

State of New Mexico  
Village of Magdalena

Annual Financial Report  
For the Year Ended June 30, 2013  
(With Independent Auditors' Report)

## **INTRODUCTORY SECTION**

State of New Mexico  
Village of Magdalena  
June 30, 2013

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State of New Mexico  
Village of Magdalena  
June 30, 2013

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State of New Mexico  
Village of Magdalena  
June 30, 2013

Official Roster

Name

Title

Board of Trustees

Sandy Julian  
L. Diane Allen  
Barbara Baca  
Eleanor Dawson  
Tommy Torres

Mayor  
Trustee  
Trustee  
Trustee  
Trustee

Village Officials

Robert Serna  
Rita Broaddus

Municipal Judge  
Clerk/Treasurer

## **FINANCIAL SECTION**

*Beckham & Penner, P.C.*

CERTIFIED PUBLIC ACCOUNTANTS

103 6TH ST. N.E., P.O. BOX 179

SOCORRO, NEW MEXICO 87801

PHONE 575/835-1091 FAX 575/835-1224

bppccpa@sdca.org

## **INDEPENDENT AUDITORS' REPORT**

Mr. Hector H. Balderas  
New Mexico State Auditor, and  
Village Trustees  
Village of Magdalena  
Magdalena, New Mexico

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Village of Magdalena (the Village), as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Village's non-major governmental funds, and the budgetary comparisons for the non-major funds and the proprietary fund 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, 2013, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

## **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our 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 we 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Basis for Qualified Opinion on Capital Assets and Related Depreciation**

The Village of Magdalena, over the years has not maintained adequate detailed records of the Capital Assets. Accounting principles generally accepted in the United States of America require that adequate detailed records of the Capital Assets be maintained to provide for the verification and valuation of individual capital assets and to determine the adequacy of the related depreciation. The valuation of the Capital Assets and the related depreciation would affect the determination of the assets, net assets and expenses of the Village. The amount by which this would affect the assets, net assets and expenses is not reasonably determinable.

## **Qualified Opinions**

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to audit the Capital Assets and related depreciation as described in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds, of the Village of Magdalena, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for



the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to audit the Capital Assets and related depreciation as described in the “Basis for Qualified Opinion” paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flow thereof and the respective budgetary comparisons for the non-major funds and the proprietary fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Management has omitted the management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the Village of Magdalena’s financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The accompanying Supporting Schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supporting Schedules 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 statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to audit the Capital Assets and related depreciation as described in the “Basis for Qualified Opinion” paragraph, the Supporting Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2014, on our consideration of the Village of Magdalena's internal control over financial reporting and on our 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 our 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 the Village of Magdalena's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Beckham & Penner P.C.".

Beckham & Penner P.C.  
Certified Public Accountants  
Socorro, New Mexico  
June 26, 2014

State of New Mexico  
Village of Magdalena  
Statement of Net Position  
As of June 30, 2013

	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 540,601	\$ 322,329	\$ 862,930
Taxes receivable	22,246	-	22,246
Intergovernmental receivable	4,898	-	4,898
Other receivable	-	38	38
Accounts receivable (net)	-	51,887	51,887
Inventories	-	2,389	2,389
<b>Total current assets</b>	<u>567,745</u>	<u>376,643</u>	<u>944,388</u>
<b>Restricted assets:</b>			
Cash and cash equivalents	-	69,481	69,481
<b>Total restricted assets</b>	<u>-</u>	<u>69,481</u>	<u>69,481</u>
<b>Capital assets:</b>			
<b>Capital assets not being depreciated:</b>			
Land	268,889	6,025	274,914
Construction in progress	-	-	-
<b>Capital assets being depreciated:</b>			
Distributed system	-	3,886,863	3,886,863
Building and improvements	2,621,830	26,097	2,647,927
Furniture, fixtures and equipment	1,001,522	354,757	1,356,279
Less accumulated depreciation	<u>(1,754,301)</u>	<u>(2,187,809)</u>	<u>(3,942,110)</u>
<b>Total capital assets</b>	<u>2,137,940</u>	<u>2,085,933</u>	<u>4,223,873</u>
<b>Total assets</b>	<u>\$ 2,705,685</u>	<u>\$ 2,532,057</u>	<u>\$ 5,237,742</u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts Payable	23,961	32,037	55,998
Accrued interest payable	-	1,541	1,541
Wages and benefits payable	2,035	1,769	3,804
Compensated absences payable	24,811	9,639	34,450
Current portion of debt payable	6,068	5,000	11,068
<b>Noncurrent liabilities:</b>			
Customer meter deposits	-	28,561	28,561
Debt Payable, less current portion	-	141,000	141,000
<b>Total liabilities</b>	<u>56,875</u>	<u>219,547</u>	<u>276,422</u>
<b>NET POSITION</b>			
Net investment in capital assets	2,125,818	1,939,933	4,065,751
<b>Restricted for:</b>			
Debt service reserve	-	23,420	23,420
Landfill closure reserve	-	17,500	17,500
Special Revenue Funds	164,276	-	164,276
Unrestricted	<u>358,716</u>	<u>331,657</u>	<u>690,373</u>
<b>Total net position</b>	<u>\$ 2,648,810</u>	<u>\$ 2,312,510</u>	<u>\$ 4,961,320</u>

The accompanying notes are an integral part of the financial statements.

State of New Mexico  
Village of Magdalena  
Statement of Activities  
For the Year Ended June 30, 2013

Functions/Programs	Program Revenue				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary Government</b>							
Governmental activities:							
General Government	\$ 109,654	\$ 7,210	\$ 171,074	\$ -	\$ 68,630	\$ -	\$ 68,630
Public safety	333,878	8,316	94,310	-	(231,252)	-	(231,252)
Public works	32,378	-	-	-	(32,378)	-	(32,378)
Public health	9,822	1,357	7,749	-	(716)	-	(716)
Culture and recreation	48,254	-	10,026	-	(38,228)	-	(38,228)
Interest and fees on long-term debt	30	-	-	-	(30)	-	(30)
Total governmental activities	534,016	16,883	283,159	-	(233,974)	-	(233,974)
Business-type activities:							
Water	217,528	171,120	-	-	-	(46,408)	(46,408)
Waste Water	149,137	76,595	-	-	-	(72,542)	(72,542)
Solid Waste	96,372	97,926	-	-	-	1,554	1,554
Interest on long-term obligations	6,734	-	-	-	-	(6,734)	(6,734)
Total business-type activities	469,771	345,641	-	-	-	(124,130)	(124,130)
Total primary government	\$ 1,003,787	\$ 362,524	\$ 283,159	\$ -	(233,974)	(124,130)	(358,104)
General revenues:							
Taxes							
Property taxes, levied for general purposes					6,515	-	6,515
Gross receipts taxes					286,796	-	286,796
Franchise taxes					21,652	-	21,652
Other taxes					21,962	-	21,962
Investment income					1	79	80
Transfers					(200,000)	200,000	-
Total general revenues					136,926	200,079	337,005
Changes in net position					(97,048)	75,949	(21,099)
Net position beginning of year					2,745,858	2,236,561	4,982,419
Net position, end of year					\$ 2,648,810	\$ 2,312,510	\$ 4,961,320

The accompanying notes are an integral part of the financial statements.

State of New Mexico  
Village of Magdalena  
Balance Sheet  
Governmental Funds  
As of June 30, 2013

	General Funds	Municipal Street Fund	Fire Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 359,268	\$ 48,233	\$ 47,989	\$ 85,111	\$ 540,601
Taxes receivable	20,938	423	-	885	22,246
Intergovernmental receivables	4,898	-	-	-	4,898
Other receivable	-	-	-	-	-
Due from (to) other funds	-	-	-	-	-
<b>Total assets</b>	<b><u>385,104</u></b>	<b><u>48,656</u></b>	<b><u>47,989</u></b>	<b><u>85,996</u></b>	<b><u>567,745</u></b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	8,852	242	12,923	1,944	23,961
Accrued payroll	1,642	99	-	294	2,035
Accrued interest payable	-	-	-	-	-
<b>Total liabilities</b>	<b><u>10,494</u></b>	<b><u>341</u></b>	<b><u>12,923</u></b>	<b><u>2,238</u></b>	<b><u>25,996</u></b>
<b>Fund balances:</b>					
<b>Restricted for:</b>					
Special revenue funds	-	48,315	35,066	75,323	158,704
Capital Project funds	-	-	-	8,435	8,435
<b>Unassigned for:</b>					
General Fund	<u>374,610</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>374,610</u>
<b>Total fund balances</b>	<b><u>374,610</u></b>	<b><u>48,315</u></b>	<b><u>35,066</u></b>	<b><u>83,758</u></b>	<b><u>541,749</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 385,104</u></b>	<b><u>\$ 48,656</u></b>	<b><u>\$ 47,989</u></b>	<b><u>\$ 85,996</u></b>	<b><u>\$ 567,745</u></b>

The accompanying notes are an integral part of the financial statements.

State of New Mexico  
Village of Magdalena  
Reconciliation of the Governmental Fund Balance Sheet to the  
Statement of Net Position  
As of June 30, 2013

Total Fund balance for governmental funds		\$ 541,749
Total reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consists of:		
Governmental capital assets	3,892,241	
Less accumulated depreciation	<u>(1,754,301)</u>	2,137,940
Long-term and short-term liabilities applicable to the Village governmental activities that are not due and payable in the current period are not reported as fund liabilities. All liabilities- both current and long-term are reported in the statement of net position.		
Compensated absences payable	(24,811)	
Debt Payable	<u>(6,068)</u>	(30,879)
Total net position of governmental activities		<u><u>\$ 2,648,810</u></u>

The accompanying notes are an integral part of the financial statements.

State of New Mexico  
Village of Magdalena  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2013

	General Funds	Municipal Street Fund	Fire Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Property taxes	\$ 6,515	\$ -	\$ -	\$ -	\$ 6,515
Gross receipts tax	286,796	-	-	-	286,796
Franchise tax	21,652	-	-	-	21,652
Other tax	2,243	10,445	-	9,274	21,962
Licenses and permits	3,180	-	-	-	3,180
Intergovernmental revenue State	171,074	-	68,885	43,200	283,159
Intergovernmental revenue Federal	-	-	-	-	-
Charges for service	1,357	-	-	-	1,357
Fines	8,316	-	-	-	8,316
Investment earnings	-	-	1	-	1
Other revenues	4,030	-	-	-	4,030
Total revenues	<u>505,163</u>	<u>10,445</u>	<u>68,886</u>	<u>52,474</u>	<u>636,968</u>
<b>EXPENDITURES:</b>					
Current-					
General government	110,775	-	-	-	110,775
Public safety	223,386	-	47,736	8,536	279,658
Public works	-	9,767	-	7,002	16,769
Public health	2,071	-	-	7,751	9,822
Culture and recreation	-	-	-	48,530	48,530
Capital outlay	27,596	-	-	-	27,596
Debt service-					
Principal	-	-	6,053	-	6,053
Interest and fiscal charges	-	-	30	-	30
Total expenditures	<u>363,828</u>	<u>9,767</u>	<u>53,819</u>	<u>71,819</u>	<u>499,233</u>
Excess (deficiency) of revenues over expenditures	<u>141,335</u>	<u>678</u>	<u>15,067</u>	<u>(19,345)</u>	<u>137,735</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer in	-	-	-	36,200	36,200
Transfer out	(236,200)	-	-	-	(236,200)
Total other financing sources (uses)	<u>(236,200)</u>	<u>-</u>	<u>-</u>	<u>36,200</u>	<u>(200,000)</u>
Net changes in fund balances	(94,865)	678	15,067	16,855	(62,265)
Fund balances- beginning of year	469,475	47,637	19,999	66,903	604,014
Fund balances, end of year	<u>\$ 374,610</u>	<u>\$ 48,315</u>	<u>\$ 35,066</u>	<u>\$ 83,758</u>	<u>\$ 541,749</u>

The accompanying notes are an integral part of the financial statements.

State of New Mexico  
Village of Magdalena  
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund  
Balances of the Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2013

Net changes in fund balances- total governmental funds \$ (62,265)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expenses.

Expenditures for capital assets	27,596	
Donated capital assets	-	
Cost basis on sale of capital assets	-	
Less current year depreciation	<u>(78,481)</u>	(50,885)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated absences	<u>10,049</u>	10,049
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The proceeds of debt issuances provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term debt principal are expenditures in the governmental funds but the payment reduces long-term liabilities in the Statement of Net Assets.

Notes payable retirement	<u>6,053</u>	6,053
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Change in net position of governmental activities \$ (97,048)

The accompanying notes are an integral part of the financial statements.



State of New Mexico  
Village of Magdalena  
Statement of Revenues and Expenditures  
Budget (Non-GAAP Basis) and Actual (Cash Basis)  
General Fund  
For the Year Ended June 30, 2013

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
<b>REVENUES:</b>				
Property taxes	\$ 6,754	\$ 6,754	\$ 6,489	\$ (265)
Gross receipts taxes	172,000	212,000	277,791	65,791
Franchise taxes	19,000	19,000	18,938	(62)
Licenses and permits	2,925	2,925	2,855	(70)
Intergovernmental revenue and grants	162,000	162,000	173,334	11,334
Charges for services	16,000	16,000	6,143	(9,857)
Investment earning	-	-	-	-
Fines	15,000	15,000	8,316	(6,684)
Other revenue	750	750	4,355	3,605
Total revenue	<u>394,429</u>	<u>434,429</u>	<u>498,221</u>	<u>63,792</u>
<b>EXPENDITURES:</b>				
General government	103,317	141,958	135,075	6,883
Public safety	236,017	236,017	222,556	13,461
Public health	5,500	5,500	1,856	3,644
Capital outlay	-	-	-	-
Total expenditures	<u>344,834</u>	<u>383,475</u>	<u>359,487</u>	<u>23,988</u>
Excess (deficiency) of revenue over expenditures	<u>49,595</u>	<u>50,954</u>	<u>138,734</u>	<u>87,780</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	(36,200)	(236,200)	(236,200)	-
Total other financing sources (uses)	<u>(36,200)</u>	<u>(236,200)</u>	<u>(236,200)</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	13,395	(185,246)	(97,466)	87,780
Budgeted cash carryover	<u>456,734</u>	<u>456,734</u>	<u>456,734</u>	<u>-</u>
<b>Net</b>	<u>\$ 470,129</u>	<u>\$ 271,488</u>	<u>\$ 359,268</u>	<u>\$ 87,780</u>

Budgetary to Fund Reporting Reconciliation:

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Budgetary Basis	\$ (97,466)
Adjustments for revenue accruals	6,942
Adjustment for expenditures accruals	(4,341)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Fund Reporting	<u>\$ (94,865)</u>

The accompanying notes are an integral part of the financial statements.

State of New Mexico  
Village of Magdalena  
Statement of Revenues and Expenditures  
Budget (Non-GAAP Basis) and Actual (Cash Basis)  
Municipal Street Special Revenue Fund  
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES:				
Taxes:				
Intergovernmental revenue and grants	\$ 61,545	\$ 61,545	\$ 11,172	\$ (50,373)
Other	-	-	-	-
Investment earnings	-	-	-	-
Total revenues	<u>61,545</u>	<u>61,545</u>	<u>11,172</u>	<u>(50,373)</u>
EXPENDITURES:				
Public works	79,555	79,555	9,459	70,096
Debt service	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>79,555</u>	<u>79,555</u>	<u>9,459</u>	<u>70,096</u>
Excess (deficiency) of revenue over expenditures	<u>(18,010)</u>	<u>(18,010)</u>	<u>1,713</u>	<u>19,723</u>
OTHER FINANCING SOURCES (USES):				
Transfers In (Out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	(18,010)	(18,010)	1,713	19,723
Budgeted cash carryover	<u>46,520</u>	<u>46,520</u>	<u>46,520</u>	<u>-</u>
Net	<u>\$ 28,510</u>	<u>\$ 28,510</u>	<u>\$ 48,233</u>	<u>\$ 19,723</u>

Budgetary to Fund Reporting Reconciliation:

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Budgetary Basis	\$ 1,713
Adjustments for revenue accruals	(727)
Adjustment for expenditures accruals	(308)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Fund Reporting	<u>\$ 678</u>

The accompanying notes are an integral part of the financial statements.

State of New Mexico  
Village of Magdalena  
Statement of Revenues and Expenditures  
Budget (Non-GAAP Basis) and Actual (Cash Basis)  
Fire Special Revenue Fund  
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES:				
Taxes:				
Other taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue and grants	68,885	68,885	68,885	-
Other revenues	-	-	-	-
Investment earnings	-	-	1	1
Total revenues	<u>68,885</u>	<u>68,885</u>	<u>68,886</u>	<u>1</u>
EXPENDITURES:				
Public safety	83,038	83,038	35,051	47,987
Debt service	6,053	6,053	6,053	-
Capital outlay	30	30	30	-
Total expenditures	<u>89,121</u>	<u>89,121</u>	<u>41,134</u>	<u>47,987</u>
Excess (deficiency) of revenue over expenditures	<u>(20,236)</u>	<u>(20,236)</u>	<u>27,752</u>	<u>47,988</u>
OTHER FINANCING SOURCES (USES):				
Transfers In (Out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	<u>(20,236)</u>	<u>(20,236)</u>	<u>27,752</u>	<u>47,988</u>
Budgeted cash carryover	<u>20,237</u>	<u>20,237</u>	<u>20,237</u>	<u>-</u>
Net	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 47,989</u>	<u>\$ 47,988</u>

Budgetary to Fund Reporting Reconciliation:

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Budgetary Basis	\$ 27,752
Adjustments for revenue accruals	-
Adjustment for expenditures accruals	(12,685)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Fund Reporting	<u>\$ 15,067</u>

The accompanying notes are an integral part of the financial statements.

State of New Mexico  
Village of Magdalena  
Statement of Net Position  
Proprietary Funds  
As of June 30, 2013

	Enterprise Funds		
	Water, Sewer & Solid Waste Utilities	Completed Projects	Total
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 321,675	\$ 654	\$ 322,329
Accounts receivable, net	51,887		51,887
Inventory	2,389		2,389
Other receivable	38		38
Total current assets	<u>375,989</u>	<u>654</u>	<u>376,643</u>
<b>Restricted cash and cash equivalents:</b>			
Customer meter deposits	28,561		28,561
Revenue bond reserve	23,420		23,420
Landfill closure reserve	17,500		17,500
Total restricted cash	<u>69,481</u>	<u>-</u>	<u>69,481</u>
<b>Noncurrent assets:</b>			
Land	6,025		6,025
Distribution system	3,886,863		3,886,863
Building and improvements	26,097		26,097
Vehicles, furniture and equipment	354,757		354,757
Accumulated depreciation	(2,187,809)		(2,187,809)
Total noncurrent assets	<u>2,085,933</u>	<u>-</u>	<u>2,085,933</u>
<b>Total assets</b>	<u>\$ 2,531,403</u>	<u>\$ 654</u>	<u>\$ 2,532,057</u>
<b>LIABILITIES and Net Position</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 32,037		\$ 32,037
Accrued salaries & benefits	1,769		1,769
Accrued interest payable	1,541		1,541
Compensated absences payable	9,639		9,639
Customer meter deposits	28,561		28,561
Revenue bonds payable	5,000		5,000
Total current liabilities	<u>78,547</u>	<u>-</u>	<u>78,547</u>
<b>Noncurrent liabilities:</b>			
Revenue bonds payable	141,000		141,000
Total non-current liabilities	<u>141,000</u>	<u>-</u>	<u>141,000</u>
Total liabilities	<u>219,547</u>	<u>-</u>	<u>219,547</u>
<b>NET Position</b>			
Net investment in capital assets	1,939,933		1,939,933
<b>Restricted for:</b>			
Landfill closure and post closure	17,500		17,500
Debt service reserve	23,420		23,420
Unrestricted	331,003	654	331,657
Total net position	<u>2,311,856</u>	<u>654</u>	<u>2,312,510</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 2,531,403</u>	<u>\$ 654</u>	<u>\$ 2,532,057</u>

The accompanying notes are an integral part of the financial statements.

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

	Enterprise Funds		
	Water, Sewer & Solid Waste Utilities	Completed Projects	Total
Operating revenues:			
Charges for services	\$ 345,641	\$ -	\$ 345,641
Total operating revenues	<u>345,641</u>	<u>-</u>	<u>345,641</u>
Operating expenses:			
Salaries & Benefits	139,137		139,137
Operating expenses	214,705		214,705
Depreciation	109,195		109,195
Total operating expenses	<u>463,037</u>	<u>-</u>	<u>463,037</u>
Operating Income	<u>(117,396)</u>	<u>-</u>	<u>(117,396)</u>
<u>Non-operating revenues (expenses):</u>			
Interest expense	(6,734)		(6,734)
Interest Income	79		79
Intergovernmental-state	-		-
Total non-operating revenues (expenses)	<u>(6,655)</u>	<u>-</u>	<u>(6,655)</u>
Changes in net position before transfers	(124,051)	-	(124,051)
Transfers In (Out)	<u>200,000</u>		<u>200,000</u>
Change in net position	75,949	-	75,949
Total net position, beginning of year	<u>2,235,907</u>	<u>654</u>	<u>2,236,561</u>
Total net position, end of year	<u>\$ 2,311,856</u>	<u>\$ 654</u>	<u>\$ 2,312,510</u>

The accompanying notes are an integral part of the financial statements.

State of New Mexico  
Village of Magdalena  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2013

	Enterprise Funds		
	Water, Sewer & Solid Waste Utilities	Completed Project	Total
Cash flows from operating activities:			
Cash received from customers	\$ 347,865		\$ 347,865
Cash payments to employees for services	(135,354)		(135,354)
Cash payments to suppliers for goods and services	(189,338)		(189,338)
Net cash provided by (used for) operating activities	<u>23,173</u>	<u>-</u>	<u>23,173</u>
Cash flows from noncapital financing activities:			
Transfers In (Out)	<u>200,000</u>		<u>200,000</u>
Net cash provided by (used for) noncapital and related financing activities	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Cash flows from capital and related financing activities:			
Net acquisition of capital assets	(3,721)		(3,721)
Payment of principal on long-term debt	(5,000)		(5,000)
Interest paid on bonds	(6,815)		(6,815)
Cash provided from state grants	-		-
Net cash provided by (used for) capital and related financing activities	<u>(15,536)</u>	<u>-</u>	<u>(15,536)</u>
Cash flow from investing activities:			
Interest income	<u>41</u>		<u>41</u>
Net cash provided by investing activities	<u>41</u>	<u>-</u>	<u>41</u>
Net increase (decrease) in cash and cash equivalents	207,678	-	207,678
Cash and cash equivalents, beginning of year	<u>183,478</u>	<u>654</u>	<u>184,132</u>
Cash and cash equivalents, end of year	<u>\$ 391,156</u>	<u>\$ 654</u>	<u>\$ 391,810</u>
Cash and cash equivalents as reported:			
Cash and cash equivalents	\$ 321,675	\$ 654	\$ 322,329
Restricted cash - Customer meter deposits	28,561		28,561
Restricted cash - Revenue bond reserve	23,420		23,420
Restricted cash - Landfill closure reserve	17,500		17,500
Total reported cash and cash equivalents	<u>\$ 391,156</u>	<u>\$ 654</u>	<u>\$ 391,810</u>

The accompanying notes are an integral part of the financial statements.

State of New Mexico  
Village of Magdalena  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2013

	Enterprise Funds		
	Water, Sewer & Solid Waste Utilities	Completed Project	Total
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities			
Operating income	\$ (117,396)	\$ -	\$ (117,396)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Depreciation	109,195		109,195
Increase in Reserve for Bad Debts	5,132		5,132
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	2,224		2,224
(Increase) decrease in inventory	-		-
(Increase) decrease in other receivable	-		-
Increase (decrease) in accounts payable - operations	21,084		21,084
Increase (decrease) in accrued salaries & benefits	3,385		3,385
Increase (decrease) in accrued compensated absences	418		418
Increase (decrease) in deposits held for others	(869)		(869)
Total adjustments	140,569	-	140,569
Net cash provided by (used for) operating activities	\$ 23,173	\$ -	\$ 23,173

The accompanying notes are an integral part of the financial statements.

State of New Mexico  
Village of Magdalena  
Notes to Financial Statements  
June 30, 2013

**NOTE 1. Summary of Significant Accounting Policies**

The Village of Magdalena (Village) was incorporated in 1918, under provisions of Chapter 3, Article 2, NMSA, 1978 as amended. The Village operates under a Mayor - Trustee form of government and provides the following services as authorized by its charter: public safety (police and fire); streets; water and sewer services; refuse collection; health and social services; culture-recreation; public improvements; and general administrative services.

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

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

The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB pronouncements.

The more significant of the Village's accounting policies are described below.

**A. Financial Reporting Entity**

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 statements No. 14. 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.



State of New Mexico  
Village of Magdalena  
Notes to Financial Statements  
June 30, 2013

**NOTE 1. Summary of Significant Accounting Policies (continued)**

A. Financial Reporting Entity (continued)

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. 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. Based upon the application of these criteria, the Village has no component units, and is not a component unit of another governmental agency.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities and changes in net position) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges 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. Specifically, program revenue includes ambulance fees and license fees. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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. The Village does not have any fiduciary funds.

State of New Mexico  
Village of Magdalena  
Notes to Financial Statements  
June 30, 2013

**NOTE 1. Summary of Significant Accounting Policies (continued)**

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. 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 as revenues 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

Governmental funds are used to account for the Village's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets and the servicing of general long-term debt. Governmental funds include:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided through property and other taxes, federal sources, state sources, charges for services, licenses and fees, and other miscellaneous recoveries and revenue. Expenditures include all costs associated with the daily operation of the Village except for items included in other funds.

State of New Mexico  
Village of Magdalena  
Notes to Financial Statements  
June 30, 2013

**NOTE 1. Summary of Significant Accounting Policies (continued)**

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

The *Special Revenue Funds* account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The *Debt Service Funds* account for the services of general long-term debt not being financed by proprietary or nonexpendable trust funds. Currently the Village does not have any Debt Service Funds.

The *Capital Projects Funds* account for the acquisition of fixed assets or construction of major capital projects not being financed by the proprietary or nonexpendable trust funds.

Under the requirements of GASB No. 34, the Village is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include only the General Fund, Municipal Street Fund, Fire Fund, and Joint Utility Fund. No other funds were required to be presented as major at the discretion of management.

The *General Fund* accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided through property and other taxes, federal sources, state sources, charges for services, licenses and fees, and other miscellaneous recoveries and revenue. Expenditures include all costs associated with the daily operation of the Village except for items included in other funds.

The *Municipal Street Fund* (Special Revenue Fund) accounts for the receipts and expenditures of special gasoline tax, that is restricted for use in repairing and maintaining roads and streets within the Village. Additional funds are occasionally received from the New Mexico Department of Transportation for major improvements to roads and streets within the Village. This fund was created by state statute, NMSA 7-1-6.9 and 7-13-1 to 18.

The *Fire Protection Fund* (Special Revenue Fund) accounts for the financial resources from a state grant. Expenditures include costs for the operations and maintenance of the fire department. Financing is provided by an allotment from the State of New Mexico Fire Marshal's Office. State Statute Section 59A-53-2, NMSA, 1978 compilation, requires the allotment be used only to operate fire departments.

The *Joint Utility Fund* (Enterprise Fund) accounts for charges from the delivery of water, sewer and solid waste services to the Village and the corresponding costs of delivering those services. The government reports its proprietary fund as a major fund.

State of New Mexico  
Village of Magdalena  
Notes to Financial Statements  
June 30, 2013

**NOTE 1. Summary of Significant Accounting Policies (continued)**

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Private-sector standards of accounting and financial reporting are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict the guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Village has elected not to follow subsequent private-sector guidance.

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.

Program revenues reduce the costs of the function to be financed from the Village's general revenues. Amounts reported 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. In particular, the Village receives various licenses and fees and collects ambulance fees.

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 unallocated because depreciation records do not specifically identify the function. Interest on general and long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing service in connection with the fund's principal ongoing operations. The principal operating revenue of the Village's enterprise fund is charges for services for the Village utilities. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use the restricted resources first, then unrestricted resources as they are needed.

**State of New Mexico**  
**Village of Magdalena**  
**Notes to Financial Statements**  
**June 30, 2013**

**NOTE 1. Summary of Significant Accounting Policies (continued)**

**D. Assets, Liabilities, and Net Position or Equity**

Deposits and Investments: The Village's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the Village to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

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. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. Currently the Village has no investments.

Receivables and Payables: Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds or internal balances" (i.e., the current portion of inter-fund loans) or "advances to/from other funds or internal balances" (i.e., the non-current portion of inter-fund loans).

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

The Village receives mill levy and ad-valorem tax revenues. Property taxes are assessed on January 1 of each year and are based on the assessed value of property and are due in two equal payments by 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 uncollected thirty days after November 10<sup>th</sup> and April 10<sup>th</sup> are considered delinquent and may incur assessed penalties and interest. The taxes attach as an enforceable lien on the property. The Village recognizes tax revenues in the period in which they are levied in the government-wide financial statements. The Village records only the portion of taxes considered "measurable" and "available" in the governmental fund financial statements. Socorro County bills, collects, and remits to the Village its share of property taxes. Socorro County is unable to report the amount of delinquent tax currently due to the Village.

Inventories consist of system parts and supplies valued at cost using the first in first out method of accounting. An actual inventory is taken on an annual basis.

State of New Mexico  
 Village of Magdalena  
 Notes to Financial Statements  
 June 30, 2013

**NOTE 1. Summary of Significant Accounting Policies (continued)**

D. Assets, Liabilities, and Net Position or Equity (continued)

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical costs of infrastructure assets (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government wide statements. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C(5). The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Library books are expensed as purchased.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Infrastructure	50
Buildings and Improvements	40
Equipment	3-10
Vehicles	5-7
Software	5

Grant Revenues: Accounting principles generally accepted in the United States of America require that grant revenue be recognized at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as deferred outflow of resources. In addition, property taxes receivable but uncollected within sixty (60) days of year-end are classified as deferred inflow of resources.

Compensated Absences: Qualified employees are entitled to accumulate annual leave, according to a graduated leave schedule, based on length of service. Employees may accumulate up to twenty four days of annual leave and carry that leave forward from fiscal year to fiscal year. Upon termination, employees will be paid for all days of accrued annual leave.

Qualified employees are entitled to accumulate sick leave up to forty days, at a rate of twelve days per year. Sick leave can be carried over from year to year. Upon termination employees forfeit all unused sick leave.

State of New Mexico  
Village of Magdalena  
Notes to Financial Statements  
June 30, 2013

**NOTE 1. Summary of Significant Accounting Policies (continued)**

D. Assets, Liabilities, and Net Position or Equity (continued)

All vacation leave is accrued when incurred in the government-wide financial statements. A liability for those amounts is reported in the governmental funds only if they have matured, for example, as a result of an employee retirements or terminations.

Long-term Obligations: In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Net Position or Fund Equity:

Committed fund balance represents amounts that are usable only for specified purposes by formal action of the government's highest level of decision-making authority.

Assigned fund balance represents amounts that are intended to be used for specific purpose, but are neither restricted nor committed. Intent is expressed by the governing body or a subordinate high level body or official whom the governing body has delegated.

Restricted fund balance represents amounts with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unassigned fund balance is the residual classification for the general fund and represents the amount that have not been assigned to other funds, and that have not been restricted, committed or assigned to specific purposes.

Net investment in capital assets consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of these assets.

Inter-fund Transactions: Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other inter-fund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or non routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers.

State of New Mexico  
Village of Magdalena  
Notes to Financial Statements  
June 30, 2013

**NOTE 1. Summary of Significant Accounting Policies (continued)**

D. Assets, Liabilities, and Net Position or Equity (continued)

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2. Stewardship, Compliance, and Accountability**

Budgetary Information:

Annual budgets of the Village are prepared prior to June 1 and must be approved by resolution of the Village Trustees, and submitted to the Department of Finance and Administration for State approval. Once the budget has been formally approved, any amendments must also be approved by the Village Trustees and the Department of Finance and Administration. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any fund budget in total.

These budgets are prepared on the Non-GAAP cash basis, excluding receivables, payables, other accruals and encumbrances, and secure appropriation of the funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Capital Projects Funds.

The Village is required to balance its budgets each year. Accordingly, amounts that are in excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures.

The accompanying Statements of Revenues and Expenditures - Budget (Non-GAAP Budgetary Basis) and Actual presents comparisons of the legally adopted budget with actual data on the budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with Generally Accepted Accounting Principles, reconciliations for the fiscal year are presented.

The reconciliation between the Non-GAAP budgetary basis amounts and the financial statements on the Fund basis is recorded on each budgetary statement.



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**NOTE 3. Deposits and investments**

State statutes authorize the investment of Village funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States government obligations. All invested funds of the Village must properly follow State investment requirements.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the Village. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits, and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution. The Dodd-Frank Act of 2010 required that all public funds in a non-interest bearing bank account be fully insured by the FDIC through December 31, 2012.

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Village for at least one half the amount in excess of FDIC coverage on deposit with the institution.

The following schedule discloses the State of New Mexico, Office of the State Auditor's requirements on reporting the insured portion of the Village's deposits.

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June 30, 2013

**NOTE 3. Deposits and investments (continued)**

	Wells Fargo Bank
Total of deposits in the bank	\$ 933,649
Less FDIC coverage	273,799
Total uninsured public funds	659,850
Collateral requirement at 50%	329,925
Pledge collateral held by the pledging Bank's trust department but not in the Village's name	347,356
Over (Under) Collateral Requirement	17,431
Uninsured and uncollateralized	312,494
Custodial Credit Risk-Deposit	\$ 659,850

Carrying amounts of deposits and investments per financial statement at June 30, 2013 is:

Governmental Wide-Statement of Net Assets:	
Cash and cash equivalents	\$ 862,930
Cash and cash equivalents Restricted	69,481
Subtract funds held by NMFA	(1)
Subtract cash on hand	(100)
Subtract deposits in transit	(7,690)
Add outstanding checks and other items	9,029
Balance per bank	\$ 933,649

The Village utilizes pooled accounts for their funds. The General, Special Revenue, Capital Projects, and Proprietary Funds are all in multiple accounts. A Schedule of Bank Accounts is listed on Schedule I of this report.

Custodial credit risk - cash is the risk that in the event of a bank failure, the Villages' deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk. As of June 30, 2013, \$659,850 of the Village's bank balances were exposed to custodial credit risk.

The collateral pledged is listed on Schedule II of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by an agency, district or political subdivision of the State of New Mexico.

State of New Mexico  
Village of Magdalena  
Notes to Financial Statements  
June 30, 2013

**NOTE 3. Deposits and investments (continued)**

*Custodial Credit Risk – Investments* For an investment, custodial credit risk is the risk that in the event of counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village does not have an investment policy for custodial credit risk. The Village's does not have any investments. The certificates of deposits are contemplated in *custodial credit risk – cash*.

NM State Statutes require collateral pledged for repurchase agreements in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Village for at least 102% of the amount on deposit with the institution. There are no repurchase agreements for the fiscal year.

**NOTE 4. Accounts Receivable**

	General Fund	Other Major Funds	Other Major Funds	Non- Major Funds	Total
Taxes receivables	\$ 20,938	\$ 423	\$ 885		\$ 22,246
Intergovernmental funds	4,898	-		-	4,898
Federal & State Grants	-	-		-	-
<b>Total Receivables</b>	<b>\$ 25,836</b>	<b>\$ 423</b>	<b>\$ 885</b>		<b>\$ 27,144</b>

The above receivables are deemed 100% collectible. In accordance with GASB Statement No. 33, property tax receivables are presented net of deferred revenue.

In addition to the governmental funds accounts receivable above, the proprietary fund had receivables of \$58,962 (net allowance for uncollectible accounts of \$7,075) for the delivery of services to customers. This includes billed and unbilled services. The allowance for uncollectible accounts increased by \$5,132, and there were \$6,631 of bad debt write offs during the fiscal year.

**NOTE 5. Transfers:**

Cash transfers are for operations or matching funds for capital projects. Cash transfers are included in the operating budgets for the effected funds.

Non-cash transfers are Capital Assets from completed Capital Projects Funds being transferred to the fund that receives the completed capital asset.

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Notes to Financial Statements  
June 30, 2013

**NOTE 5. Transfers, continued:**

<u>Transfers:</u>	<u>Cash In</u>	<u>Cash Out</u>	<u>Non-Cash In</u>	<u>Non-Cash Out</u>
General Fund		236,200		
Library Fund	36,200			
Enterprise Fund	\$ 200,000			

**NOTE 6. Capital Assets**

**Governmental Funds:**

A summary of capital assets and changes occurring during the fiscal year follows.

	<u>Balance</u>	<u>June</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>	<u>June</u>
	<u>30, 2012</u>				<u>30, 2013</u>	
Capital Assets not depreciated:						
Land	\$ 268,889		\$ -	\$ -	\$ 268,889	
Construction in Progress	-		-	-	-	
Subtotal	<u>268,889</u>		<u>-</u>	<u>-</u>	<u>268,889</u>	
Capital Assets being depreciated:						
Building & Improvements	2,618,109		3,721	-	2,621,830	
Equipment & Vehicles	977,647		23,875	-	1,001,522	
Subtotal	<u>3,595,756</u>		<u>27,596</u>	<u>-</u>	<u>3,623,352</u>	
Total Capital Assets	<u>3,864,645</u>		<u>27,596</u>	<u>-</u>	<u>3,892,241</u>	
Accumulated Depreciation:						
Building & Improvements	786,210		40,778	-	826,988	
Equipment & Vehicles	889,610		37,703	-	927,313	
Total Accumulated Depr	<u>1,675,820</u>		<u>78,481</u>	<u>-</u>	<u>1,754,301</u>	
Net Capital Assets	<u>\$ 2,188,825</u>		<u>\$ (50,885)</u>	<u>\$ -</u>	<u>\$ 2,137,940</u>	

State of New Mexico  
Village of Magdalena  
Notes to Financial Statements  
June 30, 2013

**NOTE 6. Capital Assets (continued)**

Depreciation expense for the year ended June 30, 2013, was charged to the following functions and funds:

Public safety	\$ 26,835
General	36,037
Culture and Recreation	-
Public Works	15,609
Total depreciation expenses: governmental activities	<u>\$ 78,481</u>

**Enterprise Funds - Business-like Activities:**

A summary of capital assets and changes occurring during the fiscal year follows.

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Capital Assets not depreciated:				
Land	\$ 6,025	\$ -	\$ -	\$ 6,025
Construction in Progress	-	-	-	-
Subtotal	<u>6,025</u>	<u>-</u>	<u>-</u>	<u>6,025</u>
Capital Assets being depreciated:				
Distribution System	3,886,863	-	-	3,886,863
Building & Improvements	26,097	-	-	26,097
Equipment & Vehicles	351,036	3,721	-	354,757
Subtotal	<u>4,263,996</u>	<u>3,721</u>	<u>-</u>	<u>4,267,717</u>
Total Capital Assets	<u>4,270,021</u>	<u>3,721</u>	<u>-</u>	<u>4,273,742</u>
Accumulated Depreciation:				
Distribution System	1,738,846	102,699	-	1,841,545
Building & Improvements	25,927	170	-	26,097
Equipment & Vehicles	313,841	6,326	-	320,167
Total Accumulated Depr	<u>2,078,614</u>	<u>109,195</u>	<u>-</u>	<u>2,187,809</u>
Net Capital Assets	<u>\$ 2,191,407</u>	<u>\$ (105,474)</u>	<u>\$ -</u>	<u>\$ 2,085,933</u>

Depreciation expense for the year ended June 30, 2013, totaled \$109,195; of which \$30,351 was for the water activity, and \$78,674 waste water activity and \$170 for the solid waste activity.

State of New Mexico  
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Notes to Financial Statements  
June 30, 2013

**NOTE 7. Long-term Debt**

**Governmental Activities:**

During the year ended June 30, 2013, the following changes occurred in the liabilities reported in the government-wide statement of net assets for the Governmental Funds:

	<u>Balance 6/30/2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/2013</u>	<u>Due Within One Year</u>
Debt:					
NMFA loan B	12,121	-	6,053	6,068	6,068
Subtotal NMFA	12,121	-	6,053	6,068	6,068
Accrued Compensated Absence	34,859	8,512	18,560	24,811	24,811
Total	<u>\$ 46,980</u>	<u>\$ 8,512</u>	<u>\$ 24,613</u>	<u>\$ 30,879</u>	<u>\$ 30,879</u>

The annual requirements to amortize the above long-term debt as of June 30, 2013, including interest payments are as follows:

<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
6/30/2014	6,068	15	6,083
<b>TOTAL</b>	<u>\$ 6,068</u>	<u>\$ 15</u>	<u>\$ 6,083</u>

The NMFA loan will be paid through an intercept of the Village's annual fire allotment from the State Fire Marshall.

State of New Mexico  
Village of Magdalena  
Notes to Financial Statements  
June 30, 2013

**NOTE 7. Long-term Debt (continued)**

**Governmental Activities:**

New Mexico Finance Authority Loan B

Original Amount - \$60,000  
Interim Loan Closing Date – February 20, 2000  
First Coupon Date – November 11, 2000  
Final Maturity – November 11, 2014  
Interest Rate – 0.0%

The Village of Magdalena purchased a Pumper Tanker Fire Truck in order to provide fire protection services within the Village. A \$60,000 loan was obtained from the New Mexico Finance Authority, which was combined with \$76,000 from the Village’s Fire Protection Fund, to fund the purchase. The loan is secured with a pledge of the Fire Department’s annual distribution of Fire Protection Fund Revenues. An administration fee of 0.25% will be charges. The Village has entered into an intercept agreement with the New Mexico Finance Authority for the annual distribution of Fire Protection Fund Revenues for the annual debt service payment. The New Mexico Finance Authority maintains an interest bearing account in the name of the Village to receive and disburse those amounts. There are no reserve requirements.

**Enterprise Fund Long Term Debt:**

The following changes occurred in long-term obligations of the joint utility fund of the Village during the year ended June 30, 2013

	Balance at June 30, 2012	Additions	Reductions	Balance at June 30, 2013	Current Portion
Revenue Bonds Series 1974	\$ 4,000	\$ -	\$ 2,000	\$ 2,000	\$ 2,000
Revenue Bonds Series 1999	147,000	-	3,000	144,000	3,000
SubTotal	151,000	-	5,000	146,000	5,000
Accrued Compensated Absence	9,221	6,939	6,521	9,639	9,639
Total	<u>\$ 160,221</u>	<u>\$ 6,939</u>	<u>\$ 11,521</u>	<u>\$ 155,639</u>	<u>\$ 14,639</u>

State of New Mexico  
Village of Magdalena  
Notes to Financial Statements  
June 30, 2013

**NOTE 7. Long-term Debt (continued)**  
**Enterprise Fund Long Term Debt:**

Aggregate Debt Service Payments – Enterprise Fund

<u>Due in Year</u>	<u>Series 1974</u>	<u>Series 1999</u>	<u>Total</u>
2013-14	\$ 2,100	\$ 9,480	\$ 11,580
2014-15		9,345	9,345
2015-16		9,210	9,210
2016-17	-	9,075	9,075
2017-18	-	8,940	8,940
2019-2023	-	47,225	47,225
2024-2028	-	46,455	46,455
2029-2033	-	45,605	45,605
2034-2038	-	46,405	46,405
2039	-	19,855	19,855
	<hr/>	<hr/>	<hr/>
Total	\$ 2,100	\$ 251,595	253,695
Less Interest			(107,695)
Net Debt			<hr/> <u>\$ 146,000</u> <hr/>

A. Revenue Bond Series 1974 Enterprise Fund

Revenue Bonds – Enterprise Fund  
Original Amount - \$50,000  
Series – 1974  
Dated – January 1, 1975  
Principal Payable – January 1  
Interest Payable – January 1  
Interest Rate – 5%

The Revenue bonds issued for the purpose of improving and extending the utility systems, are to be retired from the income from operations of the utility system. The bonds create a lien on the net income of the system. The bonds mature \$1,000 annually through 2003 and \$2,000 annually thereafter through 2014.



State of New Mexico  
Village of Magdalena  
Notes to Financial Statements  
June 30, 2013

**NOTE 7. Long-term Debt (continued)**  
**Enterprise Fund Long Term Debt (continued):**

Cash Requirements for Revenue Bonds Series 1974 Bond Payable

Due in Year	Principal	Interest	Total Payment
2013-14	2,000	100	2,100
Total	\$ 2,000	\$ 100	\$ 2,100

**B. Revenue Bond Series 1999 – Enterprise Fund**

Original Amount - \$175,000

Series – 1999

Dated – April 7, 1999

Maturity Date – April 7, 2039

Principal Payable – April 7

Interest Payable – April 7

Interest Rate – 4.5%

The Revenue bonds issued for the purpose of improving the wastewater treatment systems, are to be retired from the income from operations of the utility system. The bonds create a lien on the net income of the system equal in rank to the lien created by issuance of the Series 1974 Revenue Bonds. The bonds matured \$2,000 annually through 2010, and then increasing annual amounts until the final \$19,000 is retired in 2039.

Cash Requirements for Revenue Bonds Series 1999 Bond Payable

Due in Year	Principal	Interest	Total Payment
2013-14	\$ 3,000	\$ 6,480	\$ 9,480
2014-15	3,000	6,345	9,345
2015-16	3,000	6,210	9,210
2016-17	3,000	6,075	9,075
2017-18	3,000	5,940	8,940
2019-2023	20,000	27,225	47,225
2024-2028	24,000	22,455	46,455
2029-2033	29,000	16,605	45,605
2034-2038	37,000	9,405	46,405
2039	19,000	855	19,855
Total	\$ 144,000	\$ 107,595	\$ 251,595

State of New Mexico  
Village of Magdalena  
Notes to Financial Statements  
June 30, 2013

**NOTE 7. Long-term Debt (continued)**

**Enterprise Fund Long Term Debt (continued):**

Reserve Requirement – Revenue Bonds – Enterprise Fund

Series	Reserve for Debt Service	Reserve for Repair & Replacement	Total
1974	\$ 1,050	\$ 10,000	\$ 11,050
1999	2,370	10,000	12,370
<b>Total</b>	<b>\$ 3,420</b>	<b>\$ 20,000</b>	<b>\$ 23,420</b>

The reserve for repair and replacement for the 1974 series bond is fully funded at \$10,000. The reserve for repair and replacement for the 1999 series bond is fully funded at \$10,000.

**Note 8. Risk Management**

The Village is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries and natural disasters. The Village participates in the New Mexico Self-Insurer's Fund risk pool.

The Village has not filed any claims for which the settlement amount exceeded the insurance coverage during the past three years. However, should a claim be filed against the Village which exceeds the insurance coverage, the Village would only be responsible for a loss in excess of the coverage amounts. As claims are filed, the New Mexico Self-Insurers' Fund assesses and estimates the potential for loss and handles all aspects of the claim. Insurance coverage's have not changed significantly from prior years and coverage's are expected to be continued.

New Mexico Self-Insurers' Fund has not provided information on an entity by entity basis that would allow for a reconciliation of changes in the aggregate liabilities for claims for the current fiscal year and the prior fiscal year.

State of New Mexico  
Village of Magdalena  
Notes to Financial Statements  
June 30, 2013

**NOTE 9. PERA Pension Plans**

**Plan Description.** Substantially all of the Village's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978.) The Public Employee Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing, multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, survivor benefits, and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123. The report is also available on PERA's website at [ww.pera.state.nm.us](http://ww.pera.state.nm.us).

**Funding policy.** Plan members are required to contribute 7% to 8% (ranges from 3.83% to 16.65% depending upon the plan – i.e., state general, state hazardous duty, state police and adult correctional officers, municipal general, municipal police, municipal fire, municipal detention officers) of their gross salary. The Village is required to contribute 7% to 11% (ranges from 7.0% to 25.72% depending upon the plan) of gross covered salary. The contribution requirements of plan members and the Village are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirement may be amended by the Legislature. The Village of Magdalena's contributions to PERA for the fiscal years ending June 30, 2013, 2012, and 2011 were \$16,840, \$18,048, and \$21,056, respectively, which equal the required contributions for each year.

**NOTE 10. Post-Employment Benefits**

The Retiree Health Care Act (the "Act") (Chapter 10, Article 7C, NMSA, 1978) provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. As authorized under Section 9D of Chapter 6, Laws of 1990, the Village has elected not to participate in the program by adoption of an ordinance.

**NOTE 11. Contingent Liabilities**

The Village is party to various claims and lawsuits arising in the normal course of business. Management and the Village's attorney are unaware of any material pending or threatened litigation, claims or assessments against the Village which are not covered by the Village's insurance.

**Solid Waste:** The Village operates a transfer station where solid waste is collected and transferred to the landfill facility owned by the City of Socorro. The Village pays the City of Socorro a fee to accept the waste and the Village has no closure or post-closure costs responsibilities for the City of Socorro landfill. The Village has plans to established a construction and demolition landfill; however, to date the Village has not received a permit to open the landfill and has not allowed any construction or demolition material to be received. The landfill closure and post-closure care requirements are regulated by the State of New Mexico Solid Waste Management regulations. The recognition of a liability for closure and post-closure care cost will begin when and if the landfill is opened and will be based on management's estimates of cost to close this landfill once it reaches capacity.

State of New Mexico  
Village of Magdalena  
Notes to Financial Statements  
June 30, 2013

**NOTE 11. Contingent Liabilities (continued)**

The Village has established a reserve for closure and post-closure care cost estimated to be \$25,000. The costs are management's estimates and are subject to change due to inflation or deflation, technology, or applicable laws or regulations. The Village reserve is to be funded with an annual amount of \$1,250. The reserve balance at June 30, 2013, was \$17,500.

**NOTE 12. Federal and State Grants**

In the normal course of operations, the Village receives grant funds from various federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

**NOTE 13. Subsequent Review**

The Village has evaluated subsequent events through June 26, 2014, which is the date the financial statements were dated.

**NOTE 14. Commitments**

The Village had no capital grants projects in progress at June 30, 2013; however, the Village is seeking capital grants to address a water shortage issue in the Village.

## SUPPLEMENTAL INFORMATION

State of New Mexico  
Village of Magdalena  
Non-Major Governmental Funds  
June 30, 2013

Special Revenue Funds

Correctional Fee Fund – To account for correctional fees collectable from persons convicted by the municipal judge for violating any motor vehicle ordinance. State Statute Section 35-14-11, NMSA, 1978 compilation restricts the expenditures to the purpose of paying for the care of municipal prisoners.

Environmental Fund - To account for the operations and maintenance of the solid waste facility. Financing is provided from the environmental services gross receipts tax. Authority – NMSA 7-19D-10.

Emergency Medical Services Fund – To account for the State grants received for the purchase, repair and maintenance of rescue units, ambulance vehicles and emergency equipment and communication system. State Statute Section 24-10A-7, NMSA, 1978 compilation restricts the expenditures to be used for that purpose.

Juvenile Recreation Fund – To account for the operations and maintenance of recreational activities in the Village. Financing is provided by program revenue and by a 1 cent tax on cigarette sales which is collected and distributed by the State of New Mexico. State statute Section 7-12-15, NMSA, 1978 compilation requires this tax be used in the above manner.

Law Enforcement Fund – To account for funds received from the state for law enforcement purpose. The fund was created by the authority of state grant provisions, NMSA 29-13-3.

Library Fund – To account for the operation and maintenance of the library. Financing is provided by state grants, transfers from General Fund, and library fines. Authority – NMSA 3-18-14.

Lodger's Tax Fund – To account for a lodger's tax which is used for cultural and recreational purposes. Authority NMSA 3-38-13 to 24.

Capital Projects Funds

Fire Complex Improvement Fund – To account for the construction improvements to the Village's Fire Station. Financing is provided by state grants and local funding. The project was completed in 2011.

The *CDBG Street Grant* (Capital Project Fund) accounts for the financial resources from federal grants and local matching funds for improvements to street in the Village. Expenditures include all costs associated for the project.

State of New Mexico  
 Village of Magdalena  
 Combining Balance Sheet  
 Non Major Governmental Funds  
 As of June 30, 2013

	Corrections Fund	Environmental Fund	Emergency Medical Services Fund	Juvenile Recreation Fund	Law Enforcement Protection Fund	Library Fund	Lodgers Tax Fund	Fire Improvement Fund	CDBG Project Fund	Total Non Major Governmental Funds
<b>ASSETS</b>										
Cash and cash equivalents	\$ 6,928	\$ 18,323	\$ 721	\$ 4,004	\$ 15,119	\$ 20,252	\$ 11,329	\$ 8,418	\$ 17	\$ 85,111
Taxes receivable	-	510	-	-	-	-	375	-	-	885
Intergovernmental receivables	-	-	-	-	-	-	-	-	-	-
Other receivable	-	-	-	-	-	-	-	-	-	-
Due from (to) other funds	-	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 6,928</b>	<b>\$ 18,833</b>	<b>\$ 721</b>	<b>\$ 4,004</b>	<b>\$ 15,119</b>	<b>\$ 20,252</b>	<b>\$ 11,704</b>	<b>\$ 8,418</b>	<b>\$ 17</b>	<b>\$ 85,996</b>
<b>LIABILITIES AND FUND BALANCES</b>										
<b>Liabilities:</b>										
Accounts payable	\$ -	\$ -	\$ 720	\$ -	\$ 285	\$ 470	\$ 469	\$ -	\$ -	\$ 1,944
Accrued payroll	-	-	-	-	-	294	-	-	-	294
Accrued interest payable	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>720</b>	<b>-</b>	<b>285</b>	<b>764</b>	<b>469</b>	<b>-</b>	<b>-</b>	<b>2,238</b>
<b>Fund balances:</b>										
<b>Restricted for:</b>										
Capital Projects	-	-	-	-	-	-	-	8,418	17	8,435
Debt Service	-	-	-	-	-	-	-	-	-	-
Special Revenue	6,928	18,833	1	4,004	14,834	19,488	11,235	-	-	75,323
<b>Total fund balances</b>	<b>6,928</b>	<b>18,833</b>	<b>1</b>	<b>4,004</b>	<b>14,834</b>	<b>19,488</b>	<b>11,235</b>	<b>8,418</b>	<b>17</b>	<b>83,758</b>
<b>Total liabilities and fund balances</b>	<b>\$ 6,928</b>	<b>\$ 18,833</b>	<b>\$ 721</b>	<b>\$ 4,004</b>	<b>\$ 15,119</b>	<b>\$ 20,252</b>	<b>\$ 11,704</b>	<b>\$ 8,418</b>	<b>\$ 17</b>	<b>\$ 85,996</b>

The accompanying notes are an integral part of the financial statements.

State of New Mexico  
Village of Magdalena  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non Major Governmental Funds**  
**For the Year Ended June 30, 2013**

	Corrections Fund	Environmental Fund	Emergency Medical Services Fund	Juvenile Recreation Fund	Law Enforcement Protection Fund	Library Fund	Lodgers Tax Fund	Fire Improvement Fund	CDBG Project Fund	Total Governmental Funds
<b>REVENUES:</b>										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross receipts tax	-	-	-	-	-	-	-	-	-	-
Franchise tax	-	-	-	-	-	-	-	-	-	-
Other tax	-	7,045	-	-	-	-	2,229	-	-	9,274
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental revenue	3,625	-	7,749	-	21,800	10,026	-	-	-	43,200
Charges for service	-	-	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>3,625</b>	<b>7,045</b>	<b>7,749</b>	-	<b>21,800</b>	<b>10,026</b>	<b>2,229</b>	-	-	<b>52,474</b>
<b>EXPENDITURES:</b>										
Current operations:										
General government	-	-	-	-	-	-	-	-	-	-
Public safety	1,395	-	-	-	7,141	-	-	-	-	8,536
Public works	-	7,002	-	-	-	-	-	-	-	7,002
Public health	-	-	7,751	-	-	-	-	-	-	7,751
Culture and recreation	-	-	-	-	-	42,867	5,663	-	-	48,530
Capital outlay	-	-	-	-	-	-	-	-	-	-
Debt service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>1,395</b>	<b>7,002</b>	<b>7,751</b>	-	<b>7,141</b>	<b>42,867</b>	<b>5,663</b>	-	-	<b>71,819</b>
Excess (deficiency) of revenues over expenditures	2,230	43	(2)	-	14,659	(32,841)	(3,434)	-	-	(19,345)
<b>OTHER FINANCING SOURCES (USES):</b>										
Transfer in	-	-	-	-	-	36,200	-	-	-	36,200
Transfer out	-	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,200</b>
Net changes in fund balances	2,230	43	(2)	-	14,659	3,359	(3,434)	-	-	16,855
Fund balances- beginning of year	4,698	18,790	3	4,004	175	16,129	14,669	8,418	17	66,903
Fund balances, end of year	6,928	18,833	1	4,004	14,834	19,488	11,235	8,418	17	83,758

The accompanying notes are an integral part of the financial statements.



State of New Mexico  
Village of Magdalena  
Statement of Revenues and Expenditures  
Budget (Non-GAAP Basis) and Actual (Cash Basis)  
Corrections Fund - Special Revenue Fund  
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue and grants	4,872	4,872	3,625	(1,247)
Other revenue	-	-	-	-
Total revenue	<u>4,872</u>	<u>4,872</u>	<u>3,625</u>	<u>(1,247)</u>
<b>EXPENDITURES:</b>				
General government	-	-	-	-
Public safety	6,812	6,812	1,395	5,417
Capital outlay	-	-	-	-
Total expenditures	<u>6,812</u>	<u>6,812</u>	<u>1,395</u>	<u>5,417</u>
Excess (deficiency) of revenue over expenditures	<u>(1,940)</u>	<u>(1,940)</u>	<u>2,230</u>	<u>4,170</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	<u>(1,940)</u>	<u>(1,940)</u>	<u>2,230</u>	<u>4,170</u>
Budgeted cash carryover	<u>4,698</u>	<u>4,698</u>	<u>4,698</u>	<u>-</u>
Net	<u>\$ 2,758</u>	<u>\$ 2,758</u>	<u>\$ 6,928</u>	<u>\$ 4,170</u>

Budgetary to Fund Reporting Reconciliation:

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Budgetary Basis	\$ 2,230
Adjustments for revenue accruals	-
Adjustment for expenditures accruals	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Fund Reporting	<u>\$ 2,230</u>

The accompanying notes are an integral part of the financial statements.

State of New Mexico  
Village of Magdalena  
Statement of Revenues and Expenditures  
Budget (Non-GAAP Basis) and Actual (Cash Basis)  
Environmental Fund - Special Revenue Fund  
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	5,300	5,300	6,825	1,525
Other revenue	-	-	-	-
Total revenue	<u>5,300</u>	<u>5,300</u>	<u>6,825</u>	<u>1,525</u>
<b>EXPENDITURES:</b>				
General government	-	-	-	-
Public Works	7,500	9,500	7,002	2,498
Capital outlay	-	-	-	-
Total expenditures	<u>7,500</u>	<u>9,500</u>	<u>7,002</u>	<u>2,498</u>
Excess (deficiency) of revenue over expenditures	<u>(2,200)</u>	<u>(4,200)</u>	<u>(177)</u>	<u>4,023</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	(2,200)	(4,200)	(177)	4,023
Budgeted cash carryover	<u>18,500</u>	<u>18,500</u>	<u>18,500</u>	<u>-</u>
Net	<u>\$ 16,300</u>	<u>\$ 14,300</u>	<u>\$ 18,323</u>	<u>\$ 4,023</u>

Budgetary to Fund Reporting Reconciliation:

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Budgetary Basis	\$ (177)
Adjustments for revenue accruals	220
Adjustment for expenditures accruals	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Fund Reporting	<u>\$ 43</u>

The accompanying notes are an integral part of the financial statements.

State of New Mexico  
Village of Magdalena  
Statement of Revenues and Expenditures  
Budget (Non-GAAP Basis) and Actual (Cash Basis)  
Emergency Medical Service Fund - Special Revenue Fund  
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue and grants	7,749	7,749	7,749	-
Other revenue	-	-	-	-
Total revenue	<u>7,749</u>	<u>7,749</u>	<u>7,749</u>	<u>-</u>
<b>EXPENDITURES:</b>				
General government	-	-	-	-
Public safety	7,752	7,752	7,031	721
Capital outlay	-	-	-	-
Total expenditures	<u>7,752</u>	<u>7,752</u>	<u>7,031</u>	<u>721</u>
Excess (deficiency) of revenue over expenditures	<u>(3)</u>	<u>(3)</u>	<u>718</u>	<u>721</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	<u>(3)</u>	<u>(3)</u>	<u>718</u>	<u>721</u>
Budgeted cash carryover	<u>3</u>	<u>3</u>	<u>3</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 721</u>	<u>\$ 721</u>

Budgetary to Fund Reporting Reconciliation:

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Budgetary Basis	\$ 718
Adjustments for revenue accruals	-
Adjustment for expenditures accruals	(720)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Fund Reporting	<u>\$ (2)</u>

The accompanying notes are an integral part of the financial statements.

State of New Mexico  
Village of Magdalena  
Statement of Revenues and Expenditures  
Budget (Non-GAAP Basis) and Actual (Cash Basis)  
Juvenile Recreation Fund - Special Revenue Fund  
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Other revenue	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES:</b>				
General government	-	-	-	-
Culture and recreation	1,000	1,000	-	1,000
Capital outlay	-	-	-	-
Total expenditures	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Excess (deficiency) of revenue over expenditures	<u>(1,000)</u>	<u>(1,000)</u>	<u>-</u>	<u>1,000</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	<u>(1,000)</u>	<u>(1,000)</u>	<u>-</u>	<u>1,000</u>
Budgeted cash carryover	<u>4,004</u>	<u>4,004</u>	<u>4,004</u>	<u>-</u>
Net	<u>\$ 3,004</u>	<u>\$ 3,004</u>	<u>\$ 4,004</u>	<u>\$ 1,000</u>

Budgetary to Fund Reporting Reconciliation:

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Budgetary Basis	\$ -
Adjustments for revenue accruals	-
Adjustment for expenditures accruals	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Fund Reporting	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

State of New Mexico  
Village of Magdalena  
Statement of Revenues and Expenditures  
Budget (Non-GAAP Basis) and Actual (Cash Basis)  
Law Enforcement Protection Fund - Special Revenue Fund  
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue and grants	21,800	21,800	21,800	-
Other revenue	-	-	-	-
Total revenue	<u>21,800</u>	<u>21,800</u>	<u>21,800</u>	<u>-</u>
<b>EXPENDITURES:</b>				
General government	-	-	-	-
Public safety	21,979	21,979	6,860	15,119
Capital outlay	-	-	-	-
Total expenditures	<u>21,979</u>	<u>21,979</u>	<u>6,860</u>	<u>15,119</u>
Excess (deficiency) of revenue over expenditures	<u>(179)</u>	<u>(179)</u>	<u>14,940</u>	<u>15,119</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	<u>(179)</u>	<u>(179)</u>	<u>14,940</u>	<u>15,119</u>
Budgeted cash carryover	<u>179</u>	<u>179</u>	<u>179</u>	<u>-</u>
Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,119</u>	<u>\$ 15,119</u>

Budgetary to Fund Reporting Reconciliation:

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Budgetary Basis	\$ 14,940
Adjustments for revenue accruals	-
Adjustment for expenditures accruals	(281)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Fund Reporting	<u>\$ 14,659</u>

The accompanying notes are an integral part of the financial statements.

State of New Mexico  
Village of Magdalena  
Statement of Revenues and Expenditures  
Budget (Non-GAAP Basis) and Actual (Cash Basis)  
Library Fund - Special Revenue Fund  
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue and grants	9,548	9,548	10,026	478
Other revenue	-	-	-	-
Total revenue	<u>9,548</u>	<u>9,548</u>	<u>10,026</u>	<u>478</u>
<b>EXPENDITURES:</b>				
General government	-	-	-	-
Culture and recreation	45,501	45,501	42,556	2,945
Capital outlay	-	-	-	-
Total expenditures	<u>45,501</u>	<u>45,501</u>	<u>42,556</u>	<u>2,945</u>
Excess (deficiency) of revenue over expenditures	<u>(35,953)</u>	<u>(35,953)</u>	<u>(32,530)</u>	<u>3,423</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	36,200	36,200	36,200	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>36,200</u>	<u>36,200</u>	<u>36,200</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	247	247	3,670	3,423
Budgeted cash carryover	<u>16,582</u>	<u>16,582</u>	<u>16,582</u>	<u>-</u>
<b>Net</b>	<u><u>\$ 16,829</u></u>	<u><u>\$ 16,829</u></u>	<u><u>\$ 20,252</u></u>	<u><u>\$ 3,423</u></u>
<b>Budgetary to Fund Reporting Reconciliation:</b>				
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Budgetary Basis			\$ 3,670	
Adjustments for revenue accruals			-	
Adjustment for expenditures accruals			(311)	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Fund Reporting			<u><u>\$ 3,359</u></u>	

The accompanying notes are an integral part of the financial statements.

State of New Mexico  
Village of Magdalena  
Statement of Revenues and Expenditures  
Budget (Non-GAAP Basis) and Actual (Cash Basis)  
Lodgers Tax Fund - Special Revenue Fund  
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	4,200	4,200	2,674	(1,526)
Other revenue	-	-	-	-
Total revenue	<u>4,200</u>	<u>4,200</u>	<u>2,674</u>	<u>(1,526)</u>
<b>EXPENDITURES:</b>				
General government	-	-	-	-
Culture and recreation	6,400	6,820	6,494	326
Capital outlay	-	-	-	-
Total expenditures	<u>6,400</u>	<u>6,820</u>	<u>6,494</u>	<u>326</u>
Excess (deficiency) of revenue over expenditures	<u>(2,200)</u>	<u>(2,620)</u>	<u>(3,820)</u>	<u>(1,200)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	<u>(2,200)</u>	<u>(2,620)</u>	<u>(3,820)</u>	<u>(1,200)</u>
Budgeted cash carryover	<u>15,149</u>	<u>15,149</u>	<u>15,149</u>	<u>-</u>
Net	<u>\$ 12,949</u>	<u>\$ 12,529</u>	<u>\$ 11,329</u>	<u>\$ (1,200)</u>

Budgetary to Fund Reporting Reconciliation:

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Budgetary Basis	\$ (3,820)
Adjustments for revenue accruals	(445)
Adjustment for expenditures accruals	<u>831</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Fund Reporting	<u>\$ (3,434)</u>

The accompanying notes are an integral part of the financial statements.

State of New Mexico  
Village of Magdalena  
Statement of Revenues and Expenditures  
Budget (Non-GAAP Basis) and Actual (Cash Basis)  
Fire Complex Improvement Fund - Capital Project Fund  
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES:</b>				
Intergovernmental revenue and grants:				
State Grant	\$ -	\$ -	\$ -	\$ -
Other revenue	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Engineering	-	-	-	-
Construction	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	-	-	-	-
Budgeted cash carryover	<u>8,418</u>	<u>8,418</u>	<u>8,418</u>	<u>-</u>
Net	<u>\$ 8,418</u>	<u>\$ 8,418</u>	<u>\$ 8,418</u>	<u>\$ -</u>

Budgetary to Fund Reporting Reconciliation:

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Budgetary Basis	\$ -
Adjustments for revenue accruals	-
Adjustment for expenditures accruals	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Fund Reporting	<u>-</u>

The accompanying notes are an integral part of the financial statements.



State of New Mexico  
Village of Magdalena  
Statement of Revenues and Expenditures  
Budget (Non-GAAP Basis) and Actual (Cash Basis)  
CDBG Street Project Capital Project Fund  
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES:</b>				
Taxes:				
Intergovernmental revenue and grants	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Investment earnings	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Public works	-	-	-	-
Debt service	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In (Out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	-	-	-	-
Budgeted cash carryover	<u>17</u>	<u>17</u>	<u>17</u>	<u>-</u>
Net	<u>\$ 17</u>	<u>\$ 17</u>	<u>\$ 17</u>	<u>\$ -</u>

Budgetary to Fund Reporting Reconciliation:

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Budgetary Basis	\$ -
Adjustments for revenue accruals	-
Adjustment for expenditures accruals	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Fund Reporting	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

State of New Mexico  
Village of Magdalena  
Statement of Revenues and Expenditures  
Budget (Non-GAAP Basis) and Actual (Cash Basis)  
Joint Utility Fund - Proprietary Fund  
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES:				
Water Sales	\$ 155,000	\$ 155,000	\$ 160,352	\$ 5,352
Sewer Charges	70,000	70,000	71,697	1,697
Trash services	95,000	95,000	90,870	(4,130)
Connection Fees	3,800	3,800	658	(3,142)
Late Payment Fees	7,800	7,800	7,640	(160)
Governmental Gross Receipts Tax	17,400	17,400	15,410	(1,990)
Investment earning	-	-	41	41
Other revenue	2,705	2,705	1,238	(1,467)
Total revenue	<u>351,705</u>	<u>351,705</u>	<u>347,906</u>	<u>(3,799)</u>
EXPENDITURES:				
Salaries & Benefits	135,023	135,023	135,354	(331)
Operation Expenses	187,589	226,749	189,338	37,411
Interest Expense	7,300	7,300	6,815	485
Bond Principal Payments	5,000	5,000	5,000	-
Capital Outlay	6,000	6,000	3,721	2,279
Total expenditures	<u>340,912</u>	<u>380,072</u>	<u>340,228</u>	<u>39,844</u>
Excess (deficiency) of revenue over expenditures	<u>10,793</u>	<u>(28,367)</u>	<u>7,678</u>	<u>36,045</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	200,000	200,000	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	10,793	171,633	207,678	36,045
Budgeted cash carryover	<u>184,132</u>	<u>184,132</u>	<u>184,132</u>	<u>-</u>
NET	<u>\$ 194,925</u>	<u>\$ 355,765</u>	<u>\$ 391,810</u>	<u>\$ 36,045</u>
Budgetary - GAAP Reporting Reconciliation:				
Excess (deficiency) of revenues over expenditures and other financing sources (uses)			\$ 207,678	
Adjustments for revenue accruals			(2,186)	
Adjustment for expenditures accruals			(29,069)	
Adjustment for Bond Principal Payments			5,000	
Adjustment for Capital Assets Purchased			3,721	
Adjustment for Depreciation			(109,195)	
Non-cash Transfers of Completed Capital Assets			-	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)			<u>\$ 75,949</u>	

The accompanying notes are an integral part of the financial statements.

## SUPPORTING SCHEDULES

State of New Mexico  
Village of Magdalena  
Schedule of Bank Accounts  
June 30, 2013

Schedule I

Account Name

Wells Fargo Bank	Balance	Deposits	Outstanding	Balance
<u>Checking Accounts:</u>	<u>Per Bank</u>	<u>In Transit</u>	<u>Checks</u>	<u>Per Books</u>
Governmental Funds	\$ 545,452	\$ 209	\$ 8,703	\$ 536,958
Enterprise Funds	335,166	7,481	326	342,321
Meter Deposits	28,561	-	-	28,561
CDBG Account	17	-	-	17
Construction Account	468	-	-	468
Special Projects	186	-	-	186
				-
Wells Fargo Bank				-
<u>Certificates of Deposits:</u>				-
Water Fund	-	-	-	-
Bond Reserve	20,174	-	-	20,174
Airport	<u>3,625</u>	<u>-</u>	<u>-</u>	<u>3,625</u>
Sub-Total	<u>\$ 933,649</u>	<u>\$ 7,690</u>	<u>\$ 9,029</u>	\$ 932,310
Cash Held By NMFA				1
Cash on Hand				100
Total Cash and Cash Equivalents				<u>\$ 932,411</u>
Financial Statements:				
Cash and Cash Equivalents				\$ 862,930
Cash and Cash Equivalents - Restricted				69,481
Total Cash and Cash Equivalents				<u>\$ 932,411</u>

The accompanying notes are an integral part of the financial statements.

State of New Mexico  
Village of Magdalena  
Schedule of Collateral  
Pledged by Depository for Public Funds  
June 30, 2013

Schedule II

Pledge collateral by Wells Fargo Bank is held by Wells Fargo Trust in California for the bank on behalf of the Village of Magdalena.

Pledged Security Description:		Original	Current	Current	CPN	Maturity
<u>CUSIP</u>	<u>Description</u>	<u>Face</u>	<u>Par</u>	<u>Market</u>	<u>Rate</u>	<u>Date</u>
3138ANHX4	FN A18345	15,000	10,700	11,167	2.91%	8/1/2041
3138MACM8	FN AP6375	5,000	4,714	4,624	3.00%	9/1/2042
3138MJUN7	FN AQ3288	5,000	4,895	4,802	3.00%	2/1/2043
3138NXHJ5	FN AR1196	5,000	4,906	4,812	3.00%	1/1/2043
3138W5GJ1	FN AR7400	5,000	4,998	4,902	3.00%	6/1/2043
318W7GX6	FN AR9213	10,000	9,908	9,718	3.00%	3/1/2043
3138WQAY8	FN AT2722	5,000	4,984	4,888	3.00%	5/1/2043
3138WTRR9	FN AT5895	5,000	5,000	4,904	3.00%	6/1/2043
31417DAK9	FN AB6309	5,000	4,667	4,578	3.00%	9/1/2042
31417ESU6	FN AB7730	10,000	9,801	9,613	3.00%	1/1/2043
31417EVM0	FN AB7819	75,000	73,867	72,450	3.00%	2/1/2043
31418UC28	FN AD6388	10,000	3,108	3,287	4.00%	5/1/2025
31418V4T6	FN AD8033	405,000	188,563	197,144	4.00%	8/1/2040
31419ANB9	FN AE0385	25,000	10,016	10,467	4.00%	9/1/2040
TOTAL				\$ 347,356		

The accompanying notes are an integral part of the financial statements.

State of New Mexico  
Village of Magdalena  
Schedule of Changes in Capital Assets  
Used in the Operations of Governmental Funds  
For the Year Ended June 30, 2013

Schedule III

	Balance			Balance
	<u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2013</u>
<b>Governmental Fund Capital Assets</b>				
Land	\$ 268,889	\$ -	\$ -	\$ 268,889
Construction in Progress	-	-	-	-
Building and Improvements	2,618,109	3,721	-	2,621,830
Vehicles, furniture and equipment	<u>977,647</u>	<u>23,875</u>	<u>-</u>	<u>1,001,522</u>
<b>Total Governmental Fund Capital Assets</b>	<u>3,864,645</u>	<u>27,596</u>	<u>-</u>	<u>3,892,241</u>
<b>Investment in Capital Assets</b>				
General Fund	2,261,601	27,596	-	2,289,197
Fire Fund	714,157	-	-	714,157
Juvenile Recreation Fund	6,137	-	-	6,137
Lodgers Tax Fund	-	-	-	-
Street Fund	666,584	-	-	666,584
EMS Fund	26,064	-	-	26,064
Law Enforcement Fund	143,318	-	-	143,318
Corrections Fund	-	-	-	-
Environmental Fund	29,993	-	-	29,993
Library	16,791	-	-	16,791
Capital Project Fund - CDBG Pine Street	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Investment in Capital Assets</b>	<u>\$ 3,864,645</u>	<u>\$ 27,596</u>	<u>\$ -</u>	<u>\$ 3,892,241</u>

The accompanying notes are an integral part of the financial statements.

## COMPLIANCE SECTION

*Beckham & Penner, P.C.*

CERTIFIED PUBLIC ACCOUNTANTS

103 6TH ST. N.E., P.O. BOX 179

SOCORRO, NEW MEXICO 87801

PHONE 575/835-1091 FAX 575/835-1224

bppccpa@sdc.org

**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 Auditors' Report**

Mr. Hector H. Balderas  
New Mexico State Auditor, and  
Village Trustees  
Village of Magdalena  
Magdalena, New Mexico

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparison of the general fund and major special revenue funds of the Village of Magdalena (Village) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Village, presented as supplemental information, and have issued our report thereon dated June 26, 2014. The report was qualified for the effect as might have been determined necessary had we been able to audit the Capital Asset and related depreciation records which have not been maintained by the Village.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.



A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses to be material weaknesses. 2004-001 Capital Asset Inventory

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. We consider the deficiencies described in the accompanying Schedule of Findings and Responses to be significant deficiencies. 2004-002 and 2012-001

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2004-002 and 2012-001.

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

The Village's responses to the findings identified in our 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, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Beckham & Penner P.C.  
Certified Public Accountants  
Socorro, New Mexico  
June 26, 2014

State of New Mexico  
Village of Magdalena  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

SUMMARY OF FINDINGS:

PRIOR YEAR FINDINGS:

Status

2004-01 Capital Asset Inventory	Repeated
2004-02 Untimely Submission of Audit Report	Repeated
2012-01 Employee Utility Credits as Taxable Fringe Benefits	Repeated
2012-02 Expenditures in excess of Budget	Resolved

CURRENT YEAR FINDINGS:

2004-001 Capital Asset Inventory – Material Weakness in Internal Controls

2004-002 Untimely Submission of Audit Report – Significant Deficiency and Compliance Matter

2012-001 Employee Utility Credits as Taxable Fringe Benefits – Significant Deficiency and Compliance

State of New Mexico  
Village of Magdalena  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**2004-001 Capital Assets Inventory (Material Weakness)**

**Statement of Condition:**

Detailed records of capital assets of the Village have not been maintained in prior years. A property inventory control listing for the last few years' additions has been prepared by the Village. The inventory listing, however, does not include all the land and building and the older equipment and therefore has not been reconciled with the accounting records to assure that the listing includes all property of the Village, valued at historical costs, and that property no longer held by the Village has been excluded from the accounting records.

**Criteria:**

An effective system on internal control provides for the proper safeguarding of the entity's assets. Such control is established through the inventory listing and the reconciliation with control accounts along with an annual physical inventory inspection.

**Cause:**

Accounting records for the capital assets of the Village over the past years has reflected additions acquired and only some deletions. There previously had been no inventory of the capital assets to establish control after acquisitions. Accordingly, the financial records include the cumulative cost of capital assets acquired, with only some of the disposition removed. The balance of the capital asset accounts does not necessarily reflect the appropriate cost of the Village's capital asset inventory. Therefore, the depreciation calculations based on the asset control amounts may not reflect the appropriate accumulated and current depreciation of the Village's capital assets.

**Effect:**

Historical records for the capital assets were not maintained, and procedures and policies for appropriate accounting of capital assets had not been in operation for many prior years.

**Recommendation:**

The detailed capital asset inventory listing should be completed and verified, then reconciled to the control accounts in the financial records. The detailed capital asset inventory should continue to be adjusted periodically to reflect the additions of new equipment, deletions of equipment and other changes. The land, buildings and older equipment not currently on the detail property inventory should be identified and included at their historical cost.

**Management's Response:**

The Village of Magdalena agrees with the auditor's comment and will continue to update the detail capital asset inventory control listing for current additions and deletions. The Village has begun the process to ascertain the historical information needed to include the land, buildings and older equipment in the inventory.

State of New Mexico  
Village of Magdalena  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**2004-02 Untimely Submission of Audit Report (Significant Deficiency)**

**Statement of Condition** - The audit report of The Village of Magdalena for the fiscal year ended June 30, 2013 was not delivered to the State Auditor by the due date of December 1, 2013.

**Criteria** – The State Auditor Rule NMAC Subsection 2.2.2.9.A requires the audit reports be submitted by the due date.

**Cause** - The audit for the fiscal year ended June 30, 2012 was not completed until March 10, 2014, therefore the subsequent audits were delayed.

**Effect** - Noncompliance with State Auditor Rule NMAC Subsection 2.2.2.9.A. Timely audit reports were needed by management, the State of New Mexico, and others to properly monitor and evaluate the performance of the Village.

**Recommendation** - The prior year audits need to be caught up to date to insure that the current audit report can be submitted in a timely manner.

**Management's Response** - The Village concurs with the recommendation above.

**2012-01 Employee Utility Credits as Taxable Fringe Benefits (Significant Deficiency)**

**Statement of Condition** - The Village began offering in July 2011 their employees a monthly credit of up to \$50 per employee for their utility charges. This was not treated as a taxable fringe benefit to the employees.

**Criteria** – The Internal Revenue Code requires that these benefits be treated as taxable fringe benefits to the employees and this activity is prohibited by NM State Statues Article IX Sec 14.

**Cause** - The Village offered the employees these benefits in lieu of raises and did not know that the benefits were taxable fringe benefits and or violated the Anti-Donation statues.

**Effect** - Noncompliance with state statues, the internal revenue code and under payment of related payroll taxes. For the twelve months ended June 30, 2013 the total amount of the seven employees' utility credits amounted to \$3,631.

**Recommendation** - The Village should treat the employee utility credits as a taxable fringe benefit in accordance with the internal revenue code.

**Management's Response** - The Village concurs with the recommendation above, and made the

State of New Mexico  
Village of Magdalena  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**FINANCIAL STATEMENT PREPARATION:**

The financial statements together with the related notes and supplementary information were prepared by Beckham & Penner, P.C. for the Village for the fiscal year; however, management acknowledges and accepts responsibility for the financial statements.

**EXIT CONFERENCE:**

The exit conference was held on June 26, 2014 at the Village of Magdalena and was attended by:

**Village of Magdalena:**

Diego Montoya, Mayor  
Carleen Gomez, Deputy Clerk

**Beckham & Penner P.C. CPA's:**

Rick Penner, CPA.