

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

**FINANCIAL STATEMENTS**

**June 30, 2014**

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

**Prepared by**

**Kathleen R. Lane, P.C.  
Certified Public Accountant  
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, 2014

(With Independent Auditor's Reports Thereon)

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

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June 30, 2014

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STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

OFFICIAL ROSTER  
June 30, 2014

Village Trustees

Elected Officials

Steve M. Lucero - Mayor  
John J. Urban - Mayor Pro-tem  
Julian A. Trujillo - Trustee  
Julie Ann M. Quintana - Trustee  
Albert J. 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 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, 2014, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents. I have also audited the financial statements of each of the Village's nonmajor governmental funds, enterprise 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, 2014, as listed in the table of contents.

**Management's Responsibility for Financial Statements**

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

**Auditor's Responsibility**

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. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluation the overall presentation of the financial statements.

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

### **Opinions**

In my opinion, 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, 2014, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and major special revenue 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 if the Village as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons 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, 2014. 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 \$91,144, or 2.9 percent as a result of this year's operations. Net assets of our business-type activities decreased by \$33,591, or 2.2 percent, due to revenue increase and less depreciation. Net assets of our governmental activities increased by \$124,735, or 7.9 percent, due to increase in tax revenue and small city grant.

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 \$130,858 more than the expense (before depreciation) in comparison to last year, when expenses exceeded revenue by \$46,399.

In the Village of San Ysidro's business-type activities, operating revenues increased to \$86,884 from \$62,163 and expenses increased to \$61,843 from \$53,223 in 2013.

Total cost of all of the Village of San Ysidro's governmental programs decreased by \$70,575 or 5.3 percent.

The general fund reported an increase this year of \$120,919.

### 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 exceeded.

These two statements report the Village's net position and changes in them. You can think of the Village's net position - 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 position 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, park and recreation, 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 Position 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 Position 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 Position**  
**(In Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 560	\$ 409	\$ 59	\$ 37	\$ 619	\$ 446
Capital assets	1,215	1,227	1,550	1,609	2,765	2,836
Total assets	1,775	1,636	1,609	1,646	3,384	3,282
Long-term debt outstanding	19	37	106	111	125	148
Other liabilities	61	29	7	6	68	35
Total liabilities	80	66	113	117	193	183
Net position						
Invested in capital assets, net of related debt	1,187	1,189	1,439	1,493	2,626	2,682
Restricted	124	117	4		128	117
Unrestricted	384	264	53	36	437	300
Total net position	\$ 1,695	\$ 1,570	\$ 1,496	\$ 1,529	\$ 3,191	\$ 3,099

The net position of our business-type activities decreased by 2.2 percent (\$ (33,591) compared to \$205,434 in 2013); this decrease was due to no grant funds were received for any water projects in 2014.

NMDOT/Local Government Road Funds in the amount of \$41,100 was received for extending walkway within the Village. \$ 26,681 was used from prior deferred revenue for professional fees in planning and environmental preparation of walkway. There is still a balance of \$41,100 to be carried forward to 2014/2015 for Village road work.

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

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 8	\$ 12	\$ 87	\$ 62	\$ 95	\$ 74
State grants	131	56			131	56
Capital grants	19	61		249	19	310
General revenues						
Taxes levied for general	276	193			276	193
Interest income	1	1			1	1
Miscellaneous	1	5			1	5
Total revenues	436	328	87	311	523	639
<b>Expenses</b>						
General government	146	147			146	147
Public safety	86	95			86	95
Culture and recreation	5	6			5	6
Highway and streets	7	7			7	7
Depreciation	64	58			64	58
Interest on long-term debt			3	3	3	3
Water Department			121	108	121	108
Total expenses	308	313	124	111	432	424
Excess (deficiency) before special items and transfers	128	15	(37)	200	91	215
Transfers	(3)	(2)	3	2	-	-
Increase (decrease) in net Position	\$ 125	\$ 13	\$ (34)	\$ 202	\$ 91	\$ 215

During the year ended June 30, 2014, there were significant events that changed the balance of net position. An explanation of these events is as follows:

Tax and other revenues for governmental programs increased by \$87,155

Business-type operating revenue increased by \$25,209

State operating and capital grants - The Village received \$130,755 in 2014 compared to \$366,711 in 2013.

Land was donated to the Village in the amount of \$19,000

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 per month during 2014.

Revenues of the Village of San Ysidro's business-type activities (see Table 2) increased by \$24,721 (\$86,884 in 2014 compared to \$62,163 in 2013) and operating expenses increased by \$8,620 (\$61,843 in 2014 compared to \$53,223 in 2013). The water department paid \$7,114 to the Village of San Ysidro for reimbursed expense.

### The Village Fund

The Village of San Ysidro had an increase of \$120,919 in the Village's General Fund. The primary reasons for the General Fund's increase 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 \$106,682, while total expenses decreased \$70,575. The cost of all governmental activities this year was \$304,463 compared to \$375,038 last year.

### General Fund Budgetary Highlights

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

### Capital Asset and Debt Administration Capital Assets

At the end of 2014, the Village of San Ysidro had \$2,764,921 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 decrease (including additions and deductions) of \$71,170 over last year.

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

	Net Balance June 30, 2013	Additions/ Deletions	Balance June 30, 2014
<b>Non-Depreciable Assets:</b>			
Land	\$ 230,478	\$ 19,000	\$ 249,478
<b>Other Capital Assets:</b>			
Infrastructure	398,288		398,288
Water utility plant/improve.	2,219,702		2,219,702
Buildings/improvements	438,740		438,740
Furniture and other equipment	388,253		388,253
Land/park improvements	394,329	26,681	421,010
Vehicles	144,433	6,411	150,844
Less: Accumulated depreciation	(1,378,132)	(123,262)	(1,501,394)
Total other capital asset	<u>\$ 2,605,613</u>	<u>\$ (90,170)</u>	<u>\$ 2,515,443</u>

Capital Asset and Debt Administration Capital Assets

The Village spent \$26,681 for engineering and environmental assessment in preparation for extending walkway.

Land was donated to the Village in the amount of \$19,000. The Village paid \$10,000 in 2013 as down payment and the balance of land value was donated in 2014.

Debt

At year end, the Village had \$139,409 in outstanding debt versus \$153,669 last year - a decrease of 9.3 percent - as shown in Table 4.

**Table 4**  
**Village of San Ysidro**  
**Outstanding Debt**  
**At June 30, 2014**

	Governmental Activities	Net Business-type Activities	Total Primary Government
NMFA - vehicle LEPF	\$ 28,613	\$	\$ 28,613
USDA Revenue Bond		47,800	47,800
NMFA - Phase I		20,941	20,941
NMFA - Phase II		42,055	42,055
Totals	<u>\$ 28,613</u>	<u>\$ 110,796</u>	<u>\$ 139,409</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 2014/2014 fiscal year budget. Factors considered included projecting an increase in revenues; this is based on increase in tourism and minimizing expenditures. Municipal revenues distributed by the State of New Mexico make up a majority of the 2015 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, 2014**

<b>ASSETS</b>	Primary Government		Total
	Government Activities	Business-Type Activities	
Current Assets:			
Cash and cash equivalents	\$ 213,126	\$ 45,770	\$ 258,896
Restricted assets:			
Cash and cash equivalents		3,630	3,630
Total cash (Note 3)	213,126	49,400	262,526
Investments (Note 4)	302,099		302,099
Receivables (net) (Note 5)	4,399	9,101	13,500
Taxes receivable (Note 5)	39,837		39,837
Prepaid expense	278	303	581
Total current assets	559,739	58,804	618,543
Noncurrent Assets:			
Land	244,478	5,000	249,478
Capital assets, net of depreciation (Note 12)	970,876	1,544,567	2,515,443
Total noncurrent assets	1,215,354	1,549,567	2,764,921
Total Assets	\$ 1,775,093	\$ 1,608,371	\$ 3,383,464
 <b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 2,936	\$ 1,269	\$ 4,205
Accrued liabilities	2,274	471	2,745
Unearned revenue (Note 15)	41,100		41,100
Due within one year (Note 6)	14,705	4,393	19,098
Current liabilities payable from restricted assets		1,300	1,300
Total current liabilities	61,015	7,433	68,448
Noncurrent liabilities:			
Due in more than one year (Note 6)	19,144	105,787	124,931
Total Liabilities	\$ 80,159	\$ 113,220	\$ 193,379
 <b>NET POSITION</b>			
Net investments in capital assets	\$ 1,186,741	\$ 1,438,771	\$ 2,625,512
Restricted for:			
Debt service		3,630	3,630
Capital projects	5,876		5,876
Special	118,132		118,132
Nonspendable	278		278
Unrestricted	383,907	52,750	436,657
Total Net Position	\$ 1,694,934	\$ 1,495,151	\$ 3,190,085

See Accompanying Notes to Financial Statements

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

**STATEMENT OF ACTIVITIES - GOVERNMENT-WIDE  
June 30, 2014**

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	\$ 145,974	\$ 6,660	\$ 109,000	\$	\$ (30,314)
Public safety	85,682	1,080	21,920		(62,682)
Culture and recreation	4,482	251			(4,231)
Highways and streets	7,103			18,835	11,732
Interest expense	352				(352)
Depreciation	63,670				(63,670)
<b>Total governmental activities</b>	<b>307,263</b>	<b>7,991</b>	<b>130,920</b>	<b>18,835</b>	<b>(149,517)</b>
Business-type activities:					
Water Department	121,435	86,884			(34,551)
Interest Expense	2,500				(2,500)
<b>Total business-type activities</b>	<b>123,935</b>	<b>86,884</b>			<b>(37,051)</b>
<b>Total primary government</b>	<b>\$ 431,198</b>	<b>\$ 94,875</b>	<b>\$ 130,920</b>	<b>\$ 18,835</b>	<b>\$ (186,568)</b>

Changes in net position	Government	Business-	Total
	Activities	Type Activities	
Net (expense) revenue	\$ (149,517)	\$ (37,051)	\$ (186,568)
General Revenues:			
Taxes - gross receipts	232,462		232,462
Taxes - property	18,060		18,060
Taxes - gasoline	21,388		21,388
Taxes - franchise	4,054		4,054
Unrestricted investment earnings	429	137	566
Miscellaneous	1,182		1,182
Transfer - internal activities	(3,323)	3,323	-
<b>Total general revenues/transfers</b>	<b>274,252</b>	<b>3,460</b>	<b>277,712</b>
Change in net position	124,735	(33,591)	91,144
Net position, beginning of year	1,570,199	1,528,742	3,098,941
<b>Net position, end of year</b>	<b>\$ 1,694,934</b>	<b>\$ 1,495,151</b>	<b>\$ 3,190,085</b>

See Accompanying Notes to Financial Statements

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

GOVERNMENTAL FUNDS  
BALANCE SHEET  
June 30, 2014

<b>ASSETS</b>	General Fund	Corrections
Cash and cash equivalents	\$ 158,198	\$ 3,024
Investments	191,767	110,332
Receivables (net)	4,399	
Taxes receivable	39,837	
Other current assets	278	
Total Assets	<u>\$ 394,479</u>	<u>\$ 113,356</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
LIABILITIES		
Accounts payable	\$ 2,784	\$
Accrued payroll	2,274	
Other current liabilities		
Total Liabilities	<u>5,058</u>	<u>-</u>
FUND BALANCES		
Nonspendable	278	
Restricted for:		
Capital Projects		
Special Projects		113,356
Unassigned	389,143	
Total Fund Balances	<u>389,421</u>	<u>113,356</u>
 Total Liabilities and Fund Balances	 <u>\$ 394,479</u>	 <u>\$ 113,356</u>

Capital Projects	Nonmajor Government Funds	Totals
\$ 46,976	\$ 4,928	\$ 213,126
		302,099
		4,399
		39,837
		278
<u>\$ 46,976</u>	<u>\$ 4,928</u>	<u>\$ 559,739</u>

\$	\$ 152	\$ 2,936
		2,274
41,100		41,100
<u>41,100</u>	<u>152</u>	<u>46,310</u>

		278
5,876		5,876
	4,776	118,132
		389,143
<u>5,876</u>	<u>4,776</u>	<u>513,429</u>
<u>\$ 46,976</u>	<u>\$ 4,928</u>	<u>\$ 559,739</u>

See Accompanying Notes to Financial Statements



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

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
Year Ended JUNE 30, 2014**

<b>REVENUES</b>	General Fund	Corrections
Taxes	\$ 275,964	\$
Grants- State	90,000	
Fines and fees	6,660	1,080
Charges for services	1	
Donations - in-kind	19,000	
Miscellaneous	1,526	
Total Revenues	393,151	1,080
<b>EXPENDITURES</b>		
Current:		
General government	144,860	
Public safety	80,146	268
Culture and recreation		
Highways and streets	7,103	
Capital outlay	19,000	
Debt service	-	
Total Expenditures	251,109	268
Excess of Revenue Over (Expenditures)	142,042	812
OTHER FINANCING SOURCES (USES)		
Transfers in		
Transfers out	(21,123)	
Total Other Financing (Uses) Sources	(21,123)	-
Net Change in Fund Balances	120,919	812
FUND BALANCE, Beginning of Year	268,502	112,544
FUND BALANCE, End of Year	\$ 389,421	\$ 113,356

Capital Projects	Nonmajor Government Funds	Totals
\$	\$	\$ 275,964
18,835	21,920	130,755
		7,740
	250	251
		19,000
	85	1,611
<u>18,835</u>	<u>22,255</u>	<u>435,321</u>
		144,860
	6,152	86,566
	4,482	4,482
		7,103
26,681	6,411	52,092
	9,360	9,360
<u>26,681</u>	<u>26,405</u>	<u>304,463</u>
(7,846)	(4,150)	130,858
13,700	4,100	17,800
		(21,123)
<u>13,700</u>	<u>4,100</u>	<u>(3,323)</u>
5,854	(50)	127,535
22	4,826	385,894
<u>\$ 5,876</u>	<u>\$ 4,776</u>	<u>\$ 513,429</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, 2014

Net Changes in Fund Balance	
Total Governmental Funds	\$ 127,535
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	52,092
Depreciation expense	(63,670)
Repayment of debt principle is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the Statement of Net Assets.	9,360
Net change in compensated absences	<u>(582)</u>
Change in net position of governmental activities	<u>\$ 124,735</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, 2014**

<b>REVENUES</b>	Original Budget	Revised Budget	Actual	Difference
Municipal taxes:				
Property tax	\$ 17,196	\$ 17,196	\$ 18,119	\$ 923
Gasoline tax	21,737	21,737	21,264	(473)
Gross receipts taxes	85,000	85,000	109,497	24,497
Franchise fee	3,276	3,276	4,062	786
	<u>127,209</u>	<u>127,209</u>	<u>152,942</u>	<u>25,733</u>
Licenses and fees	<u>800</u>	<u>800</u>	<u>675</u>	<u>(125)</u>
State shared taxes:				
Auto license	409	409	466	57
Gross receipts taxes	83,000	83,000	107,297	24,297
	<u>83,409</u>	<u>83,409</u>	<u>107,763</u>	<u>24,354</u>
Fines and forfeits:				
Court fines/fees	9,423	9,423	7,019	(2,404)
Charges for services			1	1
	<u>9,423</u>	<u>9,423</u>	<u>7,020</u>	<u>(2,403)</u>
Other:				
Reimbursements	9,215	9,215	3,391	(5,824)
Earnings on investments			46	46
	<u>9,215</u>	<u>9,215</u>	<u>3,437</u>	<u>(5,778)</u>
State and federal grants:				
State small cities assistance	35,000	90,000	90,000	-
				\$
Total revenues	<u>\$ 265,056</u>	<u>\$ 320,056</u>	<u>\$ 361,837</u>	<u>41,781</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, 2014**

<b>EXPENDITURES</b>	Original Budget	Revised Budget	Actual	Difference
Executive and legislative	\$ 14,800	\$ 20,000	\$ 9,023	\$ 10,977
Election	850	850	570	280
Financial/ administrative	120,622	124,042	107,466	16,576
Judicial	8,349	8,349	4,032	4,317
Public safety	80,721	81,579	79,823	1,756
Maintenance	22,752	22,752	22,030	722
Streets	8,200	8,200	6,665	1,535
Total expenditures	<u>256,294</u>	<u>265,772</u>	<u>229,609</u>	<u>36,163</u>
Transfers (out)	(4,100)	(4,100)	(17,800)	(13,700)
Transfers in	-	-	7,114	7,114
Excess (deficiency) of revenues over expenditures	<u>\$ 4,662</u>	<u>\$ 50,184</u>	<u>\$ 121,542</u>	<u>71,358</u>
Budgetary notation - Cash appropriated from prior year for current year expenditures	<u>\$ 88,750</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, 2014

<b>REVENUES</b>	Original Budget	Revised Budget	Actual	Difference
Charges for services:				
Local correction fee	\$ 1,667	\$ 1,667	\$ 1,080	\$ (587)
<hr/>				
<b>EXPENDITURES</b>				
Care of prisoners	904	904	268	636
	904	904	268	636
Transfer (out)	-			
Excess (deficiency) of revenues over expenditures	\$ 763	\$ 763	\$ 812	\$ 49
<hr/>				
Reconciliation to GAAP - No adjustment required				

See Accompanying Notes to Financial Statements

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

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2014**

	Business-Type Activities Enterprise Funds		
	Water	Water System Improvement	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 15,286	\$ 30,484	\$ 45,770
Restricted assets:			
Cash and cash equivalents	3,630		3,630
Total cash (Note 3)	18,916	30,484	49,400
Receivables (net)	9,101		9,101
Prepaid expense	303		303
Total current assets	28,320	30,484	58,804
Noncurrent Assets:			
Land	5,000		5,000
Capital assets, net of depreciation (Note 12)	511,528	1,033,039	1,544,567
Total noncurrent assets	516,528	1,033,039	1,549,567
 Total Assets	 \$ 544,848	 \$ 1,063,523	 \$ 1,608,371
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 1,269	\$	\$ 1,269
Accrued liabilities	471		471
Due within one year (Note 6)	684	3,709	4,393
Current liabilities payable from Restricted Assets	1,300		1,300
Total current liabilities	3,724	3,709	7,433
Noncurrent liabilities:			
Due in more than one year (Note 6)	46,500	59,287	105,787
 Total Liabilities	 \$ 50,224	 \$ 62,996	 \$ 113,220
<b>NET POSITION</b>			
Net investments in capital assets	\$ 468,728	\$ 970,043	\$ 1,438,771
Restricted: Debt service	3,630		3,630
Unrestricted	22,266	30,484	52,750
 Total Net Position	 \$ 494,624	 \$ 1,000,527	 \$ 1,495,151

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, 2014**

	Business-Type Activities Enterprise Funds		
	Water System		Total
	Water	Improvement	
Operating revenue:			
Charges for services	\$ 86,884	\$	\$ 86,884
Operating expense:			
Operating expenses	61,787	56	61,843
Depreciation	31,330	28,262	59,592
Total operating expense	93,117	28,318	121,435
Operating income	(6,233)	(28,318)	(34,551)
Non-operating Revenue/ (Expense):			
Interest income	11	126	137
Interest expense	(2,389)	(111)	(2,500)
Total Non-operating Revenues (Expense)	(2,378)	15	(2,363)
Income before operating transfers	(8,611)	(28,303)	(36,914)
Transfers in (out)	(15,544)	18,867	3,323
Change in Net Position	(24,155)	(9,436)	(33,591)
Total Net Position, Beginning of Year	518,779	1,009,963	1,528,742
Total Net Position, End of Year	\$ 494,624	\$ 1,000,527	\$ 1,495,151

See Accompanying Notes to Financial Statements

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

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
For the Year Ended June 30, 2014**

	Business-Type Activities Enterprise Funds		
	Water System		
	Water	Improvement	Total
Cash Flows from Operating Activities:			
Receipts from customers and users	\$ 85,997	\$	\$ 85,997
Payments to suppliers and employees	(60,927)	(56)	(60,983)
Net cash provided (used) operating activities	25,070	(56)	25,014
Cash flows from noncapital financing activities:			
Principal paid on revenue bonds	(1,200)		(1,200)
Interest paid on revenue bonds	(2,389)		(2,389)
Transfers in (out)	(15,544)	18,867	3,323
Net cash provided (used) noncapital financing activities	(19,133)	18,867	(266)
Cash flows from capital and related financing activities:			
Principal paid on NMFA loans		(3,700)	(3,700)
Interest paid		(111)	(111)
Net cash provided (used) capital and related financial activities	-	(3,811)	(3,811)
Cash flows from investing activities:			
Interest on investments	11	126	137
Net cash provided (used) investing activities	11	126	137
Net increase (decrease) in cash and cash equivalents	5,948	15,126	21,074
Cash and cash equivalents, beginning of year	12,968	15,358	28,326
Cash and cash equivalents end of year	\$ 18,916	\$ 30,484	\$ 49,400

	Business-Type Activities Enterprise Funds		
	Water System		
	Water	Improvement	Total
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (6,233)	\$ (28,318)	\$ (34,551)
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation	31,330	28,262	59,592
(Increase) decrease in accounts receivable	(887)		(887)
(Increase) decrease in prepaid expense	(33)		(33)
Increase (decrease) in accounts payable	580		580
Increase (decrease) in accrued expenses	313		313
Net cash provided (used) by operating activities	<u>\$ 25,070</u>	<u>\$ (56)</u>	<u>\$ 25,014</u>

See Accompanying Notes to Financial Statements

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

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2014**

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 its 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, 2014**

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, 2014**

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, 2014**

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, 2014**

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 financial transactions of the Village of San Ysidro are reported in individual funds in the fund financial statements. Each fund is accounted for by providing separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. 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.

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

NOTES TO FINANCIAL STATEMENTS  
June 30, 2014

Note 1: Summary of Significant Accounting Policies (continued)

Governmental Fund Types

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.

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, 2014**

Note 1: Summary of Significant Accounting Policies (continued)

Basic Financial Statements - Fund Financial Statements  
(continued)

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

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

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2014**

Note 1: Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

available to finance expenditures of the fiscal period. 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, 2014**

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.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources(revenue) until that time. 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.



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

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2014**

Note 1: Summary of Significant Accounting Policies (continued)

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

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:

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

NOTES TO FINANCIAL STATEMENTS  
June 30, 2014

Note 1: Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting (continued)

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.
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 the current budget year, two special funds and one enterprise fund exceeded their budgets. The shortages were covered by the general fund and water department.

Encumbrances

Encumbrance accounting is not utilized by the Village.

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

NOTES TO FINANCIAL STATEMENTS  
June 30, 2014

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, 2014. Payroll in the amount of \$2,274, included in governmental activities, and \$471, in the water department, were accrued at June 30, 2014.

Revenues in Proprietary Funds

Proprietary funds distinguish *operating revenue* and expenses from *non-operating* items. Operating revenues and expenses generally result from providing goods and services to customers in connection with the proprietary fund's principal ongoing operations. Principle operating expenses are the cost of providing services and include depreciation of capital assets. Other revenue and expense not meeting this definition are reported as non-operating revenue and expense.

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

NOTES TO FINANCIAL STATEMENTS  
June 30, 2014

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, 2014, 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, 2014

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, 2014**

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:

	NMFA	U.S. Bank	Jemez Valley Credit Union
Total amount on deposit	\$ 2	\$ 221,294	\$ 46,295
FDIC/NCUA covered	2	221,294	46,295
FDIC/NCUA uncovered			
No collateralization required			
Total deposits:			
Category 1 - Insured with securities			\$ 267,591
Category 2 - Uncollateralized			
Total deposits in bank			<u>267,591</u>
Add deposits in transit			-
Less outstanding checks			(5,065)
Total cash and cash equivalents			<u>\$ 262,526</u>

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

NOTES TO FINANCIAL STATEMENTS  
June 30, 2014

Note 2: Bank Surety (continued)

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

Cash and cash equivalents	\$ 258,896
Restricted assets:	
Cash and cash equivalents	<u>3,630</u>
Total cash and cash equivalents	<u>\$ 262,526</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	\$ 267,591
Uninsured and uncollateralized	<u>-</u>
Total deposits	<u>\$ 267,591</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, 2014, \$0 of the Village's bank balance was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 0</u>
--------------------------------	-------------

The Village maintains two money market investment accounts with the State of New Mexico Treasurer Department. The cash balance at June 30, 2014, was \$302,099. (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, 2014

Note 3: Cash and Temporary Investments

Account Name/Type	Account Number	Balance
U.S. Bank		
General-checking	12055524	\$ 202,015
Water System-income checking	12055607	15,431
Water Bond Reserve-1995-checking	15795173	3,824
Water System Improvement Project	13604775	4
COBG Account	32709126	20
Total U.S. Bank		<u>221,294</u>
Jemez Valley Credit Union		
Savings	25600	26
Certificate of Deposit	25600-81	30,480
Certificate of Deposit	25600-83	15,789
Total Jemez Valley Credit Union		<u>46,295</u>
NMFA - Cash	Sanysidro7	<u>2</u>
Amounts on deposit		267,591
Deposits in transit		-
Outstanding items		<u>(5,065)</u>
Cash and temporary investments		<u>\$ 262,526</u>
Summary - Note 2:		
General	\$ 158,198	
Special	54,928	
Proprietary	49,400	
Total cash	<u>\$ 262,526</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	\$ 113,293
Money Market	75532647	188,712
Reserve Contingency Fund	755313714	94
Reserve Contingency Fund	767613730	-
Total State of New Mexico		<u>\$ 302,099</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, 2014**

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

*Interest Rate Risk* - Weighted Average Maturity (WAM) for the LGIP as of June 30, 2014, was 48.6 day average and WAM(F) was 116.20 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, 2014

Note 5: Accounts Receivables (continued)

<u>Type</u>	<u>General Fund</u>	<u>Special Revenue</u>
Property taxes	\$ 487	\$
Gasoline taxes	1,811	
Miscellaneous taxes	40	
Gross receipt taxes	37,182	
Franchise fees	317	
Court fines and reimbursements	4,399	
Total	<u>\$ 44,236</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 \$3,719. 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 7-1-13	Additions	Payments	Balance 6-30-14	Current Portion
NMFA - LEPF	\$ 37,973	\$	\$ 9,360	\$ 28,613	\$ 9,469
Comp. Absence	4,654	5,236	4,654	5,236	5,236
Total	<u>\$ 42,627</u>	<u>\$ 5,236</u>	<u>\$ 14,014</u>	<u>\$ 33,849</u>	<u>\$ 14,705</u>

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

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2014**

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>
2015	\$ 14,705	\$ 243	\$14,948
2016	9,531	181	9,712
2017	9,613	99	9,712
Total	<u>\$ 33,849</u>	<u>\$ 523</u>	<u>\$ 34,372</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, 2014**

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 7-1-13	Additions	Payments	Balance 6-30-14	Current Portion
Bonds	\$ 49,000	\$	\$ 1,200	\$ 47,800	\$ 1,300
NMFA - Phase I	22,222		1,281	20,941	1,284
NMFA - Phase II	44,474		2,419	42,055	2,425
Comp. Absence	449	684	449	684	684
	<u>\$ 116,145</u>	<u>\$ 684</u>	<u>\$ 5,349</u>	<u>\$ 111,480</u>	<u>\$ 5,693</u>

Maturities are as follows:

<u>June 30</u>	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 5,693	\$ 2,435	\$ 8,128
2016	5,019	2,366	7,385
2017	5,128	2,296	7,424
2018	5,237	2,222	7,459
2019	5,246	2,143	7,389
2020-2024	27,874	9,428	37,302
2025-2029	30,611	6,836	37,447
2030-2034	20,772	3,636	24,408
2035-2036	5,900	415	6,315
	<u>\$ 111,480</u>	<u>\$ 31,777</u>	<u>\$ 143,257</u>

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

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2014**

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, 2014, were as follows:

	<u>Residential</u>	<u>Nonresidential</u>
General Operating	5.622%	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. This report is also available on PERA's website at <http://www.pera.state.nm.us>.

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

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2014**

Note 8: Retirement Plan (continued)

Funding Policy

Plan members are required to contribute 8.5% for law enforcement and 8.5% 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 state statutes under 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, 2014, 2013, and 2012, were \$9,621, \$8,970, and \$9,112, 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 and Water Funds.

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

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2014**

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 7/1/13	Addition	Deletions	Balance 6/30/14
Capital Assets not being depreciated:				
Land	\$ 225,478	\$ 19,000	\$	\$ 244,478
Capital Assets being depreciated:				
Infrastructure	398,288			398,288
Land/park improvements	394,329	26,681		421,010
Building/improvements	399,601			399,601
Furniture and equipment	348,093			348,093
Vehicles	96,255	6,411		102,666
Total capital assets	<u>\$ 1,862,044</u>	<u>52,092</u>		<u>1,914,136</u>
Less accumulated depreciation:				
Infrastructure	\$ 47,938		8,377	\$ 56,315
Land/park improvements	124,616		20,718	145,334
Building/improvements	94,316		9,966	104,282
Furniture and equipment	333,944		8,750	342,694
Vehicles	34,298		15,859	50,157
Total accumulated depreciation	<u>635,112</u>		<u>63,670</u>	<u>698,782</u>
Net capital assets	<u>\$ 1,226,932</u>	<u>\$ 52,092</u>	<u>\$ 63,670</u>	<u>\$ 1,215,354</u>

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

General government	\$ 19,644
Public safety	12,033
Highways and streets	8,377
Culture and recreation	23,616
Total depreciation expense allocated	<u>\$ 63,670</u>

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

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2014**

Note 12: Changes in Capital Assets (continued)

Business-Type Activities

	Balance 7/1/13	Addition	Deletions	Balance 6/30/14
Land	\$ 5,000	\$	\$	\$ 5,000
Water utility plant	1,091,543			1,091,543
Water system improvements	1,128,159			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>2,352,178</u>			<u>2,352,178</u>
Less accumulated depreciation				
Water utility plant	584,226		28,060	612,286
Water system improvements	83,781		28,262	112,043
Utility meters and equipment	24,743		752	25,495
Vehicles	45,868		1,539	47,407
Building improvements	4,401		979	5,380
Total accumulated depreciation	<u>743,019</u>		<u>59,592</u>	<u>802,611</u>
Net capital assets	<u>\$ 1,609,159</u>	<u>\$</u>	<u>\$59,592</u>	<u>\$1,549,567</u>

Note 13: Reconciliation of Budgetary Basis to GAAP Basis

The following is reconciling the net change in fund balance to the excess of revenues over (expenditures) in the Statement of Revenue and Expenditures and Changes in Fund Balance on page 16 and the General Fund Budgetary Comparison Statement on page 18 and 19.:

Governmental Funds:

<u>Revenues</u>	<u>General</u>
Total revenues per budget to DFA	\$368,201
Account activity not reflected in client reports	750
Adjustment to revenue - reimbursements from water dept.	<u>(7,114)</u>
Total revenues per budgetary basis - Page 18	361,837
Increase (decrease) in taxes receivable	15,731
Increase (decrease) in court receivable	(3,417)
Donation-In-kind	<u>19,000</u>
Total revenues per GAAP - Page 16	<u>393,151</u>



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

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2014**

Note 13: Reconciliation of Budgetary Basis to GAAP Basis  
(continued)

Governmental Funds: (continued)

<u>Expenditures</u>	<u>General</u>
Total expenditures per budget to DFA	\$ 281,046
Corrections: Transfer to NM LGIP account	(41,000)
Expense paid on behalf of water department	<u>(10,437)</u>
Total expenditures per budgetary comparison-Page 19	229,609
Increase (decrease) in A/P and accrued liabilities	459
(Increase) decrease in prepaid expense	257
Capital outlay-in kind	19,000
Activity not reflected in client report	<u>1,784</u>
Total expenditures per GAAP basis	<u>251,109</u>
Excess of revenue over (expenditures)-Page 16	<u>\$ 142,042</u>

Note 14: Operating Transfers

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ _____	\$ 21,123
Capital projects	<u>13,700</u>	<u>_____</u>
Total	<u>13,700</u>	<u>21,123</u>
Water department	<u>3,323</u>	<u>_____</u>
Nonmajor funds	<u>4,100</u>	<u>_____</u>
Total	\$ <u>21,123</u>	\$ <u>21,123</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 from New Mexico Department of Transportation in the amount of \$41,100 was received in June, 2014. To date, \$18,835 has been used for Village walkways engineering/professional fees from previous year's deferred revenue and \$41,100 has been carried forward to 2014/2015 year.

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

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2014**

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, 2013 to June 30, 2014
Total estimated amount of service and portion applicable to agency	\$3,420
Amount agency contributed in current fiscal year	\$3,420

Note 17: Commitments, Contingencies and Subsequent Events

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued. The Village recognizes in the financial statement the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. Village's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before financial statements are available to be issued.

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, 2014

	LEPF	Rodeo
Assets:		
Cash and cash equivalents	\$ 472	\$ 3,892
Accounts receivable		
Total assets	<u>\$ 472</u>	<u>\$ 3,892</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ -	\$ -
Fund balance:		
Restricted for:		
Special Revenue Fund	472	3,892
Total fund balance	<u>472</u>	<u>3,892</u>
Total liabilities and fund balance	<u>\$ 472</u>	<u>\$ 3,892</u>

Debt Service	Recreation	Total 2014
\$	\$ 564	\$ 4,928
<hr/>		
\$	\$ 564	\$ 4,928
<hr/>		
\$	\$ 152	\$ 152
<hr/>		
	152	152
<hr/>		
	412	4,776
<hr/>		
	412	4,776
<hr/>		
\$	\$ 564	\$ 4,928
<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, 2014

	LEPF	Rodeo
Revenues:		
Municipal taxes	\$	\$
State shared taxes		
Charges for services		250
Miscellaneous	5	
State grants	21,920	
Total revenues	21,925	250
Expenditures:		
Current:		
Public safety	5,800	
Highways and streets		
Culture recreation		714
Capital outlay	6,411	
Debt service		
Total expenditures	12,211	714
Excess (deficiency) of revenues over expenditures	9,714	(464)
Other financing sources and uses:		
Transfer (to) from	(9,712)	
Net change in fund balance	2	(464)
Fund Balances:		
Beginning of year	470	4,356
End of year	\$ 472	\$ 3,892

Debt Service	Recreation	Total 2014
\$	\$	\$
		250
	80	85
		21,920
	80	22,255
352		6,152
		-
	3,768	4,482
		6,411
9,360		9,360
9,712	3,768	26,405
(9,712)	(3,688)	(4,150)
9,712	4,100	4,100
-	412	(50)
-	-	4,826
\$	\$ 412	\$ 4,776



STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
LAW ENFORCEMENT PROTECTION  
For the Year Ended June 30, 2014

<b>REVENUES</b>	Original Budget	Revised Budget	Actual	Difference
State grants:				
State grant	\$ 21,200	\$ 21,200	\$ 21,920	\$ 720
Other			5	5
	<u>21,200</u>	<u>21,200</u>	<u>21,925</u>	<u>725</u>
 <b>EXPENDITURES</b>				
Public safety:				
Operating expenses	21,200	21,200	12,563	8,637
Debt service			9,360	(9,360)
Total	<u>21,200</u>	<u>21,200</u>	<u>21,923</u>	<u>(723)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 2</u>

Reconciliation to GAAP -  
No adjustment required

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

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
RECREATION**

**For the Year Ended June 30, 2014**

<b>REVENUES</b>	Original Budget	Revised Budget	Actual	Difference
Miscellaneous	\$ -	\$ -	\$ 80	\$ 80
	-	-	80	80
<b>EXPENDITURES</b>				
Recreation:				
Operating expense	3,100	3,100	3,719	(619)
	3,100	3,100	3,719	(619)
Transfer	4,100	4,100	4,100	-
Excess (deficiency) of revenues over expenditures	<u>\$ 1,000</u>	<u>\$ 1,000</u>	461	<u>\$ (539)</u>
Budgetary notation - cash appropriated from prior year for current year expenditures	<u>\$ 104</u>			
Reconciliation to GAAP - (Increase) in accounts payable			<u>(49)</u>	
Net change in fund balance			<u>\$ 412</u>	

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO  
BUDGETARY COMPARISON SCHEDULE  
RODEO FUND  
For the Year Ended June 30, 2014

<b>REVENUES</b>	Original Budget	Revised Budget	Actual	Difference
Revenue:				
Charges for service	\$ 500	\$ 500	\$ 250	\$(250)
	<u>500</u>	<u>500</u>	<u>250</u>	<u>(250)</u>
 <b>EXPENDITURES</b>				
Culture/recreation	3,556	3,556	714	2,842
	<u>3,556</u>	<u>3,556</u>	<u>714</u>	<u>2,842</u>
 Excess (deficiency) of revenues over expenditures	 <u>\$(3,056)</u>	 <u>\$(3,056)</u>	 <u>\$(464)</u>	 <u>\$ 2,592</u>
 Budgetary notation - Cash appropriated from prior year for current year expenditure	          <u>\$ 4,356</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, 2014

	Original Budget	Revised Budget	Actual	Difference
Receipts				
Miscellaneous	\$ 2	\$ 2	\$ -	\$ -
Expenditures				
Debt service	7,456	7,456	9,714	2,258
Other financing sources				
Transfers - in	7,456	7,456	9,714	2,258
Excess (deficiency of Revenue over expenditures	\$ 2	\$ 2	\$ -	\$ -

Reconciliation to GAAP -  
    No adjustment required

**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, 2014

	Original Budget	Revised Budget	Actual	Difference
Revenues				
Grants - DOT	\$	\$ 41,100	\$ 41,100	\$ -
Grant - CDBG	20	20		(20)
Other				
	<u>20</u>	<u>41,120</u>	<u>41,100</u>	<u>(20)</u>
Expenditures				
Utilities				
Infrastructure/walkway	21,105	62,205	26,681	35,524
Building/equipment				
Other	-			
	<u>21,105</u>	<u>62,205</u>	<u>26,681</u>	<u>35,524</u>
Transfers in	-	-	13,700	13,700
Excess (deficiency) of revenues over expenditures	<u>\$ (21,085)</u>	<u>\$ (21,085)</u>	<u>\$ 28,119</u>	<u>\$ 49,204</u>
Budgetary notation - Cash appropriated from prior year for current year expenditures	<u>\$ 18,837</u>			
Reconciliation to GAAP - (Increase) in deferred revenue			<u>(22,265)</u>	
Net change in fund balance			<u>\$ 5,854</u>	

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS  
As of and for the Year Ended June 30, 2014

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, 2014**

<b>REVENUES AND OTHER SOURCES</b>	Original Budget	Revised Budget	Actual	Difference
Sales of services and fees	\$ 62,795	\$ 62,795	\$ 86,141	\$ 23,346
Interest income	66	66	11	(55)
Other	4,066	4,066	-	(4,066)
Total revenues	<u>66,927</u>	<u>66,927</u>	<u>86,152</u>	<u>19,225</u>
 <b>EXPENDITURES AND OTHER USES</b>				
Operating expenses	59,471	64,263	50,626	13,637
Interest on bonds			2,389	(2,389)
Principal on bonds			1,200	(1,200)
Capital			-	
Total expenses	<u>59,471</u>	<u>64,263</u>	<u>54,215</u>	<u>10,048</u>
Transfer - in			3,323	3,323
Transfer - (out)	(7,456)	(7,456)	(18,867)	(11,411)
Excess (deficiency) of revenue over expenses	<u>\$ -</u>	<u>\$ (4,792)</u>	16,393	<u>\$ 21,185</u>
Budgetary notation - Cash appropriated from prior year for current year expenditures	<u>\$ 9,146</u>			
Reconciliation to GAAP:				
Non-budgeted items:				
Depreciation			(31,330)	
Other differences:				
Accounts receivable			887	
Accounts payable			(590)	
Accrued liabilities			(313)	
Prepaid expense			34	
Activity reflected incorrectly on budget			(10,436)	
Principal on debt			1,200	
Net income (loss)			<u>\$ (24,155)</u>	

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

**BUDGETARY COMPARISON SCHEDULE  
PROPRIETARY FUND  
WATER SYSTEM IMPROVEMENT PROJECT  
For the Year Ended June 30, 2014**

<b>REVENUES</b>	Original Budget	Revised Budget	Actual	Difference
Interest income	\$	\$	\$ 126	\$ 126
Grant state				
Total revenues	-	-	126	126
 <b>EXPENDITURES</b>				
Operating expense			56	(56)
Total expense	-		56	(56)
 Transfer in (out)	-	-	18,867	18,867
 Excess (deficiency) of revenue over expenses	\$ -	\$ -	18,937	\$ 18,937
 Reconciliation to GAAP:				
Non budgeted items				
Depreciation			(28,262)	
Interest - loans			(111)	
Net income (loss)			\$ (9,436)	

**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 Members  
of the Village Trustees for the  
Village of San Ysidro, New Mexico

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable 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, of the state of New Mexico of the Village of San Ysidro (Village), as of June 30, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Village of San Ysidro presented as supplementary information, 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 prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of

deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected on a timely basis. A *significantly deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I considered to be material weakness. However, I identified 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: 1998-001, and 2000-002.

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

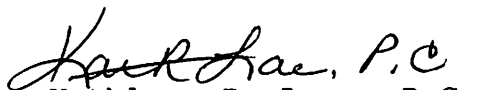
As part of obtaining reasonable assurance about whether the Village of San Ysidro's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and 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 2005-001 and 2013-002.

#### **Village's Responses 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, 2014

**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. Four 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

None

Prior Year Findings, Resolved and Not Repeated

2013-001 Overpayment of Vacation and Sick Leave  
2013-001 Late Audit Contract

Prior Year Findings, Not Resolved and Repeated

1998-001 Quarterly Financial Reports-Summary and Detail  
2000-002 Segregation of duties  
2005-001 Personnel Payroll Records  
2013-002 Overspending of Funds and Budget

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

**SCHEDULE OF FINDINGS  
For the Year Ended June 30, 2014**

(1998-001) Quarterly Financial Reports -  
Summary and Fund Detail (Significant Deficiency)

Prior Year Finding (1998-1999), not resolved and repeated in current year (2013-2014)

Condition:

The supporting Excel spreadsheets prepared to support the totals reported on the monthly financial report did not agree with the quarterly DFA report.

Also noted, several budget resolutions approved by trustees and DFA were not included in the June 30, 2014 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:

The detail spreadsheets did agree with total cash receipts and disbursements but did not agree with the quarterly reports sent to DFA.

Recommendation:

The Village Clerk has made improvement over this finding. But 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 continues to work 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, 2014**

(2000-002) Segregation of Duties  
(Significant Deficiency)

Prior Year Findings (1999-2000), not resolved and repeated in the current year (2013-2014):

Condition:

Due to the small office size, segregation of duties is not available. The Village Clerk records receipts and disbursement, reconciles the accounts, is a signatory on bank accounts, makes deposits 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 or make bank deposits.

Response:

The Mayor and Council review reports and cash disbursements at every regular monthly meeting and ask questions. 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, 2014

(2005-001) Personnel Payroll Records (Other)

Prior Year Findings (2004-2005), not resolved and repeated in the current year (2013-2014):

Condition:

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

- a. Forms I-9 were not completed properly for two 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, 2014

SCHEDULE OF FINDINGS  
For the Year Ended June 30, 2014

(2013-002) Overspending of Funds and Budgets  
(Other)

Prior Year Findings (2012-2013), not resolved and repeated in the current year (2013-2014):

Condition:

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

Law Enforcement (LEPF) -page 54	\$723
Recreation Funds -page 55	\$619
Water System Improvement - page 63	\$56

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, 2014**

Kathleen R. Lane, CPA, prepared the financial statements of the Village of San Ysidro, New Mexico, for the year ended June 30, 2014.

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