

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**FINANCIAL STATEMENTS**

**June 30, 2013**

**(With Independent Auditor's Report Thereon)**

**Prepared by**

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7520 Montgomery, NE, Building E-17  
Albuquerque, New Mexico 87109**

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

FINANCIAL STATEMENTS AND SUPPLEMENTARY  
INFORMATION AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

(With Independent Auditor's Reports Thereon)

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

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June 30, 2013**

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**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**OFFICIAL ROSTER  
June 30, 2013**

Village Trustees

Elected Officials

Steve M. Lucero - Mayor  
John J. Urban - Mayor Pro-tem  
Julian A. Trujillo - Trustee  
Julie Ann M. Quintana - Trustee  
Esther A.M. Lucero - Trustee  
Bernice R. Trujillo - Municipal Judge

Administration

Christina R. Lucero - Village Clerk

INDEPENDENT AUDITOR'S REPORT

Hector Balderas, State Auditor  
Steve M. Lucero, Mayor  
and Trustees  
Village of San Ysidro  
San Ysidro, New Mexico

**Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Village of San Ysidro (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. I have also audited the financial statements of each of the Village's nonmajor governmental funds, enterprise funds and the budgetary comparisons for the major capital project fund, and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 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 responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and with standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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, and accordingly, no such opinion is expressed. 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 financial statement presentation.

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

### **Opinions**

In my opinion, 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, and the aggregate remaining fund information of the Village, as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Village as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons of the nonmajor governmental funds, enterprise funds, and the major capital project fund, for the year ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**


#### **Required Supplemental Information (RSI)**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 4 through 11 be presented to supplement the basic financial statements. Such 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. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consists of inquiries of management about methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited

procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued a report dated November 24, 2014, on my consideration of the Village of San Ysidro's internal control over financial reporting and my test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

  
Kathleen R. Lane, P.C.  
Albuquerque, New Mexico  
November 24, 2014



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the Village of San Ysidro's financial performance provides an overview of the Village's financial activities for the fiscal year ended June 30, 2013. Please read it in conjunction with the Village's financial statements, which begins on page 12.

### Financial Highlights

The Village of San Ysidro's total net assets increased \$218,777, or 7.6 percent as a result of this year's operations. Net assets of our business-type activities increased by \$205,434, or 15.5 percent, due to installation of Phase III A/C pipeline and less depreciation. Net assets of our governmental activities increased by \$13,343, or 1 percent, due to increase in tax revenue.

During the year, the Village of San Ysidro had revenues generated in tax and other revenues, for governmental programs (before special items and transfers) that were \$12,070 more than the expense (before depreciation) in comparison to last year, when revenue exceeded expense by \$10,486.

In the Village of San Ysidro's business-type activities, operating revenues increased to \$62,183 from \$54,715 and operating expenses decreased to \$53,223 from \$55,401 in 2012.

Total cost of all of the Village of San Ysidro's governmental programs increased by \$8,657 or 3.5 percent.

The general fund reported a net decrease (after transfers) this year of \$9,855.

### Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 12 and 13) provide information about the activities of the Village of San Ysidro as a whole and present a longer-term view of the Village's finances. Fund financial statements start on page 14. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements

also report the Village's operations in more detail than the government-wide statements by providing information about the Village's most significant funds. The remaining statements provide financial information about activities for which the Village acts solely as a trustee or agent for the benefit of those outside of the government.

#### Reporting the Village of San Ysidro as a Whole

Our analysis of the Village as a whole begins on page 12. One of the most important questions asked about the Village's finances is, "Is the Village of San Ysidro as a whole better off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Village as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Based on the current year activities, the Village has been able to maintain expenses and projected revenues were met.

These two statements report the Village's net assets and changes in them. You can think of the Village's net assets - the difference between assets and liabilities - as one way to measure the Village's financial health, or financial position. Over time, increases or decreases in the Village's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Village's property tax base and the condition of the Village's roads, to assess the overall health of the Village of San Ysidro.

In the Statement of Net Position and the Statement of Activities, we divide the Village into two kinds of activities:

Government activities - Most of the Village's basic services are reported here, including the police, fire, public works, and general administration. Gross receipts tax, property taxes, franchise fees, and state and federal grants finance most of these activities.

Business-type activities - The Village charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Village's Water Department is reported here.

## Reporting the Village's Most Significant Funds

Our analysis of the Village's major funds begins on page 14 provides detailed information about the most significant funds - not the Village as a whole. Some funds are required to be established by State law and by bond covenants. However, the Village Trustees establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like loan/grants received from the New Mexico Finance Authority/Water Trust Board and the New Mexico Department of Transportation/Local Government Road Fund Cooperative Program). The Village's two kinds of funds - governmental and proprietary - use different accounting approaches.

Governmental funds - Most of the Village of San Ysidro's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual account, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Village's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation on page 15.

Proprietary funds - When the Village of San Ysidro charges customers for the services it provides - whether to outside customers or to other units of the Village - these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the Village's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

Financial Analysis of the Village as a Whole

This section will discuss and analyze significant differences. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Village's governmental and business-type activities.

**Table 1**  
**Village of San Ysidro**  
**Net Assets**  
**(In Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 409	\$ 433	\$ 37	\$ 56	\$ 446	\$ 489
Capital assets	1,227	1,165	1,609	1,406	2,836	2,571
Total assets	1,636	1,598	1,646	1,462	3,282	3,060
Long-term debt outstanding	29		111	116	140	116
Other liabilities	27	41	6	23	43	64
Total liabilities	66	41	117	139	183	180
Net assets						
Invested in capital assets, net of related debt	1,189	1,165	1,493	1,285	2,682	2,450
Restricted	117	118			117	118
Unrestricted	264	274	36	38	300	312
Total net assets	\$ 1,570	\$ 1,557	\$ 1,529	\$ 1,323	\$ 3,099	\$ 2,880

The net assets of our business-type activities increased by 15.5 percent (\$1,528,742 compared to \$1,323,308 in 2012); this increase was generated from Phase III of A/C pipeline replacement.

New Mexico Finance Authority/Water Trust Board loan/grant funds were received in the amount of \$249,084 for A/C pipeline replacement.

NMDOT/Local Government Road Funds in the amount of \$49,100 was received for paving within the Village. There is still a balance of \$18,835 to be carried forward to 2013/2014 for Village road work.

**Table 2**  
**Village of San Ysidro**  
**Changes in Net Assets**  
**(In Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 12	\$ 15	\$ 62	\$ 55	\$ 74	\$ 70
State grants	56	56			56	56
Capital grants	61	43	249	236	310	279
General revenues						
Taxes levied for general	193	175			193	175
Interest income	1				1	
Miscellaneous	5	7			5	7
Total revenues	328	296	311	291	639	587
<b>Expenses</b>						
General government	147	132			147	132
Public safety	92	99			92	99
Culture and recreation	6	2			6	2
Highway and streets	7	9			7	9
Depreciation	57	61			57	61
Interest on long-term debt			3	3	3	3
Water Department			109	108	109	108
Total expenses	309	303	112	111	421	414
Excess (deficiency) before special items and transfers	19	(7)	199	180	218	173
Transfers	(6)	(3)	6	3	-	-
Increase (decrease) in net Assets	\$ 13	\$ (10)	\$ 205	\$ 183	\$ 218	\$ 173

During the year ended June 30, 2013, there were significant events that changed the balance of net assets. An explanation of these events is as follows:

Gross receipts taxes increased \$20,695. The Village received \$151,079 in 2013 compared with \$130,384 in 2012.

State operating and capital grants - The Village received \$366,711 in 2013 compared to \$334,477 in 2012.

Our analysis below separately considers the operations of governmental and business-type activities.

#### Business-Type Activities

The Village charges fees to customers to help cover the cost of maintaining the Water Enterprise Fund. The Village did not increase the base rate during 2013.

Revenues of the Village of San Ysidro's business-type activities (see Table 2) increased by \$7,448 (\$62,163 in 2013 compared to \$54,715 in 2012) and expenses decreased by \$2,178. The factors driving these results include:

The San Ysidro Water Department saw its operating revenues increase by \$7,448, while operating expenses, excluding depreciation, decreased \$2,178. The Water Department paid \$6,591 to the Village of San Ysidro for reimbursed expense.

#### The Village Fund

The Village of San Ysidro had a decrease of \$9,855 in the Village's General Fund. The primary reasons for the General Fund's decrease mirror the governmental activities analysis highlighted on page 4. In addition, these other changes in fund balances should be noted.

Governmental Activities revenues for the Village increased \$16,723, while total expenses increased \$9,657. The cost of all governmental activities, before depreciation, this year was \$252,147 compared to \$242,490 last year.

#### General Fund Budgetary Highlights

Over the course of the year, the Village Council revised the Village of San Ysidro's budget four times to prevent budget overruns.

#### Capital Asset and Debt Administration Capital Assets

At the end of 2013, the Village of San Ysidro had \$2,836,091 invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, and water system (see Table 3 below). This amount represents a net increase (including additions and deductions) of \$264,889 over last year.

**Table 3**  
**Village of San Ysidro**  
**Change in Capital Assets**

	Net Balance June 30, 2012	Additions/ Deletions	Balance June 30, 2013
<b>Non-Depreciable Assets:</b>			
Land	\$ 220,478	\$ 10,000	\$ 230,478
<b>Other Capital Assets:</b>			
Infrastructure	398,288		398,288
Water utility plant/improve.	1,964,272	255,430	2,219,702
Buildings/improvements	438,740		438,740
Furniture and other equipment	388,253		388,253
Land/park improvements	321,923	72,406	394,329
Vehicles	104,103	40,330	144,433
Less: Accumulated depreciation	(1,264,855)	(113,277)	(1,378,132)
Total other capital asset	<u>\$ 2,350,724</u>	<u>\$ 254,889</u>	<u>\$ 2,605,613</u>

Capital Asset and Debt Administration Capital Assets

The Village paved the Village's parking lot in the amount of \$72,406, and the Water Department spent \$255,430 on Phase III of A/C pipe replacement. The Village also obtained an NMFA loan in the amount of \$37,973 to purchase a police vehicle. Paving at Village and Water Department office was completed in the amount of \$72,406.

Debt

At year end, the Village had \$153,669 in outstanding debt versus \$120,587 last year - an increase of 27.4 percent - as shown in Table 4.

**Table 4**  
**Village of San Ysidro**  
**Outstanding Debt**  
**At June 30, 2013**

	Governmental Activities	Net Business-type Activities	Total Primary Government
NMFA - LEPP vehicle	\$ 37,973	\$	\$ 37,973
USDA Revenue Bond		49,000	49,000
NMFA - Phase I		22,222	22,222
NMFA - Phase II		44,474	44,474
Totals	<u>\$ 37,973</u>	<u>\$ 115,696</u>	<u>\$ 153,669</u>

Other obligations include accrued compensated absences. More detailed information about the Village's long-term liabilities is presented in Notes 1 and 6 to the financial statements.

#### Economic Factors and Next Year's Budgets and Rates

The Village of San Ysidro's elected and appointed officials reviewed many factors in the preparation of the 2013/2014 fiscal year budget. Factors considered included projecting an increase in revenues. This is based on increase in tourism and decrease in expenditures. Municipal revenues distributed by the State of New Mexico make up a majority of the 2014 budgeted general fund revenues.

To deal with the swing in the economy, The Village has put aside non-budgeted reserve resources. The Village has also attempted to keep expenditures to a minimum.

#### Contacting the Village of San Ysidro Financial Management

This financial report is designed to provide a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Village Clerk at the Village Municipal Office in the Village of San Ysidro, P.O. 190, San Ysidro, New Mexico.



**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**STATEMENT OF NET POSITION - GOVERNMENT WIDE  
June 30, 2013**

	Primary Government		
<b>ASSETS</b>	Government Activities	Business-Type Activities	Total
Current Assets:			
Cash and cash equivalents	\$ 114,749	\$ 24,737	\$ 139,486
Restricted assets:			
Cash and cash equivalents		3,589	3,589
Total cash (Note 3)	114,749	28,326	143,075
Investments (Note 4)	260,811		260,811
Receivables (net) (Note 5)	9,232	8,214	17,446
Taxes receivable (Note 5)	24,106		24,106
Prepaid expense	535	270	805
Total current assets	409,433	36,810	446,243
Noncurrent Assets:			
Land	225,478	5,000	230,478
Capital assets, net of depreciation (Note 12)	1,001,454	1,604,159	2,605,613
Total noncurrent assets	1,226,932	1,609,159	2,836,091
 Total Assets	 \$ 1,636,365	 \$ 1,645,969	 \$ 3,282,334
 <b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 2,866	\$ 689	\$ 3,555
Accrued liabilities	1,838	393	2,231
Unearned revenue (Note 15)	18,835		18,835
Due within one year (Note 6)	14,014	4,149	18,163
Current liabilities payable from restricted assets		1,200	1,200
Total current liabilities	37,553	6,431	43,984
Noncurrent liabilities:			
Due in more than one year (Note 6)	28,613	110,796	139,409
 Total Liabilities	 \$ 66,166	 \$ 117,227	 \$ 183,393
 <b>NET POSITION</b>			
Net investments in capital assets	\$ 1,188,959	\$ 1,493,463	\$ 2,682,422
Restricted for:			
Capital projects	22		22
Special	117,370		117,370
Unrestricted	263,848	35,279	299,127
 Total Net Position	 \$ 1,570,199	 \$ 1,528,742	 \$ 3,098,941

See Accompanying Notes to Financial Statements

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**STATEMENT OF ACTIVITIES - GOVERNMENT-WIDE  
June 30, 2013**

Functions/Programs	Expense	Program Revenues			Net (Expense) Revenue
		Charges for Service	Operating Grants and Contribution	Capital Grants and Contribution	
<b>Primary government:</b>					
Governmental activities					
General government	\$ 146,577	\$	\$ 35,000	\$ 61,427	\$ (50,150)
Public safety	92,548	11,439	21,200		(59,909)
Culture and recreation	5,728	650			(5,078)
Highways and streets	7,294				(7,294)
Depreciation	56,969				(56,969)
<b>Total governmental activities</b>	<b>309,116</b>	<b>12,089</b>	<b>56,200</b>	<b>61,427</b>	<b>(179,400)</b>
Business-type activities:					
Water Department	109,530	62,163		249,084	201,717
Interest Expense	2,564				(2,564)
<b>Total business-type activities</b>	<b>112,094</b>	<b>62,163</b>		<b>249,084</b>	<b>199,153</b>
<b>Total primary government</b>	<b>\$ 421,210</b>	<b>\$ 74,252</b>	<b>\$ 56,200</b>	<b>\$ 310,511</b>	<b>\$ 19,753</b>

Changes in net position	Government+ Activities		Business- Type Activities	Total
Net (expense) revenue	\$ (179,400)	\$	\$ 199,153	\$ 19,753
General Revenues:				
Taxes - gross receipts		151,079		151,079
Taxes - property		17,235		17,235
Taxes - gasoline		21,228		21,228
Taxes - franchise		3,741		3,741
Unrestricted investment earnings		560	101	661
Miscellaneous		5,080		5,080
Transfer - internal activities		(6,180)	6,180	0
<b>Total general revenues/transfers</b>		<b>192,743</b>	<b>6,281</b>	<b>199,024</b>
Change in net position		13,343	205,434	218,777
Net position, beginning of year		1,556,856	1,323,308	2,880,164
<b>Net position, end of year</b>		<b>\$ 1,570,199</b>	<b>\$ 1,528,742</b>	<b>\$ 3,098,941</b>

See Accompanying Notes to Financial Statements

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

GOVERNMENTAL FUNDS  
BALANCE SHEET  
June 30, 2013

<b>ASSETS</b>	General Fund	Corrections
Cash and cash equivalents	\$ 88,750	\$ 2,212
Investments	150,479	110,332
Receivables (net)	9,232	
Taxes receivable	24,106	
Other current assets	535	
Total Assets	<u>\$ 273,102</u>	<u>\$ 112,544</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
LIABILITIES		
Accounts payable	\$ 2,762	\$
Accrued payroll	1,838	
Other current liabilities		
Total Liabilities	<u>4,600</u>	<u>-</u>
FUND BALANCES		
Nonspendable	535	
Restricted for:		
Capital Projects		
Special Projects		112,544
Unassigned	267,967	
Total Fund Balances	<u>268,502</u>	<u>112,544</u>
 Total Liabilities and Fund Balances	 <u>\$ 273,102</u>	 <u>\$ 112,544</u>

Capital Projects	Nonmajor Government Funds	Totals
\$ 18,857	\$ 4,930	\$ 114,749
		260,811
		9,232
		24,106
		535
<u>\$ 18,857</u>	<u>\$ 4,930</u>	<u>\$ 409,433</u>

\$	\$ 104	\$ 2,866
		1,838
18,835		18,835
<u>18,835</u>	<u>104</u>	<u>23,539</u>

		535
22		22
	4,826	117,370
		267,967
<u>22</u>	<u>4,826</u>	<u>385,894</u>
<u>\$ 18,857</u>	<u>\$ 4,930</u>	<u>\$ 409,433</u>

See Accompanying Notes to Financial Statements

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

RECONCILIATION OF GOVERNMENTAL FUND  
BALANCE SHEET TO STATEMENT OF NET POSITION  
Year Ended June 30, 2013

Total Fund Balance - Total Governmental Fund   \$     385,894

Amounts reported for government activities in  
the Statement of Net Assets differs from the  
amounts reported in the Governmental Funds  
Balance Sheet because:

Capital assets used in governmental activities  
are not current financial resources and  
therefore are not reported in the governmental  
funds balance sheet

Cost of assets capitalized (total)	1,862,045
Accumulated depreciation	(635,113)

Long-term liabilities, including loans payable  
and compensated absences, are not due and  
payable in the current period, and therefore,  
are not reported in the government fund  
balance sheet

(28,613)

Due within one year	<u>(14,014)</u>
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Net position of governmental activities	<u>\$ 1,570,199</u>
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**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
Year Ended JUNE 30, 2013**

<b>REVENUES</b>	General Fund	Corrections
Taxes	\$ 193,283	\$
Grants- State	35,000	
Fines and fees	10,083	
Charges for services		1,356
Miscellaneous	5,630	
Total Revenues	243,996	1,356
<b>EXPENDITURES</b>		
Current:		
General government	141,474	
Public safety	73,410	603
Culture and recreation		
Highways and streets	7,042	
Capital outlay	10,000	
Total Expenditures	231,926	603
Excess of Revenue Over (Expenditures)	12,070	753
OTHER FINANCING SOURCES (USES)		
Transfers in		
Transfers out	(21,925)	
Loan proceeds		
Total Other Financing (Uses) Sources	(21,925)	
Net Change in Fund Balances	(9,855)	753
FUND BALANCE, Beginning of Year	278,357	111,791
FUND BALANCE, End of Year	\$ 268,502	\$ 112,544

Capital Projects	Nonmajor Government Funds	Totals
\$	\$	\$ 193,283
61,427	21,200	117,627
		10,083
	650	2,006
	10	5,640
<u>61,427</u>	<u>21,860</u>	<u>328,639</u>
5,136		146,610
	18,658	92,671
	5,728	5,728
252		7,294
<u>72,406</u>	<u>40,329</u>	<u>122,735</u>
<u>77,794</u>	<u>64,715</u>	<u>375,038</u>
(16,367)	(42,855)	(46,399)
16,369	3,224	19,593
		(21,925)
	37,973	37,973
<u>16,369</u>	<u>41,197</u>	<u>35,641</u>
2	(1,658)	(10,758)
20	6,484	396,652
<u>\$ 22</u>	<u>\$ 4,826</u>	<u>\$ 385,894</u>

See Accompanying Notes to Financial Statements

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

RECONCILIATION OF THE STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2013

Net Changes in Fund Balance	
Total Governmental Funds	\$ (10,758)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalized threshold. This activity is reconciled as follows:	
Cost of asset capitalized	122,735
Depreciation expense	(56,969)
Vehicles(net) transferred to water department	(3,848)
Repayment of debt principle is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the Statement of Net Assets.	
Loan proceeds - vehicle	(37,973)
Net change in compensated absences	<u>156</u>
Change in net position of governmental activities	<u>\$ 13,343</u>

See Accompanying Notes to Financial Statements



**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Year Ended June 30, 2013**

<b>REVENUES</b>	Original Budget	Revised Budget	Actual	Difference
Municipal taxes:				
Property tax	\$ 17,464	\$ 17,464	\$ 17,357	\$ (107)
Gasoline tax	27,716	27,716	21,260	(6,456)
Gross receipts taxes	71,411	71,411	77,211	5,800
Franchise fee	5,197	5,197	3,750	(1,447)
	<u>121,788</u>	<u>121,788</u>	<u>119,578</u>	<u>(2,210)</u>
Licenses and fees	840	840	800	(40)
State shared taxes:				
Auto license	357	357	424	67
Gross receipts taxes	70,278	70,278	75,910	5,632
	<u>70,635</u>	<u>70,635</u>	<u>76,334</u>	<u>5,699</u>
Fines and forfeits:				
Court fines/fees	13,000	13,000	7,739	(5,261)
Charges for services	-	-	-	-
	<u>13,000</u>	<u>13,000</u>	<u>7,739</u>	<u>(5,261)</u>
Other:				
Reimbursements	14,308	14,308	9,483	(4,825)
Earnings on investments	123	123	-	(123)
	<u>14,431</u>	<u>14,431</u>	<u>9,483</u>	<u>(4,948)</u>
State and federal grants:				
State small cities assistance	35,000	35,000	35,000	-
Total revenues	<u>\$ 255,694</u>	<u>\$ 255,694</u>	<u>\$ 248,934</u>	<u>\$ (6,760)</u>

(Continued)

See Accompanying Notes to Financial Statements

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Year Ended June 30, 2013**

<b>EXPENDITURES</b>	Original Budget	Revised Budget	Actual	Difference
Executive and legislative	\$ 10,978	\$ 23,978	\$ 21,520	\$ 2,458
Financial/administrative	125,002	125,702	109,312	16,390
Judicial	8,476	8,476	7,763	713
713	77,789	77,789	73,533	4,256
Maintenance	20,955	22,355	21,675	680
Streets	7,500	7,500	7,025	475
Total expenditures	<u>250,700</u>	<u>265,800</u>	<u>240,828</u>	<u>24,972</u>
Transfers (out)	(3,224)	(3,224)	(19,591)	(16,367)
Transfers in			13,000	13,000
Excess (deficiency) of revenues over expenditures	<u>\$ 1,770</u>	<u>\$ (13,330)</u>	<u>\$ 1,515</u>	<u>\$ 14,845</u>
Budgetary notation - Cash appropriated from prior year for current year expenditures	<u>\$ 87,500</u>			

Reconciliation to GAAP Basis - Note 13

See Accompanying Notes to Financial Statements

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
CORRECTION FUND  
For the Year Ended June 30, 2013

<b>REVENUES</b>	Original Budget	Revised Budget	Actual	Difference
Charges for services:				
Local correction fee	\$ 2,473	\$ 2,473	\$ 1,356	\$ (1,117)
<hr/>				
<b>EXPENDITURES</b>				
Care of prisoners	600	600	737	(137)
	600	600	737	(137)
<hr/>				
Transfer (out)	(2,413)	(2,413)	-	2,413
Excess (deficiency) of revenues over expenditures	\$ (540)	\$ (540)	\$ 619	\$ 1,159
<hr/>				
Budgetary notation - Cash appropriated from prior year for current year expenditure	\$ 4,006			
<hr/>				
Reconciliation to GAAP - Decrease in accounts payable			134	
Net change in fund Balance			\$ 753	
<hr/>				

See Accompanying Notes to Financial Statements

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2013**

<b>ASSETS</b>	Business-Type Activities Enterprise Funds		
	Water System		Total
	Water	Improvement	
Current Assets:			
Cash and cash equivalents	\$ 9,379	\$ 15,358	\$ 24,737
Restricted assets:			
Cash and cash equivalents	3,589		3,589
Total cash (Note 3)	12,968	15,358	28,326
Receivables (net)	8,214		8,214
Prepaid expense	270		270
Total current assets	21,452	15,358	36,810
Noncurrent Assets:			
Land	5,000		5,000
Capital assets, net of depreciation (Note 12)	542,858	1,061,301	1,604,159
Total noncurrent assets	547,858	1,061,301	1,609,159
 Total Assets	 \$ 569,310	 \$ 1,076,659	 \$ 1,645,969
 <b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 689	\$	\$ 689
Accrued liabilities	393		393
Due within one year (Note 6)	449	3,700	4,149
Current liabilities payable from Restricted Assets	1,200		1,200
Total current liabilities	2,731	3,700	6,431
Noncurrent liabilities:			
Due in more than one year (Note 6)	47,800	62,996	110,796
 Total Liabilities	 \$ 50,531	 \$ 66,696	 \$ 117,227
 <b>NET POSITION</b>			
Net investments in capital assets	\$ 498,859	\$ 994,604	\$ 1,493,463
Restricted: Debt service	3,589		3,589
Unrestricted	16,331	15,359	31,690
 Total Net Position	 \$ 518,779	 \$ 1,009,963	 \$ 1,528,742

See Accompanying Notes to Financial Statements

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2013

	Business-Type Activities Enterprise Funds		
	Water System		
	Water	Improvement	Total
Operating revenue:			
Charges for services	\$ 62,163	\$	\$ 62,163
Operating expense:			
Operating expenses	53,164	59	53,223
Depreciation	31,238	25,069	56,307
Total operating expense	84,402	25,128	109,530
Operating income	(22,239)	(25,128)	(47,367)
Non-operating Revenue (Expense):			
Interest income	8	93	101
Grants		249,084	249,084
Interest expense	(2,447)	(117)	(2,564)
Total Non-operating Revenues (Expense)	(2,439)	249,060	246,621
Income before operating transfers	(24,678)	223,932	199,254
Transfers in (out)	(1,786)	7,966	6,180
Change in Net Position	(26,464)	231,898	205,434
Total Net Position, Beginning of Year	545,243	778,065	1,323,308
Total Net Position, End of Year	\$ 518,779	\$ 1,009,963	\$ 1,528,742

See Accompanying Notes to Financial Statements

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS  
For the Year Ended June 30, 2013**

	Business-Type Activities Enterprise Funds		
	Water System		
	Water	Improvement	Total
Cash Flows from Operating Activities:			
Receipts from customers and users	\$ 60,974	\$	\$ 60,974
Payments to suppliers and employees	(53,080)	(59)	(53,139)
Net cash provided (used) operating activities	7,894	(59)	7,835
Cash flows from noncapital financing activities:			
Principal paid on revenue bonds	(1,200)		(1,200)
Interest paid on revenue bonds	(2,447)		(2,447)
Transfers in (out)	(5,634)	7,966	2,332
Net cash provided (used) noncapital financing activities	(9,281)	7,966	(1,315)
Cash flows from capital and related financing activities:			
Water system plant improvements		(23,184)	(23,184)
Principal paid on NMFA loans		(3,682)	(3,682)
Interest paid		(117)	(117)
Net cash provided (used) capital and related financial activities	-	(26,983)	(26,983)
Cash flows from investing activities:			
Interest on investments	8	93	101
Net cash provided (used) investing activities	8	93	101
Net increase (decrease) in cash and cash equivalents	(1,379)	(18,983)	(20,362)
Cash and cash equivalents, beginning of year	14,347	34,341	48,688
Cash and cash equivalents end of year	\$ 12,968	\$ 15,358	\$ 28,326
Noncash Activities:			
Vehicles transferred from general fund	\$ 3,848		\$ 3,848
Grant proceeds-NMFA		249,084	249,084
Accounts payable-capital expenditure		(16,838)	(16,838)
Water System Plant Improvements		(232,246)	(232,246)
Net noncash activities	\$ 3,848	-	\$ 3,848

	Business-Type Activities		
	Enterprise Funds		
	Water	Water System Improvement	Total
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (22,239)	\$ (25,128)	\$ (47,367)
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation	31,238	25,069	56,307
(Increase) decrease in accounts receivable	(1,189)		(1,189)
(Increase) decrease in prepaid expense	(28)		(28)
Increase (decrease) in accounts payable	132		132
Increase (decrease) in accrued expenses	(20)		(20)
Net cash provided (used) by operating activities	\$ 7,894	\$ (59)	\$ 7,835

See Accompanying Notes to Financial Statements

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

Note 1: Summary of Significant Accounting Policies:

The Village of San Ysidro is incorporated as a municipality in the State of New Mexico and operates under the direction of a Mayor-Council form of government. The Village provides the following services as authorized by its charter: public safety (police and fire), highway and streets, water services, culture-recreation, public improvements, planning and zoning, and general administrative services.

The accounting policies of the Village of San Ysidro conform to accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through pronouncements (Statements and Interpretations). The following is a summary of the more significant policies.

Accounting Standards Adopted

In June 1999, the Government Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. Certain of the significant changes in the Statement include the following:



**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

Note 1: Summary of Significant Accounting Policies (continued)

Accounting Standards Adopted (continued)

For the first time, the financial statements include:

A Management Discussion and Analysis (MD&A) section providing an analysis of the Village's overall financial position and results of operations.

Financial statements prepared using full accrual accounting for all of the Village's activities, including infrastructure (roads, bridges, etc.).

A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Village has implemented the general provisions of the Statement in previous years.

Reporting Entity - Component Units

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP) and Government Accounting Standards Board (GASB) Statement.

The basic, but not the only criteria 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 SAN YSIDRO**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

Note 1: Summary of Significant Accounting Policies (continued)

Reporting Entity - Component Units (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 or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, there were no component units identified or excluded from the reporting entity.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Basic Financial Statements - Government-wide

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Village's police and fire protection, parks, correction and recreation, public safety, and general administrative services are classified as governmental activities. The Village water services are classified as business-type activities. Neither fiduciary funds nor component units that are fiduciary in nature are included in the government wide financial statements.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

Note 1: Summary of Significant Accounting Policies (continued)

Basic Financial Statements - Government-wide  
(continued)

and receivables as well as long-term debt and obligations. The Village's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Village first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions and business-type activities (police, fire, public works, etc.). The functions are also supported by general government revenues (property, sales, and use taxes, certain intergovernmental revenues, fines, permits, and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (police, public works, community, and youth services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc.).

The Village does not allocate indirect costs. An administrative service fee is charged by the General Fund to the other operating funds that is eliminated like a reimbursement (reducing the revenue and expense in the General Fund) to recover the direct costs of General Fund services provided (finance, personnel, purchasing, legal, technology management, etc.).

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

Note 1: Summary of Significant Accounting Policies (continued)

Basic Financial Statements - Government-wide  
(continued)

The government-wide focus is more on the sustainability of the Village as an entity and the change in the Village's net assets resulting from the current year's activities.

Basic Financial Statements - Fund Financial Statements

The accounts of the Village of San Ysidro are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in the individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into generic fund types and broad fund categories as follows:

Governmental Fund Types

The focus of the governmental funds measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than net income. The Village reports these major governmental funds and fund types:

General Fund - The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

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

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

Note 1: Summary of Significant Accounting Policies (continued)

Fund Accounting (continued)

Major funds specific to the Village are:

Correction Special Revenue Fund: To account for the provision of a local correction fee collected with local fines. (NMSA 35-14-11)

Major and Nonmajor Funds

The funds are further classified as major and nonmajor as follows:

Major Funds:

General Fund

See above description.

Capital Project Fund

To account for the financing, construction, and maintenance of capital outlay.

Special Revenue Funds:

Correction

See above description.

Nonmajor Funds:

The following are nonmajor funds - see page 51 for description:

Law Enforcement Protection Fund

Rodeo Fund

Recreation Fund

Capital Projects Fund: To account for resources used for construction of walkways. Funding sources are state of New Mexico appropriations, CDBG funds and local sources.

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

Note 1: Summary of Significant Accounting Policies (continued)

Basic Financial Statements - Fun Financial Statements  
Proprietary Fund Types

The focus of proprietary fund measurement is upon determination of operating income, changes in financial position, financial position, and cash flows. The generally accepted accounting principles are those similar to business in the private sector. Enterprise funds are required to be used to account for operation of which a fee is charged to external users for goods and services and the activity is financed with debt that is solely secured by a pledge of the net revenues. The activities reported in these funds are reported as business-type activities in the government-wide financial statements. Enterprise funds are exempt from federal income tax.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement date, regardless of the measurement focus applied.

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

The modified accrual basis of accounting is followed by the governmental fund types for financial statement purposes. Under the modified accrual basis of accounting, revenues and other governmental fund financial resource increments are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available to finance expenditures of the fiscal period.

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

Note 1: Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

Available means collectible within the current period or within 60 days after year-end. For state shared and locally assessed taxes, available is defined as those amounts collected within sixty days of the balance sheet date.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is that principal and interest on general obligation long-term debt which is recognized when due.

Cash basis accounting is utilized in the governmental funds to assure effective budgetary control and accountability. This legally prescribed budgetary basis differs from generally accepted accounting principles in the respect that the former does not allow for year-end adjustments to be included in presentation in the statement of revenues, expenditures, and changes in fund balance. This accounting principle has resulted in the following differences between revenues and expenditures detailed in the Statement of Revenues, Expenditures, and Changes in Fund Balance and the Statement of Revenue, Expenditures, Budget (Non-GAAP Basis) and Actual.

The proprietary fund is accounted for using the accrual basis of accounting. The revenues are recognized when they are earned and expenses are recognized when incurred. Billed sewer utility receivables are recorded at year-end.

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

Note 1: Summary of Significant Accounting Policies (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditures) until then. The Village does not have any items qualifying in this category.

Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within a year of the date acquired by the Village. Investments are stated at cost and consist of certificate of deposits and Local Government Investment Pool readily convertible to cash. The Village's practice is to limit deposits and investments to insured and collateralized demand account and certificate of deposit. Protection of the Village's cash and investments is provided by the various federal deposit insurance corporations (FDIC) as well as qualified pledged securities by the institution holding the assets. The bank surety is further explained in Note 2.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received.



**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

Note 1: Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Water and sewer system	30-50 years
Machinery and equipment	5-10 years
Improvements	10-40 years
Other infrastructure	10-50 years

GASB No. 34 requires the Village to report and depreciate infrastructure assets. Prior to June 30, 2007, the Village did not have any infrastructure. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Village. Neither their historical cost nor related depreciation has historically been reported in the financial statements. In accordance with Statement No. 34, the Village has included the value of all infrastructure (using the depreciation method) into its basic financial statements.

Budgets and Budgetary Accounting

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

1. The Village Clerk-Treasurer submits to the Village Council a proposed operating budget for the fiscal year commencing July 1st. The operating budget includes proposed expenditures and the means of financing them.

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

Note 1: Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting (continued)

2. Public hearings are conducted at the Village offices to obtain taxpayer comments. The budget is legally enacted through passage of a resolution.
3. The Village is authorized to transfer budget amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Local-Government Division of the State Department of Finance and Administration.
4. Formal budgetary integration is employed as a management control device during the year for all of the governmental fund types.
5. Encumbrances are considered in budget preparation.
6. The level of classifications detail in which expenditures may not legally exceed appropriations for each budget is in fund total. Appropriations lapse at year end.
7. All budgets are adopted on a cash basis.
8. A budget has been legally adopted for all proprietary fund types and governmental fund types.

During current budget year, three special funds and both enterprise funds exceeded their budgets. The shortages were covered by the general fund and water fund.

Encumbrances

Encumbrance accounting is not utilized by the Village.

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

Note 1: Summary of Significant Accounting Policies (continued)

Cash, Cash Investments and Cash Equivalents

Cash and cash investments include amounts in demand deposits as well as short-term investments. Short-term investments, consisting of certificates of deposits, are stated at cost. Interest-bearing deposits with maturities of 90 days or less are considered to be cash (equivalents) in the statement of cash flows.

Accumulated Compensated Absences

Compensated absences for the employees in the amount of \$5,296 have been included in these financial statements. Vacation is earned after one year of employment with the Village in the amount of two weeks per year. Sick leave is earned at the rate of five days per year after the completion of the probation period (90 days) and may cumulate up to ten days. Sick leave will not be paid at time of termination of employment for any days not taken during the time of employment with the Village.

Accrued Expense

Payroll for the last five days in June was paid in July, 2013. Payroll in the amount of \$1,838, included in governmental activities, and \$393, in the water department, were accrued at June 30, 2013.

Revenues in Proprietary Funds

*Operating* revenue reported in proprietary fund financial statements include revenues and expenses related to the primary continuing operations of the fund. Principle operating revenues for the proprietary funds are charges to customers for service. Principle operating expenses are the cost of providing services and include depreciation of capital assets. Other revenue and expense are classified as *nonoperating* in the financial statements.

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

Note 1: Summary of Significant Accounting Policies  
(continued)

Restricted Resources

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

Interfund Transactions

Quasi-external transactions are accounted for as revenues or expenditures transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as a reduction or expenditure in the fund that is reimbursed. All other interfund transactions except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring and nonroutine permanent transfers or equity are reported as residual equity transfers. Interfund receivables and payables at June 30, 2013, have been eliminated from the government -wide financial statements.

Government-wide and Propriety Fund Net Assets

Government-wide and proprietary fund net assets are divided into three components:

*Invested in net assets, net of related debt*-consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets

*Restricted net assets*-consist of net assets restricted by the Village's creditors, by the state enabling legislature, by grantors and by other contributors

*Unrestricted*-all other net assets are reported in this category

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

Note 1: Summary of Significant Accounting Policies (continued)

Governmental Fund Balances

In the governmental fund balance statements, fund balances are classified as follows:

**Nonspendable** - Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

**Restricted** - Amounts that can be spent only for specific purposes because of the Village resolutions, by the state statutes, state or federal laws, or externally imposed conditions by grantors or creditors.

**Committed** - Amounts that can be used only for specific purposes determined by formal action by Village Council ordinance or resolution.

**Assigned** - Amounts that are designated by the Mayor for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by Village council.

**Unassigned** - All amounts not included in other spendable classifications.

Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

Note 2: Bank Surety

As permitted by statute, the Village's cash and cash investments during the year consisted of demand deposits and petty cash. These deposits were covered by the standard federal depository insurance and the balance collateralized at 50% in the form of securities, held by the financial institution's agent in the Village's name. Collateral is held under provisions of Section 6-10-17, NMSA, 1978. A breakdown of deposits and collateral is as follows:

	U.S. Bank	Jemez Valley Credit Union
Total amount on deposit	\$ 131,635	\$ 31,077
FDIC/NCUA covered	131,635	31,077
FDIC/NCUA uncovered		
No collateralization required		
Total deposits:		
Category 1 - Insured with securities		\$ 162,712
Category 2 - Uncollateralized		-
Total deposits in bank		162,712
Add deposits in transit		-
Less outstanding checks		(19,637)
Total cash and cash equivalents		\$ 143,075

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

Note 2: Bank Surety (continued)

Reconciliation of cash and cash equivalents with  
Statement of Net Assets - Government Wide:

Cash and cash equivalents	\$ 139,486
Restricted assets:	
Cash and cash equivalents	<u>3,589</u>
Total cash and cash equivalents	<u>\$ 143,075</u>

Custodial Credit Risk - Deposits

The Village has the following depository accounts. All deposits are carried at cost plus accrued interest. The Village does not have a deposit policy.

Depository Account	
Insured	\$ 162,712
Uninsured and uncollateralized	<u>-</u>
Total deposits	<u>\$ 162,712</u>

Custodial credit risk is the risk that, in the event of bank failure, the Village's deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk. As of June 30, 2013, \$0 of the Village's bank balance was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ -</u>
--------------------------------	-------------

The Village maintains two money market investment accounts with the State of New Mexico Treasurer Department. The cash balance at June 30, 2013, was \$260,811. (See Note 4)

The investments held by the State Treasurer are not insured.

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

Note 3: Cash and Temporary Investments

<u>Account Name/Type</u>	<u>Account Number</u>	<u>Balance</u>
U.S. Bank		
General-checking	12055524	\$ 117,532
Water System-income checking	12055607	10,260
Water Bond Reserve-1995-checking	15795173	3,822
Water System Improvement Project	13604775	1
COBG Account	32709126	20
Total U.S. Bank		<u>131,635</u>
Jemez Valley Credit Union		
Savings	25600	572
Certificate of Deposit	25600-81	14,810
Certificate of Deposit	25600-83	15,695
Total Jemez Valley Credit Union		<u>31,077</u>
Amounts on deposit		162,712
Deposits in transit		-
Outstanding items		<u>(19,637)</u>
Cash and temporary investments		<u>\$ 143,075</u>
Summary - Note 2:		
General	\$ 88,750	
Special	25,999	
Proprietary	28,326	
Total cash	<u>\$ 143,075</u>	

Note 4: Investment in the New Mexico Investment Pool

The Village holds the following investments in the New Mexico Investment Pool:

<i>NewMexiGrow</i> - LGIP		
Money Market	76764112	\$ 72,203
Money Market	75532647	188,513
Reserve Contingency Fund	755313714	95
Reserve Contingency Fund	767613730	-
Total State of New Mexico		<u>\$ 260,811</u>

*Credit Risk* - The LGIP is rated AAAM by Standards and Poor's.



**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

Note 4: Investment in the New Mexico Investment Pool  
(continued)

*Interest Rate Risk* - Weighted Average Maturity (WAM) for the LGIP as of June 30, 2013, was 59 day average and WAM(F) was 90 days.

The investments in the New Mexico Investment Pool are valued at fair value based on quoted market prices as of the valuation date. The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10.1A and E, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool Investments are monitored by the same investment committees and the same policies and procedures that apply to all other state investments.

The Local Government Investment Pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts in the fund were invested. Participation in the local government investment pool is voluntary.

Note 5: Accounts Receivables

The account receivables of the governmental fund types consist primarily of taxes collected by the collecting agency in the current year, but not remitted to the Village until after year end and judicial court fines and fees assessed in the current year but not collected.

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

Note 5: Accounts Receivables (continued)

<u>Type</u>	<u>General Fund</u>	<u>Special Revenue</u>
Property taxes	\$ 546	\$
Gasoline taxes	1,686	
Miscellaneous taxes	35	
Gross receipt taxes	21,514	
Franchise fees	324	
Miscellaneous reimb.- PERA	377	
Court fines and reimbursements	8,856	
Total	<u>\$ 33,338</u>	<u>\$ -</u>

The accounts receivables of the proprietary funds represent earned income from water services. Those accounts greater than 60 days old and appearing uncollectible have been provided for in an allowance for doubtful accounts in the amount of \$3,854. Those amounts unbilled for water services have not been estimated or recorded as the amount is insignificant.

Note 6: Long-Term Debt

Governmental Activities

General Long-Term Debt

Changes in long-term debt for the year are as follows:

	Balance 7-1-12	Additions	Payments	Balance 6-30-13	Current Portion
NMFA - LEPF	\$ -	\$ 37,973	\$ -	\$ 37,973	\$ 9,360
Comp. Absence	4,810	4,654	4,810	4,654	4,654
Total	<u>\$ 4,810</u>	<u>\$ 42,627</u>	<u>\$ 4,810</u>	<u>\$ 42,627</u>	<u>\$ 14,014</u>

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

Note 6: Long-Term Debt (continued)

Governmental Activities (continued)

General Long-Term Debt (continued)

Maturities over five years:

<u>June 30</u>	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 14,014	\$ 352	\$ 14,366
2015	9,469	242	9,711
2016	9,531	181	9,712
2017	9,613	99	9,712
Total	<u>\$ 42,627</u>	<u>\$ 874</u>	<u>\$ 43,501</u>

NMFA - Vehicle - LEPF

The Village obtained a loan from NMFA in the amount of \$37,973 to purchase a police vehicle. Annual payments including interest will be intercepted July 1 of each year from the LEPF grant.

Governmental accrued compensation absences will be paid by the general fund. The business-type notes payable and accrued compensation will be paid by the water department.

Business-Type Activities  
1996 Water Revenue Bonds Payable

The Village issued \$63,000 of a 4.875% revenue bond in 1997 to finance the Village's new water infiltration system. Annual payments including interest are payable June 17th of each year, maturity June, 2036.

NMFA Loan Phase I

The Village obtained a loan from NMFA in the amount of \$26,047 to finance their portion of Phase I infiltration system. Annual payments including NMFA administrative fee are payable June 1 of each year, maturity June 2030.

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

Note 6: Long-Term Debt (continued)

Governmental Activities (continued)

NMFA Loan Phase II

The Village obtained a loan from NMFA in the amount of \$49,294 to finance their portion of Phase II infiltration system. Annual payments, including interest at .25% per annum, payable June 1 of each year, maturity June 2031.

The revenue bond and NMFA loans are included in the proprietary fund balance sheet.

Changes in long-term debt for the year as follows:

	Balance 7-1-12	Additions	Payments	Balance 6-30-13	Current Portion
Bonds	\$ 50,200	\$	\$ 1,200	\$ 49,000	\$ 1,200
NMFA - Phase I	23,500		1,278	22,222	1,281
NMFA - Phase II	46,887		2,413	44,474	2,419
Comp. Absence	487	449	487	449	449
	<u>\$ 121,074</u>	<u>\$ 449</u>	<u>\$ 5,378</u>	<u>\$ 116,145</u>	<u>\$ 5,349</u>

Maturities are as follows:

<u>June 30</u>	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 5,349	\$ 2,500	\$ 7,849
2015	5,009	2,435	7,444
2016	5,019	2,366	7,385
2017	5,128	2,296	7,424
2018	5,237	2,222	7,459
2019-2023	27,326	9,874	37,200
2024-2028	30,064	7,403	37,467
2029-2033	23,913	4,323	28,236
2034-2035	9,100	858	9,958
	<u>\$ 116,145</u>	<u>\$ 34,277</u>	<u>\$ 150,422</u>

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

Note 7: Property Taxes

The Village of San Ysidro receives property taxes from the Sandoval County Treasurer for operational purposes. Property taxes are assessed on January 1 of each year, except on livestock, and are payable in two equal installments on November 10th of the year in which the tax bill is prepared and April 10th of the following year. In addition, tax levies are authorized by statute to service payments due on general obligation bonds which have been authorized pursuant to state law.

The Mill Levy tax rates for the Village of San Ysidro for the year ended June 30, 2013, were as follows:

	<u>Residential</u>	<u>Nonresidential</u>
General Operating	5.869%	7.65%

These are the tax rates applied to each \$1,000 property value taxable by the Village.

Note 8: Retirement Plan

Plan Description

All of the Village of San Ysidro full-time and qualifying part time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978). The Public Employees 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. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123.

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

Note 8: Retirement Plan (continued)

Funding Policy

Plan members are required to contribute 7% for law enforcement and 7% for all other members (range from 4% to 16.3% depending upon the division, i.e., state general, state hazardous duty, state police, municipal general, municipal police, municipal fire) of their gross salary. The Village of San Ysidro is required to contribute 10% for law enforcement and 7% for all other plan members (range from 7% to 25.72% depending upon the division) of the gross covered salary. The contribution requirements of plan members and the Village of San Ysidro are established in Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Village of San Ysidro's contributions to PERA for the years ending June 30, 2013, 2012, and 2011, were \$8,970, \$9,112, and \$8,811, respectively, equal to the amount of the required contributions for each year.

Note 9: Retiree Health Care Act

The Village has elected not to participate in the New Mexico Retiree Health Care Act.

Note 10: Risk Management

The Village is exposed to various risks for loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, and natural disasters for which the Village carries insurance with the New Mexico Self Insurer's Fund for a shared premium cost. The Village established a limited risk management program for general and auto liability, workman's compensation, employer's liability, and property. Premiums are paid by the General, Fire, and Water Funds.

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

Note 11: Contingent Liabilities

There is no provision for contingent liabilities in the Village's financial statements.

Note 12: Changes in Capital Assets

Governmental Activities

	Balance 7/1/12	Addition	Deletions	Balance 6/30/13
Capital Assets not being depreciated:				
Land	\$ 215,478	\$ 10,000	\$	\$ 225,478
Capital Assets being depreciated:				
Infrastructure	398,288			398,288
Land/park improvements	321,923	72,407		394,330
Building/improvements	399,601			399,601
Furniture and equipment	348,092			348,092
Vehicles	104,103	40,330	48,177	96,256
Total capital assets	<u>1,787,485</u>	<u>122,737</u>	<u>48,177</u>	<u>1,862,045</u>
Less accumulated depreciation:				
Infrastructure	\$ 39,561	\$	\$ 8,377	\$ 47,938
Land/park improvements	106,312		18,304	124,616
Building/improvements	83,987		10,329	94,316
Furniture and equipment	325,171		8,773	333,944
Vehicles	67,441	(44,328)	11,186	34,299
Total accumulated depreciation	<u>622,472</u>	<u>(44,328)</u>	<u>56,969</u>	<u>635,113</u>
Net capital assets	<u>\$ 1,165,013</u>	<u>\$ 167,065</u>	<u>\$ 105,146</u>	<u>\$ 1,226,932</u>

Depreciation expense was allocated to the functional expense categories based on the assets assigned:

General government	\$ 17,593
Public safety	7,383
Highways and streets	8,377
Culture and recreation	23,616
Total depreciation expense allocated	<u>\$ 56,969</u>

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

Note 12: Changes in Capital Assets (continued)  
Business-Type Activities

	Balance 7/1/12	Addition	Deletions	Balance 6/30/13
Land	\$ 5,000	\$	\$	\$ 5,000
Water utility plant	1,091,543			1,091,543
Water system improvements	872,729	255,430		1,128,159
Utility meters and equipment	40,160			40,160
Vehicles		48,177		48,177
Building improvements	39,139			39,139
Total capital assets	<u>2,048,571</u>	<u>303,607</u>		<u>2,352,178</u>
Less accumulated depreciation				
Water utility plant	556,257		27,969	584,226
Water system improvements	58,712		25,069	83,781
Utility meters and equipment	23,991		752	24,743
Vehicle		(44,329)	1,539	45,868
Building improvements	3,423		978	4,401
Total accumulated depreciation	<u>642,383</u>	<u>(44,329)</u>	<u>56,307</u>	<u>743,019</u>
Net capital assets	<u>\$ 1,406,188</u>	<u>\$ 259,278</u>	<u>\$ 56,307</u>	<u>\$ 1,609,159</u>

Note 13: Reconciliation of Budgetary Basis to GAAP Basis

The following is an explanation of differences between budgetary basis and GAAP basis for the general fund for the year ended June 30, 2013:

Governmental Funds:

<u>Revenues</u>	<u>General</u>
Total revenues per budgetary basis	\$ 248,934
Increase (decrease) in taxes receivable	(2,206)
Account activity not reflected in client reports	240
Increase (decrease) in court fines receivable	(2,972)
Total revenues per GAAP	<u>243,996</u>
<u>Expenditures</u>	
Total expenditures per budgetary basis	\$ 247,418
Transfers out	(6,591)
Increase (decrease) in accounts payable	4
Increase (decrease) in accrued payroll and taxes	(176)
Expense paid on behalf of water department	8,965
Activity not reflected in client report	4,231
Total expenditures per GAAP basis	<u>253,851</u>
Net change in fund balance	<u>\$ (9,855)</u>



**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

Note 14: Operating Transfers

	Transfers <u>In</u>	Transfers <u>Out</u>
General Fund	\$	\$ 21,925
Capital projects	<u>16,369</u>	
Total	<u>16,369</u>	<u>21,925</u>
Water department	<u>2,332</u>	<u>          </u>
Nonmajor funds	<u>3,224</u>	<u>          </u>
Total	\$ <u>21,925</u>	\$ <u>21,925</u>

Transfers are used to (a) move revenues from the fund that statutes or budget requires to collect them to the fund that statutes or budget requires to expend them and (b) to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

Note 15: Unearned Revenue

Grant revenue in the amount of \$49,100 from New Mexico Department of Transportation was received during fiscal year ending June, 2013 for Village walkway extension. To date, \$30,265 has been used for paving/walkways within the Village, and \$18,835 has been carried forward to 2013/2014 year.

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

Note 16: Memo of Understanding

The Village has one Memo of Understanding as follows:  
Public Safety Communications/Emergency Dispatching Services:

Participants	County of Sandoval Village of San Ysidro
Responsible party for operations	Sandoval County
Description	The purpose of this MOA is to provide public safety communication and emergency dispatching for Village Marshall (911 access)
Beginning and ending dates of agreement	July 1, 2012 to June 30, 2013
Total estimated amount of service and portion applicable to agency	Unknown
Amount agency contributed in current fiscal year	\$0

Note 17: Evaluation of Subsequent Events

The Village has evaluated subsequent events through November 24, 2014, the date which the financial statements were available to be issued.

**REQUIRED SUPPLEMENTAL INFORMATION**

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

SPECIAL REVENUE FUNDS

To account for those activities which resources are to be used for specific purposes.

Law Enforcement Protection Fund (LEPF)

To account for the proceeds of a state grant provided for the purchase and repair of equipment as well as specialized training of police personnel. (NMSA 29-13-7)

Recreation Fund

To account for the operations of certain recreational activities in the Village. Financing is provided by gross receipts tax. (NMSA 7-12-1 and 15)

Youth Rodeo Fund

To account for the operation of equestrian and livestock educational activities in the Village. (Village Resolution)

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

COMBINING BALANCE SHEET - NONMAJOR FUNDS  
SPECIAL REVENUE FUNDS  
June 30, 2013

	LEPF	Rodeo
Assets:		
Cash and cash equivalents	\$ 470	\$ 4,356
Accounts receivable		
Total assets	<u>\$ 470</u>	<u>\$ 4,356</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ -	\$ -
Fund balance:		
Restricted for:		
Special Revenue Fund	470	4,356
Total fund balance	<u>470</u>	<u>4,356</u>
Total liabilities and fund balance	<u>\$ 470</u>	<u>\$ 4,356</u>

Debt Service	Recreation	Total 2013
\$ -	\$ 104	\$ 4,930
<hr/>		
\$ -	\$ 104	\$ 4,930
<hr/>		
\$	\$ 104	\$ 104
-	104	104
<hr/>		
	-	4,826
-	-	4,826
<hr/>		
\$ -	\$ 104	\$ 4,930
<hr/>		

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE - NONMAJOR FUND  
SPECIAL REVENUE FUNDS

For the Year Ended June 30, 2013

	LEPF	Rodeo
Revenues:		
Municipal taxes	\$	\$
State shared taxes		
Charges for services		650
Miscellaneous	10	
State grants	21,200	
Total revenues	21,210	650
Expenditures:		
Current:		
Public safety	18,658	
Highways and streets		
Culture recreation		
Capital outlay	40,329	
Total expenditures	58,987	-
Excess (deficiency) of revenues over expenditures	(37,777)	650
Other financing sources and uses:		
Transfer (to) from	37,973	
Loan proceeds		
Net change in fund balance	196	650
Fund Balances:		
Beginning of year	274	3,706
End of year	\$ 470	\$ 4,356

Debt Service	Recreation	Total 2013
\$	\$	\$
		650
		10
		21,200
	-	21,860
		18,658
	5,728	5,728
		40,329
	5,728	64,715
	(5,728)	(42,855)
(37,973)	3,224	3,224
37,973		37,973
	(2,504)	(1,658)
	2,504	6,484
\$ -	\$ -	\$ 4,826



**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
LAW ENFORCEMENT PROTECTION  
For the Year Ended June 30, 2013**

<b>REVENUES</b>	Original Budget	Revised Budget	Actual	Difference
State grants:				
State grant	\$ 21,200	\$ 21,200	\$ 21,200	\$
Other			10	10
	<u>21,200</u>	<u>21,200</u>	<u>21,210</u>	<u>10</u>
 <b>EXPENDITURES</b>				
Public safety:				
Operating expenses	21,200	21,200	18,573	2,627
Capital outlay			40,329	(40,329)
	<u>21,200</u>	<u>21,200</u>	<u>58,902</u>	<u>(37,702)</u>
Transfer in			<u>37,973</u>	<u>37,973</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	281	<u>\$ 281</u>
Reconciliation to GAAP - (Increase) in accounts payable			<u>(85)</u>	
Net change in fund Balance			<u>\$ 196</u>	

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
RECREATION

For the Year Ended June 30, 2013

<b>REVENUES</b>	Original Budget	Revised Budget	Actual	Difference
State shared taxes:				
Cigarette tax - 1 cent	\$ -	\$ -	\$ -	\$ -
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Recreation:				
Operating expense	3,224	3,224	5,696	(2,472)
	<u>(3,224)</u>	<u>(3,224)</u>	<u>(5,696)</u>	<u>(2,472)</u>
Transfer	3,224	3,224	3,224	-
	<u>3,224</u>	<u>3,224</u>	<u>3,224</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	(2,472)	<u>\$ (2,472)</u>
Budgetary notation - cash appropriated from prior year for current year expenditures	<u>\$ 2,576</u>			
Reconciliation to GAAP - (Increase) in accounts payable			<u>(32)</u>	
Net change in fund balance			<u>\$ (2,504)</u>	

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**BUDGETARY COMPARISON SCHEDULE  
RODEO FUND  
For the Year Ended June 30, 2013**

<b>REVENUES</b>	Original Budget	Revised Budget	Actual	Difference
Revenue:				
State grant	\$	\$	\$	\$
Other			650	650
	-	-	650	650
 <b>EXPENDITURES</b>				
Culture/recreation	3,706	3,706	-	3,706
	3,706	3,706	-	3,706
 Excess (deficiency) of revenues over expenditures	\$ (3,706)	\$ (3,706)	\$ 650	\$ 4,356
 Budgetary notation - Cash appropriated from prior year for current year expenditure	<u>\$ 3,706</u>			
 Reconciliation to GAAP - No adjustment required				

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO  
DEBT SERVICE FUND**

To account for the obligations of the Village and payment of those obligations.

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
For the Year Ended June 30, 2013

	Original Budget	Revised Budget	Actual	Difference
Receipts				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Expenditures				
Debt service	7,511	7,511	-	7,511
Other financing sources				
Loan proceeds			37,973	37,973
Transfers - in(out)	7,511	7,511	(37,973)	(45,484)
Excess (deficiency of Revenue over expenditures	\$ -	\$ -	\$ -	\$ -

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO  
CAPITAL PROJECTS FUND**

To account for funds which are used to fund capital outlay in the government funds within the Village.

Capital Projects - To account for resources to make Scenic Byway improvements. Funding sources are State of NM, DOT grants and local sources.

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO  
BUDGETARY COMPARISON SCHEDULE  
CAPITAL PROJECTS FUND  
For the Year Ended June 30, 2013

	Original Budget	Revised Budget	Actual	Difference
Revenues				
Grants - DOT	\$	\$	\$ 49,100	\$ 49,100
Grant - federal				
Other			2	2
	<u>-</u>	<u>-</u>	<u>49,102</u>	<u>49,102</u>
Expenditures				
Utilities				
Infrastructure/walkway	33,410	82,509	77,794	4,715
Building/equipment				
Other	20	20		20
	<u>33,430</u>	<u>82,529</u>	<u>77,794</u>	<u>4,735</u>
Transfers in		16,367	16,367	-
Excess (deficiency) of revenues over expenditures	<u>\$ (33,430)</u>	<u>\$ (66,162)</u>	<u>\$ (12,325)</u>	<u>\$ 53,837</u>
Budgetary notation - Cash appropriated from prior year for current year expenditures	<u>\$ 31,162</u>			
Reconciliation to GAAP - Decrease in deferred revenue			<u>12,325</u>	
Net change in fund balance			<u>\$ -</u>	

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS  
As of and for the Year Ended June 30, 2013

PROPRIETARY (ENTERPRISE) FUNDS

To account for those services provided to the residents of the Village on a user-charge basis.

Water Fund

To account for the provision of water services to residents of the Village.

Water System Improvement Project

To account for the provision of water tank, new meter equipment, water mains and fire hydrants for residents of the Village.



**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**BUDGETARY COMPARISON SCHEDULE  
PROPRIETARY FUND  
WATER UTILITY  
For the Year Ended June 30, 2013**

<b>REVENUES AND OTHER SOURCES</b>	Original Budget	Revised Budget	Actual	Difference
Sales of services and fees	\$ 59,310	\$ 59,310	\$ 60,932	\$ 1,622
Interest income				
Other				
Total revenues	<u>59,310</u>	<u>59,310</u>	<u>60,932</u>	<u>1,622</u>
 <b>EXPENDITURES AND OTHER USES</b>				
Operating expenses	51,799	56,299	55,160	1,139
Interest on bonds			2,447	(2,447)
Principal on bonds			1,200	(1,200)
Capital				
Total expenses	<u>51,799</u>	<u>56,299</u>	<u>58,807</u>	<u>(2,508)</u>
 Transfer - in(out)	 <u>(7,511)</u>	 <u>(7,511)</u>	 <u>(3,867)</u>	 <u>3,644</u>
 Excess (deficiency) of revenue over expenses	 <u>\$ -</u>	 <u>\$ (4,500)</u>	 <u>(1,742)</u>	 <u>(2,758)</u>
 Budgetary notation - Cash appropriated from prior year for current year expenditures	     <u>\$ 9,146</u>			
 Reconciliation to GAAP:				
Non-budgeted items:				
Depreciation			(31,238)	
Other differences:				
Accounts receivable			1,231	
Accounts payable			(122)	
Accrued liabilities			20	
Principal on debt			1,200	
Activity reflected incorrectly on budget			4,159	
Prepaid expenses			<u>28</u>	
Net income (loss)			<u>\$ (26,464)</u>	

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

BUDGETARY COMPARISON SCHEDULE  
PROPRIETARY FUND  
WATER SYSTEM IMPROVEMENT PROJECT  
For the Year Ended June 30, 2013

<b>REVENUES</b>	Original Budget	Revised Budget	Actual	Difference
Interest income	\$	\$	\$ 8	\$ 8
Grant state				
Total revenues	-	-	8	8
 <b>EXPENDITURES</b>				
Operating expense	14,795	14,795	19,070	(4,275)
Total expense	14,795	14,795	19,070	(4,275)
 Transfer in (out)	 -	 4,271	 21 (2)	 (4,273)
 Excess (deficiency) of revenue over expenses	 \$ (14,795)	 \$ (10,524)	 (19,064)	 \$ (8,540)
 Reconciliation to GAAP:				
Non budgeted items				
Depreciation			(25,069)	
Grant - NMFA - not on budget			249,084	
Interest - loans			(117)	
Interest income			93	
Capital expenditure			19,065	
Expense - not on budget			(60)	
Transfer in			7,966	
Net income (loss)			<u>\$231,898</u>	
 Budgetary notation -				
Cash appropriated from prior year for current year expenditures	 <u>\$ 34,341</u>			

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

Hector Balderas, State Auditor,  
and  
Steve M. Lucero, Mayor, and  
Trustees of the  
Village of San Ysidro, New Mexico

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparison for the general fund and the major special revenue funds, and the combining and individual funds presented as supplemental information of the state of New Mexico of the Village of San Ysidro (Village), as of June 30, 2013 and the related notes to the financial statements, which collectively comprise the Village of San Ysidro's basic financial statements, and have issued my report thereon dated November 24, 2014.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in normal course of performing their assigned functions, to

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies, therefore, material weakness or significant deficiencies may that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I considered to be material weakness. However, material weaknesses may exist that have not been identified. I did identify certain deficiencies in internal control described in the accompanying schedule of findings and response that I consider to be significant deficiencies in internal control over financial reporting: 1998-1, 2000-2.

#### **Compliance and other Matters**


As part of obtaining reasonable assurance about whether the Village of San Ysidro's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and responses as findings 2005-1, 2006-3, 2013-1 and 2013-2.

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

The Village's responses to the findings identified in my audit are described in the accompanying schedule of findings and responses. I did not audit the Village's response and, accordingly, I express no opinion on it.

**Purpose of This Report**

This purpose of this report is solely to describe the scope of my testing of internal control and compliance and 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.

  
Kathleen R. Lane, P.C.  
Albuquerque, NM  
November 24, 2014

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

SCHEDULE OF FINDINGS AND RESPONSES  
For the Year Ended June 30, 2013

**SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

1. The auditor's report expresses an unmodified opinion on the financial statements of the Village of San Ysidro.
2. Six reportable conditions disclosed during the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. Two of the conditions are reported as a significant deficiency.
3. No instances of noncompliance material to the financial statement of the Village of San Ysidro were disclosed during the audit.
4. These financial statements have been prepared by the auditor, Kathleen R. Lane, CPA. However, the contents of these financial statements remain the responsibility of the Village.

Federal Awards

5. There were no federal grants awarded to the Village in the current year.

Current Year Findings

- 2013-1 Late Audit Contract - Other matters (State Audit Rule Finding)
- 2013-2 Overspending Budget and Funds

Prior Year Findings, Resolved and Not Repeated

- 2012-1 Overpayment of Vacation and Sick Leave

Prior Year Findings, Not Resolved and Repeated

- 1998-1 Quarterly Financial Reports-Summary and Detail
- 2000-2 Segregation of duties
- 2005-1 Personnel Payroll Records
- 2006-3 Late Audit Report

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**SCHEDULE OF FINDINGS  
For the Year Ended June 30, 2013**

(1998-1) Quarterly Financial Reports -  
Summary and Fund Detail (Significant Deficiency)

Prior Year Finding (1998-1999), not resolved and repeated in current year (2012-2013)

Condition:

Although total cash balances were correct, individual fund balance beginning cash balances were not brought forward correctly and therefore, ending cash balances per individual funds were incorrect.

Also noted, several budget resolutions approved by trustees and DFA were not included in the June 30, 2013 DFA report, which does not give a clear picture of budget versus actual revenues and expenditures.

Criteria:

Good internal accounting control practice dictates a clear audit trail should exist from cash receipts and disbursements reported to the total spreadsheet. Each fund's beginning cash balance should be corrected to the prior year audited balance, plus receipts, less disbursement should equal ending cash balances.

Effect:

The audit trail was not clear and incomplete.

Cause:

Prior year's audit cash balances were not properly carried forward due to the late audit reports and final cash balances per audit.

Recommendation:

Due to the small staff, it would help to have another person review the numbers on the report to correct any mathematical errors. Use of computer accounting programs and spreadsheets will aid in the preparation and accuracy of reports.

Response:

The Village Clerk has been working with her DFA analyst to correct the above problems. The Clerk now has a better understanding of the reports. The Clerk attends workshops to aid in the Village financial reporting and will be utilizing the Village accounting program much further.

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

SCHEDULE OF FINDINGS  
For the Year Ended June 30, 2013

(2000-2) Segregation of Duties  
(Significant Deficiency)

Prior Year Findings (1999-2000), not resolved and repeated in the current year (2012-2013):

Condition:

Due to the small office size, segregation of duties is not available. The Village Clerk records receipts and disbursement, signs checks, makes bank deposits, reconciles the accounts and prepares financial reports.

Criteria:

The person who has custody of assets should not also be responsible for recording and reconciling the reports.

Effect:

Since there is not anyone else involved in the accounting process errors can occur and be undetected.

Cause:

The Village is a small community.

Recommendation:

Due to lack of segregation of duties and the small community, I recommend a board trustee review and sign off on monthly cash disbursements and bank reconciliation. If feasible, I would recommend that the Clerk-Treasurer not prepare bank reconciliations, sign checks and make bank deposits.

Response:

The Mayor and Council review reports at every regular monthly meeting and ask questions. The Clerk now only signs payroll checks and in emergency situations. All checks require a dual signature. The Mayor feels they have good oversight of the financial accounting.



STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

SCHEDULE OF FINDINGS  
For the Year Ended June 30, 2013

(2005-1) Personnel Payroll Records (Other)

Prior Year Findings (2004-2005), not resolved and repeated in the current year (2012-2013):

Condition:

Of fourteen employee personnel/payroll files tested, the following were noted:

- a. Forms I-9 were not completed properly or missing for three employees.

Criteria:

For those persons hired after 1986, a properly completed Form I-9 is required by law.

Effect:

Personnel files are not as complete as they should be.

Cause:

Village staff did not follow the instructions for the proper completion of the form.

Recommendation:

Copies of completed Forms I-9 (for those hired after 1986) are required by law.

Response:

Concur. These forms will be reviewed for correction.

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**SCHEDULE OF FINDINGS  
For the Year Ended June 30, 2013**

(2006-3) Late Audit Report(Other)

Prior Year Findings (2005-2006), not resolved and repeated in the current year (2012-2013):

Condition:

The audit report for the year ended June 30, 2013, was not submitted by the deadline set by the Office of the State Auditor. It was sent to the State Auditor Office on November 24, 2014.

The agency has also been classified on "At Risk" status due to late filings and is required to submit quarterly written reports until the agency is in compliance. No quarterly reports were filed during the fiscal year.

Criteria:

Per Section 2.2.2.9 NMAC (State Auditor Rule) and the Audit Act (Section 12-6-1 through 12-6-14 NMSA 1978), the deadline for submission of this report was December 1, 2013. Also per this rule, a finding is required to be written in the event of a late report.

Effect:

The Village was not in compliance with this rule and audit act.

Cause:

In 2006, the previous auditor was unable to complete the audit timely so the Village discontinued his services. A new auditor was chosen. Initially, the Village was having one audit a year performed. At that rate they would never catch up. Several years ago it was decided to obtain multi-year contracts to get the Village caught up with their audits.

Recommendation:

The State Auditor Rule for report deadline should be followed in the future and quarterly written status reports should be timely submitted to Office of State Auditor until all delinquent audits are filed.

Response:

Concur. The Village is in the process of having multiple year audit contracts approved to get caught up and be in compliance.

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

SCHEDULE OF FINDINGS  
For the Year Ended June 30, 2013

2013-1 - Late Audit Contract - Other Matters-  
(State Audit Rule Finding)

Current Year Finding (2012-2013):

Condition:

The audit contract and IPA recommendation was not submitted to the Office of the State Auditor by the deadline for the fiscal year ending June 30, 2013.

Criteria:

Per section 2.2.2.8 (G)(6)(c) Auditor NMAC Audit Rule, the audit contract and recommendation must be submitted to the office of the State Auditor by the deadline for fiscal year ended June 30, 2013.

Effect:

The Village was not in compliance with the State Audit Rule.

Cause:

The Village has been delinquent with their audit reports for several years.

Recommendation:

The Village should make every effort to submit the audit contract and IPA recommendations to the Office of the State Auditor by the deadline.

Response:

Concur. The Village will present its application for IPA and audit contract in a timely manner

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**SCHEDULE OF FINDINGS  
For the Year Ended June 30, 2013**

2013-2 Overspending of Funds and Budgets  
(Other)

Current Year Finding (2012-2013):

Condition:

It was noted that the budget was overspent in the following funds:

Correction Fund - page 20	\$ 137
Recreation Funds -page 55	\$ 2,472
Law Enforcement (LEPF) - page 54	\$37,702
Water System Improvement - page 63	\$ 4,272
Water Utility - page 62	\$ 2,508

Criteria:

By statute (NMSA 6-6-6), the approved budget for a public body is binding upon all officials and governing authorities, and no governing authority shall allow or approve claims in excess thereof.

Effect:

The budget was not followed and the Village is in violation of statute.

Cause:

The Village appropriated cash from prior year for current year expenditures but did not include in budget as disbursements. Also, the Village is not using encumbrance system to track obligations of each fund.

Recommendation:

The Village should review the income and expense for each fund and track budget versus actual on a quarterly basis using the DFA report. The monthly reports used by the Village Clerk should be used to report on individual funds and insure the funds are in balance and adjust the budget as situations arise.

Response:

The Village concurs.

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**June 30, 2013**

Kathleen R. Lane, CPA, prepared the financial statements of the Village of San Ysidro, New Mexico, for the year ended June 30, 2013.

Exit Conference:

An exit conference was held November 24, 2014, at the Village office.

Representing the Village:

Steve M. Lucero, Mayor  
Christina R. Lucero, Clerk/Treasurer

Representing Kathleen R. Lane, P.C.:

Kathleen R. Lane, CPA