASSETS</b>									
Cash and cash equivalents	\$	44	10,972			23,362		34,378	264,987
Investments									20,405
Taxes receivable									2,074
Due from grantor			7,180				15,155	22,335	34,101
	\$	44	18,152			23,362	15,155	56,713	321,567
<b>LIABILITIES AND FUND BALANCE</b>									
Liabilities:									
Accounts payable	\$					2,803	15,155	17,958	19,473
Deferred revenue									
Due to other funds			10,972					10,972	10,972
Total liabilities			10,972			2,803	15,155	28,930	30,445
Restricted Fund Balance shown in:									
Special revenue funds									263,339
Capital projects funds		44	7,180			20,559		27,783	27,783
Unassigned									
Total fund balance		44	7,180			20,559		27,783	291,122
Total liabilities and fund balance	\$	44	18,152			23,362	15,155	56,713	321,567

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, 2015

	Special Revenue Funds								
	Correction Fund 20	EMS Fund 21	Fire Protection Fund 22	Law Enf. Prot. Fund 24	Municipal Streets Fund 25	Econ. Dev. Fund 26	NM Energy, Min. & Natrl. Resources Fund 43	Cemetery Fund 53	Animal Shelter 72
Revenues:									
Court fines and fees	\$ 20,733								20,733
Intergovernmental grants			73,982	23,000		70,000			166,982
Miscellaneous revenue			11,766		6,888		800	2,476	21,930
Gross receipts taxes					7,638				7,638
CFT gas tax					5,004				5,004
Investment income			24						24
	<u>20,733</u>		<u>85,772</u>	<u>23,000</u>	<u>19,530</u>	<u>70,000</u>	<u>800</u>	<u>2,476</u>	<u>222,311</u>
Expenditures:									
Current:									
General Government									
Public Safety	7,142		25,244	2,006				52	34,444
Public Works					48,616				48,616
Health and Welfare		234					948		1,182
Non-Current:									
Capital Outlay			42,821	25,558					68,379
Debt Service			18,377						18,377
Total expenditures	<u>7,142</u>	<u>234</u>	<u>86,442</u>	<u>27,564</u>	<u>48,616</u>		<u>948</u>	<u>52</u>	<u>170,998</u>
Revenues Over (Under) Expenditures	<u>13,591</u>	<u>(234)</u>	<u>(670)</u>	<u>(4,564)</u>	<u>(29,086)</u>	<u>70,000</u>	<u>(148)</u>	<u>2,424</u>	<u>51,313</u>
Other financing sources (uses):									
Operating transfers in			18,087						18,087
Operating transfers out									
Net operating transfers			<u>18,087</u>						<u>18,087</u>
Net Change in Fund Balance	<u>13,591</u>	<u>(234)</u>	<u>17,417</u>	<u>(4,564)</u>	<u>(29,086)</u>	<u>70,000</u>	<u>(148)</u>	<u>2,424</u>	<u>69,400</u>
Fund balance at beginning of year	<u>22,285</u>	<u>5,302</u>	<u>105,863</u>	<u>7,576</u>	<u>41,488</u>		<u>6,993</u>	<u>3,496</u>	<u>193,939</u>
Fund balance at end of year	<u>\$ 35,876</u>	<u>5,068</u>	<u>123,280</u>	<u>3,012</u>	<u>12,402</u>	<u>70,000</u>	<u>6,993</u>	<u>3,348</u>	<u>263,339</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, 2015

	Capital Projects Funds							Total Capital Projects Funds	Total Other Governm. Funds
	Sr. Center Improv. Fund 35	RUS Grant Fund 42	Colonias Grant Fund 45	Industrial Park Fund 55	Main Street Park Fund 56	Street Improvemen Fund 60	CDBG Grant Fund 75		
Revenues:									
Court fines and fees	\$								20,733
Intergovernmental grants		57,061	7,180			60,000	15,155	139,396	306,378
Miscellaneous revenue									21,930
Gross receipts taxes									7,638
CFT gas tax									5,004
Investment income									24
		<u>57,061</u>	<u>7,180</u>			<u>60,000</u>	<u>15,155</u>	<u>139,396</u>	<u>361,707</u>
Expenditures:									
Current:									
General Government		38						38	38
Public Safety									34,444
Public Works						48,067		48,067	96,683
Health and Welfare									1,182
Non-Current:									
Capital outlay							15,155	15,155	83,534
Debt service									18,377
		<u>38</u>				<u>48,067</u>	<u>15,155</u>	<u>63,260</u>	<u>234,258</u>
Revenues Over (Under) Expenditures		<u>57,023</u>	<u>7,180</u>			<u>11,933</u>		<u>76,136</u>	<u>127,449</u>
Other financing sources (uses):									
Operating transfers in	114			2,864				2,978	21,065
Operating transfers out		(56,253)	(36,818)		(5)			(93,076)	(93,076)
Net operating transfers	<u>114</u>	<u>(56,253)</u>	<u>(36,818)</u>	<u>2,864</u>	<u>(5)</u>			<u>(90,098)</u>	<u>(72,011)</u>
Net change in fund balance	114	770	(29,638)	2,864	(5)	11,933		(13,962)	55,438
Fund balance at beginning of year	(114)	(726)	36,818	(2,864)	5	8,626		41,745	235,684
Fund balance at end of year	\$	<u>44</u>	<u>7,180</u>			<u>20,559</u>		<u>27,783</u>	<u>291,122</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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative)	
	Original Budget	Final Budget		Original Budget to Final	Actual to Final Budget
	Revenues:				
Court fines and fees	\$ 21,188	21,188	20,733		(455)
	<u>21,188</u>	<u>21,188</u>	<u>20,733</u>		<u>(455)</u>
Expenditures:					
Current:					
Public Safety	11,581	16,481	7,178	(4,900)	9,303
	<u>11,581</u>	<u>16,481</u>	<u>7,178</u>	<u>(4,900)</u>	<u>9,303</u>
Revenues Over (Under) Expenditures	9,607	4,707	13,555	(4,900)	8,848
Other operating sources (uses):					
Transfer out					
Net change in fund balance - Budgetary Basis	<u>9,607</u>	<u>4,707</u>	13,555	<u>(4,900)</u>	<u>8,848</u>
Reconciliation to GAAP Basis Financial Statement					
Decrease in accounts payable			36		
Net changes in fund balance - GAAP Basis			<u>\$ 13,591</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, 2015

	<b>Budgeted Amounts</b>		<b>Actual (Budgetary Basis)</b>	<b>Variances Positive (Negative)</b>	
	<b>Original Budget</b>	<b>Final Budget</b>		<b>Original Budget to Final</b>	<b>Actual to Final Budget</b>
	Revenues:				
State-Emergency management	\$ _____	_____	_____	_____	_____
Expenditures:					
Current:					
Health and Welfare	_____	4,900	234	(4,900)	4,666
	_____	4,900	234	(4,900)	4,666
Net changes in fund balance - Budgetary Basis and GAAP Basis		(4,900)	<u>(234)</u>	(4,900)	<u>4,666</u>
Budgetary Notation - Cash Appropriated from Prior Year for Current Year Expenditure	\$ _____	<u>4,900</u>		<u>4,900</u>	

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

Statement B-2

State of New Mexico  
Village of Santa Clara  
**Non-Major Special Revenue Fund**  
**Fire Protection Fund - Fund 22**  
*Statement of Revenues and Expenditures - Budget and Actual*  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative)	
	Original Budget	Final Budget		Original Budget to Final	Actual to Final Budget
Revenues:					
State fire allotment	\$ 50,274	50,274	55,605		5,331
State fire allotment intercept			18,377		18,377
State legislative grant					
Reimbursements	117,740	115,940	104,174	(1,800)	(11,766)
Investment income			24		24
	<u>168,014</u>	<u>166,214</u>	<u>178,180</u>	<u>(1,800)</u>	<u>11,966</u>
Expenditures:					
Current:					
Public Safety	86,850	103,945	25,439	(17,095)	78,506
Non-Current:					
Capital Outlay			42,099		(42,099)
Debt Service:					
Principal			18,240		(18,240)
Interest			137		(137)
	<u>86,850</u>	<u>103,945</u>	<u>85,915</u>	<u>(17,095)</u>	<u>18,030</u>
Revenues over (under) expenditures	<u>81,164</u>	<u>62,269</u>	<u>92,265</u>	<u>(18,895)</u>	<u>29,996</u>
Other operating sources (uses):					
Operating transfers in			18,087		18,087
Operating transfers out					
Net other financing sources (uses)			<u>18,087</u>		<u>18,087</u>
Net change in fund balance - Budgetary Basis	\$ 81,164	62,269	110,352	(18,895)	48,083
Budgetary Notation: Cash Appropriated From Prior Year for Current Year Expenditure	<u>(81,164)</u>	<u>(62,269)</u>		<u>18,895</u>	
Reconciliation to GAAP Basis Financial Statement					
Decrease in due from grantor			(120,703)		
Increase in other accounts receivable			11,766		
Increase in accounts payable			(527)		
Decrease in deferred revenue			16,529		
Net changes in fund balance - GAAP Basis			<u>\$ 17,417</u>		

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

State of New Mexico  
 Village of Santa Clara  
**Non-Major Special Revenue Fund**  
**Law Enforcement Protection Fund - Fund 24**  
*Statement of Revenues and Expenditures - Budget and Actual*  
 For the Year Ended June 30, 2015

	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	\$ 23,000	23,000	23,000		
	<u>23,000</u>	<u>23,000</u>	<u>23,000</u>		
Expenditures:					
Current:					
Public Safety	43,280	27,735	1,837	15,545	25,898
Noncurrent:					
Capital Outlay			25,558		(25,558)
	<u>43,280</u>	<u>27,735</u>	<u>27,395</u>	<u>15,545</u>	<u>340</u>
Net change in fund balance - Budgetary Basis	(20,280)	(4,735)	(4,395)	15,545	340
Budgetary Notation: Cash Appropriated From Prior Year for Current Year Expenditure	\$ <u>20,280</u>	<u>4,735</u>			
Reconciliation to GAAP Basis Financial Statement					
Increase in accounts payable			(169)		
Net changes in fund balance - GAAP Basis			\$ <u>(4,564)</u>		

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

Statement B-4

State of New Mexico  
 Village of Santa Clara  
**Non-Major Special Revenue Fund**  
**Municipal Streets Fund - Fund 25**  
*Statement of Revenues and Expenditures - Budget and Actual*  
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative)	
	Original Budget	Final Budget		Original Budget to Final	Actual to Final Budget
Revenues:					
GRT Municipal Infrastructure	\$ 8,058	8,058	7,712		(346)
Gas Tax Distribution	5,004	5,004	5,004		
Miscellaneous Other			6,888		6,888
	<u>13,062</u>	<u>13,062</u>	<u>19,604</u>		<u>6,542</u>
Expenditures:					
Current:					
Public Works	40,000	52,500	49,979	(12,500)	2,521
	<u>40,000</u>	<u>52,500</u>	<u>49,979</u>	<u>(12,500)</u>	<u>2,521</u>
Net change in fund balance - Budgetary Basis	(26,938)	(39,438)	(30,375)	(12,500)	<u>9,063</u>
Budgetary Notation: Cash Appropriated From Prior Year for Current Year Expenditure	\$ <u>26,938</u>	<u>39,438</u>		<u>12,500</u>	
Reconciliation to GAAP Basis Financial Statement					
Decrease in taxes receivable			(74)		
Decrease in accounts payable			<u>1,363</u>		
Net changes in fund balance - GAAP Basis			\$ <u>(29,086)</u>		

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

Statement B-5

State of New Mexico  
 Village of Santa Clara  
**Non-Major Special Revenue Fund**  
**Economic Development - Fund 26**  
*Statement of Revenues and Expenditures - Budget and Actual*  
 For the Year Ended June 30, 2015

	<b>Budgeted Amounts</b>		<b>Actual (Budgetary Basis)</b>	<b>Variances Positive (Negative)</b>	
	<b>Original Budget</b>	<b>Final Budget</b>		<b>Original Budget to Final</b>	<b>Actual to Final Budget</b>
Revenues:					
Economic Development Grant	\$		70,000		70,000
			70,000		70,000
Expenditures:					
Current:					
General governmental					
Net changes in fund balance - Budgetary Basis and GAAP Basis	\$		70,000		70,000

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

Statement B-6



State of New Mexico  
 Village of Santa Clara  
**Non-Major 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	500	800		300
	<u>500</u>	<u>500</u>	<u>800</u>		<u>300</u>
Expenditures:					
Current:					
Health and Welfare	500	1,500	948	(1,000)	552
	<u>500</u>	<u>1,500</u>	<u>948</u>	<u>(1,000)</u>	<u>552</u>
Net change in fund balance - Budgetary Basis and GAAP Basis		(1,000)	<u>(148)</u>	(1,000)	<u>852</u>
Budgetary Notation: Cash Appropriated From Prior Year for Current Year Expenditure		<u>1,000</u>		<u>1,000</u>	

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

State of New Mexico  
 Village of Santa Clara  
**Non-Major Special Revenue Fund**  
**Animal Shelter Fund - Fund 72**  
*Statement of Revenues and Expenditures - Budget and Actual*  
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative)	
	Original Budget	Final Budget		Original Budget to Final	Actual to Final Budget
	Revenues:				
Donations	\$ 700	2,000	2,476	1,300	476
	<u>700</u>	<u>2,000</u>	<u>2,476</u>	<u>1,300</u>	<u>476</u>
Expenditures:					
Current:					
Public Safety		1,400	362	(1,400)	1,038
		<u>1,400</u>	<u>362</u>	<u>(1,400)</u>	<u>1,038</u>
Net change in fund balance - Budgetary Basis	\$ <u>700</u>	<u>600</u>	2,114	<u>(100)</u>	<u>1,514</u>
Reconciliation to GAAP Basis Financial Statement					
Decrease in accounts payable			<u>310</u>		
Net changes in fund balance - GAAP Basis			\$ <u>2,424</u>		

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

State of New Mexico  
 Village of Santa Clara  
**Non-Major Capital Projects Fund**  
**Senior Center - Fund 35**  
*Statement of Revenues and Expenditures - Budget and Actual*  
 For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variances Positive (Negative)</u>	
	<u>Original Budget</u>	<u>Final Budget</u>		<u>Original Budget to Final</u>	<u>Actual to Final Budget</u>
Revenues:					
State legislative grant	_____	_____	_____	_____	_____
Expenditures:					
Current:					
Culture and recreation					
Non-Current:					
Capital Outlay	_____	_____	_____	_____	_____
Revenues over (under) expenditures	_____	_____	_____	_____	_____
Other operating sources (uses):					
Operating transfers in		114	114	114	
Operating transfers out					
Net other financing sources (uses)	_____	114	114	114	_____
Net change in fund balance - Budgetary Basis and GAAP Basis	\$	114	<u>114</u>	114	
Budgetary Notation: Cash Appropriated From Prior Year for Current Year Expenditure		<u>(114)</u>		<u>(114)</u>	

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

Statement B-9

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, 2015

	<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:					
Intergovernmental grant	\$ 60,000	60,000	57,599		(2,401)
	<u>60,000</u>	<u>60,000</u>	<u>57,599</u>		<u>(2,401)</u>
Expenditures:					
Noncurrent:					
Capital outlay	60,000	60,000	58,268		1,732
	<u>60,000</u>	<u>60,000</u>	<u>58,268</u>		<u>1,732</u>
Net change in fund balance - Budgetary Basis			(669)		(669)
Reconciliation to GAAP Basis Financial Statement:					
Decrease in other accounts receivable			(538)		
Decrease in accounts payable			<u>1,977</u>		
Net change in fund balance			\$ <u>770</u>		

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

Statement B-10

State of New Mexico  
 Village of Santa Clara  
**Non-Major Capital Projects Fund**  
**Colonias Grant - Fund 45**  
*Statement of Revenues and Expenditures - Budget and Actual*  
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative)	
	Original Budget	Final Budget		Original Budget to Final	Actual to Final Budget
Revenues:					
Colonias Grant	243,193	243,193			(243,193)
Expenditures:					
Non-Current:					
Capital Outlay	243,193	243,193			243,193
Revenues over (under) expenditures					
Other operating sources (uses):					
Operating transfers in					
Operating transfers out		(36,818)	(36,818)		
Net other financing sources (uses)		(36,818)	(36,818)		
Net change in fund balance - Budgetary Basis and GAAP Basis	\$	(36,818)	(36,818)		
Budgetary Notation: Cash Appropriated From Prior Year for Current Year Expenditure		36,818		36,818	
Reconciliation to GAAP Basis Financial Statement:					
Increase in due from grantor			7,180		
Net change in fund balance			\$ (29,638)		

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

State of New Mexico  
 Village of Santa Clara  
**Non-Major Capital Projects Fund**  
**Industrial Park - Fund 55**  
*Statement of Revenues and Expenditures - Budget and Actual*  
 For the Year Ended June 30, 2015

	<b>Budgeted Amounts</b>		<b>Actual (Budgetary Basis)</b>	<b>Variances Positive (Negative)</b>	
	<b>Original Budget</b>	<b>Final Budget</b>		<b>Original Budget to Final</b>	<b>Actual to Final Budget</b>
Revenues:					
State legislative grant					
Expenditures:					
Current:					
Culture and recreation					
Non-Current:					
Capital Outlay					
Revenues over (under) expenditures					
Other operating sources (uses):					
Operating transfers in		2,864	2,864	2,864	
Operating transfers out					
Net other financing sources (uses)		2,864	2,864	2,864	
Net change in fund balance - Budgetary Basis and GAAP Basis	\$	2,864	<u>2,864</u>	2,864	
Budgetary Notation: Cash Appropriated From Prior Year for Current Year Expenditure		<u>(2,864)</u>		<u>(2,864)</u>	

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

Statement B-12

State of New Mexico  
 Village of Santa Clara  
**Non-Major Capital Projects Fund**  
**Main Street Park - Fund 56**  
*Statement of Revenues and Expenditures - Budget and Actual*  
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative)	
	Original Budget	Final Budget		Original Budget to Final	Actual to Final Budget
Revenues:					
State legislative grant					
Expenditures:					
Current:					
Culture and recreation					
Non-Current:					
Capital Outlay					
Revenues over (under) expenditures					
Other operating sources (uses):					
Operating transfers in					
Operating transfers out		(5)	(5)		
Net other financing sources (uses)		(5)	(5)		
Net change in fund balance - Budgetary Basis and GAAP Basis	\$	(5)	(5)		
Budgetary Notation: Cash Appropriated From Prior Year for Current Year Expenditure		5		5	

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

Statement B-13

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, 2015

	<b>Budgeted Amounts</b>		<b>Actual (Budgetary Basis)</b>	<b>Variances Positive (Negative)</b>	
	<b>Original Budget</b>	<b>Final Budget</b>		<b>Original Budget to Final</b>	<b>Actual to Final Budget</b>
Revenues:					
Street improvement grant	\$ 30,000	60,000	60,000	30,000	
	<u>30,000</u>	<u>60,000</u>	<u>60,000</u>	<u>30,000</u>	
Expenditures:					
Noncurrent:					
Capital outlay	30,000	60,000	45,264	(30,000)	14,736
	<u>30,000</u>	<u>60,000</u>	<u>45,264</u>	<u>(30,000)</u>	<u>14,736</u>
Net change in fund balance - Budgetary Basis	\$ <u>          </u>	<u>          </u>	14,736	<u>          </u>	<u>14,736</u>
Reconciliation to GAAP Basis Financial Statement:					
Increase accounts payable			(2,803)		
Net change in fund balance			\$ <u>11,933</u>		

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



State of New Mexico  
 Village of Santa Clara  
**Non Major Capital Projects Fund**  
**CDBG Grant - Fund 75**  
*Statement of Revenues and Expenditures - Budget and Actual*  
 For the Year Ended June 30, 2015

	<b>Budgeted Amounts</b>		<b>Actual (Budgetary Basis)</b>	<b>Variances Positive (Negative)</b>	
	<b>Original Budget</b>	<b>Final Budget</b>		<b>Original Budget to Final</b>	<b>Actual to Final Budget</b>
Revenues:					
Intergovernmental grant	\$ 500,000	500,000			(500,000)
	<u>500,000</u>	<u>500,000</u>			<u>(500,000)</u>
Expenditures:					
Noncurrent:					
Capital outlay	500,000	500,000			500,000
	<u>500,000</u>	<u>500,000</u>			<u>500,000</u>
Net change in fund balance - Budgetary Basis	\$				
Reconciliation to GAAP Basis Financial Statement:					
Increase in due from grantor			15,155		
Increase accounts payable			<u>(15,155)</u>		
Net change in fund balance					

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

**REQUIRED SUPPLEMENTARY INFORMATION**

State of New Mexico  
 Village of Santa Clara  
**Proportionate Share of Net Pension Liability  
 of PERA Fund Division Municipal General**  
 Public Employees Retirement Association (PERA) Plan  
 Last 10 Fiscal Years \*

	<u>Village of Santa Clara</u>		<u>Component Unit Santa Clara Housing Authority</u>
Proportion of the net pension liability (asset)	(To be determined)		0.0038%
Proportion amount of the net pension liability (asset)	(To be determined)	\$	29,644
Covered-employee payroll	\$ 64,146	\$	40,319
Proportionate share of the net pension liability (asset) as a percentage of the covered-employee payroll	(To be determined)		73.25%
Plan fiduciary net position as a percentage of the total pension liability		81.5%	81.5%

\* the amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10 year trend is compiled, the Village of Santa Clara and its component unit will present information for those years for which information is available.  
 Further note: Village of Santa Clara employees were first accepted as members on January 1, 2015 and a pension liability has not been determined yet on their accounts.

SEE INDEPENDENT AUDITOR'S REPORTS  
 The Accompanying Notes Are An Integral Part of the Financial Statements  
 SCHEDULE 1

State of New Mexico  
 Village of Santa Clara  
**Contributions of PERA Fund Division Municipal General**  
 Public Employees Retirement Association (PERA) Plan  
 Last 10 Fiscal Years \*

	<u>Village of Santa Clara</u>	<u>Component Unit Santa Clara Housing Authority</u>
Contractually required contributions	\$ 4,747	2,809
Contributions in relation to the contractually required contribution	4,747	2,809
Contribution deficiency (excess)	0	0
Village of Santa Clara covered-employee payroll	64,146	40,319
Contributions as a percentage of covered-employee payroll	7.4%	6.99%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the Village of Santa Clara will present information for those years for which information is available.

Notes to Required Supplementary Information:  
**Public Employee Retirement Association Plan (PERA)**  
 For the Year Ended June 30, 2015

1) **Change of Benefit Terms.** The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at [http://www.pera.state.nm.us/pfd/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014/pdf](http://www.pera.state.nm.us/pfd/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014/pdf).

2) **Change of assumptions.** The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2014 report is available at: [http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Report\\_FINAL.pdf](http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Report_FINAL.pdf)  
 The summary of Key Findings for the PERA Fund (on page 2 of the report) states "based on a recent experience study for the five year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of \$ 30.8 million to Fund liabilities and an increase of 0.13% to the fundin ratio. For details about changes in the actuarial assumptions, see Appendix B on page 60 of the report.

SEE INDEPENDENT AUDITOR'S REPORTS  
 The Accompanying Notes Are An Integral Part of the Financial Statements  
 SCHEDULE 2

## **OTHER SUPPLEMENTARY INFORMATION**

**JOINT WASTEWATER PLANT AGREEMENT**

Participants:	Village of Santa Clara, City of Bayard and Fort Bayard Special District
Party responsible for operations:	City of Bayard
Description:	Operation and maintenance of joint use sewer system
Beginning and ending of agreement	Agreement began on September 11, 1963 and remains in effect until canceled by the participating governments
Total estimated amount of project and portion applicable to Village	The joint powers agreement is an ongoing joint venture to allow the 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 3

State of New Mexico  
 Village of Santa Clara  
**Bank Depositories**  
 June 30, 2015

<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	\$ 953,849	6,128	(28,621)	(9,667)	921,689
Village of Santa Clara - Street Improvement	1	23,362				23,362
Village of Santa Clara - RUS	1	43				43
Village of Santa Clara - Animal Shelter	1	3,310				3,310
Village of Santa Clara - Colonias Grant	1	10,972				10,972
Village of Santa Clara - Economic Development	1	70,000				70,000
Village of Santa Clara - Municipal Court Bond Account	2	273		(9)		264
Village of Santa Clara - Asset Management	2	57,655				57,655
Village of Santa Clara - Debt Service RUS Phase II	2	6,056				6,056
Village of Santa Clara - Operations and Maintenance	2	25,526				25,526
Village of Santa Clara - CD #2	3	101,107				101,107
Village of Santa Clara - CD #4	3	101,426				101,426
Village of Santa Clara - CD #5	3	205,872				205,872
New Mexico State Treasurer Pool 4101	4	20,405				20,405
NMFA Trust Account LC CI-2796 Hydrants	5	19,332				19,332
NMFA Trust Account Debt Service	5	4				4
NMFA Trust Account JB PP-1968 Fire and Rescue Truck	5	2				2
		<u>\$ 1,599,194</u>	<u>6,128</u>	<u>(28,630)</u>	<u>(9,667)</u>	<u>1,567,025</u>
Shown on Statement of Net Assets as:						
Unrestricted cash and cash equivalents					\$	990,780
Investments						428,810
Restricted cash and cash equivalents						147,846
Less Cash on hand in unrestricted cash and cash equivalents						(675)
Municipal Court Bond Account - Trust and Agency Funds						264
Rounding						
					\$	<u>1,567,025</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 4

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, 2015

	<u>Balance at Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at End of Year</u>
Assets:				
Cash	\$ <u>2,618</u>	<u>6,063</u>	<u>8,417</u>	<u>264</u>
Liabilities:				
Deposit held in trust	\$ <u>2,618</u>	<u>6,063</u>	<u>8,417</u>	<u>264</u>

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

Schedule 5



State of New Mexico  
 Village of Santa Clara  
**Schedule of Collateralization**  
**June 30, 2015**

<u>Description of Pledged Collateral</u>	<u>CUSIP #</u>	<u>Maturity</u>	<u>Market Value</u>
Gallup/McKinley SD #1	364010NS3	8/1/2017	\$ 105,677
Belen NM SD #2 REF -SCH N	077581NQ5	8/1/2017	36,514
Belen NM SD #2 NM 22	077581MS2	8/1/2022	154,767
Deming PUB SCD #1 NM	550340EC3	8/1/2025	350,256
Lea Co. NM Pub Sch Dist 8 NM 17	521513AG6	7/15/2017	227,500
Roswell, NM NM 15	778544CL8	8/1/2015	<u>100,283</u>
Total Pledged Securities			\$ <u>974,997</u>

The collateral is held by First American Bank - Artesia, NM 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 6

**State of New Mexico  
Village of Santa Clara  
Schedule of Special Appropriations  
For the Year Ended June 30, 2015**

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

Project Description	Appropriation Number	Amount Appropriated	Appropriation Period		Prior Years Expenditures	Current Year Expenditures	Total Expenditures To June 30, 2015	Current Status
			From	To				
Gravity Sewer Improvements	12-668-0100-0005	400,000	7/1/2012	6/30/2015	319,433	0	319,433	Closed
Capital Outlay	12-L-G-1444	180,000	7/1/2013	6/30/2016	166,434	11,766	178,200	Closed
SCADA System Well Re-wiring	14-1631 STB	174,000	7/1/2014	6/30/2017	0	23,080	23,080	Ongoing

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

Schedule 7

VILLAGE OF SANTA CLARA

SCHEDULE OF VENDOR INFORMATION FOR PURCHASE EXCEEDING \$60,000 (excluding GRT)

Prepared by Agency Staff Name: Sheila Hudman Title: Clerk/Treasurer Date: 1/18/2016

RFB#/RFP#	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Name and Physical Address per the procurement documentation, of ALL vendor(s) that responded	In-State or N) (Based on Statutory Definition)	Out-of-State Vendor (Y or N)	Was the vendor in-state and chose Veteran's preference (Y or N) for Federal Funds answer N/A	Brief description of the Scope of Work
2014-3	RFP	Engineers Inc.	\$ 53,734.53		Engineers Inc. 3400 Hwy 180 E, Suite A Silver City, NM 88061				SCL1403C - Bayard Street sidewalk & lighting improvements. Agreement fully executed on February 12, 2015.
2014-2	RFP	Engineers Inc.	\$ 7,052.40	\$ 61,191.85	Engineers Inc. 3400 Hwy 180 E, Suite A Silver City, NM 88061				SCL1405M - Emergency connection from Arenas Valley WUA to Village of Santa Clara water storage tanks. Amendment #1 executed on November 10, 2015.
2014-2	RFP	Engineers Inc.	\$ 31,217.20		Engineers Inc. 3400 Hwy 180 E, Suite A Silver City, NM 88061				SCL1406M - NM 152 Loop from near US 180/Bayard St. intersection to Manhattan Park Subdivision. Agreement executed on December 11, 2014.
2014-2	RFP	Engineers Inc.	\$ 75,146.50	\$ 89,345.50	Engineers Inc. 3400 Hwy 180 E, Suite A Silver City, NM 88061				SCL1501X - SCADA and well rewiring improvements for water system. Amendment #1 fully executed on June 24, 2015.
2014-3	RFP	Engineers Inc.	\$ 97,334.75		Engineers Inc. 3400 Hwy 180 E, Suite A Silver City, NM 88061				SCL1502M - Solar power improvements for Booster pumps, Well #3, and Well #4. Radio read meters improvements for water system service connections. Agreement executed September 16, 2015.

SEE INDEPENDENT AUDITOR'S REPORTS

The Accompanying Notes Are An Integral Part of these Financial Statement

VILLAGE OF SANTA CLARA

SCHEDULE OF VENDOR INFORMATION FOR PURCHASE EXCEEDING \$60,000 (excluding GRT)

Prepared by Agency Staff Name: Sheila Hudman

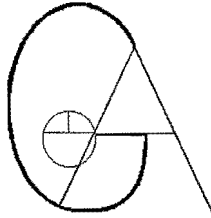
Title: Clerk/Treasurer

Date: 1/18/2016

RFB#/RFP#	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Name and Physical Address per the procurement documentation, of ALL vendor(s) that responded	In-State or Out-of-State Vendor (Y or N) (Based on Statutory Definition)	Was the vendor in-state and chose Veteran's preference (Y or N) for Federal Funds answer N/A	Brief description of the Scope of Work
2014-2	RFP	Engineers Inc.	N/A	N/A	Engineers Inc. 3400 Hwy 180 E, Suite A Silver City, NM 88061 Souder Miller & Associates 401 N. Seventeenth Street, Suite 4 Las Cruces, NM 88005 Telesto Solutions Incorporated 1303 Pope Street, Suite a, Silver City, NM 88061	Y	N	General Engineering Support Contract may include but not limited to, project development, studies, preliminary engineering, reports, grant administration, surveying services, preliminary and final design, bidding, construction management, construction observation, project closeout and oth professional services as required for successful completion of project.
2014-3	RFP	Engineers Inc.	N/A	N/A	Engineers Inc. 3400 Hwy 180 E, Suite A Silver City, NM 88061 Souder Miller & Associates 401 N. Seventeenth Street, Suite 4 Las Cruces, NM 88005 Daniel B. Stephens & Associates, Inc. 6020 Academy Rd., NE, Suite 100 Albuquerque, NM 87109	Y	N	This RFP is for two projects one is for Cobe Bayan Street sidewalk and lighting improvements scope of work will consist of completion of environmental assessments, final design, bidding, grant administration through close out. The other is for water system improvements DWSRLF scope of work includes all phases from start to finish of project which includes completion of SCADA system, radio read meter install and

SEE INDEPENDENT AUDITOR'S REPORTS  
The Accompanying Notes Are An Integral Part of these Financial Statements

## **COMPLIANCE SECTION**



Gary E. Gaylord, C.P.A.

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

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

**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**

Mr. Tim Keller, 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 of the Village of Santa Clara (Village) as of and for the year ended June 30, 2015, 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 dated February 23, 2016. 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

**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***

internal control. Accordingly, I do not express an opinion on the effectiveness of Village of Santa Clara's internal control.

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:

2015-001	Need for Additional Staffing
2015-002	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:

2015-003	PERA Reporting and Payments
----------	-----------------------------


### **The Village's Response to Findings**

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

**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***

**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  
February 23, 2016



**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
SCHEDULE OF FINDINGS AND RESPONSES  
For the Year Ended June 30, 2015**

**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, 2015.

## **FINDINGS AND RESPONSES**

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
SCHEDULE OF FINDINGS AND RESPONSES, continued  
For the Year Ended June 30, 2015**

**SECTION II- FINDING**

**Prior Year Audit Findings**

**Status**

**Financial Report - Internal Control**

2014-001 SD – Expenditures in Excess of Budget

Resolved

2014-002 SD – Deficit Fund Balances

Resolved

**Financial Report - Compliance**

2014-003 OM – Late Auditor Selection/Contract

Resolved

**Current Year Audit Findings**

**Financial Report – Internal Control**

2015-001 SD – Need for additional staffing

**Financial Report - Compliance**

2015-002 SD – Late Audit Report

2015-003 OM – PERA Reporting and Payments

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
SCHEDULE OF FINDINGS AND RESPONSES, continued  
For the Year Ended June 30, 2015**

**2015-001 – Significant Deficiency  
Need for Additional Staffing**

**Statement of Condition:**

During the audit fieldwork I noted that the management of the Village of Santa Clara was being performed by the Mayor of the Village, the Village Clerk and an Assistant Clerk. The actual day to day activities were, for the most part, being performed by the Village Clerk and her newly hired assistant. During FYE 06-30-15 and thereafter, significant time was spent trying to organize and document the activities surrounding the major planning, designing and construction of its major capital improvement/addition projects. Because the funding for these projects were from different grantors/lenders and because of the different grantor/lender requirements regarding agreement approval/signatures, necessary document submissions, allowable vs unallowable costs and timing of grant draws and payments to vendors, significant effort was needed by all parties to ensure compliance. Effective June 30, 2015 a comprehensive inventory of the Village's capital asset records was made and the capital asset records were input into its newly upgraded accounting software. The inventory and capital asset input effort took over four months to accomplish.

**Criteria:**

Two of the basic cornerstones of any adequate internal control system is (1) the requirement that individuals performing the tasks have adequate knowledge and experience and (2) the requirement that work performed is reviewed and approved by an individual other than the person who performs the task.

**Effect:**

Because staffing was inadequate to handle all of the duties required of the Village's Clerk, proper training and review functions were inadequately performed. I noted that a few files were incomplete or disorganized and that some needed follow-ups were not always performed in a timely manner.

**Cause:**

The Village was unsuccessful in its efforts to hire additional staff who have the needed experience and/or training.

**Recommendation:**

The Village should continue its efforts to hire the staff needed to ensure that all duties are being performed properly. Review and approval of work product should be done in a timely manner. Any errors and/or omissions discovered should be corrected in a timely manner.

**Agency Response:** The Village agrees with the finding and at present the Village has hired another staff person on February 14, 2016. This person has prior work experience with Municipal government.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
SCHEDULE OF FINDINGS AND RESONSES, continued  
For the Year Ended June 30, 2015**

**2015-002 Significant Deficiency  
Late Audit Report**

**Statement of Condition:**

The audit report is late.

**Criteria:**

Per 2.2.2.9 (A) (e) of 2.2.2. NMAC Audit Rule 2015 the due date for Municipality governments is December 1.

**Effect:**

Sanctions against the Village may be imposed by the New Mexico State Legislature or the Capital Outlay Council.

**Cause:**

Numerous factors contributed to the late filing of the audit report. Some of the factors were:

- A. Inadequate auditor staffing.
- B. Late filing of the component unit audit report.
- C. Problems encountered while attempting to certify as to the acceptability of the revised capital asset records.
- D. Compliance with and disclosures to be made as related to the new pension standards by GASB 68 and 71.

**Recommendation:**

The Village should begin the selection process to replace its current auditor early enough so that the firm selected will be able to perform and report its findings in a timely manner.

**Agency Response:** The Village agrees with the finding and will procure a new audit firm and schedule the audit to include the component unit in its audit and early to insure audit due date requirements.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
SCHEDULE OF FINDINGS AND RESPONSES, continued  
For the Year Ended June 30, 2015**

**2015-003 Other Matter  
PERA Reporting and Payments**

**Statement of Condition:**

The Village of Santa Clara passed a resolution during FYE 06-30-15 which allowed employees to become members of the State's retirement system (Public Employees Retirement Association – PERA). Five of the Village's employees elected to be covered on the effective date of January 1, 2015 under Section 10-7A-1 NMSA 1978 et. seq. The reports prepared and presented to the auditor to show covered salaries and payments due and payable were in error. This information was later revised to more accurately reflect the amounts that should had been reported to PERA under PERA's electronic submission reporting system.

**Criteria:**

New Mexico State Statute Chapter 10, Article 11 NMSA 1978 – “Public Employees Retirement Act” sets forth requirements for contributions and reporting requirements for the various plans included under the Statutes.

**Effect:**

The accounting files maintained at the Village in support of covered salaries and contributions due and paid were in error. Further confusion existed because of the long delay between the effective date of the plan and the first payment made thereon. The preparer was no longer an employee of the Village and was unavailable to explain why the errors had occurred.

**Cause:**

Employee responsible for preparing the record did not understand how to compile the needed information and the record was not reviewed and corrected in a timely manner.

**Recommendation:**

Accounting records should be reviewed for accuracy before being submitted and stored for future reference.

**Agency Response:** The Village agrees with the finding, the report that was incorrectly filled out was a paper form sent with the payment. The on-line reporting was filed and filled out completely and correctly. The Village clerk will review all reports for errors monthly, as there is now additional staff the Village Clerk will be able to review in a timely manner.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
SCHEDULE OF FINDINGS AND RESPONSES, continued  
For the Year Ended June 30, 2015**

**The following comments applicable to the Village's component unit (Santa Clara Housing Authority) are included in the Village's Report as required by the New Mexico State Auditor's Audit Rule 2015 Section 2.2.2. 10 (I) (6) NMAC.**

**CURRENT YEAR SIGNIFICANT DEFICIENCIES**

**2015-001 Personnel File Maintenance – Significant Deficiency**

**Statement of Condition** – Personnel files are not being maintained as follows:

- One of four employees tested did not have correct pay rate in file.
- One of one employees tested did not have correct health insurance deduction amount in file.
- One of one employees tested did not have signed PERA benefits form filed.
- Three of three employees tested did not have signed PERA exempt form filed.

**Criteria** – Good internal controls require clear and complete personnel file documentation in accordance with personnel policies.

**Cause** – Lack of due diligence.

**Effect** – Potential for employee dispute of pay and/or deduction amount.

**Recommendation** - All personnel files should be brought up to date and a periodic file review process should be established.

**Management's Response** – All personnel files will be brought up to date and a periodic file review process will be established by December 16, 2015. PERA forms will be filed immediately in each file as required.

STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
SCHEDULE OF FINDINGS AND RESPONSES, continued  
For the Year Ended June 30, 2015

Component Unit Findings, continued

CURRENT YEAR SIGNIFICANT DEFICIENCIES (CONTINUED)

**2015-002 Deposits not Timely** – Significant Deficiency

**Statement of Condition** – 25 of 40 receipts tested were deposited four to 15 days after receipt of funds. (Deposits ranged in amount from \$112 to \$1,992.)

**Criteria** – Good internal controls require deposits be made on a consistent basis and that funds received be deposited as soon as possible.

**Cause** – Housing Authority's office is located 12 miles from bank.

**Effect** – Potential for loss or theft of funds increases as time increases from receipt date to deposit date. Potential of NSF (non-sufficient funds) increases as time increases from date check is written to date of deposit.

**Recommendation** – Establish a procedure to ensure deposit of funds are within three days.

**Management's Response** – The bank is located 12 miles from the Housing Authority and employees do not go into town every day, however beginning immediately deposits will be taken to the bank as often as necessary to ensure compliance. Management will establish a board approved procedure by December 16, 2015 to ensure deposits of funds are made within three days.



**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
SCHEDULE OF FINDINGS AND RESPONSES, continued  
For the Year Ended June 30, 2015**

**Component Unit Findings, continued**

**CURRENT YEAR SIGNIFICANT DEFICIENCIES (CONTINUED)**

**2015-003 Lack of Controls over Disbursements – Significant Deficiency**

**Statement of Condition** – The disbursement process is lacking control over the following:

- No written approval is documented for purchase of services
- Approved payroll register does not include the amount paid (only hours). The only documentation of the amount paid is on the payroll check.

**Criteria** – Good internal controls require documentation of approval for all purchases and that all checks have supporting documentation for the amount paid.

**Cause** – Although an internal control policy over disbursement is in place, it does not adequately address the above deficiency.

**Effect** – When an organization does not implement a good system of internal control, the organization's ability to effectively and efficiently control process and record transactions can be negatively impacted. Errors may not be detected for an extended period of time.

**Recommendation** – We recommend the Housing Authority update their disbursement and payroll policies and procedures to ensure adequate controls are in place.

**Management's Response** – Management will update the disbursement and payroll policies and procedures to ensure adequate controls are in place. Approval for the purchase of services will be documented annually beginning on December 16, 2015. The payroll register will be updated immediately to include the amount paid on the form.

**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
EXIT CONFERENCE  
For the Year Ended June 30, 2015**

**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 February 23, 2016. 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.