

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

FINANCIAL STATEMENTS

June 30, 2015

(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, 2015

(With Independent Auditor's Reports Thereon)

STATE OF NEW MEXICO
VILLAGE OF SAN YSIDRO

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VILLAGE OF SAN YSIDRO**

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STATE OF NEW MEXICO
VILLAGE OF SAN YSIDRO

OFFICIAL ROSTER
June 30, 2015

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

Timothy Keller, 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, 2015, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents. I 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, 2015, 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, 2015, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Village as of June 30, 2015, 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 and GASB 68 Required Supplemental Information on pages 75-78 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 Information

Supplemental Information (SI)


My audit was conducted for the purpose of forming opinions on Village of San Ysidro's financial statements, the combining and individual fund financial statements and the budgetary comparisons. The combining and individual nonmajor fund financial statements, budgetary comparisons and proprietary funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparisons and proprietary funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual nonmajor fund and proprietary fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Vendor information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly I do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued a report dated November 23, 2015, 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.


Albuquerque, New Mexico
November 23, 2015

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, 2015. 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 decreased \$104,734, or 3.41 percent as a result of this year's operations. Net assets of our business-type activities decreased by \$59,068, or 3.9 percent, due to decrease in revenue and increase in expense. Net assets of our governmental activities decreased by \$45,666, or 2.9 percent, mainly due to decrease in tax revenue.

During the year, the Village of San Ysidro had revenues generated in tax and other revenues, for governmental programs (before special items and transfers) that were \$20,545 less than the expense (before depreciation) in comparison to last year, when revenue exceeded expense by \$130,858.

In the Village of San Ysidro's business-type activities, operating revenues decreased to \$59,223 from \$86,884 and expenses decreased to \$57,224 from \$61,843 in 2014.

Total cost of all of the Village of San Ysidro's governmental programs increased by \$13,687 or 4.5 percent.

The general fund reported a net decrease this year of \$11,907.

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 even though projected revenues were not met.

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	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 554	\$ 560	\$ 55	\$ 59	\$ 609	\$ 619
Capital assets	1,181	1,215	1,491	1,550	2,672	2,765
Total assets	1,735	1,775	1,546	1,609	3,281	3,384
Deferred outflows	10		1		11	
Long-term debt outstanding	10	19	101	106	111	125
Other liabilities	199	61	8	7	207	68
Total liabilities	209	80	109	113	318	193
Deferred inflows	37		-		37	
Net position						
Invested in capital assets, net of related debt	1,162	1,187	1,385	1,439	2,547	2,626
Restricted	116	124	3	4	119	128
Unrestricted	248	384	49	53	297	437
Total net position	\$1,526	\$ 1,695	\$1,437	\$ 1,496	\$2,963	\$ 3,191

The net position of our business-type activities decreased by 3.9 percent (\$1,435,188 compared to \$1,496,314 in 2014); this decrease was due decrease in water revenue and no grant funds were received for water projects in 2015.

NMDOT/Local Government Road Funds in the amount of \$41,100 was deferred from previous year for professional fees in planning and environmental preparation of walkway. There is still a balance of \$41,100 to be carried forward to 2015/2016 for Village road work.

The Village adopted GASB 68 for the purpose of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense. This added deferred outflows of resources of \$10,827, deferred inflow of resources of \$36,937 and net pension liability of \$88,708 to the Statement of Net Position-Government Wide (page 12).

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

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues						
Charges for services	\$ 6	\$ 8	\$ 59	\$ 87	\$ 65	\$ 95
State grants	111	131			111	131
Capital grants		19				19
General revenues						
Taxes levied for general	155	276			155	276
Interest income	1	1			1	1
Miscellaneous	25	1			25	1
Total revenues	298	436	59	87	357	523
Expenses						
General government	148	146			148	146
Public safety	114	86			114	86
Culture and recreation	10	5			10	5
Highway and streets	8	7			8	7
Depreciation	63	64			63	64
Interest on long-term debt			2	3	2	3
Water Department			116	121	116	121
Total expenses	343	308	118	124	461	432
Excess (deficiency) before special items and transfers	(45)	128	(59)	(37)	(104)	91
Transfers	-	(3)	-	3	-	-
Increase (decrease) in net Position	\$ (45)	\$ 125	\$ (59)	\$ (34)	\$ (104)	\$ 91

During the year ended June 30, 2015, 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 decreased by \$117,617.

Business-type operating revenue decreased by \$27,661.

State operating and capital grants - The Village received \$111,200 in 2015 compared to \$149,755 in 2014.

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 2015.

Revenues of the Village of San Ysidro's business-type activities (see Table 2) decreased by \$27,661 (\$59,223 in 2015 compared to \$86,884 in 2014) and operating expenses decreased by \$4,619 (\$57,224 in 2015 compared to \$61,843 in 2014). The water department paid \$5,062 to the Village of San Ysidro for reimbursed expense.

The Village Fund

The Village of San Ysidro had a decrease of \$11,907 in the Village's General Fund. The primary reasons for the General Fund's decrease mirror the governmental activities analysis highlighted on page 4. In addition, these other changes in fund balances should be noted.

Governmental Activities revenues for the Village decreased \$137,716, while total expenses increased \$13,687. The cost of all governmental activities this year was \$318,150 compared to \$304,463 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 2015, the Village of San Ysidro had \$2,672,134 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 \$92,787 over last year.

Table 3
Village of San Ysidro
Change in Capital Assets

	Net Balance June 30, 2014	Additions/ Deletions	Balance June 30, 2015
Non-Depreciable Assets:			
Land	\$ 249,478	\$	\$ 249,478
Other Capital Assets:			
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	421,010	13,119	434,129
Vehicles	150,844	16,055	166,899
Less: Accumulated depreciation	(1,501,394)	(121,961)	(1,623,355)
Total other capital asset	\$ 2,515,443	\$ (92,787)	\$ 2,422,656

Capital Asset and Debt Administration Capital Assets

The Village spent \$29,174 for paving around Village office and pond area, a maintenance vehicle, and walkway engineering cost.

Debt

At year end, the Village had \$124,931 in outstanding debt versus \$139,409 last year - a decrease of 11 percent - as shown in Table 4.

Table 4
Village of San Ysidro
Outstanding Debt
At June 30, 2015

	Governmental Activities	Net Business-type Activities	Total Primary Government
NMFA - vehicle LEPF	\$ 19,144	\$	\$ 19,144
USDA Revenue Bond		46,500	46,500
NMFA - Phase I		19,657	19,657
NMFA - Phase II		39,630	39,630
Totals	\$ 19,144	\$ 105,787	\$ 124,931

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 2015/2016 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 2015/2016 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, 2015**

ASSETS	Primary Government		Total
	Government Activities	Business-Type Activities	
Current Assets:			
Cash and cash equivalents	\$ 233,748	\$ 38,482	\$ 272,230
Restricted assets:			
Cash and cash equivalents		3,826	3,826
Total cash (Note 3)	233,748	42,308	276,056
Investments (Note 4)	281,368		281,368
Receivables (net) (Note 5)	5,282	11,601	16,883
Taxes receivable (Note 5)	22,975		22,975
Prepaid expense	1,247	303	1,550
Total current assets	544,620	54,212	598,832
Noncurrent Assets:			
Land	244,478	5,000	249,478
Capital assets, net of depreciation (Note 13)	936,911	1,485,745	2,422,656
Total noncurrent assets	1,181,389	1,490,745	2,672,134
Total Assets	\$ 1,726,009	\$ 1,544,957	\$ 3,270,966
Deferred Outflows of Resources (Note 8)	\$ 9,857	\$ 970	\$ 10,827
LIABILITIES			
Accounts payable	\$ 14,407	\$ 1,928	\$ 16,335
Accrued liabilities	2,661	626	3,287
Unearned revenue (Note 16)	41,100		41,100
Net pension liability (Note 8)	88,708		88,708
Due within one year (Note 6)	15,392	4,059	19,451
Current liabilities payable from restricted assets		1,300	1,300
Total current liabilities	162,268	7,913	170,181
Noncurrent liabilities:			
Due in more than one year (Note 6)	9,613	100,768	110,381
Total Liabilities	\$ 171,881	\$ 108,681	\$ 280,562
Deferred Inflows of Resources (Note 8)	\$ 36,937		\$ 36,937
NET POSITION			
Net investments in capital assets	\$ 1,162,245	\$ 1,384,958	\$ 2,547,203
Restricted for:			
Debt service		3,567	3,567
Capital projects	532		532
Special	115,071		115,071
Nonspendable	1,247		1,247
Unrestricted	247,953	48,721	296,674
Total Net Position	\$ 1,527,048	\$ 1,437,246	\$ 2,964,294

See Accompanying Notes to Financial Statements

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

**STATEMENT OF ACTIVITIES - GOVERNMENT-WIDE
June 30, 2015**

Functions/Programs	Expense	Program Revenues			Net (Expense) Revenue
		Charges for Service	Operating Grants and Contribution	Capital Grants and Contribution	
Primary government:					
Governmental activities					
General government	\$ 147,706	\$ 1,342	\$ 90,000	\$	\$ (56,364)
Public safety	114,108	4,394	21,200		(88,514)
Culture and recreation	9,901	250			(9,651)
Highways and streets	8,203				(8,203)
Interest expense	214				(214)
Depreciation	63,139				(63,139)
Total governmental activities	343,271	5,986	111,200	-	(226,085)
Business-type activities:					
Water Department	116,046	59,223			(56,823)
Interest Expense	2,436				(2,436)
Total business-type activities	118,482	59,223			(59,259)
Total primary government	\$ 461,753	\$ 65,209	\$ 111,200	\$ -	\$ (285,344)

Changes in net position	Government	Business-	Total
	Activities	Type Activities	
Net (expense) revenue	\$ (226,085)	\$ (59,259)	\$ (285,344)
General Revenues:			
Taxes - gross receipts	109,671		109,671
Taxes - property	21,310		21,310
Taxes - gasoline	20,675		20,675
Taxes - franchise	3,673		3,673
Unrestricted investment earnings	494	191	685
Miscellaneous	24,596		24,596
Transfer - internal activities	-	-	-
Total general revenues/transfers	180,419	191	180,610
Change in net position	(45,666)	(59,068)	(104,734)
Net position, beginning of year	1,694,934	1,495,151	3,190,085
Prior period adjustment (Note 12)	(122,220)	1,163	(121,057)
Beginning net position-restated	1,572,714	1,496,314	3,069,028
Net position, end of year	\$ 1,527,048	\$ 1,437,246	\$ 2,964,294

See Accompanying Notes to Financial Statements

STATE OF NEW MEXICO
VILLAGE OF SAN YSIDRO

GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2015

ASSETS	General Fund	Corrections
Cash and cash equivalents	\$ 181,356	\$ 494
Investments	171,036	110,332
Receivables (net)	5,282	
Taxes receivable	22,975	
Other current assets	1,247	
Total Assets	<u>\$ 381,896</u>	<u>\$ 110,826</u>
 LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 8,153	\$
Accrued payroll	2,661	
Unearned revenue		
Total Liabilities	<u>10,814</u>	<u>-</u>
FUND BALANCES		
Nonspendable	1,247	
Restricted for:		
Capital Projects		
Special Projects		110,826
Unassigned	369,835	
Total Fund Balances	<u>371,082</u>	<u>110,826</u>
Total Liabilities and Fund Balances	<u>\$ 381,896</u>	<u>\$ 110,826</u>

Capital Projects	Nonmajor Government Funds	Totals
\$ 46,976	\$ 4,922	\$ 233,748
		281,368
		5,282
		22,975
		1,247
<u>\$ 46,976</u>	<u>\$ 4,922</u>	<u>\$ 544,620</u>
\$ 5,344	\$ 910	\$ 14,407
		2,661
41,100		41,100
<u>46,444</u>	<u>910</u>	<u>58,168</u>
		1,247
532		532
	4,245	115,071
	(233)	369,602
<u>532</u>	<u>4,012</u>	<u>486,452</u>
<u>\$ 46,976</u>	<u>\$ 4,922</u>	<u>\$ 544,620</u>

See Accompanying Notes to Financial Statements

STATE OF NEW MEXICO
VILLAGE OF SAN YSIDRO

RECONCILIATION OF GOVERNMENTAL FUND
BALANCE SHEET TO STATEMENT OF NET POSITION
Year Ended June 30, 2015

Total Fund Balance - Total Governmental Fund \$ 486,452

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

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

Cost of assets capitalized (total)	1,943,310
Accumulated depreciation	(761,921)

Deferred outflows of resources	9,857
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Long-term liabilities, including loans payable and compensated absences, are not due and payable in the current period, and therefore, are not reported in the government fund balance sheet

Due in more than one year	(113,713)
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Deferred inflows of resources	<u>(36,937)</u>
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Net position of governmental activities	<u>\$ 1,527,048</u>
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**STATE OF NEW MEXICO
VILLAGE OF SAN YSIDRO**

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Year Ended JUNE 30, 2015**

REVENUES	General Fund	Corrections
Taxes	\$ 155,328	\$
Grants- State	90,000	
Fines and fees	4,798	620
Charges for services	318	
Miscellaneous	25,090	
Total Revenues	275,534	620
 EXPENDITURES		
Current:		
General government	151,918	
Public safety	100,822	3,150
Culture and recreation		
Highways and streets	8,122	
Capital outlay	23,911	
Debt service		
Total Expenditures	284,773	3,150
Excess of Revenue Over (Expenditures)	(9,239)	(2,530)
 OTHER FINANCING SOURCES (USES)		
Transfers in		
Transfers out	(9,100)	
Total Other Financing (Uses) Sources	(9,100)	-
Net Change in Fund Balances	(18,339)	(2,530)
FUND BALANCE, Beginning of Year	389,421	113,356
FUND BALANCE, End of Year	\$ 371,082	\$ 110,826

Capital Projects	Nonmajor Government Funds	Totals
\$	\$	\$ 155,328
	21,200	111,200
	-	5,418
	250	568
	1	25,091
	21,451	297,605
		151,918
	11,702	115,674
	9,901	9,901
81		8,203
5,263		29,174
	9,712	9,712
5,344	31,315	324,582
(5,344)	(9,864)	(26,977)
	9,100	9,100
		(9,100)
-	9,100	-
(5,344)	(764)	(26,977)
5,876	4,776	513,429
\$ 532	\$ 4,012	\$ 486,452

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, 2015

Net Changes in Fund Balance	
Total Governmental Funds	\$ (26,977)
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	29,174
Depreciation expense	(63,139)
Net change in deferred inflows/outflows	6,432
Repayment of debt principle is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the Statement of Net Assets.	
Loan - NMFA	9,469
Net change in compensated absences	<u>(625)</u>
Change in net position of governmental activities	<u>\$ (45,666)</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, 2015

REVENUES	Original Budget	Revised Budget	Actual	Difference
Municipal taxes:				
Property tax	\$ 22,187	\$ 22,187	\$ 21,376	\$ (811)
Gasoline tax	21,926	21,926	20,662	(1,264)
Gross receipts taxes	112,770	112,770	63,708	(49,062)
Franchise fee	4,213	4,213	3,689	(524)
	<u>161,096</u>	<u>161,096</u>	<u>109,435</u>	<u>(51,661)</u>
Licenses and fees	<u>700</u>	<u>700</u>	<u>575</u>	<u>(125)</u>
State shared taxes:				
Auto license	453	453	479	26
Gross receipts taxes	110,505	110,505	62,426	(48,079)
	<u>110,958</u>	<u>110,958</u>	<u>62,905</u>	<u>(48,053)</u>
Fines and forfeits:				
Court fines/fees	6,658	6,658	2,914	(3,744)
Charges for services			10	10
	<u>6,658</u>	<u>6,658</u>	<u>2,924</u>	<u>(3,734)</u>
Other:				
Reimbursements	13,622	13,622	30,244	16,622
Earnings on investments			494	494
	<u>13,622</u>	<u>13,622</u>	<u>30,738</u>	<u>17,116</u>
State and federal grants:				
State small cities assistance	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>	<u>-</u>
Total revenues	<u>\$ 383,034</u>	<u>\$ 383,034</u>	<u>\$ 296,577</u>	<u>\$ (86,457)</u>

(Continued)

STATE OF NEW MEXICO
VILLAGE OF SAN YSIDRO

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2015

EXPENDITURES	Original Budget	Revised Budget	Actual	Difference
Executive and legislative	\$ 31,651	\$ 31,651	\$ 9,312	\$ 22,339
Financial/administrative	131,557	131,557	113,301	18,256
Judicial	8,113	8,113	5,132	2,981
Public safety	100,825	101,940	101,940	-
Maintenance	51,256	51,256	47,534	3,722
Streets	14,000	14,000	7,833	6,167
Total expenditures	<u>337,402</u>	<u>338,517</u>	<u>285,052</u>	<u>53,465</u>
Transfers (out)	(14,606)	(14,606)	(9,100)	5,506
Transfers in	3,712	3,712		(3,712)
Excess (deficiency) of revenues over expenditures	<u>\$ 34,738</u>	<u>\$ 33,623</u>	<u>\$ 2,425</u>	<u>\$ (31,198)</u>
Budgetary notation - Cash appropriated from prior year for current year expenditures				
	<u>\$ 165,446</u>			

Reconciliation to GAAP Basis - Note 14

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

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
CORRECTION FUND**

For the Year Ended June 30, 2015

REVENUES	Original Budget	Revised Budget	Actual	Difference
Charges for services:				
Local correction fee \$	1,050	\$ 1,050	\$ 620	\$(430)
Miscellaneous	200	200	-	(200)
	<u>1,250</u>	<u>1,250</u>	<u>620</u>	<u>(630)</u>
 EXPENDITURES				
Care of prisoners	600	3,150	3,150	-
	<u>600</u>	<u>3,150</u>	<u>3,150</u>	<u>-</u>
Transfer (out)	(9,712)	(9,712)	-	9,712
Excess (deficiency) of revenues over expenditures	<u>\$ (9,062)</u>	<u>\$(11,612)</u>	<u>\$(2,530)</u>	<u>\$ 9,082</u>
Budgetary notation - Cash appropriated from prior year for current year expenditures	<u>\$ 113,356</u>			
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, 2015

ASSETS	Business-Type Activities Enterprise Funds		
	Water System		
	Water	Improvement	Total
Current Assets:			
Cash and cash equivalents	\$ 7,720	\$ 30,762	\$ 38,482
Restricted assets:			
Cash and cash equivalents	3,826		3,826
Total cash (Note 3)	11,546	30,762	42,308
Receivables (net)	11,601		11,601
Prepaid expense	303		303
Deferred outflow (Note 8)	970		970
Total current assets	24,420	30,762	55,182
Noncurrent Assets:			
Land	5,000		5,000
Capital assets, net of depreciation (Note 13)	497,891	987,854	1,485,745
Total noncurrent assets	502,891	987,854	1,490,745
Total Assets	\$ 527,311	\$ 1,018,616	\$ 1,545,927
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 1,928	\$	\$ 1,928
Accrued liabilities	626		626
Due within one year (Note 6)	340	3,719	4,059
Current liabilities payable from Restricted Assets	1,300		1,300
Total current liabilities	4,194	3,719	7,913
Noncurrent liabilities:			
Due in more than one year (Note 6)	45,200	55,568	100,768
Total Liabilities	\$ 49,394	\$ 59,287	\$ 108,681
NET POSITION			
Net investments in capital assets	\$ 456,391	\$ 928,567	\$ 1,384,958
Restricted: Debt service	3,567		3,567
Unrestricted	17,959	30,762	48,721
Total Net Position	\$ 477,917	\$ 959,329	\$ 1,437,246

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, 2015

	Business-Type Activities Enterprise Funds		
	Water System		
	Water	Improvement	Total
Operating revenue:			
Charges for services	\$ 59,129	\$ 94	\$ 59,223
Operating expense:			
Operating expenses	57,172	52	57,224
Depreciation	13,637	45,185	58,822
Total operating expense	70,809	45,237	116,046
Operating income	(11,680)	(45,143)	(56,823)
Non-operating Revenue/ (Expense):			
Interest income	8	183	191
Interest expense	(2,330)	(106)	(2,436)
Total Non-operating Revenues (Expense)	(2,322)	77	(2,245)
Income before operating transfers	(14,002)	(45,066)	(59,068)
Transfers in (out)	(3,868)	3,868	-
Change in Net Position	(17,870)	(41,198)	(59,068)
Total Net Position, Beginning of Year	494,624	1,000,527	1,495,151
Prior period adjustment	1,163		1,163
Beginning net position- restated	495,787		1,496,314
Total Net Position, End of Year	\$ 477,917	\$ 959,329	\$ 1,437,246

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, 2015**

	Business-Type Activities Enterprise Funds		
	Water System		
	Water	Improvement	Total
Cash Flows from Operating Activities:			
Receipts from customers and users	\$ 56,614	\$ 94	\$ 56,708
Payments to suppliers and employees	(56,494)	(52)	(56,546)
Net cash provided (used) operating activities	120	42	162
Cash flows from noncapital financing activities:			
Principal paid on revenue bonds	(1,300)		(1,300)
Interest paid on revenue bonds	(2,330)		(2,330)
Transfers in (out)	(3,868)	3,868	
Net cash provided (used) noncapital financing activities	(7,498)	3,868	(3,630)
Cash flows from capital and related financing activities:			
Principal paid on NMFA loans		(3,709)	(3,709)
Interest paid		(106)	(106)
Net cash provided (used) capital and related financial activities	-	(3,815)	(3,815)
Cash flows from investing activities:			
Interest on investments	8	183	191
Net cash provided (used) investing activities	8	183	191
Net increase (decrease) in cash and cash equivalents	(7,370)	278	(7,092)
Cash and cash equivalents, beginning of year	18,916	30,484	49,400
Cash and cash equivalents end of year	\$ 11,546	\$ 30,762	\$ 42,308

	Business-Type Activities		
	Enterprise Funds		
	Water	Water System Improvement	Total
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (11,680)	\$ (45,143)	\$ (56,823)
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation	13,637	45,185	58,822
(Increase) decrease in accounts receivable	(2,500)		(2,500)
(Increase) decrease in deferred outflow	193		193
Increase (decrease) in accounts payable	659		659
Increase (decrease) in accrued expenses	(189)		(189)
Net cash provided (used) by operating activities	\$ 120	\$ 42	\$ 162

See Accompanying Notes to Financial Statements

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

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 March 2011, the GASB issued Statement No. 65, Items Previously Reported as Assets and Liabilities. GASB Statement No. 65, which is effective for financial statements for periods beginning after December 15, 2012, amends or supersedes accounting and financial reporting guidance for certain items previously reported as assets or liabilities. The standard is expected to have no effect on the Village in upcoming years.

In June 2012, the GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions. GASB Statement No. 68, which is effective for financial statements for periods beginning after June 15, 2014, replaces the requirements of GASB Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 1: Summary of Significant Accounting Policies: (continued)

Accounting Standards Adopted (continued)

as trust or equivalent arrangements that meet certain criteria. Upon adoption of this standard for the fiscal year ending June 30, 2015, the statement of net position will include a material liability for pension participation.

In January 2013, the GASB issued Statement No. 69, Government Combinations and Disposals of Government Operations, which is effective for financial statements for periods beginning after December 15, 2013. This statement provides specific accounting and financial reporting guidance for combinations in the governmental environment. This statement also improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The standard is expected to have no effect on the Village in upcoming years.

In November 2013, the GASB issued Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68. GASB Statement No. 71 should be applied simultaneously with the provisions of Statement No. 68. The objective of this statement is to improve accounting and financial reporting by addressing an issue in Statement No. 68 concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that statement by employers and nonemployer contributing entities. The standard is expected to have no effect on the Village in upcoming 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

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 1: Summary of Significant Accounting Policies: (continued)

Reporting Entity - Component Units (continued)

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.

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

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 1: Summary of Significant Accounting Policies: (continued)

Basic Financial Statements - Government-wide
(continued)

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 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-

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 1: Summary of Significant Accounting Policies: (continued)

Basic Financial Statements - Government-wide
(continued)

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.).

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:

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 1: Summary of Significant Accounting Policies: (continued)

Governmental Fund Types

The focus of the governmental funds measurement (in the fund statements) is upon determination of financial position (courses, 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.

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.

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 1: Summary of Significant Accounting Policies: (continued)

Major and Nonmajor Funds (continued)

Nonmajor Funds:

The following are nonmajor funds - see page 61 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.

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.

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 1: Summary of Significant Accounting Policies: (continued)

Basis of Accounting (continued)

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

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

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 1: Summary of Significant Accounting Policies: (continued)

Basis of Accounting (continued)

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.

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. Pension contributions to PERA after June 30, 2015 are included in deferred outflows.

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. PERA change in investment and experience is included in deferred inflows.

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.

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 1: Summary of Significant Accounting Policies: (continued)

Cash, Cash Equivalents, and Investments (continued)

Protection of the Village's cash and investments is provided by the various federal deposit insurance corporations (FDIC) as well as qualified pledged securities by the institution holding the assets. The bank surety is further explained in Note 2.

Capital Assets

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

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.

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 1: Summary of Significant Accounting Policies: (continued)

Budgets and Budgetary Accounting

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

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

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 1: Summary of Significant Accounting Policies: (continued)

Budgets and Budgetary Accounting (continued)

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

Encumbrances

Encumbrance accounting is not utilized by the Village.

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 \$6,201 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, 2015. Payroll in the amount of \$2,661, included in governmental activities, and \$626, in the water department, were accrued at June 30, 2015.

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 1: Summary of Significant Accounting Policies: (continued)

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.

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.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 1: Summary of Significant Accounting Policies: (continued)

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, 2015, 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, 2015**

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.

Deficient Fund Balance

At June 30, 2015, the recreation fund balance was overspent by \$233. The deficiency will be covered by the general fund.

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, 2015**

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	\$ 3	\$ 235,400	\$ 46,573
FDIC/NCUA covered	3	235,400	46,573
FDIC/NCUA uncovered			
No collateralization required			
Total deposits:			
Category 1 - Insured with securities			\$ 281,976
Category 2 - Uncollateralized			-
Total deposits in bank			<u>281,976</u>
Add deposits in transit			
Less outstanding checks			(5,920)
Total cash and cash equivalents			<u>\$ 276,056</u>
Reconciliation of cash and cash equivalents with Statement of Net Assets - Government Wide:			
Cash and cash equivalents			\$ 272,230
Restricted assets:			
Cash and cash equivalents			<u>3,826</u>
Total cash and cash equivalents			<u>\$ 276,056</u>

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 2: Bank Surety (continued)

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	\$ 281,976
Uninsured and uncollateralized	-
Total deposits	<u>\$ 281,976</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, 2015, \$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, 2015, was \$281,368. (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, 2015**

Note 3: Cash and Temporary Investments

Account Name/Type	Account Number	Balance
U.S. Bank		
General-checking	12055524	\$ 223,686
Water System-income checking	12055607	7,770
Water Bond Reserve-1995-checking	15795173	3,826
Water System Improvement Project	13604775	98
COBG Account	32709126	20
Total U.S. Bank		<u>235,400</u>
Jemez Valley Credit Union		
Savings	25600	25
Certificate of Deposit	25600-81	30,664
Certificate of Deposit	25600-83	15,884
Total Jemez Valley Credit Union		<u>46,573</u>
NMFA - Cash	Sanysidro7	<u>3</u>
Amounts on deposit		281,976
Outstanding items		<u>(5,920)</u>
Cash and temporary investments		<u>\$ 276,056</u>
Summary - Note 2:		
General	\$ 181,356	
Special	52,392	
Proprietary	42,308	
Total cash	<u>\$ 276,056</u>	

Note 4: Investment in the New Mexico Investment Pool

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

NewMexiGrow - LGIP		
Money Market	76764112	\$ 92,368
Money Market	75532647	189,000
Total State of New Mexico		<u>\$ 271,368</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, 2015**

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

Interest Rate Risk - Weighted Average Maturity (WAM) for the LGIP as of June 30, 2015, was 54.6 day average and WAM(F) was 77.7 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, 2015**

Note 5: Accounts Receivables (continued)

<u>Type</u>	<u>General Fund</u>	<u>Special Revenue</u>
Property taxes	\$ 421	\$
Gasoline taxes	1,824	
Miscellaneous taxes	11	
Gross receipt taxes	20,719	
Franchise fees	301	
Court fines and reimbursements	4,981	
Total	<u>\$ 28,257</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 \$938. 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 7-1-14	Additions	Payments	Balance 6-30-15	Current Portion
NMFA - LEPP	\$ 28,613	\$	\$ 9,469	\$ 19,144	\$ 9,531
Comp. Absence	5,236	5,861	5,236	5,861	5,861
Total	<u>\$ 33,849</u>	<u>\$ 5,861</u>	<u>\$ 14,705</u>	<u>\$ 25,005</u>	<u>\$ 15,392</u>

Maturities over five years:

<u>June 30</u>	Principle	Interest	Total
2016	\$ 9,531	\$ 162	\$ 9,693
2017	9,613	99	9,712
Total	<u>\$19,144</u>	<u>\$ 261</u>	<u>\$19,405</u>

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 6: Long-Term Debt (continued)

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.

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.

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 6: Long-Term Debt (continued)

NMFA Loan Phase II (continued)

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

	Balance 7-1-14	Additions	Payments	Balance 6-30-15	Current Portion
Bonds	\$ 47,800	\$	\$ 1,300	\$ 46,500	\$ 1,300
NMFA - Phase I	20,941		1,284	19,657	1,288
NMFA - Phase II	42,055		2,425	39,630	2,431
Comp. Absence	684	340	684	340	340
	<u>\$ 111,480</u>	<u>\$ 340</u>	<u>\$ 5,693</u>	<u>\$ 106,127</u>	<u>\$ 5,359</u>

Maturities are as follows:

<u>June 30</u>	Principle	Interest	Total
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	5,356	1,764	7,120
2021-2025	28,421	8,958	37,379
2026-2030	31,158	6,244	37,402
2031-2035	20,222	3,048	23,270
	<u>\$ 105,787</u>	<u>\$ 29,041</u>	<u>\$ 134,828</u>

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.

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 7: Property Taxes (continued)

The Mill Levy tax rates for the Village of San Ysidro for the year ended June 30, 2015, were as follows:

	<u>Residential</u>	<u>Nonresidential</u>
General Operating	7.958%	9.028%

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

Note 8: Retirement Plan

Plan Description

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

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 8: Retirement Plan (continued)

Plan Description (continued)

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

Benefits Provided

For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2014, available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366 Public Employees Retirement Association 2014.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366%20Public%20Employees%20Retirement%20Association%202014.pdf).

Contributions

The contribution requirements of defined benefit plan members and the Village of San Ysidro are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY 14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY 14 annual audit report at [http://osanm.org/media/audits/366 Public Employees Retirement Association 2014.pdf](http://osanm.org/media/audits/366%20Public%20Employees%20Retirement%20Association%202014.pdf). The PERA coverage options that apply to Village of San Ysidro are: Municipal General and Municipal Police. Statutorily required contributions to the pension plan from the Village of San Ysidro were \$9,187 and employer paid member benefits that were "picked up" by the employer were \$1,640 for the year ended June 30, 2015.

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 8: Retirement Plan (continued)

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

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

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members, and legislative members) for whom separate contribution rates are determined each year pursuant to Chapter 10, Article 11, NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members; and legislative members. The Village of San Ysidro's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2014. Only employer contributions for the pay period end dates that fell within the period of June 1, 2013, to June 30, 2014, were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2014 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable)

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 8: Retirement Plan (continued)

Pension Liabilities, Pension Expense, and Deferred
Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (continued)

was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Division Municipal General, at June 30, 2015, the Village of San Ysidro reported a liability of \$53,827 for its proportionate share of the net pension liability. At June 30, 2014, the Village of San Ysidro's proportion was .006 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the Village of San Ysidro recognized PERA Fund Division Municipal General pension expense of \$2,246. At June 30, 2015, the Village of San Ysidro reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 8: Retirement Plan (continued)

Pension Liabilities, Pension Expense, and Deferred
Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$
Changes of assumptions		70
Net difference between projected and actual earnings on pension plan investments		21,059
Changes in proportion and differences between Village of San Ysidro contributions and proportionate share of contributions		-
Village of San Ysidro contributions subsequent to the measurement date	6,062	
Total	\$ 6,062	\$ 21,129

\$6,062 reported as deferred outflows of resources related to pensions resulting from Village of San Ysidro contributions subsequent to the measurement date June 30, 2014, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows or resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 8: Retirement Plan (continued)

Pension Liabilities, Pension Expense, and Deferred
Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (continued)

Year ended June 30:

2016	\$ 5,274
2017	5,274
2018	5,274
2019	5,274
2020	33
Thereafter	-

For PERA Fund Division Municipal Police, at June 30, 2015, the Village of San Ysidro reported a liability of \$34,881 for its proportionate share of the net pension liability. At June 30, 2014, the Village of San Ysidro's proportion was .0107 percent, which was an increase of zero from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the Village of San Ysidro recognized PERA Fund Division Municipal Police pension expense of \$2,342. At June 30, 2015, the Village of San Ysidro reported PERA Fund Division Municipal Police deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 8: Retirement Plan (continued)

Pension Liabilities, Pension Expense, and Deferred
Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ -
Changes of assumptions		2,838
Net difference between projected and actual earnings on pension plan investments		12,970
Changes in proportion and differences between Village of San Ysidro contributions and proportionate share of contributions		-
Village of San Ysidro contributions subsequent to the measurement date	4,765	
Total	<u>\$ 4,765</u>	<u>\$ 15,808</u>

\$4,765 reported as deferred outflows of resources related to pensions resulting from Village of San Ysidro contributions subsequent to the measurement date June 30, 2014, will be recognized as a reduction of the net pensions liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 8: Retirement Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Year ended June 30:	
2016	\$ 3,947
2017	3,947
2018	3,947
2019	3,947
2020	20
Thereafter	-

Actuarial Assumptions

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

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

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 8: Retirement Plan (continued)

Actuarial Assumptions (continued)

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

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

Discount Rate

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

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 8: Retirement Plan (continued)

Discount Rate (continued)

return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Village of San Ysidro's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the Village of San Ysidro's net pension liability in each PERA Fund Division that Village of San Ysidro participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

	1% Decrease	Current Discount Rate	1% Increase
PERA Fund Division	(6.75%)	(7.75%)	(8.75%)
Municipal General	<hr/>	<hr/>	<hr/>

Village of San Ysidro's proportionate share of the net pension liability	\$ 101,477	\$ 53,827	\$ 17,016
	<hr/>	<hr/>	<hr/>

	1% Decrease	Current Discount Rate	1% Increase
PERA Fund Division	(6.75%)	(7.75%)	(8.75%)
Municipal Police	<hr/>	<hr/>	<hr/>

Village of San Ysidro's proportionate share of the net pension liability	\$ 66,518	\$ 34,881	\$ 11,258
	<hr/>	<hr/>	<hr/>

STATE OF NEW MEXICO
VILLAGE OF SAN YSIDRO

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 8: Retirement Plan (continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued FY 14 Restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

Payables to the Pension Plan

There were no payables to the pension plan at June 30, 2015.

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.

Note 11: Contingent Liabilities

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

Note 12: Prior period Adjustment

Due to the adoption of GASB 68, there were prior period adjustments to net position, as follows:

Governmental funds decreased	\$122,220
Enterprise funds increased	\$ 1,163

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 13: Changes in Capital Assets

Governmental Activities

	Balance 7/1/14	Addition	Deletions	Balance 6/30/15
Capital Assets not being depreciated:				
Land	\$ 244,478	\$	\$	\$ 244,478
Capital Assets being depreciated:				
Infrastructure	398,288			398,288
Land/park Improvements	421,010	13,119		434,129
Building/improvements	399,601			399,601
Furniture and equipment	348,093			348,093
Vehicles	102,666	16,055		118,721
Total capital assets	<u>1,914,136</u>	<u>29,174</u>		<u>1,943,310</u>
Less accumulated depreciation:				
Infrastructure	\$ 56,315	\$	\$ 8,377	\$ 64,692
Land/park improvements	145,334		20,980	166,314
Building/improvements	104,282		9,924	114,206
Furniture and equipment	342,694		4,887	347,581
Vehicles	50,157		18,971	69,128
Total accumulated depreciation	<u>698,782</u>		<u>63,139</u>	<u>761,921</u>
Net capital assets	<u>\$ 1,215,354</u>	<u>\$ 29,174</u>	<u>\$ 63,139</u>	<u>\$ 1,181,389</u>

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

General government	\$ 24,535
Public safety	13,540
Highways and streets	8,377
Culture and recreation	<u>16,687</u>
 Total depreciation expense allocated	 <u>\$ 63,139</u>

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 13: Changes in Capital Assets (continued)

Business-Type Activities

	Balance 7/1/14	Addition	Deletions	Balance 6/30/15
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	2,352,178			2,352,178
Less accumulated depreciation				
Water utility plant	612,286		28,060	640,346
Water system improvements	112,043		28,262	140,305
Utility meters and equipment	25,495		752	26,247
Vehicles	47,407		770	48,177
Building improvements	5,380		978	6,358
Total accumulated depreciation	802,611		58,822	861,433
Net capital assets	\$1,549,567	\$	\$ 58,822	\$ 1,490,745

Note 14: 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	\$ 295,238
Account activity not reflected in client reports	1,339
Total revenues per budgetary basis - Page 18	296,577
Increase (decrease) in taxes receivable	(16,563)
Increase (decrease) in court receivable	582
Adjustment to revenue - reimbursements from water dept.	(5,062)
Total revenues per GAAP - Page 16	275,534

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 14: Reconciliation of Budgetary Basis to GAAP Basis

Governmental Funds: (continued)	
<u>Expenditures</u>	<u>General</u>
Total expenditures per budget to DFA	\$ 268,304
Activity not reflected in client report	16,748
Total expenditures per budgetary comparison-Page 19	285,052
Increase (decrease) in A/P and accrued liabilities	9,181
(Increase) decrease in prepaid expense	(969)
(Increase) decrease deferred outflow	(9,857)
Adjustment to disbursement-water dept. reimbursement	(5,066)
Total expenditures per GAAP basis	278,341
Excess of revenue over (expenditures)-Page 16	\$ (2,807)

Note 15: Operating Transfers

	Transfers <u>In</u>	Transfers <u>Out</u>
General Fund	\$ _____	\$ <u>9,100</u>
Water Department	_____	_____
Nonmajor funds	<u>18,812</u>	<u>9,712</u>
Total	\$ <u>18,812</u>	\$ <u>18,812</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 16: Unearned Revenue

Grant revenue from New Mexico Department of Transportation in the amount of \$41,100 was received in June, 2014 and was recorded as unearned revenue. To date, \$0 has been used for Village walkways engineering/professional fees from previous year's unearned revenue and \$41,100 has been carried forward to 2015/2016 year.

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

**NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 17: 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, 2014 to June 30, 2015
Total estimated amount of service and portion applicable to agency	\$ -0-
Amount agency contributed in current fiscal year	\$3,420

Note 18: 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 23, 2015, the date which the financial statements were available to be issued.

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, 2015

	LEPF	Rodeo
Assets:		
Cash and cash equivalents	\$ 473	\$ 3,986
Accounts receivable		
Total assets	<u>\$ 473</u>	<u>\$ 3,986</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 214	\$ -
	<u>214</u>	<u>-</u>
Fund balance:		
Restricted for:		
Special Revenue Fund	259	3,986
Unassigned		
Total fund balance	<u>259</u>	<u>3,986</u>
Total liabilities and fund balance	<u>\$ 473</u>	<u>\$ 3,986</u>

Debt Service	Recreation	Total 2015
\$ -	\$ 463	\$ 4,922
<hr/>		
\$	\$ 463	\$ 4,922
<hr/>		
\$	\$ 696	\$ 910
-	696	910
<hr/>		
		4,245
	(233)	(233)
<hr/>		
-	(233)	4,012
<hr/>		
\$ -	\$ (233)	\$ 4,922
<hr/>		

See Accompanying Notes to Financial Statements

**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, 2015

	LEPF	Rodeo
Revenues:		
Municipal taxes	\$	\$
State shared taxes		
Charges for services		250
Miscellaneous	1	
State grants	21,200	
Total revenues	21,201	250
Expenditures:		
Current:		
Public safety	11,702	
Highways and streets		
Culture recreation		156
Capital outlay		
Debt service		
Total expenditures	11,702	156
Excess (deficiency) of revenues over expenditures	9,499	94
Other financing sources and uses:		
Transfer (to) from	(9,712)	
Net change in fund balance	(213)	94
Fund Balances:		
Beginning of year	472	3,892
End of year	\$ 259	\$ 3,986

Debt Service	Recreation	Total 2015
\$	\$	\$
		250
		1
		21,200
-	-	21,451
		11,702
		-
	9,745	9,901
		-
9,712		9,712
9,712	9,745	31,315
(9,712)	(9,745)	(9,864)
9,712	9,100	9,100
-	(645)	(764)
	412	4,776
\$ -	\$ (233)	\$ 4,012

See Accompanying Notes to Financial Statements

STATE OF NEW MEXICO
VILLAGE OF SAN YSIDRO

BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
LAW ENFORCEMENT PROTECTION
For the Year Ended June 30, 2015

REVENUES	Original Budget	Revised Budget	Actual	Difference
State grants:				
State grant	\$ 21,200	\$ 21,200	\$ 21,200	\$ -
Other			1	1
	<u>21,200</u>	<u>21,200</u>	<u>21,201</u>	<u>1</u>
 EXPENDITURES				
Public safety:				
Operating expenses	21,200	21,200	11,488	9,172
Debt service				
Total	<u>21,200</u>	<u>21,200</u>	<u>11,488</u>	<u>9,712</u>
Transfer in (out)			(9,712)	(9,712)
Excess (deficiency) of revenues over expenditures	<u>\$ 0</u>	<u>\$ 0</u>	\$ 1	<u>\$ 1</u>
Reconciliation to GAAP - (Increase) in accounts payable			<u>(214)</u>	
Net change in fund balance			<u>\$ (213)</u>	

See Accompanying Notes to Financial Statements

STATE OF NEW MEXICO
VILLAGE OF SAN YSIDRO

BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
RECREATION

For the Year Ended June 30, 2015

	Original Budget	Revised Budget	Actual	Difference
REVENUES				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
	-	-	-	-
EXPENDITURES				
Recreation:				
Operating expense	3,100	3,201	9,201	(6,000)
	<u>3,100</u>	<u>3,201</u>	<u>9,201</u>	<u>(6,000)</u>
Transfer	6,000	6,000	9,100	3,100
Excess (deficiency) of revenues over expenditures	<u>\$ 2,900</u>	<u>\$ 2,799</u>	(101)	<u>\$ (2,900)</u>
Budgetary notation - cash appropriated from prior year for current year expenditures				
	<u>\$ 564</u>			
Reconciliation to GAAP - (Increase) in accounts payable				
			<u>(544)</u>	
Net change in fund balance			<u>\$ (645)</u>	

See Accompanying Notes to Financial Statements

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

**BUDGETARY COMPARISON SCHEDULE
RODEO FUND**

For the Year Ended June 30, 2015

REVENUES	Original Budget	Revised Budget	Actual	Difference
Revenue:				
Charges for service	\$ 250	\$ 250	\$ 250	\$ -
EXPENDITURES				
Culture/recreation	1,000	1,000	156	844
	<u>1,000</u>	<u>1,000</u>	<u>156</u>	<u>844</u>
Excess (deficiency) of revenues over expenditures	\$ (750)	\$ (750)	\$ 94	\$ 844
Budgetary notation - Cash appropriated from prior year for current year expenditure				<u>\$ 3,892</u>
Reconciliation to GAAP - No adjustment required				

See Accompanying Notes to Financial Statements

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, 2015

	Original Budget	Revised Budget	Actual	Difference
Receipts				
Miscellaneous	\$ 2	\$ 2	\$ 2	\$ -
Expenditures				
Debt service	7,497	7,497	9,712	(2,215)
Other financing sources				
Transfers - in	7,497	7,497	9,712	2,215
Excess (deficiency) of Revenue over expenditures	\$ 2	\$ 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, 2015**

	Original Budget	Revised Budget	Actual	Difference
Revenues				
Grants - DOT	\$ 43,817	\$ 43,817	\$	\$ (43,817)
Grant - CDBG				
Other				
	<u>43,817</u>	<u>43,817</u>	-	<u>(43,817)</u>
Expenditures				
Utilities				
Infrastructure/walkway	107,627	107,627		107,627
Building/equipment				
Other				
	<u>107,627</u>	<u>107,627</u>		<u>107,627</u>
Transfers in	14,606	14,606		(14,606)
Excess (deficiency) of revenues over expenditures	<u>\$ (49,204)</u>	<u>\$ (49,204)</u>	\$ -	<u>\$ 49,204</u>
Budgetary notation - Cash appropriated from prior year for current year expenditures	<u>\$ 46,956</u>			
Reconciliation to GAAP - (Increase) in accounts payable			<u>(5,344)</u>	
Net change in fund balance			<u>\$ (5,344)</u>	

See Accompanying Notes to Financial Statements

STATE OF NEW MEXICO
VILLAGE OF SAN YSIDRO

FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS
As of and for the Year Ended June 30, 2015

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, 2015

REVENUES AND OTHER SOURCES	Original Budget	Revised Budget	Actual	Difference
Sales of services and fees	\$ 69,780	\$ 69,780	\$ 56,614	\$ (13,166)
Interest income	103	103		(103)
Other	7,356	7,356	6	(7,350)
Total revenues	<u>77,239</u>	<u>77,239</u>	<u>56,620</u>	<u>(20,619)</u>
EXPENDITURES AND OTHER USES				
Operating expenses	67,555	67,555	56,547	11,008
Interest on bonds			2,277	(2,277)
Principal on bonds			1,300	(1,300)
Total expenses	<u>67,555</u>	<u>67,555</u>	<u>60,124</u>	<u>7,431</u>
Transfer - in				
Transfer - (out)	<u>(7,497)</u>	<u>(7,497)</u>	<u>(3,868)</u>	<u>3,629</u>
Excess (deficiency) of revenue over expenses	<u>\$ 2,187</u>	<u>\$ 2,187</u>	<u>(7,372)</u>	<u>\$ (9,559)</u>
Budgetary notation - Cash appropriated from prior year for current year expenditures	<u>\$ 7,720</u>			
Reconciliation to GAAP:				
Non-budgeted items:				
Depreciation			(13,637)	
Other differences:				
Accounts receivable			2,500	
Accounts payable			(659)	
Accrued liabilities			189	
Deferred outflow			(193)	
Activity reflected incorrectly on budget			2	
Principal on debt			1,300	
Net income (loss)			<u>\$ (17,870)</u>	

See Accompanying Notes to Financial Statements

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

**BUDGETARY COMPARISON SCHEDULE
PROPRIETARY FUND
WATER SYSTEM IMPROVEMENT PROJECT
For the Year Ended June 30, 2015**

REVENUES	Original Budget	Revised Budget	Actual	Difference
Interest income	\$	\$	\$ 183	\$ 183
Grant DOT			47	47
Total revenues	-	-	277	277
EXPENDITURES				
Operating expense			52	(52)
Total expense			52	(52)
Transfer in (out)			3,868	3,868
Excess (deficiency) of revenue over expenses	\$ -	\$ -	4,093	\$ 4,093
Reconciliation to GAAP:				
Non budgeted items				
Depreciation			(45,185)	
Interest - loans			(106)	
Net income (loss)			\$ (41,198)	

See Accompanying Notes to Financial Statements

REQUIRED SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
VILLAGE OF SAN YSIDRO

Schedule of Required Supplementary Information
SCHEDULE OF THE VILLAGE OF SAN YSIDRO'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY OF
PERA FUND MUNICIPAL GENERAL DIVISION
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years

	<u>2015</u>
Village portion of net pension liability	.0069%
Village of San Ysidro's proportionate share of the net pension liability (asset)	53,827
Village of San Ysidro's covered-employee payroll	74,036
Village of San Ysidro's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	72.70%
Plan fiduciary net position as a percentage of the total pension liability	81.29%

* The amounts presented for each fiscal year were determined as of June 30th. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village of San Ysidro will present information for those years for which information is available.

See Notes to Required Supplementary Information

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

**Schedule of Required Supplementary Information
SCHEDULE OF THE VILLAGE OF SAN YSIDRO'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY OF PERA FUND MUNICIPAL POLICE DIVISION
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years**

	<u>2015</u>
Village portion of net pension liability	.0107%
Village of San Ysidro's proportionate share of the net pension liability (asset)	34,881
Village of San Ysidro's covered-employee payroll	40,040
Village of San Ysidro's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	87.11%
Plan fiduciary net position as a percentage of the total pension liability	81.29%

* The amounts presented for each fiscal year were determined as of June 30th. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village of San Ysidro will present information for those years for which information is available.

See Notes to Required Supplementary Information

STATE OF NEW MEXICO
VILLAGE OF SAN YSIDRO

Schedule of Required Supplementary Information
SCHEDULE OF VILLAGE OF SAN YSIDRO'S CONTRIBUTIONS
Public Employees Retirement Association (PERA) Plan
PERA Fund Municipal General Division
Last 10 Fiscal Years

	<u>6/30/2015</u>
Contractually required contribution	\$ 6,062
Contributions in relation to the contractually required contribution	<u>6,056</u>
Contribution deficiency (excess)	<u><u>6</u></u>
Village of San Ysidro's covered-employee payroll	74,036
Contributions as a percentage of covered-employee Payroll	8.18%

* The amounts presented for each fiscal year were determined as of June 30th. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village of San Ysidro will present information for those years for which information is available.

STATE OF NEW MEXICO
VILLAGE OF SAN YSIDRO

Schedule of Required Supplementary Information
SCHEDULE OF VILLAGE OF SAN YSIDRO'S CONTRIBUTIONS
Public Employees Retirement Association (PERA) Plan
PERA Fund Municipal Police Division
Last 10 Fiscal Years*

	<u>6/30/2015</u>
Contractually required contribution	\$ 4,765
Contributions in relation to the contractually required contribution	<u>4,765</u>
Contribution deficiency (excess)	<u>-</u>
Village of San Ysidro's covered-employee payroll	40,040
Contributions as a percentage of covered-employee Payroll	11.9%

* The amounts presented for each fiscal year were determined as of June 30th. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village of San Ysidro will present information for those years for which information is available.

See Notes to Required Supplementary Information

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

**Notes to Required Supplemental Information
For the Year Ended June 30, 2015**

Change of Benefit Terms

The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366 Public Employees Retirement Association 2014.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366%20Public%20Employees%20Retirement%20Association%202014.pdf).

Changes of Assumptions

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

**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**

Timothy Keller, 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, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Village of San Ysidro presented as supplementary information, and have issued my report thereon dated November 23, 2015.

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 questioned costs 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 responses and, accordingly, I express no opinion on them.

Purpose of This Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and to provide an opinion on the effectiveness of the entity's internal control or 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.

Mark Lau CKT, PC

Albuquerque, New Mexico
November 23, 2015

STATE OF NEW MEXICO
VILLAGE OF SAN YSIDRO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015

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, 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, 2015**

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

Prior Year Finding (1998-1999), not resolved and repeated in current year (2014-2015)

Condition:

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

The beginning cash balance (7/01/2014) used in the DFA report did not agree with the ending audit balances at June 30, 2014 due to DFA analyst requesting balances per bank before deducting outstanding checks, which does not give a clear picture of budget versus actual revenues and expenditures. The Village clerk is working with a new analyst to resolve this issue.

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, 2015**

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

Prior Year Findings (1999-2000), not resolved and repeated in the current year (2014-2015):

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, 2015**

(2005-001) Personnel Payroll Records (Other noncompliance)

Prior Year Findings (2004-2005), not resolved and repeated in the current year (2014-2015):

Condition:

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

- a. Forms I-9 were not completed properly for one employee.

The Village Clerk is responsible to HR records keeping. One employee has delayed in getting documentation to Clerk.

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:

Although progress has been made, copies of completed Forms I-9 (for those hired after 1986) are required by law.

Response:

Village Clerk is working on obtaining documentation and expects to have by November 30, 2015.

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

**SCHEDULE OF FINDINGS
For the Year Ended June 30, 2015**

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

Prior Year Findings (2012-2013), not resolved and repeated in the current year (2014-2015):

Condition:

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

Recreation Funds -page 65	\$6,000
Debt Service Fund - page 68	\$2,215
Water System Improvement - page 73	\$56

It appears management did not review budget expenditures to determine if expenditures exceeded budget and a budget adjustment needed to be prepared.

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. The Mayor and Village Clerk will work more closely together to make sure budget adjustments are made if needed by end of fiscal year.

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

June 30, 2015

Kathleen R. Lane, CPA, prepared the financial statements of the Village of San Ysidro, New Mexico, for the year ended June 30, 2015.

Exit Conference:

An exit conference was held November 23, 2015, 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