

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2007

Prepared by
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INTRODUCTORY SECTION

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA**

**Official Roster
June 30, 2007**

| | |
|------------------|-------------------------|
| Imelda Lopez | Mayor |
| Robert G. Alirez | Mayor Pro-Temp |
| Robert O. Alirez | Trustee |
| Catherine Garcia | Trustee |
| Mike Quintana | Trustee |
| Randall Woodard | Clerk/Treasurer |
| Cheryl Russell | Deputy Clerk |
| Marissa Esqueda | Utilities Billing Clerk |
| Roland Madrid | Judge |
| Paul Jasso | Police Chief |
| Frank Ryan | Fire Chief |

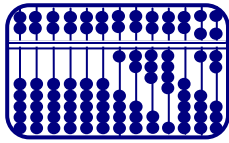
**STATE OF NEW MEXICO
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FINANCIAL SECTION



MARCUS,
FAIRALL,
BRISTOL + CO., L.L.P.

Hector H. Balderas
New Mexico State Auditor
The Board of Trustees
Santa Clara, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, discretely presented component units, each major fund, and the aggregate remaining fund information of Village of Santa Clara, New Mexico, as of and for the year-ended June 30, 2007, which collectively comprise the Village's basic financial statements as listed in the Table of Contents. We have also audited the financial statements of each of the Village's non-major governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year-ended June 30, 2007 as listed in the table of contents. These financial statements are the responsibility of Village of Santa Clara, New Mexico's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principals of the United States of America used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The Village has not maintained adequate documentation over several grant awards and activities to support the valuation, completeness, existence, rights and obligations or financial statement presentation over related intergovernmental receivables, intergovernmental revenues and accounts payable and expenditures for the general fund and special revenue funds.

The Village has not maintained adequate documentation over payroll, compensated absences and payroll related liabilities and expenses to support the valuation, completeness or rights and obligations for the general fund and enterprise funds.

The Village has not provided all Board of Trustee minutes during the year ended June 30, 2007 or all subsequent minutes to support the valuation, existence, completeness, rights and obligations or classification for the governmental and business-type activities.

The Village has not provided sufficient documentation to support the valuation or allocation of cash and interfund transfers to the general fund, special revenue funds and enterprise funds.

The Village has not provided adequate documentation to support the completeness, valuation or rights and obligations of accounts payable and related expenditures for the governmental and business-type funds.

Because we were unable to obtain supporting documentation for grant awards and activities, billing rates and receivables, capital asset records, payroll and compensated absences, minutes, cash, interfund transfers or accounts payable, the scope of our work was not sufficient to enable us to express, and we do not express an opinion on the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information of the Village of Santa Clara as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison statements for the major governmental funds for the year then ended. In addition, the scope of our work was not sufficient to enable us to express, and we do not express an opinion on the financial position of each non-major governmental fund of the Village of Santa Clara, as of June 30, 2007, and changes in financial position thereof and the budgetary comparison schedules for the non-major governmental funds and enterprise funds for the year then ended.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund of Village of Santa Clara, New Mexico, as of June 30, 2007, and the respective changes in financial position and cash flows where applicable, thereof and the respective budgetary comparisons for the non-major governmental funds, enterprise fund and private-purpose trust fund for the year ended in conformity with accounting principals generally accepted in the United States of America.

The *Management's Discussion and Analysis* on pages 3 through 12 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 7, 2009 on our consideration of Village of Santa Clara, New Mexico's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, and the combining and individual fund financial statements and budgetary comparisons of the Village of Santa Clara. The accompanying information listed as Supporting Schedules 1- 5 is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Marcus, Farnell, Bristol & Co. LLP

El Paso, Texas
January 7, 2009

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
June 30, 2007**

Management's Discussion and Analysis

As management of Village of Santa Clara (Village), we offer readers of Village of Santa Clara financial statements this narrative overview and analysis of the financial activities of Village of Santa Clara for the fiscal year-ended June 30, 2007. We encourage readers to consider the information presented here in conjunction with the financial statements of Village of Santa Clara and additional information provided.

FINANCIAL HIGHLIGHTS

- The assets of Village of Santa Clara exceeded its liabilities at the close of the most recent fiscal year by \$2,783,419 (net assets). Of this amount, \$171,715 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$40,444 during the fiscal year. The majority of this increase was primarily due to increased grant revenue.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Village's basic financial statements. The Village's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Village of Santa Clara's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Village's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Village of Santa Clara is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected revenue and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Village's that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Village include general government, public safety, health and welfare, and streets and highways. The business-type activities of the Village include utility services.

The government-wide financial statements can be found at exhibits A-1 and A-2 of this report.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
June 30, 2007**

Management's Discussion and Analysis

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the Village's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Village maintains twenty-two individual governmental funds organized according to their type (special revenue, debt service and capital projects). Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the General Fund and Fire Fund, both of which are considered to be major funds. Data from the other twenty governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Village adopts an annual appropriated budget for its general fund and all other funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. In addition, the individual financial statements of the non-major governmental fund types include budgetary comparison data.

The basic governmental fund financial statements can be found at Exhibits B-1 through C-2 of this report.

Proprietary Funds. Proprietary funds are generally used to account for services for which the Village charges customers, either outside customers or internal units or departments of the Village. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The Village maintains one proprietary fund.

The basic proprietary fund financial statements can be found at Exhibit D-1 through D-3.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Village of Santa Clara's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Village fiduciary funds account for the collection of special fees and their remittance to other governmental agencies.

The basic fiduciary fund financial statements can be found at Exhibit E-1 of this report.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
June 30, 2007**

Management's Discussion and Analysis

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-42 of this report.

Combining Statements. The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 45-75 of this report.

Analysis of Net Assets

As noted earlier, assets may serve over time as a useful indicator of a government's financial position. In the case of the Village, net assets exceeded liabilities by \$2,783,419 at the close of the current fiscal year.

The largest portion of Village of Santa Clara's net assets represents the Village's investment of \$2,517,877 in capital assets (e.g., land improvements, buildings, infrastructure and machinery and equipment), less any related outstanding debt used to acquire those assets. The Village uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Village's net assets, \$93,827, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$171,715 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Village is able to report positive balances in all three categories of net assets, for the government as a whole as well as for the business-type activities. (See page 6)

Analysis of Changes in Net Assets

During the current fiscal year, the Village's net assets overall, increased by \$40,444. This increase is explained in the government activities discussion below, and is primarily a result of an increase in grant revenue. (See page 7)

Governmental Activities.

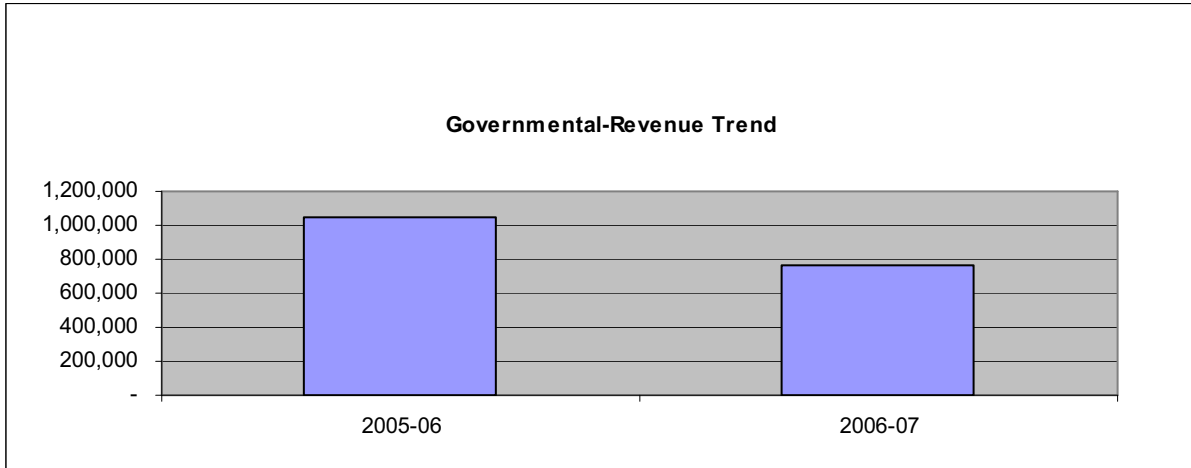
The principal operating fund of the Village is the General Fund. Revenues are derived primarily from gross receipts taxes, property tax, franchise tax, intergovernmental/grants, licenses and permits, sales and services and a variety of other sources. Total general fund revenues (cash basis) decreased by \$208,855. The main reason for the decrease is Federal grants were received in the prior year and there were no Federal grants received during the year ended June 30, 2007.

The total governmental revenues decreased from prior year by \$272,256. The main reason was a decrease of \$401,738 in intergovernmental revenues when compared to the prior year. The expenses also decreased from the prior year by \$5,975. The general government expenses decreased \$186,695. A majority of this decrease was due to an expected decrease in salaries.

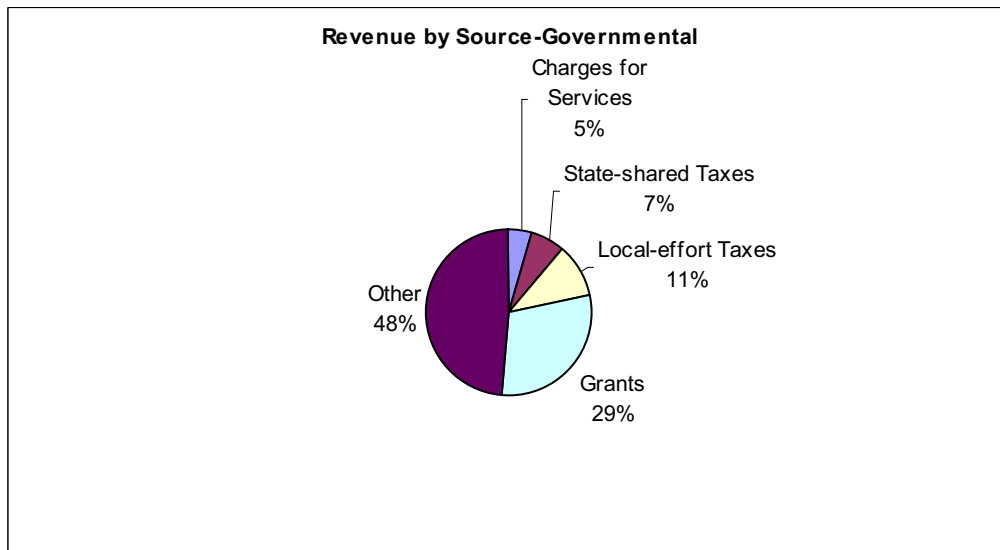
**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
June 30, 2007**

Management's Discussion and Analysis

Analysis of Changes in Net Assets (continued)



Governmental revenues, consisting of mostly taxes, are not directly associated with any government function. The above chart provides a comparison of prior years. Total revenues from governmental activities are summarized below. For fiscal year 2006-2007, Municipal and State Shared Taxes made up 18% of the total governmental fund revenues comparable to 13% over the prior year.



Business-Type Activities. Total revenues in the business-type activities increased by 18.46% over the prior year. The most significant influences on the increase were an increase of 14.36% in charges for services. There was an increase in the ending cash balance due to the increased revenues and only a 25% increase in operating expenses. The following chart demonstrates the comparison of expenses and program revenues for business-type activities.

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
June 30, 2007**

**Management's Discussion and Analysis
Summary of Net Assets**

| | Government | | Business-Type | | Totals | | Total Percent Change 2007-2006 |
|-------------------------------------------------|---------------------|---------------------|----------------------|-------------------|---------------------|---------------------|---------------------------------------------------|
| | Activities | | Activities | | | | |
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | |
| ASSETS | | | | | | | |
| Current and other assets | \$ 330,637 | \$ 406,642 | \$ 233,290 | \$ 329,642 | \$ 563,927 | \$ 736,284 | -23.41% |
| Capital assets, net of accumulated depreciation | <u>2,225,638</u> | <u>1,853,681</u> | <u>621,694</u> | <u>643,205</u> | <u>2,847,332</u> | <u>2,496,886</u> | 14.04% |
| Total assets | <u>\$ 2,556,275</u> | <u>\$ 2,260,323</u> | <u>\$ 854,984</u> | <u>\$ 972,847</u> | <u>\$ 3,411,259</u> | <u>\$ 3,233,170</u> | 5.51% |
| LIABILITIES | | | | | | | |
| Current and other liabilities | \$ 182,459 | \$ 129,209 | \$ 103,840 | \$ 97,618 | \$ 286,299 | \$ 226,827 | 26.22% |
| Long-term liabilities | <u>224,082</u> | <u>138,742</u> | <u>117,459</u> | <u>124,626</u> | <u>341,541</u> | <u>263,368</u> | 29.68% |
| Total liabilities | <u>406,541</u> | <u>267,951</u> | <u>221,299</u> | <u>222,244</u> | <u>627,840</u> | <u>490,195</u> | 28.08% |
| NET ASSETS | | | | | | | |
| Invested in capital assets, net of related debt | 2,006,183 | 1,723,766 | 511,694 | 529,205 | 2,517,877 | 2,252,971 | 11.76% |
| Restricted | 59,930 | - | 33,897 | - | 93,827 | - | |
| Unrestricted | <u>83,621</u> | <u>268,606</u> | <u>88,094</u> | <u>221,398</u> | <u>171,715</u> | <u>490,004</u> | -64.96% |
| Total net assets | <u>2,149,734</u> | <u>1,992,372</u> | <u>633,685</u> | <u>750,603</u> | <u>2,783,419</u> | <u>2,742,975</u> | 1.47% |
| Total liabilities and net assets | <u>\$ 2,556,275</u> | <u>\$ 2,260,323</u> | <u>\$ 854,984</u> | <u>\$ 972,847</u> | <u>\$ 3,411,259</u> | <u>\$ 3,233,170</u> | 5.51% |

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
June 30, 2007**

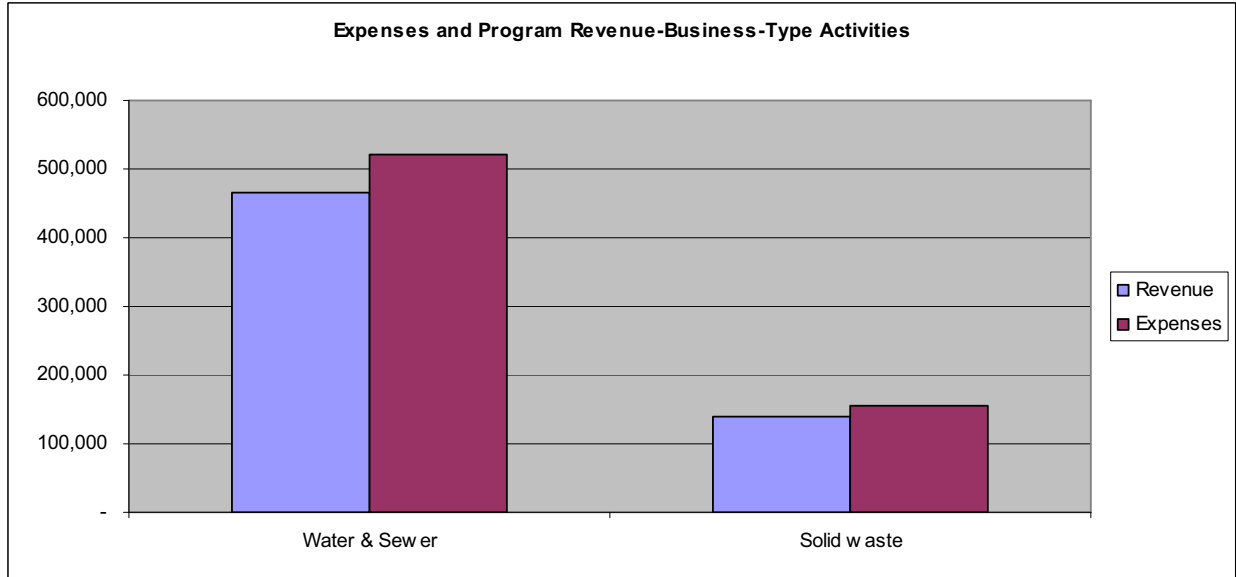
**Management's Discussion and Analysis
Changes in Net Assets**

| | Government Activities | | Business-Type Activities | | Totals | | Total Percentage Change |
|---------------------------------------|----------------------------------|---------------------|-------------------------------------|-------------------|---------------------|---------------------|----------------------------------------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007-2006 |
| REVENUES | | | | | | | |
| Program revenues: | | | | | | | |
| Charges for service | \$ 37,687 | \$ 86,421 | \$ 560,504 | \$ 518,685 | \$ 598,191 | \$ 605,106 | -1.14% |
| Operating grants and contributions | 109,622 | 386,750 | - | - | 109,622 | 386,750 | -71.66% |
| Capital grants and contributions | 115,142 | 432,362 | - | - | 115,142 | 432,362 | -73.37% |
| General revenues: | | | | | | | |
| Taxes | 132,160 | 132,632 | 32,232 | 10,611 | 164,392 | 143,243 | 14.76% |
| Other income | 374,261 | 30,624 | 14,492 | 161 | 388,753 | 30,785 | 1162.80% |
| Gain/(loss) on disposal of assets | - | - | - | (145,584) | - | - | |
| Total revenues | 768,872 | 1,068,789 | 607,228 | 383,873 | 1,376,100 | 1,598,246 | -13.90% |
| EXPENSES | | | | | | | |
| General government | 164,941 | 145,976 | - | - | 164,941 | 145,976 | 12.99% |
| Public safety | 443,837 | 496,573 | - | - | 443,837 | 496,573 | -10.62% |
| Public works | 45,932 | 191,243 | - | - | 45,932 | 191,243 | -75.98% |
| Debt service interest | 2,102 | 1,881 | - | 3,528 | 2,102 | 5,409 | -61.14% |
| Proprietary expenses | - | - | 678,844 | 538,979 | 678,844 | 538,979 | 25.95% |
| Total expenses | 656,812 | 835,673 | 678,844 | 542,507 | 1,335,656 | 1,378,180 | -3.09% |
| Change in net assets before transfers | 112,060 | 233,116 | (71,616) | (158,634) | 40,444 | 220,066 | -81.62% |
| Transfers | 45,302 | (47,869) | (45,302) | 47,869 | - | - | 0.00% |
| Change in net assets | 157,362 | 185,247 | (116,918) | (110,765) | 40,444 | 220,066 | -81.62% |
| Net assets - beginning | 1,992,372 | 1,807,125 | 750,603 | 861,368 | 2,742,975 | 2,668,493 | 2.79% |
| Net assets - ending | \$ 2,149,734 | \$ 1,992,372 | \$ 633,685 | \$ 750,603 | \$ 2,783,419 | \$ 2,888,559 | -3.64% |

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
June 30, 2007**

Management's Discussion and Analysis

Analysis of Changes in Net Assets (continued)



FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Village's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Village's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the Village include the General Fund, Special Revenue Funds, and Capital Project Funds.

As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$147,156, a decrease of \$128,797 from the prior year. Revenues for governmental functions overall totaled \$7689,022. There was a decrease of \$271,840 from the prior year's revenues. The decrease was primarily due to the decrease in grant revenues. Expenditures for governmental functions totaled \$1,048,121. The expenditures decreased \$5,975 from the prior year mainly due to an increase in capital outlay. The ending fund balances consist of an unreserved fund balance in the amount of \$43,928, which is available for spending at the government's discretion; and a reserved fund balance for capital projects of \$36,596, and a reserved fund balance for special revenue funds of \$66,632.

The General Fund is the chief operating fund of Village of Santa Clara. At the end of the current fiscal year, *unreserved* fund balance of the General Fund was \$43,928, and this is the total fund balance.

During the current fiscal year, the fund balance of Village of Santa Clara's General Fund had a net decrease of \$76,028 prior to other financing sources, due to a decrease in grant revenue.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
June 30, 2007**

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS (continued)

The Fire Fund has a fund balance of \$14,248. During the current fiscal year, the fund balance had a net decrease of \$144,252 prior to inter-fund transfers, due to increased capital outlay.

Proprietary Funds. The Village's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

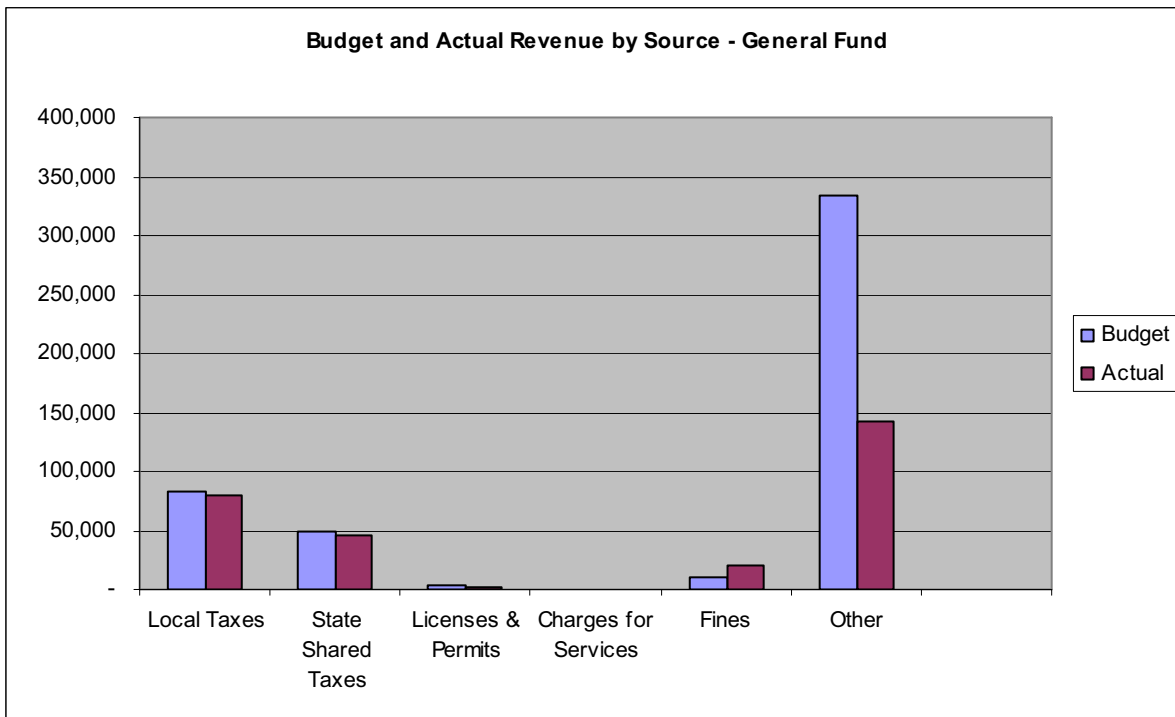
At the end of the fiscal year, the unrestricted net assets for Utilities were \$88,094. The restricted net assets were \$33,897. The restricted net assets are restricted for repairs and replacement of infrastructure and equipment. The total decrease in net assets for the Proprietary Funds was \$116,918. Factors concerning the finances of this fund have been addressed previously in the discussion of the Village's business-type activities.

Fiduciary Funds. The Village maintains a fiduciary fund for the assets of the Municipal Court Bond Fund which belong to individuals who post bonds. Changes to the fiduciary fund were immaterial for the fiscal year.

Economic Conditions. Currently the Village is reliant on tax revenue. There are no significant changes expected in this area within the next fiscal year.

Budgetary Highlights. Village budgets reflect the same pattern as seen in the revenue and expenditures of the Village. The State of New Mexico budget process is defined under State law and regulation. To enhance the process of developing a budget at the Village level, the Village of Santa Clara utilizes goals and objectives defined by the Board of Trustees, community input meetings, long-term plans and input from various staff groups to develop the Village budget. Village priorities are well defined through this process.

General Fund Budgetary Highlights. The General Fund accounts for all of the general services provided by the Village of Santa Clara. At the end of 2007, the cash balance of the General Fund had increased by \$25,889. The following chart demonstrates a summary of the major revenue sources received compared to the approved budget for the General Fund.

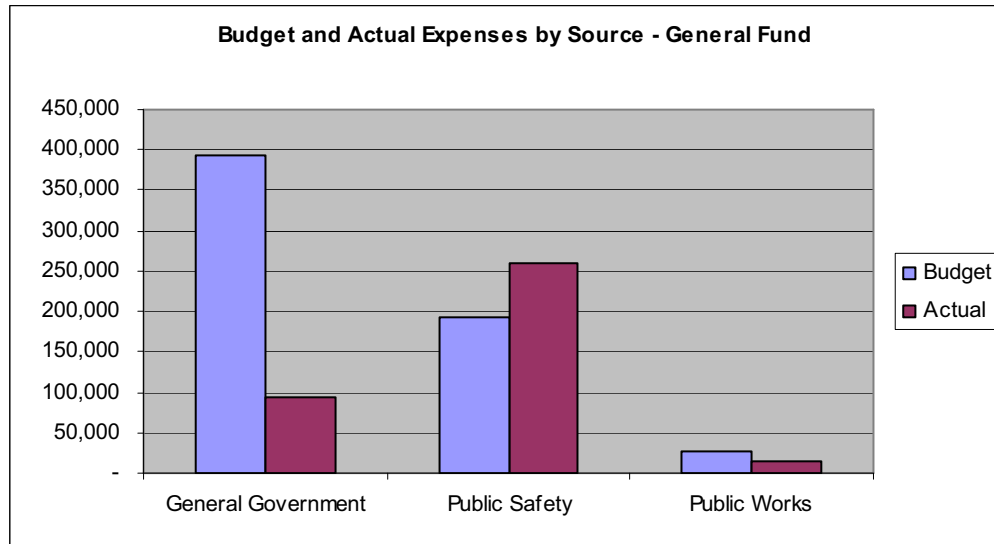


**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
June 30, 2007**

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS (continued)

General government expenditures include all administrative functions of the Village, which include: Board of Trustees, Administration, Finance, Police, Maintenance, Judicial and Public Safety, Highways and Streets, and Health and Welfare. The following chart shows a summary of functional categories for expenditures.



Overall, actual expenditures were well below the approved budget by \$245,594. This favorable comparison is a result of a budgetary oversight by Department Supervisors.

Capital Asset and Debt Administration

Capital Assets. The Village's capital assets for its governmental and business-type activities as of June 30, 2007 amount to \$2,847,332 (net of accumulated depreciation). Capital assets include land improvements, buildings, machinery, equipment and infrastructure.

**Capital Assets, Net of Depreciation
June 30, 2007**

| | Government Activities | Business-Type Activities | Totals |
|-------------------------------------------------|--------------------------|-----------------------------|---------------------|
| Land and Construction in Process | \$ 659,277 | \$ 96,870 | \$ 756,147 |
| Buildings | 559,597 | 904 | 560,501 |
| Improvements | 56,471 | 12,139 | 68,610 |
| Infrastructure | 573,413 | 459,603 | 1,033,016 |
| Furniture and Equipment | 376,880 | 52,178 | 429,058 |
| Capital Assets, Net of Accumulated Depreciation | <u>\$ 2,225,638</u> | <u>\$ 621,694</u> | <u>\$ 2,847,332</u> |

For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures. See Note 5 in the accompanying Notes to the Financial Statements for further information regarding capital assets.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
June 30, 2007**

Management's Discussion and Analysis

The Statement of Net Assets shows the Investment in Capital Assets in the amount of \$2,517,877. This balance includes the capital assets, net of accumulated depreciation, reduced by the note balances associated with those capital assets. The following is a schedule showing the Net Value of the Capital Assets and the application of the principal balances of the notes as of the fiscal year end:

| | Government Activities: | Business-Type Activities: | Balance June 30, 2007 |
|-----------------------------------------------------------|---------------------------|------------------------------|-----------------------------|
| Net Value of Capital Assets | \$ <u>2,225,638</u> | \$ <u>621,694</u> | \$ <u>2,847,332</u> |
| Long-Term Debt Principal Balance: | | | |
| NMFA | 105,000 | - | 105,000 |
| NMFA | 114,455 | - | 114,455 |
| RCAC loan | - | 55,000 | 55,000 |
| Revenue bonds | - | 55,000 | 55,000 |
| Total Debt Principal | \$ <u>219,455</u> | <u>110,000</u> | <u>404,455</u> |
| Total Investment in Capital Assets Net of Related Debt | \$ <u>2,006,183</u> | \$ <u>511,694</u> | \$ <u>2,517,877</u> |

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Village of Santa Clara's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Village of Santa Clara Administration; P.O. Box 316; Santa Clara, New Mexico, 88026.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Statement of Net Assets
June 30, 2007

| | Governmental Activities | Business-Type Activities | Totals | Component Unit |
|-------------------------------------------------|----------------------------|-----------------------------|------------------|-------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 127,176 | (166) | 127,010 | 15,814 |
| NMFA cash | 1,585 | - | 1,585 | |
| Investment with State Treasurer | 19,184 | - | 19,184 | |
| Receivables: | | | | |
| Accounts | - | 93,013 | 93,013 | 80 |
| Taxes | 7,422 | 198 | 7,620 | - |
| Other receivable | 5,961 | - | 5,961 | - |
| Inter-fund | - | 104,672 | 104,672 | - |
| Intergovernmental | 109,379 | | 109,379 | 51,703 |
| Prepaid expenses | - | 1,676 | 1,676 | 11,000 |
| Restricted cash and investments: | | | | |
| Customer deposits | - | - | - | 2,392 |
| Capital improvements | 59,930 | 33,897 | 93,827 | - |
| Bond reserve | | | | - |
| Capital Assets: | | | | |
| Land and construction in process | 659,277 | 96,870 | 756,147 | - |
| Other capital assets, net of depreciation | \$ 1,566,361 | 524,824 | 2,091,185 | 430,678 |
| Total assets | <u>2,556,275</u> | <u>854,984</u> | <u>3,411,259</u> | <u>511,667</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | \$ 2,479 | 31,452 | 33,931 | 6,122 |
| Payroll taxes payable | - | | | 1,034 |
| Due to Village of Santa Clara | - | - | | 8,514 |
| Accrued interest expense | 308 | 260 | 568 | - |
| Accrued salaries | | | | - |
| Deferred revenue | 75,000 | | 75,000 | - |
| Customer deposits | | 72,128 | 72,128 | 2,392 |
| Inter-fund payable | 104,672 | | 104,672 | |
| Long-term liabilities: | | | | |
| Due within one year-comp. absences | 1,527 | 2,461 | 3,988 | 2,134 |
| Due within one year-notes payable | 25,625 | 61,000 | 86,625 | - |
| Due in more than one year | 196,930 | 53,998 | 250,928 | - |
| Total liabilities | <u>406,541</u> | <u>221,299</u> | <u>627,840</u> | <u>20,196</u> |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | 2,006,183 | 511,694 | 2,517,877 | 430,678 |
| Restricted for: | | | | |
| Bond Reserve | 59,930 | | 59,930 | |
| Capital Improvements | - | | | 51,703 |
| Repair and Replacements | - | 33,897 | 33,897 | |
| Unrestricted | <u>83,621</u> | <u>88,094</u> | <u>171,715</u> | <u>9,090</u> |
| Total Net Assets | <u>\$ 2,149,734</u> | <u>633,685</u> | <u>2,783,419</u> | <u>491,471</u> |

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

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Statement of Activities
For the Year Ended June 30, 2007

Exhibit A-2

| FUNCTIONS/PROGRAMS | PROGRAM REVENUES | | | | NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS PRIMARY GOVERNMENT | | | |
|----------------------------------------------|------------------|-------------------------|------------------------------------------|----------------------------------------|-----------------------------------------------------------------------|-----------------------------|--------------|-------------------|
| | EXPENSES | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS | GOVERNMENT ACTIVITIES | BUSINESS TYPE ACTIVITIES | TOTAL | COMPONENT UNIT |
| PRIMARY GOVERNMENT: | | | | | | | | |
| <i>GOVERNMENTAL ACTIVITIES:</i> | | | | | | | | |
| General government | \$ 164,941 | \$ 22,342 | \$ - | \$ - | \$ (142,599) | \$ - | \$ (142,599) | \$ - |
| Public safety | 443,837 | 15,345 | 94,972 | 80,000 | (253,520) | - | (253,520) | - |
| Public works | 45,932 | - | 14,650 | 35,142 | 3,860 | - | 3,860 | - |
| Interest on long-term debt | 2,102 | - | - | - | (2,102) | - | (2,102) | - |
| Total governmental activities | 656,812 | 37,687 | 109,622 | 115,142 | (394,361) | - | (394,361) | - |
| <i>BUSINESS-TYPE ACTIVITIES:</i> | | | | | | | | |
| Joint Utilities | | | | | | | | |
| Water | 524,303 | 430,449 | - | - | - | (93,854) | (93,854) | - |
| Solid Waste | 154,541 | 130,055 | - | - | - | (24,486) | (24,486) | - |
| Total Business-Type Activities | 678,844 | 560,504 | - | - | - | (118,340) | (118,340) | - |
| TOTAL PRIMARY GOVERNMENT | | | | | (394,361) | (118,340) | (512,701) | - |
| Component Unit-Santa Clara Housing Authority | 230,619 | 54,905 | 49,740 | 129,419 | - | - | - | 3,445 |
| GENERAL REVENUES: | | | | | | | | |
| Taxes | | | | | | | - | |
| Local Taxes | | | | | 81,442 | | 81,442 | |
| State-Shared Taxes | | | | | 50,718 | 32,232 | 82,950 | |
| Bond revenue | | | | | 105,985 | | 105,985 | |
| Small Cities Assistance | | | | | 120,075 | | 120,075 | |
| Intergovernmental income | | | | | 101,170 | | 101,170 | |
| Interest | | | | | 6,259 | 1,437 | 7,696 | |
| Miscellaneous | | | | | 40,772 | 13,055 | 53,827 | |
| Transfers | | | | | 45,302 | (45,302) | - | |
| Total General Revenues and Transfers | | | | | 551,723 | 1,422 | 553,145 | - |
| Changes in Net Assets | | | | | 157,362 | (116,918) | 40,444 | 3,445 |
| Net Assets - Beginning of Year | | | | | 1,992,372 | 750,603 | 2,742,975 | 488,026 |
| Net Assets - End of Year | | | | | \$ 2,149,734 | \$ 633,685 | \$ 2,783,419 | \$ 491,471 |

The accompanying notes are an integral part of these financial statements.
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GOVERNMENTAL FUND STATEMENTS

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Balance Sheet
Governmental Funds
For the Year-Ended June 30, 2007

| ASSETS | General Fund | Fire Fund | Total Non-Major Fund | Total Funds |
|------------------------------------------|-----------------------|----------------------|----------------------------|-----------------------|
| Cash and cash equivalents | \$ 83,278 | \$ (8,229) | \$ 112,057 | \$ 187,106 |
| NMFA Cash | - | 1,585 | - | 1,585 |
| Investment with State Treasurer | - | 19,184 | - | 19,184 |
| Other receivables | 5,961 | - | - | 5,961 |
| Taxes receivable | 7,026 | - | 396 | 7,422 |
| Due from other governments | 28,178 | 76,708 | 4,493 | 109,379 |
| Total assets | <u>\$ 124,443</u> | <u>\$ 89,248</u> | <u>\$ 116,946</u> | <u>\$ 330,637</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 2,146 | \$ - | \$ 333 | \$ 2,479 |
| Deferred revenue | - | 75,000 | - | 75,000 |
| Deferred property taxes | 1,330 | - | - | 1,330 |
| Due to other funds | 77,039 | - | 27,633 | 104,672 |
| Total liabilities | <u>80,515</u> | <u>75,000</u> | <u>27,966</u> | <u>183,481</u> |
| Fund balances: | | | | |
| Reserved for capital projects funds | - | - | 36,596 | 36,596 |
| Reserved for special revenue funds | - | 14,248 | 52,384 | 66,632 |
| Unreserved | 43,928 | - | - | 43,928 |
| Total fund balances | <u>43,928</u> | <u>14,248</u> | <u>88,980</u> | <u>147,156</u> |
| Total liabilities and fund balances | <u>\$ 124,443</u> | <u>\$ 89,248</u> | <u>\$ 116,946</u> | <u>\$ 330,637</u> |

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

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Governmental Funds
Reconciliation of the Balance Sheet to the Statement of Net Assets
June 30, 2007

Total fund balances-governmental funds \$ 147,156

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$2,950,153, and the accumulated depreciation is \$724,515 2,225,638

Accrued interest is not due and payable in the current period and therefore is not reported as a liability in the funds. (308)

Recognition of property tax revenue is reflected on full accrual basis within the statement of net assets. Governmental funds recognize property tax on the modified accrual basis. 1,330

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

| | | |
|----------------------|--------------|------------------|
| Notes payable | \$ 219,455 | |
| Compensated absences | <u>4,627</u> | <u>(224,082)</u> |

Total net assets-governmental activities \$ 2,149,734

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Statement of Revenues, Expenditures and Changes in Fund Balances
Government Funds
For the Year-Ended June 30, 2007

| | General Fund | Fire Fund | Total Non-Major Funds | Total Governmental Funds |
|---------------------------------------------------|------------------|------------------|-----------------------------|--------------------------------|
| REVENUES | | | | |
| Taxes and shared taxes: | | | | |
| Local effort taxes | \$ 77,593 | \$ - | \$ 3,999 | \$ 81,592 |
| State-shared taxes | 45,714 | - | 5,004 | 50,718 |
| Licenses and permits | 2,350 | - | - | 2,350 |
| Fines and forfeitures | 19,567 | - | - | 19,567 |
| Small cities assistance | 120,075 | - | - | 120,075 |
| Charges for services | 425 | - | 14,595 | 15,020 |
| Bond revenue | - | - | 105,985 | 105,985 |
| State allocation | - | 75,516 | 25,654 | 101,170 |
| Federal grants | - | - | 102,959 | 102,959 |
| State grants | - | - | 119,764 | 119,764 |
| County grants | - | - | 2,041 | 2,041 |
| Investment Income | 2,541 | 3,718 | - | 6,259 |
| Miscellaneous | 19,172 | 22,350 | - | 41,522 |
| Total revenues | <u>287,437</u> | <u>101,584</u> | <u>380,001</u> | <u>769,022</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 88,337 | - | - | 88,337 |
| Public safety | 260,138 | 65,825 | 117,874 | 443,837 |
| Public works | 14,990 | - | 30,942 | 45,932 |
| Debt service: | | | | |
| Principal | - | 15,460 | - | 15,460 |
| Interest | - | 1,794 | - | 1,794 |
| Capital outlay | - | 162,757 | 290,004 | 452,761 |
| Total expenditures | <u>363,465</u> | <u>245,836</u> | <u>438,820</u> | <u>1,048,121</u> |
| Excess (deficiency) of revenues over expenditures | <u>(76,028)</u> | <u>(144,252)</u> | <u>(58,819)</u> | <u>(279,099)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Loan proceeds | 105,000 | - | - | 105,000 |
| Transfers in | - | - | 119,372 | 119,372 |
| Transfers out | (25,948) | - | (48,122) | (74,070) |
| Total other financing sources (uses) | <u>79,052</u> | <u>-</u> | <u>71,250</u> | <u>150,302</u> |
| Net change in fund balances | 3,024 | (144,252) | 12,431 | (128,797) |
| Fund balance - beginning | <u>40,904</u> | <u>158,500</u> | <u>76,549</u> | <u>275,953</u> |
| Fund balance – ending | <u>\$ 43,928</u> | <u>\$ 14,248</u> | <u>\$ 88,980</u> | <u>\$ 147,156</u> |

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

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year-Ending June 30, 2007**

Net change in fund balances-governmental funds \$ (128,797)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The following schedule show the activity in the capital assets:

| | | |
|--------------------------------------------------------|-----------------|---------|
| Capital assets reported as capital outlay expenditures | \$ 452,761 | |
| Depreciation expense | <u>(80,804)</u> | 371,957 |

| | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| Repayment on bond principal is expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. | 15,460 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|--------|

| | |
|----------------------------------------------------------------------------------------------------|-------|
| In the Statement of Activities accrued interest for long-term liabilities is considered as expense | (308) |
|----------------------------------------------------------------------------------------------------|-------|

| | |
|-----------------------------------------------------------------------------------------------------|-----------|
| In the Statement of Activities an increase in long-term liabilities is not considered as an expense | (105,000) |
|-----------------------------------------------------------------------------------------------------|-----------|

| | |
|----------------------------------------|-------|
| Recognition of deferred property taxes | (150) |
|----------------------------------------|-------|

| | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| In the Statement of Activities, certain operating expenses-compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts paid). This year, vacation leave used (\$13,602) exceeded the amounts earned (\$9,402) by \$4,200. | 4,200 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|

| | |
|--------------------------------------------------------|--------------------------|
| Change in net assets of governmental activities | \$ <u>157,362</u> |
|--------------------------------------------------------|--------------------------|

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
GENERAL FUND
Statement of Revenues Compared to Budget
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2007

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variances |
|------------------------------------------------|-------------------------|----------------|---------------------|------------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | (Non-GAAP Basis) | Favorable (Unfavorable) <u>Final to Actual</u> |
| Revenues | | | | |
| Taxes and shared taxes: | | | | |
| Local effort taxes | \$ 82,300 | \$ 82,300 | \$ 78,923 | \$ (3,377) |
| State shared taxes | 49,800 | 49,800 | 45,714 | (4,086) |
| Licenses and permits | 2,950 | 2,950 | 2,350 | (600) |
| Charges for services | 450 | 450 | 425 | (25) |
| Fines and forfeitures | 10,400 | 10,400 | 19,567 | 9,167 |
| Small cities assistance | 82,000 | 82,000 | 120,075 | 38,075 |
| Investment income | 4,000 | 4,000 | 2,541 | (1,459) |
| Miscellaneous | 247,931 | 247,931 | 19,702 | (228,229) |
| Total revenues | <u>479,831</u> | <u>479,831</u> | <u>289,297</u> | <u>(190,534)</u> |
| Add: beginning cash | <u>57,389</u> | <u>57,389</u> | | |
| | <u>537,220</u> | <u>537,220</u> | | |
| Expenditures | | | | |
| Current: | | | | |
| General government | 394,260 | 394,260 | 93,584 | 300,676 |
| Public safety | 192,712 | 192,712 | 260,604 | (67,892) |
| Public works | 27,800 | 27,800 | 14,990 | 12,810 |
| Total expenditures | <u>614,772</u> | <u>614,772</u> | <u>369,178</u> | <u>245,594</u> |
| Excess (deficiency) revenues over expenditures | | | <u>(79,881)</u> | |
| Other financing sources (uses) | | | | |
| Proceeds from operating loan | - | - | 105,000 | 105,000 |
| Transfers in | - | - | - | - |
| Transfers out | - | - | (25,948) | (25,948) |
| Total transfers | <u>-</u> | <u>-</u> | <u>79,052</u> | <u>79,052</u> |
| Net change in fund balance | | | (829) | |
| Difference Between GAAP and Non-GAAP | | | | |
| Adjust accrued revenue | | (1,860) | | |
| Adjust accrued expenses | | <u>5,713</u> | | |
| | | | 3,853 | |
| Fund balance-beginning | | | <u>40,904</u> | |
| Fund balance-ending | | | \$ <u>43,928</u> | |

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

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
SPECIAL REVENUE FUND – FIRE PROTECTION
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2007

| | Budgeted Amounts | | Actual | Variances |
|----------------------------------------------------|------------------|-----------|---------------------|-----------------------------------------------|
| | Original | Final | (Non-GAAP Basis) | Favorable (Unfavorable) Final to Actual |
| Revenues | | | | |
| State allotment | \$ 28,650 | \$ 28,650 | \$ 57,938 | \$ 29,288 |
| Miscellaneous | - | - | 21,600 | 21,600 |
| Investment income | 1,318 | 1,318 | 4,468 | 3,150 |
| Total revenues | 29,968 | 29,968 | 84,006 | 54,038 |
| Add: beginning cash | 36,859 | 36,859 | | |
| | 66,827 | 66,827 | | |
| Expenditures | | | | |
| Current | | | | |
| Public safety | 17,350 | 17,350 | 56,312 | (38,962) |
| Insurance | 3,000 | 3,000 | 9,189 | (6,189) |
| Capital outlay | 8,300 | 8,300 | 162,757 | (154,457) |
| Total expenditures | 28,650 | 28,650 | 228,258 | (199,608) |
| Excess (deficiency) revenues over expenditures | | | (144,252) | |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Net change in fund balance | | | (144,252) | |
| Differences Between GAAP and Non-GAAP | | | | |
| Adjust State allotment | | 17,578 | | |
| Debt service admin. Fee | | (324) | | |
| Debt service principal | | (15,460) | | |
| Debt service interest | | (1,794) | | |
| | | | - | |
| Fund balance – beginning | | | 158,500 | |
| Fund balance – ending | | | \$ 14,248 | |

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

BUSINESS-TYPE FUND

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
BUSINESS-TYPE FUND-JOINT UTILITIES
Balance Sheet
June 30, 2007

| Assets | Water & Sewer | Solid Waste | Total |
|-------------------------------------------------|-------------------|------------------|-------------------|
| Current assets | | | |
| Cash & equivalents | \$ 7,007 | \$ (7,173) | \$ (166) |
| Restricted cash | 33,897 | - | 33,897 |
| Prepaid interest | 1,676 | - | 1,676 |
| Due from other funds | 104,672 | - | 104,672 |
| Accounts receivable | 75,080 | 17,933 | 93,013 |
| Taxes receivable | - | 198 | 198 |
| Total current assets | <u>222,332</u> | <u>10,958</u> | <u>233,290</u> |
| Non-current assets | | | |
| Capital assets | 1,264,012 | - | 1,264,012 |
| Accumulated depreciation | (642,318) | - | (642,318) |
| Total non-current assets | <u>621,694</u> | <u>-</u> | <u>621,694</u> |
| Total assets | <u>\$ 844,026</u> | <u>\$ 10,958</u> | <u>\$ 854,984</u> |
| Liabilities: | | | |
| Current liabilities | | | |
| Accounts payable | \$ 25,248 | \$ 6,204 | \$ 31,452 |
| Accrued interest payable | 260 | - | 260 |
| Current portion of accrued compensated absences | 1,568 | 893 | 2,461 |
| Current portion of notes payable | 61,000 | - | 61,000 |
| Customer water deposits payable | 72,128 | - | 72,128 |
| Total current liabilities | <u>160,204</u> | <u>7,097</u> | <u>167,301</u> |
| Non-current liabilities: | | | |
| Accrued compensated absences | 4,998 | - | 4,998 |
| Notes payable | 49,000 | - | 49,000 |
| Total non-current liabilities | <u>53,998</u> | <u>-</u> | <u>53,998</u> |
| Total liabilities | <u>214,202</u> | <u>7,097</u> | <u>221,299</u> |
| Net assets: | | | |
| Invested in capital assets | 511,694 | - | 511,694 |
| Unrestricted assets (deficit) | 118,130 | 3,861 | 121,991 |
| Net assets – end of year | <u>629,824</u> | <u>3,861</u> | <u>633,685</u> |
| Total liabilities and net assets | <u>\$ 844,026</u> | <u>\$ 10,958</u> | <u>\$ 854,984</u> |

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

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
BUSINESS-TYPE FUND-JOINT UTILITIES
Statements of Revenues, Expenses and Changes in Fund Net Assets
For the Year-Ended June 30, 2007

| | Water & Sewer | Solid Waste | Total |
|-----------------------------------------|-------------------|-----------------|-------------------|
| Operating revenues: | | | |
| Charges for services | \$ 414,205 | \$ 130,055 | \$ 544,260 |
| Gross receipts taxes | 22,804 | 7,428 | 30,232 |
| Gross receipts taxes municipal | - | 2,000 | 2,000 |
| Water meter deposits | 16,244 | - | 16,244 |
| Miscellaneous | 13,055 | - | 13,055 |
| Total operating revenues | <u>466,308</u> | <u>139,483</u> | <u>605,791</u> |
| Operating expenses: | | | |
| Personnel services | 126,636 | 16,668 | 143,304 |
| Operating expenses | 343,968 | 137,873 | 481,841 |
| Refunded meter deposits | 17,398 | - | 17,398 |
| Penalties | 1,938 | - | 1,938 |
| Depreciation and amortization | 30,245 | - | 30,245 |
| Total operating expenses | <u>520,185</u> | <u>154,541</u> | <u>674,726</u> |
| Operating income (loss) | <u>(53,877)</u> | <u>(15,058)</u> | <u>(68,935)</u> |
| Non-operating revenues (expenses): | | | |
| Interest income | 1,437 | - | 1,437 |
| Interest expense | (4,118) | - | (4,118) |
| Total non-operating revenues (expenses) | <u>(2,681)</u> | <u>-</u> | <u>(2,681)</u> |
| Income (loss) before transfers | (56,558) | (15,058) | (71,616) |
| Transfers in (out) | <u>(45,302)</u> | <u>-</u> | <u>(45,302)</u> |
| Change in net assets | (101,860) | (15,058) | (116,918) |
| Total net assets-beginning | <u>731,684</u> | <u>18,919</u> | <u>750,603</u> |
| Total net assets-ending | <u>\$ 629,824</u> | <u>\$ 3,861</u> | <u>\$ 633,685</u> |

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

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
BUSINESS-TYPE FUND-JOINT UTILITIES
Statement of Cash Flows
For the Year-Ended June 30, 2007

| Cash flows from operating activities: | Water & Sewer | Solid Waste Fund | Total |
|------------------------------------------------------------------------------------------------------|--------------------|---------------------|--------------------|
| Cash received from agencies and customers | \$ 439,707 | \$ 137,698 | \$ 577,405 |
| Cash used for salaries and operating expenses | <u>(484,780)</u> | <u>(156,906)</u> | <u>(641,686)</u> |
| Net cash used for operating activities | <u>(45,073)</u> | <u>(19,208)</u> | <u>(64,281)</u> |
| Cash flows for non-capital and financing activities: | | | |
| Inter-fund transfer | <u>(45,302)</u> | <u>-</u> | <u>(45,302)</u> |
| Cash flows from financing activities: | | | |
| Acquisition of capital assets – net | (8,734) | - | (8,734) |
| Principal payment on note payable | (4,000) | - | (4,000) |
| Interest expense | (3,858) | - | (3,858) |
| Net cash used for financing activities | <u>(16,592)</u> | <u>-</u> | <u>(16,592)</u> |
| Cash flows from investing activities | | | |
| Interest income | 1,437 | - | 1,437 |
| Net cash provided by investing activities | <u>1,437</u> | <u>-</u> | <u>1,437</u> |
| Net (decrease) in cash and cash equivalents | (105,530) | (19,208) | (124,738) |
| Cash and cash equivalents – beginning of year | <u>146,434</u> | <u>12,035</u> | <u>158,469</u> |
| Cash and cash equivalents – end of year | \$ <u>40,904</u> | \$ <u>(7,173)</u> | \$ <u>33,731</u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities | | | |
| Operating income (loss) | \$ (53,877) | \$ (15,058) | \$ (68,935) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities | | | |
| Depreciation | 30,245 | - | 30,245 |
| Changes in assets and liabilities | | | |
| Accounts receivable | (26,601) | (1,857) | (28,458) |
| Taxes receivable | - | 72 | 72 |
| Accounts payable | 6,893 | (931) | 5,962 |
| Accrued compensated absences | <u>(1,733)</u> | <u>(1,434)</u> | <u>(3,167)</u> |
| Net cash provided by operating activities | \$ <u>(45,073)</u> | \$ <u>(19,208)</u> | \$ <u>(64,281)</u> |

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

FIDUCIARY FUNDS

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
June 30, 2007**

AGENCY FUND

Municipal Court Bond Fund

To account for the collection and disbursement of municipal court bond fees.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Statement of Fiduciary Assets and Liabilities – Agency Funds
June 30, 2007

| | <u>Agency Fund</u> |
|---------------------------|------------------------|
| Assets | |
| Cash and cash equivalents | \$ <u>467</u> |
| Total assets | \$ <u>467</u> |
| Liabilities | |
| Accounts payable | \$ <u>467</u> |

NOTES TO FINANCIAL STATEMENTS

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA (change)
Notes to Financial Statements
June 30, 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Village, which was formerly known as Central City was incorporated in May of 1947 and is also under the provisions of the act now referred to as Sections 4-9-1 and 4-9-2 of the New Mexico Statutes Annotated, 1978 Compilation. The Village operates under the Board of Trustees form of government and provides the following services as authorized in the grant of powers: public safety (police, fire, and emergency medical), highways and streets, water and sewer, solid waste, health and welfare services, and general administration services.

The financial statements of Village of Santa Clara (the "Village") have been prepared in conformity with accounting principals generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principals. The GASB periodically updates its codification of the existing Governmental Accounting and Financial reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of the Village's accounting policies are described below.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both government-wide and business-type fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). All governmental and business-type activities of the Village follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation.

In June 1999, the GASB unanimously approved Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. In June 2001, the GASB approved Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* and Statement No. 38, *Certain Financial Statement Note Disclosures*. Statement No. 37 clarifies and modifies Statement No. 34 and should be implemented simultaneously with Statement No. 34. Statement No. 38 modifies, establishes, and rescinds certain financial statement disclosures requirements.

The Village implemented the provisions of GASB No.'s 34, 37 and 38 effective July 1, 2003. The following GASB pronouncements have been issued, but are not yet effective at June 30, 2007: Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. The Village will implement the new GASB pronouncements in the fiscal year no later than the required effective date. The Village believes that the above listed new GASB pronouncements will not have a significant financial impact to the Village or in issuing its financial statements.

In evaluating how to define the Village, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB 14. The first criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the Village has one discretely presented component unit, and is not a component unit of another governmental agency.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Discretely Presented Component Unit

Santa Clara Public Housing Authority (SCPHA) is organized under the laws of the State of New Mexico for the purpose of engaging in the leasing and administration of Low-Rent Housing programs and other similar objectives. SCPHA is a separate legal entity from the Village of Santa Clara and is a component unit of the Village. Also, SCPHA does not have any component units.

A seven-member board governs SCPHA and is appointed to two-year terms by the Village Board of Trustees. The major revenue sources for SCPHA are tenant rental receipts and subsidies from the Department of Housing and Urban Development. SCPHA is presented as a discrete component of the Village. The report or requests for additional financial information should be addressed to Esperanza Tarango, Santa Clara Public Housing Authority, P.O. Box 275, 214 North Mineral, Santa Clara, New Mexico, 88026.

C. Government-Wide and Fund Financial Statements

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers for utility and other services, fines and forfeitures from courts, licenses and permits issued and funds from the small cities assistance program, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, business-type funds. Major individual governmental funds and major individual business-type funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major funds. No fiduciary funds are included.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*, as are the business-type fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions include gross receipts and property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes, net of estimated refunds and uncollectible amounts, is recognized in the fiscal year in which eligibility requirements have been satisfied.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

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

Property taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Expenditures are recorded when related fund liability is incurred except for a) principal and interest payments on general long-term debt which are recorded when amounts have been accumulated in governmental funds for the current debt service payments on July 1 in the following year and b) vacation pay, which is recognized as expenditures only when payment is due. General capital asset acquisitions are reported as expenditures in government funds. Proceeds of general long-term debt are reported as other financing sources.

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

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

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

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

The *Fiduciary Funds* are purely custodial (assets, equal liabilities) and do not involve measurement of results of operations. The Village's fiduciary funds are used to account for collection and payment of municipal court bond fees.

Under the requirements of GASB No. 34, the Village is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include the following (in addition to the General Fund), which includes funds that were not required to be presented as major but were at the discretion of management:

The *Fire Fund* is used to account for the revenues allocated by the state to the Village and the expenditure for maintaining and operating a volunteer fire department authorized by NMSA Section 59A-53-1.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2007**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Business-type Fund Types - These funds are used to account for services to the general public where all or most of the costs including depreciation are to be financed or recovered from users of such services. The Village maintains separate funds for water and sewer, and solid waste utility operations. These are reported as the Joint Utility Fund and are considered a major fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and business-type fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and business-type funds, subject to this same limitation. The Village has elected not to follow FASB statements and interpretations issued after November 30, 1989.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes, because elimination of these charges would distort the direct costs and program revenues reported in the Statement of Activities.

Amounts reported as *program* revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

The Village reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The Village does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Business-type funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenue of the Village's business-type fund is charges for utilities. Operating expenses for business-type funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, and then unrestricted resources, as they are needed.

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

The following sections are included in the basic financial statements:

- a. *Management's Discussion and Analysis* – GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the Village's financial activities in the form of "Management's Discussion and Analysis" (MD&A). This analysis is similar to the analysis provided in the annual reports of private-sector organizations.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2007

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

- b. *Government-Wide Financial Statements* – The reporting model includes financial statements prepared using full accrual accounting for all of the Village’s activities. This approach includes not just current assets and liabilities but also capital and other long-term assets as well as long-term liabilities. Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter.
- c. *Statement of Net Assets* – The statement of net assets is designed to display the financial position of the primary government (government and business-type activities). The Village now reports all capital assets in the government-wide statement of net assets and reports depreciation expense – the cost of “using up” capital assets – in the statement of activities. The net assets of the Village are broken down into three categories – 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.
- d. *Statement of Activities* – The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the Village’s functions. The expense of individual functions is compared to the revenue generated directly by the function. Accordingly, the Village has recorded capital and certain other long-term assets and liabilities in the statement of net assets, and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statements of activities.

E. Assets, Liabilities and Net Assets or Equity

Deposits and Investments: The Village’s cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Village to invest in Certificates of Deposit, obligations of the U.S. Government, and fully collateralized repurchase agreements.

Investments for the Village are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

Receivables and Payables: Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as inter-fund balance. Long term advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable from available resources.

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-side financial statements. Capital assets including computer software are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of Donated capital assets are recorded at estimated fair market value at the date of donation.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2007**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Liabilities and Net Assets or Equity (continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. No computer software is developed in-house.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction, except in the business-type fund.

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

| <u>Assets</u> | <u>Years</u> |
|----------------------------------------------------------|--------------|
| Buildings | 15-40 |
| Improvements | 15-40 |
| Infrastructure | 10-80 |
| Utility System | 10-80 |
| Furniture and equipment (Including Computer Software) | 5-10 |

Compensated Absences: Village full-time employees may accumulate limited amounts of vacation pay which are payable to the employee upon termination or retirement. For governmental funds, expenditures are recognized during the period in which vacation cost become payable from available, expendable resources. A liability for amounts earned but not payable from available, expendable resources is reported in the government-wide financial statements.

Deferred Revenue: The Village defers revenue from non-exchange transactions. The amount deferred results from the differences between the receivable recognized on an accrual basis and the related revenue recognized on the modified accrual basis of accounting. Revenue is recognized as the receivables are collected.

Long-Term Obligations: In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. The face amount of debt issued is reported as other financing sources.

Unreserved Fund Balance: In the fund financial statements, unreserved funds are not subject to temporary or permanent reservations, and are available for operating purposes.

Reserved for Capital Projects: In the fund financial statements, funds that are for the replacement of utility facilities.

Net Assets: The government-wide financial statements utilize a net assets presentation. Net assets are categorized as follows:

Investment in Capital Assets, Net of Related Debt - In the fund financial statements, investment in capital assets are reported net of depreciation and related debt.

Restricted Net Assets – This category reflects the portion of net assets that have third party limitations on their use

Unrestricted Net Assets – This category reflects net assets of the Village, not restricted for any project or other purpose.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2007**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Liabilities and Net Assets or Equity (continued)

Inter-Fund Transactions: Interfund activity is reported as either as loans, service provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

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

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

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

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

No budget was adopted for the OBD State Grant, Main Street Park, CDBG W/S Planning Study, RUS W & WW Improvements, CDBG Colonias Wastewater, Twin Sisters Well Field (FEMA), Industrial Park, State P/S Addition, State SAP 06-L-G-1667, 03-T-047 Grant and State SAP 05-L-G-1495, because no revenues or expenditures were anticipated or no resolutions were adopted to change the legally adopted budget to include the listed funds' activity.

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual present comparisons of the legally adopted budget with actual data on a budgetary basis.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2007**

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information (continued)

Since accounting principals applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principals, a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year-ended June 30, 2007 is presented.

The following is reconciliation between the Non-GAAP cash basis amounts and the financial statements on the GAAP basis by fund type.

| | <u>General Fund</u> | <u>Fire Fund</u> | <u>Special Revenue Funds</u> | <u>Capital Funds</u> | <u>Business-type Fund</u> |
|------------------------------------------------------------------------------------------|-------------------------|----------------------|--------------------------------------|--------------------------|-------------------------------|
| Net change in fund balance (GAAP Basis) | \$ 3,024 | \$ (144,252) | \$ (24,305) | \$ 38,482 | \$ (116,918) |
| Adjustments: | | | | | |
| To revenues for tax accruals, earnings on investments and other deferrals and accruals. | 1,860 | 17,578 | - | - | - |
| Adjustments: | | | | | |
| To adjust expenditures for payables, payroll taxes, prepaid expenses and other accruals. | <u>(5,713)</u> | <u>(17,578)</u> | <u>45,525</u> | <u>(1,746)</u> | <u>34,708</u> |
| Net change in fund balance (cash basis) | \$ <u>(829)</u> | \$ <u>(144,252)</u> | \$ <u>21,220</u> | \$ <u>36,736</u> | \$ <u>(82,210)</u> |

NOTE 3. CUSTODIAL CREDIT RISK – DEPOSITS

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

| <u>Depository Account</u> | <u>Bank Balance</u> |
|-------------------------------------------------------------------------------|-------------------------|
| Insured | \$ 100,000 |
| Collateralized: | |
| Collateral held by pledging bank's trust department not in the village's name | 184,763 |
| Uninsured and uncollateralized | <u>-</u> |
| Total Cash and Investments, Primary Government | \$ <u>284,763</u> |

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Village does not have a deposit policy for custodial risk. As of June 30, 2007, the Village was over-collateralized by \$653,555; therefore, no deposits were uninsured and uncollateralized. The Village's bank balance of \$284,763 was exposed to custodial credit risk as follows:

| | |
|-----------------------------------------------------------------------------------------|-------------------|
| Uninsured and uncollateralized | \$ - |
| Uninsured and collateral held by pledging bank's trust department not in Village's name | <u>184,763</u> |
| Total Cash and Investments, Primary Government | \$ <u>184,763</u> |

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2007**

NOTE 4. RECEIVABLES

Receivables as of June 30, 2007, are as follows:

| | Governmental Fund | Business-type Fund | Total |
|----------------------------|----------------------|-----------------------|-------------------|
| Accounts Receivable | \$ - | \$ 93,013 | \$ 93,013 |
| Taxes Receivable | 7,422 | 198 | 7,620 |
| Other Receivable | 5,961 | - | 5,961 |
| Due from other funds | - | 104,672 | 104,672 |
| Due from other governments | 109,379 | - | 109,379 |
| Net Receivables | <u>\$ 122,762</u> | <u>\$ 197,883</u> | <u>\$ 320,645</u> |

The Village's policy has not provided for uncollectible accounts as required by generally accepted accounting principles. All receivables are expected to be collected within one year.

NOTE 5. CAPITAL ASSETS

The following is a summary of capital assets and changes occurring during the year-ended June 30, 2007. Land is not subject to depreciation.

Governmental Activities:

| | Balance June 30, 2006 | Additions | Deletions | Balance June 30, 2007 |
|----------------------------------------------|-----------------------------|-------------------|-------------|-----------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 28,131 | \$ - | \$ - | \$ 28,131 |
| Work in progress | 349,581 | 281,565 | - | 631,146 |
| Total capital assets not being depreciated | <u>377,712</u> | <u>281,565</u> | <u>-</u> | <u>659,277</u> |
| Other capital assets being depreciated: | | | | |
| Buildings | 823,640 | - | - | 823,640 |
| Improvements | 96,794 | 12,923 | - | 109,717 |
| Infrastructure | 610,013 | - | - | 610,013 |
| Furniture and equipment | 589,233 | 158,273 | - | 747,506 |
| Total other capital assets being depreciated | <u>2,119,680</u> | <u>171,196</u> | <u>-</u> | <u>2,290,876</u> |
| Accumulated depreciation: | | | | |
| Buildings | (243,452) | (20,591) | - | (264,043) |
| Improvements | (49,253) | (3,993) | - | (53,246) |
| Infrastructure | (24,400) | (12,200) | - | (36,600) |
| Furniture and equipment | (326,606) | (44,020) | - | (370,626) |
| Total accumulated depreciation | <u>(643,711)</u> | <u>(80,804)</u> | <u>-</u> | <u>(724,515)</u> |
| Other capital assets, net | <u>1,475,969</u> | <u>90,392</u> | <u>-</u> | <u>1,566,361</u> |
| Total capital assets, net | <u>\$ 1,853,681</u> | <u>\$ 371,957</u> | <u>\$ -</u> | <u>\$ 2,225,638</u> |

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2007**

NOTE 5. CAPITAL ASSETS (continued)

Depreciation expense for the year-ended June 30, 2007 was charged as follows:

| | |
|--------------------------------|----------------------|
| General governmental | \$ 12,479 |
| Public safety | 41,628 |
| Public works | 12,200 |
| Health & Welfare | <u>14,497</u> |
| Total depreciation expense | \$ <u>80,804</u> |

Business-type Activities:

| | Balance June 30, 2006 | Additions | Deletions | Balance June 30, 2007 |
|----------------------------------------------|-----------------------------|--------------------|-------------|-----------------------------|
| Capital assets not being depreciated: | | | | |
| Work in process | \$ 96,870 | \$ - | \$ - | \$ 96,870 |
| Total capital assets not being depreciated | <u>96,870</u> | <u>-</u> | <u>-</u> | <u>96,870</u> |
| Other capital assets being depreciated: | | | | |
| Buildings | 14,468 | - | - | 14,468 |
| Improvements | 12,777 | - | - | 12,777 |
| Utility system | 997,261 | 8,734 | - | 1,005,995 |
| Furniture and equipment | 133,902 | - | - | 133,902 |
| Total other capital assets being depreciated | <u>1,158,408</u> | <u>8,734</u> | <u>-</u> | <u>1,167,142</u> |
| Accumulated depreciation: | | | | |
| Buildings | (13,202) | (362) | - | (13,564) |
| Improvements | (319) | (319) | - | (638) |
| Utility system | (526,718) | (19,674) | - | (546,392) |
| Machinery and equipment | (71,834) | (9,890) | - | (81,724) |
| Total accumulated depreciation | <u>(612,073)</u> | <u>(30,245)</u> | <u>-</u> | <u>(642,318)</u> |
| Other capital assets, net | <u>546,335</u> | <u>(21,511)</u> | <u>-</u> | <u>524,824</u> |
| Total capital assets, net | \$ <u>643,205</u> | \$ <u>(21,511)</u> | \$ <u>-</u> | \$ <u>621,694</u> |

Depreciation expense relating to business-type activities for the year-ended June 30, 2007 totaled \$30,245.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2007**

NOTE 6. LONG-TERM DEBT

A. During the year-ended June 30, 2007, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

| | <u>Balance</u> <u>June 30, 2006</u> | <u>Additions</u> | <u>Decreases</u> | <u>Balance</u> <u>June 30, 2007</u> | <u>Due Within</u> <u>One Year</u> |
|------------------------------|----------------------------------------|-----------------------|----------------------|----------------------------------------|--------------------------------------|
| New Mexico Boards of Finance | \$ - | \$ 105,000 | \$ - | \$ 105,000 | \$ 10,000 |
| New Mexico Finance Authority | 129,915 | - | 15,460 | 114,455 | 15,625 |
| Compensated Absences | <u>8,827</u> | <u>9,402</u> | <u>13,602</u> | <u>4,627</u> | <u>1,527</u> |
| Total Long-Term Debt | <u>\$ 138,742</u> | <u>\$ 114,402</u> | <u>\$ 29,062</u> | <u>\$ 224,082</u> | <u>\$ 27,152</u> |

Compensated absences attributable to the governmental activities are liquidated primarily from the general fund.

B. Terms of the Notes Payable for the Governmental Activities

\$105,000 loan from the New Mexico Boards of Finance, agreed upon on October 3, 2006; the purpose of the loan was to assist with emergency funding. The note bears no interest and payments begin June 1, 2007 through June 1, 2016. The payment amounts are as follows:

| <u>Fiscal Year</u> <u>Ending June 30,</u> | <u>Principal</u> |
|----------------------------------------------|-------------------|
| 2007 | \$ 10,000 |
| 2008 | 10,000 |
| 2009 | 10,000 |
| 2010 | 10,000 |
| 2011 | 10,000 |
| 2012 – 2015 | 10,000 |
| 2016 | <u>15,000</u> |
| | <u>\$ 105,000</u> |

\$129,915 loan from the State of New Mexico Finance Authority, agreed upon November 21, 2003 was originally for a total of \$160,000; the purpose of the loan was acquisition of fire equipment. The note is to be repaid from pledged state fire fund revenues. Interest is accrued at a blended rate of 1.6050% per annum with annual principal payments varying from \$14,760 to \$17,216. The Finance Authority charges a 0.25% administrative fee. The note matures on May 1, 2014.

| <u>Fiscal Year</u> <u>Ending June 30,</u> | <u>Principal</u> |
|----------------------------------------------|-------------------|
| 2008 | \$ 15,460 |
| 2009 | 15,625 |
| 2010 | 15,821 |
| 2011 | 16,044 |
| 2012 | 16,294 |
| 2013 – 2014 | <u>35,211</u> |
| | <u>\$ 114,455</u> |

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2007**

NOTE 6. LONG-TERM DEBT (continued)

C. During the year-ended June 30, 2007, the following changes occurred in the liabilities reported in the statement of net assets of business-type activities.

| | Balance June 30, 2006 | Additions | Decreases | Balance June 30, 2007 | Due Within One Year |
|-----------------------------|--------------------------|-----------------|------------------|--------------------------|------------------------|
| RCAC Loan | \$ 55,000 | \$ - | \$ - | \$ 55,000 | \$ 55,000 |
| Revenue Bonds | 59,000 | - | 4,000 | 55,000 | 6,000 |
| Compensated Absences | 10,626 | 9,662 | 12,829 | 7,459 | 2,461 |
| Total Long-Term Debt | \$ 124,626 | \$ 9,662 | \$ 16,829 | \$ 117,459 | \$ 63,461 |

Compensated absences typically have been liquidated in the business-type fund.

\$55,000 RCAC Loan from the Rural Community Assistance Corporation, agreed upon January 10, 2005; the purpose of the loan was to pay for predevelopment work required to satisfy conditions of funding contained in the United States Department of Agriculture's rural development letter of conditions to permit the closing and funding of rural utility services financial assistance to construct a water and wastewater system project. Due to extensions of the loan interest rates fluctuate during the fiscal year. The note accrues at a rate of 6.25% annually (for months of July 1, 2006 to January 1, 2007) and 5.75% annually (for the months of February 1, 2007 to August 1, 2007). The note is due and payable not later than (1) the close of the Village's grant for construction of water and wastewater system improvements from the United States Department of Agriculture Rural Development or (2) February 1, 2006, whichever is earlier. The loan was first extended until February 1, 2007 then another extension was granted until August 1, 2007. This loan principal and interest was paid off May 4, 2008 for a total of 55,527.

\$55,000 Revenue Bonds are a Series 1977 water and sewer revenue bonds, which were originally a total of \$145,000, which is due in annual installments of \$6,000; the purpose of the bonds is for infrastructure improvements. The bonds mature serially through the year 2016 at an annual rate of 5%.

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|--------------------------------|------------------|------------------|------------------|
| 2008 | \$ 6,000 | \$ 2,600 | \$ 8,600 |
| 2009 | 6,000 | 2,300 | 8,300 |
| 2010 | 6,000 | 1,700 | 7,700 |
| 2011 | 6,000 | 1,400 | 7,400 |
| 2012 | 6,000 | 1,100 | 7,100 |
| 2013-2016 | 25,000 | 1,300 | 26,300 |
| TOTAL | \$ 55,000 | \$ 10,400 | \$ 65,400 |

NOTE 7. RISK MANAGEMENT

The Village of Santa Clara is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries and natural disasters.

The Village has joined together with other local governments in the state and obtained insurance through the New Mexico Self-Insured Fund, a public entity risk pool currently operating as a common risk management and insurance program for local government. The Village pays an annual premium to New Mexico Self-Insured Fund for general insurance coverage and all risk of loss is transferred. The Village paid \$16,296 for the year-ended June 30, 2007.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2007**

NOTE 8. RETIREMENT PLAN

The Village does not participate in the New Mexico Public Employee's Retirement Association (PERA) Plan. The plan in which the Village participates is a savings incentive match plan, which is described in the following paragraphs.

Plan Description. The Village of Santa Clara employees are eligible to participate in a Savings Incentive Match Plan for Employees of Small Employers retirement plan or SIMPLE IRA plan. A SIMPLE IRA is an individual retirement account described in Section 408(b), to which the only contributions that can be made are contributions under a SIMPLE plan and rollovers to transfer from another SIMPLE IRA. This SIMPLE IRA may not be amended except to modify the entries inserted in the blanks or boxes provided in Articles I, II, III, IV and VII of form 5304-SIMPLE. Wells Fargo Funds, Silver City, New Mexico is the administrator of the plan.

- Salary Reduction Election – An eligible employee may make a salary election to have their compensation for each pay period reduced by a percentage, which will be contributed by the Village of Santa Clara to the employee's SIMPLE IRA.
- Salary Reduction Contributions – An eligible employee may elect to have their compensation reduced by a specified dollar amount, which will be contributed by the Village of Santa Clara to the employee's SIMPLE IRA.
- 2% Matching – For the eligible employees that elect to have a percentage or specific amount reduced from their compensation the Village will match and contribute no more than 2% of that employee's compensation.
- Time and Manner of Contributions – The Village will make the contributions for each eligible employee to the SIMPLE IRA established at the financial institution selected by the employee following each pay period.
- Vesting Requirements – All contributions made under the SIMPLE IRA plan are fully vested and non-forfeitable.
- No Withdrawal Restrictions – The Village may not require any employee to retain any portion of the contributions in their SIMPLE IRA or otherwise impose any withdrawal restrictions.
- Selection of IRA Trustee – The Village must permit each eligible employee to select the financial institution that will serve as the trustee, custodian, or issuer of the SIMPLE IRA to which the employer will make all contributions on behalf of the employee.

Contributions for the years-ended June 30 are shown below. Total payroll for employees eligible for employer non-elective contributions for the year ended June 30, 2007 was \$160,850.

| IRA Contributions for Years Ended: | <u>Village IRA Contribution 2%</u> | <u>Employee Contributions</u> | <u>Total</u> |
|-----------------------------------------------|----------------------------------------|-------------------------------|--------------|
| June 30, 2005 | \$ 2,139 | \$ 1,627 | \$ 3,766 |
| June 30, 2006 | 758 | 2,393 | 3,151 |
| June 30, 2007 | 3,217 | 1,768 | 4,985 |

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2007**

NOTE 9. DEFICIT FUND BALANCE AND EXCESS EXPENDITURES OVER APPROPRIATIONS

The following funds had a deficit fund balance as of June 30, 2007:

| | |
|-----------------------|------------------|
| Fire | \$ 8,229 |
| Juvenile Recreation | 47,693 |
| Special Appropriation | 26 |
| Main Street Park | 854 |
| RUS USDA | 2,554 |
| Law Enforcement | <u>1,050</u> |
| Total | \$ <u>60,406</u> |

NOTE 10. DEFICIT CASH BALANCES

The following funds had a deficit cash balance as of June 30, 2007:

| | |
|-----------------------|------------------|
| Fire | \$ 8,229 |
| Juvenile Recreation | 47,693 |
| Special Appropriation | 1,746 |
| Main Street Park | 854 |
| RUS USDA | 2,554 |
| Water & Sewer | <u>166</u> |
| Total | \$ <u>61,242</u> |

NOTE 11. POST-EMPLOYMENT BENEFITS

The Retiree Health Care Act, Chapter IV, Article 7C NMSA 1978 provides a comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The Village has elected not to participate in the post-employment health insurance plan.

NOTE 12. CONTINGENT LIABILITIES

The Village has no potential contingent liabilities at this time.

NOTE 13. FEDERAL AND STATE GRANTS

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

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2007**

NOTE 13. INTER-FUND TRANSFERS AND BALANCES

Transfers to/from other funds at June 30, 2007, consist of the following:

| <u>From</u> | <u>To</u> | <u>Amount</u> | <u>Purpose</u> |
|---------------------|--------------------|-------------------|--------------------------------------|
| General | DWI Grant | \$ 2,597 | Creating individual fund, operations |
| General | OBD Grant | 292 | Creating individual fund, operations |
| General | State P/S Addition | 23,059 | Creating individual fund, operations |
| Juvenile Recreation | Community Center | 48,122 | To transfer grant revenue |
| Water & Sewer | Flood Disaster | 3,432 | To transfer grant revenue |
| Water & Sewer | CDBG Colonias | <u>41,870</u> | Reverse prior year interfund payable |
| | | \$ <u>119,372</u> | Total |

| <u>Due From</u> | <u>Due To</u> | <u>Amount</u> | <u>Reason</u> |
|-----------------|------------------------|-------------------|----------------------------------|
| Water & Sewer | General | \$ 77,039 | Reimburse for operating advances |
| Water & Sewer | Law Protection | 17,262 | Reimburse for operating advances |
| Water & Sewer | Industrial Park | 10,231 | Reimburse for operating advances |
| Water & Sewer | Special Appropriation | 26 | Reimburse for operating expenses |
| Water & Sewer | Senior Citizens Center | <u>114</u> | Reimburse for operating expenses |
| | | \$ <u>104,672</u> | |

All of the amounts above are expected to be paid back within one year.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2007**

NOTE 14. EXCESS EXPENDITURES OVER APPROPRIATIONS

New Mexico State Statutes restricts all officials and governing authorities from approving claims in excess of the approved budget. The Village exceeded its authorized budget by \$704,614 as follows:

| Fund | Reason | Budgeted Expenses | Actual Expense | Difference |
|-------------------------|---------------------|----------------------|---------------------|---------------------|
| | Operating costs and | | | |
| Fire Protection | Capital Outlay | \$ 28,650 | \$ 228,258 | \$ (199,608) |
| EMS | Operating costs | 5,650 | 10,062 | (4,412) |
| Road | Operating costs | 9,254 | 10,422 | (1,168) |
| DWI Task Force | No budget | - | 8,332 | (8,332) |
| COPS Fast Grant | Operating costs | 80,608 | 83,992 | (3,384) |
| OBD State Grant | No budget | - | 639 | (639) |
| State grant 03-T-047 | No budget | - | 4,898 | (4,898) |
| Main Street Park | No budget | - | 106,839 | (106,839) |
| State SAP 06-L-G-1667 | No budget | - | 52,296 | (52,296) |
| State SAP 05-L-G-1495 | No budget | - | 14,400 | (14,400) |
| CDBG Colonias | No budget | - | 8,878 | (8,878) |
| Industrial Park | No budget | - | 1,093 | (1,093) |
| RUS & WW Improvements | No budget | - | 2,554 | (2,554) |
| CDBG W/S Planning Study | No budget | - | 2,631 | (2,631) |
| FEMA-Twin Sisters | No budget | - | 15,335 | (15,335) |
| State P/S Addition | No budget | - | 98,059 | (98,059) |
| Water & Sewer | Operating costs | 374,850 | 534,897 | (160,047) |
| Solid Waste | Operating costs | <u>134,500</u> | <u>154,541</u> | <u>(20,041)</u> |
| Totals | | <u>\$ 633,512</u> | <u>\$ 1,338,126</u> | <u>\$ (704,614)</u> |

The Village has implemented procedures to ensure compliance in the future.

NOTE 15. INVESTMENTS

The State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10 I through 6-10-10 P and Sections 6-10-10.1 A and E, NMSA 1978.

The pool does not have unit shares. Per Section 6-10-101F, 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 fund amounts were invested. Participation in the local government investment pool is voluntary.

The investments are valued at fair value based on quoted market prices as of the valuation date. Investments owned by the Village 30, 2007 were as follows:

| Fund | Fair Market Value |
|----------------------|----------------------|
| Fire protection fund | \$ 19,184 |
| Total | <u>\$ 19,184</u> |

The interest credit rate risk of this investment is as follows:

| | | | |
|---------------------|------------|-----------|------------|
| New MexicoGrow LGIP | AAAm rated | \$ 19,184 | 24-day WAM |
|---------------------|------------|-----------|------------|

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2007**

NOTE 16. SUBSEQUENT EVENTS

The Village has contracts and grant awards for Police Officer overtime and construction projects in various stages of completion. Such contracts, funded principally by federal, state and county agencies constitute future commitments.

NON-MAJOR GOVERNMENTAL FUNDS

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Non-Major Governmental Funds
June 30, 2007**

SPECIAL REVENUE FUNDS LISTING

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

Juvenile Recreation Fund – To account for operations of summer recreation programs. Financing is provided by state grants and expenditures for improvements (NMSA 7-12-6.11).

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

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

DWI Task Force Fund – To account for expenditures from state grants for the purpose of paying police officers overtime for various public safety activities related to reducing DWI fatalities such as check points and extra traffic patrols. (NMSA 11-6A-3).

Law Protection Fund – State Statutes Section 29-13 provides for the distribution of funds from the State Law Enforcement Protection Fund to municipal and village police and sheriff department for the maintenance and improvement of those departments in order to enhance the efficiency and effectiveness of law enforcement services provided. The fund is used to account for specific law enforcement expenditures not included in the general fund. Financing is provided by a state allocation and can only be used for law enforcement equipment and personnel training (NMSA 29-13-3).

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

OBD State Grant Fund – To account for State grant revenues and expenditures of the Operation Buckle Down State Grant. Authorized by the State grant agreement.

COPS Fast Grant Fund – To account for reimbursements and expenditures from the Federal grant. Authorized by the Federal grant agreement.

03-T-047 Grant – To account for State grant revenues and expenditures of the grant for uniforms and equipment for the Police Volunteer Program.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Non-Major Governmental Funds
June 30, 2007**

CAPITAL PROJECTS FUNDS LISTING

Senior Citizens Center – To account for revenue provided by the State Agency on Aging to be used to construct the Senior Citizen’s Center. Authorized by the 1996 State Legislature, House Bill 2; Chapter 4, 1996 Laws of New Mexico.

Special Appropriation Maintenance – To account for State grant revenues and expenditures of capital funding and safety equipment expenditures. Authorized is by the State grant agreement.

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

State SAP 06-L-G-1667 – To account for revenues and expenditures for the improvement of the community center. Authorized by the State grant agreement.

State SAP 05-L-G-1495 – To account for grant revenues and expenditures for construction of a Veteran’s Memorial. Authorized by the State grant agreement.

CDBG Colonias Wastewater – To account for Federal grant revenues and expenditures for wastewater improvements. Authorized by the Federal grant agreement.

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

State P/S Addition – To account for expenditures for the addition to the Police Station. Authorized by the State grant agreement.

RUS USDA Water & Wastewater – To account for Federal grant revenues and expenditures for water and wastewater improvements. Authorized by the Federal grant agreement.

Twin Sisters Well Field (FEMA) – To account for the FEMA Federal grant revenue and expenditures for the Twin Sisters Well Field. Authorized by the Federal grant agreement.

CDBG W/S Planning Study– To account for Federal grant revenues and expenditures water and wastewater improvements. Authorized by the Federal grant agreement.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Non-Major Governmental Fund Types
Combining Balance Sheet
For the Year-Ended June 30, 2007

| | Special Revenue Funds | Capital Projects Funds | Total |
|--------------------------------------|-----------------------------|------------------------------|----------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 69,268 | \$ 42,789 | \$ 112,057 |
| Taxes receivables | 396 | - | 396 |
| Due from other governments | - | 4,493 | 4,493 |
| Total assets | <u>\$ 69,664</u> | <u>47,282</u> | <u>116,946</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ 18 | \$ 315 | \$ 333 |
| Due to other funds | 17,262 | 10,371 | 27,633 |
| Total liabilities | <u>17,280</u> | <u>10,686</u> | <u>27,966</u> |
| Fund Balances: | | | |
| Reserved for capital projects funds | - | 36,596 | 36,596 |
| Unreserved for special revenue funds | 52,384 | - | 52,384 |
| Total fund balances | <u>52,384</u> | <u>36,596</u> | <u>88,980</u> |
| Total liabilities and fund balances | <u>\$ 69,664</u> | <u>47,282</u> | <u>116,946</u> |

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

STATE OF NEW MEXICO
VILLAGE OF SANTA CLAFRA
Non-Major Governmental Fund Types
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year-Ended June 30, 2007

| | <u>Special Revenue Funds</u> | <u>Capital Projects Funds</u> | <u>Totals</u> |
|------------------------------------------------|--------------------------------------|---------------------------------------|------------------|
| REVENUES | | | |
| Taxes and shared taxes: | | | |
| Local effort taxes | \$ 3,999 | \$ - | \$ 3,999 |
| State-shared taxes | 5,004 | - | 5,004 |
| Bond revenue | | 105,985 | 105,985 |
| Charges for services | 14,595 | - | 14,595 |
| State allocation | 25,654 | | 25,654 |
| Federal grants | 83,992 | 18,967 | 102,959 |
| State grant | 13,939 | 105,825 | 119,764 |
| County grant | 2,041 | - | 2,041 |
| Total revenues | <u>149,224</u> | <u>230,777</u> | <u>380,001</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Public safety | 117,874 | - | 117,874 |
| Public works | 10,422 | 20,520 | 30,942 |
| Capital outlay | - | 290,004 | 290,004 |
| Total expenditures | <u>128,296</u> | <u>310,524</u> | <u>438,820</u> |
| Excess (deficiency) revenues over expenditures | 20,928 | (79,747) | (58,819) |
| Other financing sources (uses): | | | |
| Transfers in | 2,889 | 116,483 | 119,372 |
| Transfers out | (48,122) | - | (48,122) |
| Total other financing sources (uses) | <u>(45,233)</u> | <u>116,483</u> | <u>71,250</u> |
| Net change in fund balances | (24,305) | 36,736 | 12,431 |
| Fund balances – beginning | <u>76,689</u> | <u>(140)</u> | <u>76,549</u> |
| Fund balances – ending | <u>\$ 52,384</u> | <u>\$ 36,596</u> | <u>\$ 88,980</u> |

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

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Non-Major Governmental Fund Types
Special Revenue Funds
Combining Balance Sheet
For the Year Ended June 30, 2007

| | Corrections | Juvenile Recreation | Cemetery | EMS | DWI Task Force | Law Protection | Road | Cops Fast Grant | Sub-Total |
|--------------------------------------|------------------|------------------------|-----------------|-----------------|----------------|-------------------|------------------|--------------------|------------------|
| ASSETS | | | | | | | | | |
| Cash and cash equivalents | \$ 47,637 | \$ (47,693) | \$ 9,052 | \$ 1,964 | \$ - | \$ 16,230 | \$ 42,078 | \$ - | \$ 69,268 |
| Taxes Receivable | - | - | - | - | - | - | 396 | - | 396 |
| Due from other governments | - | - | - | - | - | - | - | - | - |
| Total assets | <u>\$ 47,637</u> | <u>\$ (47,693)</u> | <u>\$ 9,052</u> | <u>\$ 1,964</u> | <u>\$ -</u> | <u>\$ 16,230</u> | <u>\$ 42,474</u> | <u>\$ -</u> | <u>\$ 69,664</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 18 | \$ - | \$ - | \$ 18 |
| Due to other funds | - | - | - | - | - | 17,262 | - | - | 17,262 |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>17,280</u> | <u>-</u> | <u>-</u> | <u>17,280</u> |
| Fund balances: | | | | | | | | | |
| Unreserved for special revenue funds | 47,637 | (47,693) | 9,052 | 1,964 | - | (1,050) | 42,474 | - | 52,384 |
| Total fund balances | <u>47,637</u> | <u>(47,693)</u> | <u>9,052</u> | <u>1,964</u> | <u>-</u> | <u>(1,050)</u> | <u>42,474</u> | <u>-</u> | <u>52,384</u> |
| Total liabilities and fund balances | <u>\$ 47,637</u> | <u>\$ (47,693)</u> | <u>\$ 9,052</u> | <u>\$ 1,964</u> | <u>\$ -</u> | <u>\$ 16,230</u> | <u>\$ 42,474</u> | <u>\$ -</u> | <u>\$ 69,664</u> |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Non-Major Governmental Fund Types
Special Revenue Funds
Combining Balance Sheet
For the Year Ended June 30, 2007**

| | OBD State Grant | 03-T-047 Grant | Cummulative Total |
|--------------------------------------|--------------------|-------------------|----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ 69,268 |
| Taxes receivable | - | - | 396 |
| Due from other governments | - | - | - |
| Total assets | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 69,664</u> |
| | | | |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ - | \$ - | \$ 18 |
| Due to other funds | - | - | 17,262 |
| Total liabilities | <u>-</u> | <u>-</u> | <u>17,280</u> |
| | | | |
| Fund balances: | | | |
| Unreserved for special revenue funds | - | - | 52,384 |
| Total fund balances | <u>-</u> | <u>-</u> | <u>52,384</u> |
| | | | |
| Total liabilities and fund balances | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 69,664</u> |

The accompanying notes are an integral part of these financial statements
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STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Non-Major Governmental Fund Types
Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2007

| | Corrections | Juvenile Recreation | Cemetery | EMS | DWI Task Force | Law Protection | Road | Cops Fast Grant | Sub-Total |
|------------------------------------------------|-------------|------------------------|----------|----------|----------------|-------------------|-----------|--------------------|-----------|
| REVENUE | | | | | | | | | |
| Taxes and shared taxes: | | | | | | | | | |
| Local taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,999 | \$ - | \$ 3,999 |
| State-shared | | | | | | | 5,004 | | 5,004 |
| Charges for services | 14,065 | - | 530 | - | - | - | - | - | 14,595 |
| State allocation | - | - | - | 3,254 | - | 22,400 | - | - | 25,654 |
| Federal grant | - | - | - | - | - | - | - | 83,992 | 83,992 |
| State grant | - | - | - | 5,000 | 3,694 | - | - | - | 8,694 |
| County grant | - | - | - | - | 2,041 | - | - | - | 2,041 |
| Investment income | - | - | - | - | - | - | - | - | - |
| Miscellaneous income | - | - | - | - | - | - | - | - | - |
| Total revenue | 14,065 | - | 530 | 8,254 | 5,735 | 22,400 | 9,003 | 83,992 | 143,979 |
| EXPENDITURES | | | | | | | | | |
| Current: | | | | | | | | | |
| Public safety | 4,163 | - | - | 10,062 | 8,332 | 5,788 | - | 83,992 | 112,337 |
| Public works | - | - | - | - | - | - | 10,422 | - | 10,422 |
| General government | - | - | - | - | - | - | - | - | - |
| Health and welfare | - | - | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - | - | - |
| Total expenditures | 4,163 | - | - | 10,062 | 8,332 | 5,788 | 10,422 | 83,992 | 122,759 |
| Excess (deficiency) revenues over expenditures | 9,902 | - | 530 | (1,808) | (2,597) | 16,612 | (1,419) | - | 21,220 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | |
| Transfers in | - | - | - | - | 2,597 | - | - | - | 2,597 |
| Transfers out | - | (48,122) | - | - | - | - | - | - | (48,122) |
| Total other financing sources (uses) | - | (48,122) | - | - | 2,597 | - | - | - | (45,525) |
| Net change in fund balances | 9,902 | (48,122) | 530 | (1,808) | - | 16,612 | (1,419) | - | (24,305) |
| Fund balances - beginning | 37,735 | 429 | 8,522 | 3,772 | - | (17,662) | 43,893 | - | 76,689 |
| Fund balances - ending | \$ 47,637 | \$ (47,693) | \$ 9,052 | \$ 1,964 | \$ - | \$ (1,050) | \$ 42,474 | \$ - | \$ 52,384 |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Non-Major Governmental Fund Types
Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2007**

| | OBD State Grant | 03-T-047 Grant | Cummulative Total |
|------------------------------------------------|--------------------|-------------------|----------------------|
| REVENUE | | | |
| Taxes and shared taxes: | | | |
| Local effort taxes | \$ - | \$ - | \$ 3,999 |
| State-shared taxes | - | - | 5,004 |
| Charges for services | - | - | 14,595 |
| State allocation | - | - | 25,654 |
| Federal grant | - | - | 83,992 |
| State grant | 347 | 4,898 | 13,939 |
| County grant | - | - | 2,041 |
| Investment income | - | - | - |
| Miscellaneous income | - | - | - |
| Total revenue | <u>347</u> | <u>4,898</u> | <u>149,224</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Public safety | 639 | 4,898 | 117,874 |
| Public works | - | - | 10,422 |
| General government | - | - | - |
| Health and welfare | - | - | - |
| Capital outlay | - | - | - |
| Total expenditures | <u>639</u> | <u>4,898</u> | <u>128,296</u> |
| Excess (deficiency) revenues over expenditures | (292) | - | 20,928 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 292 | - | 2,889 |
| Transfers out | - | - | (48,122) |
| Total other financing sources (uses) | <u>292</u> | <u>-</u> | <u>(45,233)</u> |
| Net change in fund balances | - | - | (24,305) |
| Fund balances - beginning | - | - | <u>76,689</u> |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 52,384</u> |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
SPECIAL REVENUE FUND-CORRECTIONS
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2007

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variances |
|------------------------------------------------|-------------------------|---------------|---------------------|------------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | (Non-GAAP Basis) | Favorable (Unfavorable) <u>Final to Actual</u> |
| Revenues | | | | |
| Charges for services | \$ 11,500 | \$ 11,500 | \$ 14,065 | \$ 2,565 |
| Total revenues | <u>11,500</u> | <u>11,500</u> | <u>14,065</u> | <u>2,565</u> |
| Add: beginning cash | <u>38,664</u> | <u>38,664</u> | | |
| | <u>50,164</u> | <u>50,164</u> | | |
| Expenditures | | | | |
| Operating costs | <u>9,303</u> | <u>9,303</u> | <u>4,163</u> | <u>5,140</u> |
| Total expenditures | <u>9,303</u> | <u>9,303</u> | <u>4,163</u> | <u>5,140</u> |
| Excess (deficiency) revenues over expenditures | | | <u>9,902</u> | |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | | | 9,902 | |
| Differences Between GAAP and Non-GAAP | | | | |
| Fund balance – beginning | | | <u>37,735</u> | |
| Fund balance – ending | | | \$ <u>47,637</u> | |

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

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
SPECIAL REVENUE FUND-JUVENILE RECREATION
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2007

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variances |
|----------------------------------------------------|-------------------------|---------------|-----------------------------|------------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | <u>(Non-GAAP Basis)</u> | Favorable (Unfavorable) <u>Final to Actual</u> |
| Revenues | | | | |
| State-shared taxes | \$ 140 | \$ 140 | \$ - | \$ 140 |
| State grants | <u>22,000</u> | <u>22,000</u> | <u>-</u> | <u>22,000</u> |
| Total revenues | <u>22,140</u> | <u>22,140</u> | <u>-</u> | <u>22,140</u> |
| Add: beginning cash | 429 | 429 | | |
| | <u>22,569</u> | <u>22,569</u> | | |
| Expenditures | | | | |
| Capital outlay | <u>9,890</u> | <u>9,890</u> | <u>-</u> | <u>9,890</u> |
| Total expenditures | <u>9,890</u> | <u>9,890</u> | <u>-</u> | <u>9,890</u> |
| Excess (deficiency) revenues over expenditures | | | <u>-</u> | |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | | | - | |
| Differences Between GAAP and Non-GAAP | | | | |
| Adjust transfers | | | (48,122) | |
| Fund balance – beginning | | | <u>429</u> | |
| Fund balance – ending | | | <u>\$ (47,693)</u> | |

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

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
SPECIAL REVENUE FUND-CEMETERY
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2007

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variances |
|------------------------------------------------|-------------------------|--------------|---------------------|------------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | (Non-GAAP Basis) | Favorable (Unfavorable) <u>Final to Actual</u> |
| Revenues | | | | |
| Charges for services | \$ 800 | \$ 800 | \$ 530 | \$ (270) |
| Total revenues | <u>800</u> | <u>800</u> | <u>530</u> | <u>(270)</u> |
| Add: beginning cash | <u>8,522</u> | <u>8,522</u> | | |
| | <u>9,322</u> | <u>9,322</u> | | |
| Expenditures | | | | |
| Current | | | | |
| Health and welfare | 200 | 200 | - | 200 |
| Capital outlay | 200 | 200 | - | 200 |
| Total expenditures | <u>400</u> | <u>400</u> | <u>-</u> | <u>400</u> |
| Excess (deficiency) revenues over expenditures | | | <u>530</u> | |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | | | 530 | |
| Differences Between GAAP and Non-GAAP | | | | |
| Fund balance – beginning | | | <u>8,522</u> | |
| Fund balance – ending | | | \$ <u>9,052</u> | |

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

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
SPECIAL REVENUE FUND-EMERGENCY MEDICAL SERVICE
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2007

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variances |
|----------------------------------------------------|-------------------------|------------------|---------------------|----------------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | (Non-GAAP Basis) | Favorable (Unfavorable) <u>Final to Actual</u> |
| Revenues | | | | |
| State allotment | \$ - | \$ - | \$ 3,254 | \$ 3,254 |
| State grants | <u>5,650</u> | <u>5,650</u> | <u>5,000</u> | <u>(650)</u> |
| Total revenues | <u>5,650</u> | <u>5,650</u> | <u>8,254</u> | <u>2,604</u> |
| Add: beginning cash | <u>3,772</u> | <u>3,772</u> | | |
| | <u>9,422</u> | <u>9,422</u> | | |
| Expenditures | | | | |
| Current | | | | |
| Public safety | <u>5,650</u> | <u>5,650</u> | <u>10,062</u> | <u>(4,412)</u> |
| Total expenditures | <u>5,650</u> | <u>5,650</u> | <u>10,062</u> | <u>(4,412)</u> |
| Excess (deficiency) revenues over expenditures | | | <u>(1,808)</u> | |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | | | (1,808) | |
| Differences Between GAAP and Non-GAAP | | | | |
| Fund balance – beginning | | | <u>3,772</u> | |
| Fund balance – ending | | | \$ <u>1,964</u> | |

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

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
SPECIAL REVENUE FUND-DWI TASK FORCE
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2007

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variances |
|------------------------------------------------|-------------------------|---------------|---------------------|------------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | (Non-GAAP Basis) | Favorable (Unfavorable) <u>Final to Actual</u> |
| Revenues | | | | |
| State grants | \$ 5,000 | \$ 5,000 | \$ 3,694 | \$ (1,306) |
| County Grant | 5,000 | 5,000 | 2,041 | (2,959) |
| Total revenues | <u>10,000</u> | <u>10,000</u> | <u>5,735</u> | <u>(4,265)</u> |
| Add: beginning cash | <u>-</u> | <u>-</u> | | |
| | <u>10,000</u> | <u>10,000</u> | | |
| Expenditures: | | | | |
| Current | | | | |
| Public safety | - | - | 8,332 | (8,332) |
| Total expenditures | <u>-</u> | <u>-</u> | <u>8,332</u> | <u>(8,332)</u> |
| Excess (deficiency) revenues over expenditures | | | <u>(2,597)</u> | |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | | | (2,597) | |
| Differences Between GAAP and Non-GAAP | | | | |
| Adjust transfers | | | 2,597 | |
| Fund balance – beginning | | | <u>-</u> | |
| Fund balance – ending | | | \$ <u><u>-</u></u> | |

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

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
SPECIAL REVENUE FUND-LAW PROTECTION ENFORCEMENT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2007

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variances |
|------------------------------------------------|-------------------------|---------------|---------------------|----------------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | (Non-GAAP Basis) | Favorable (Unfavorable) <u>Final to Actual</u> |
| Revenues: | | | | |
| State allocation | \$ 21,200 | \$ 21,200 | \$ 22,400 | \$ 1,200 |
| Total revenues | <u>21,200</u> | <u>21,200</u> | <u>22,400</u> | <u>1,200</u> |
| Add: beginning cash | <u>-</u> | <u>-</u> | | |
| | <u>21,200</u> | <u>21,200</u> | | |
| Expenditures | | | | |
| Current | | | | |
| Public Safety | 8,503 | 8,503 | 5,788 | 2,715 |
| Total expenditures | <u>8,503</u> | <u>8,503</u> | <u>5,788</u> | <u>2,715</u> |
| Excess (deficiency) revenues over expenditures | | | <u>16,612</u> | |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | | | 16,612 | |
| Differences Between GAAP and Non-GAAP | | | | |
| Fund balance – beginning | | | <u>(17,662)</u> | |
| Fund balance – ending | | | \$ <u>(1,050)</u> | |

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

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
SPECIAL REVENUE FUND-ROAD
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2007

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variances |
|----------------------------------------------------|-------------------------|-------------------|---------------------|------------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | (Non-GAAP Basis) | Favorable (Unfavorable) <u>Final to Actual</u> |
| Revenues | | | | |
| Local effort taxes | \$ 4,000 | \$ 4,000 | \$ 3,999 | \$ (1) |
| State-shared taxes | <u>5,254</u> | <u>5,254</u> | <u>5,004</u> | <u>(250)</u> |
| Total revenues | <u>9,254</u> | <u>9,254</u> | <u>9,003</u> | <u>(251)</u> |
| Add: beginning cash | <u>44,546</u> | <u>44,546</u> | | |
| | <u>53,800</u> | <u>53,800</u> | | |
| Expenditures | | | | |
| Current | | | | |
| Public Works | 6,700 | 6,700 | 10,422 | (3,722) |
| Capital outlay | <u>2,554</u> | <u>2,554</u> | <u>-</u> | <u>2,554</u> |
| Total expenditures | <u>9,254</u> | <u>9,254</u> | <u>10,422</u> | <u>(1,168)</u> |
| Excess (deficiency) revenues over expenditures | | | <u>(1,419)</u> | |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | | | (1,419) | |
| Differences Between GAAP and Non-GAAP | | | | |
| Fund balance – beginning | | | <u>43,893</u> | |
| Fund balance – ending | | | \$ <u>42,474</u> | |

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

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
SPECIAL REVENUE FUND-COPS FAST GRANT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2007

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variances |
|------------------------------------------------|-------------------------|---------------|---------------------|------------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | (Non-GAAP Basis) | Favorable (Unfavorable) <u>Final to Actual</u> |
| Revenues | | | | |
| Federal grants | \$ 80,608 | \$ 80,608 | \$ 83,992 | \$ (3,384) |
| Total revenues | <u>80,608</u> | <u>80,608</u> | <u>83,992</u> | <u>(3,384)</u> |
| Add: beginning cash | <u>-</u> | <u>-</u> | | |
| | <u>80,608</u> | <u>80,608</u> | | |
| Expenditures | | | | |
| Current | | | | |
| Public Safety | <u>80,608</u> | <u>80,608</u> | <u>83,992</u> | <u>(3,384)</u> |
| Total expenditures | <u>80,608</u> | <u>80,608</u> | <u>83,992</u> | <u>(3,384)</u> |
| Excess (deficiency) revenues over expenditures | | | <u>-</u> | |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | | | | |
| Differences Between GAAP and Non-GAAP | | | | |
| Fund balance – beginning | | | <u>-</u> | |
| Fund balance – ending | | | \$ <u>-</u> | |

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

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
SPECIAL REVENUE FUND-OBD STATE GRANT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2007

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variances |
|----------------------------------------------------|-------------------------|--------------|---------------------|------------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | (Non-GAAP Basis) | Favorable (Unfavorable) <u>Final to Actual</u> |
| Revenues | | | | |
| State grant | \$ - | \$ - | \$ 347 | \$ 347 |
| Total revenues | <u>-</u> | <u>-</u> | <u>347</u> | <u>347</u> |
| Add: beginning cash | <u>-</u> | <u>-</u> | | |
| Expenditures | | | | |
| Current | | | | |
| Public Safety | - | - | 639 | (639) |
| Total expenditures | <u>-</u> | <u>-</u> | <u>639</u> | <u>(639)</u> |
| Excess (deficiency) revenues over expenditures | | | <u>-</u> | |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | 292 | 292 |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>292</u> | <u>292</u> |
| Net change in fund balance | | | | |
| Differences Between GAAP and Non-GAAP | | | | |
| Fund balance – beginning | | | <u>-</u> | |
| Fund balance – ending | | | \$ <u><u>-</u></u> | |

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

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
SPECIAL REVENUE FUND-STATE GRANT 03-T-047
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2007

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variances |
|----------------------------------------------------|-------------------------|--------------|------------------------|------------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | (Non-GAAP Basis) | Favorable (Unfavorable) <u>Final to Actual</u> |
| Revenues | | | | |
| State grants | \$ - | \$ - | \$ 4,898 | \$ 4,898 |
| Total revenues | <u>-</u> | <u>-</u> | <u>4,898</u> | <u>4,898</u> |
| Add: beginning cash | <u>-</u> | <u>-</u> | | |
| Expenditures | | | | |
| Public Safety | - | - | 4,898 | (4,898) |
| Total expenditures | <u>-</u> | <u>-</u> | <u>4,898</u> | <u>(4,898)</u> |
| Excess (deficiency) revenues over expenditures | | | <u>-</u> | |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | | | <u>-</u> | |
| Differences Between GAAP and Non-GAAP | | | | |
| Fund balance – beginning | | | <u>-</u> | |
| Fund balance – ending | | | \$ <u><u>-</u></u> | |

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

CAPITAL PROJECT FUNDS

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Non-Major Governmental Fund Types
Capital Projects Funds
Combining Balance Sheet
For the Year Ended June 30, 2007**

| | Senior Citizens Center | Special Appropriation Maintenance | Main Street Park | SAP 05-L-G-1667 | SAP 06-L-G-1495 | CDBG Colonias Wastewater | Sub-Total |
|--------------------------------------|------------------------------|-----------------------------------------|---------------------|--------------------|--------------------|--------------------------------|-----------|
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ - | \$ (1,746) | \$ (854) | \$ - | \$ - | \$ 37,425 | \$ 34,825 |
| Due from other governments | - | 1,746 | - | - | - | - | 1,746 |
| Total assets | \$ - | \$ - | \$ (854) | \$ - | \$ - | \$ 37,425 | \$ 36,571 |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Due to other funds | 114 | 26 | - | - | - | - | 140 |
| Total liabilities | 114 | 26 | - | - | - | - | 140 |
| Fund balances: | | | | | | | |
| Reserved for capital projects funds | (114) | (26) | (854) | - | - | 37,425 | 36,431 |
| Total fund balances | (114) | (26) | (854) | - | - | 37,425 | 36,431 |
| Total liabilities and fund balances | \$ - | \$ - | \$ (854) | \$ - | \$ - | \$ 37,425 | \$ 36,571 |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Non-Major Governmental Fund Types
Capital Projects Funds
Combining Balance Sheet
For the Year Ended June 30, 2007

| | Industrial Park | State P/S Addition | RUS W & WW Improvements | FEMA Twin Sister | CDBG W/S Planning Study | Cummulative Total |
|--------------------------------------|--------------------|-----------------------|----------------------------|---------------------|-------------------------------|----------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 10,518 | \$ - | \$ (2,554) | \$ - | \$ - | \$ 42,789 |
| Due from other governments | - | - | - | 2,747 | - | 4,493 |
| Total assets | <u>\$ 10,518</u> | <u>\$ -</u> | <u>\$ (2,554)</u> | <u>\$ 2,747</u> | <u>\$ -</u> | <u>\$ 47,282</u> |
| | | | | | | |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 315 | \$ - | \$ - | \$ - | \$ - | \$ 315 |
| Due to other funds | 10,231 | - | - | - | - | 10,371 |
| Total liabilities | <u>10,546</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>10,686</u> |
| Fund balances: | | | | | | |
| Reserved for capital projects funds | (28) | - | (2,554) | 2,747 | - | 36,596 |
| Total fund balances | <u>(28)</u> | <u>-</u> | <u>(2,554)</u> | <u>2,747</u> | <u>-</u> | <u>36,596</u> |
| Total liabilities and fund balances | <u>\$ 10,518</u> | <u>\$ -</u> | <u>\$ (2,554)</u> | <u>\$ 2,747</u> | <u>\$ -</u> | <u>\$ 47,282</u> |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Non-Major Governmental Fund Types
Capital Projects Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2007**

| | Senior Citizens Center | Special Appropriation Maintenance | Main Street Park | State SAP 06-L-G-1667 | State SAP 05-L-G-1495 | CDBG Colonias Wastewater | Sub-Total |
|------------------------------------------------|------------------------------|-----------------------------------------|------------------------|--------------------------|--------------------------|--------------------------------|-----------|
| REVENUE | | | | | | | |
| Bond revenue | - | - | 105,985 | - | - | - | 105,985 |
| Federal grant | - | - | | - | - | \$ 4,433 | 4,433 |
| State grant | - | 8,439 | | 4,174 | 14,400 | - | 27,013 |
| Total revenue | - | 8,439 | 105,985 | 4,174 | 14,400 | 4,433 | 137,431 |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| Public works | - | - | | - | - | - | - |
| Capital outlay | - | 8,439 | 106,839 | 52,296 | 14,400 | 8,878 | 190,852 |
| Total expenditures | - | 8,439 | 106,839 | 52,296 | 14,400 | 8,878 | 190,852 |
| Excess (deficiency) revenues over expenditures | - | - | (854) | (48,122) | - | (4,445) | (53,421) |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers in | - | - | - | 48,122 | - | 41,870 | 89,992 |
| Transfers out | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | 48,122 | - | 41,870 | 89,992 |
| Net change in fund balances | - | - | (854) | - | - | 37,425 | 36,571 |
| Fund balances - beginning | (114) | (26) | | | | - | (140) |
| Fund balances - ending | \$ (114) | \$ (26) | \$ (854) | \$ - | \$ - | \$ 37,425 | \$ 36,431 |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Non-Major Governmental Fund Types
Capital Projects Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2007**

| | Industrial Park | State P/S Addition | RUS W & WW Improvements | FEMA Twin Sisters | CDBG W/S Planning Study | Cummulative Total |
|------------------------------------------------|--------------------|-----------------------|----------------------------|----------------------|-------------------------------|----------------------|
| REVENUE | | | | | | |
| Bond revenue | - | - | - | - | - | 105,985 |
| Federal grant | - | - | - | 11,903 | 2,631 | 18,967 |
| State grant | 1,065 | 75,000 | - | 2,747 | - | 105,825 |
| Total revenue | 1,065 | 75,000 | - | 14,650 | 2,631 | 230,777 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| Public works | - | - | 2,554 | 15,335 | 2,631 | 20,520 |
| Capital outlay | 1,093 | 98,059 | - | - | - | 290,004 |
| Total expenditures | 1,093 | 98,059 | 2,554 | 15,335 | 2,631 | 310,524 |
| Excess (deficiency) revenues over expenditures | (28) | (23,059) | (2,554) | (685) | - | (79,747) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | 23,059 | - | 3,432 | - | 116,483 |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | - | 23,059 | - | 3,432 | - | 116,483 |
| Net change in fund balances | (28) | - | (2,554) | 2,747 | - | 36,736 |
| Fund balances - beginning | \$ - | - | - | - | - | (140) |
| Fund balances - ending | \$ (28) | \$ - | \$ (2,554) | \$ 2,747 | \$ - | \$ 36,596 |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
VILLAGE OF SANAT CLARA
CAPITAL PROJECTS-SENIOR CITIZENS CENTER
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2007

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variances |
|------------------------------------------------|-------------------------|--------------|---------------------|------------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | (Non-GAAP Basis) | Favorable (Unfavorable) <u>Final to Actual</u> |
| Revenues | | | | |
| Intergovernmental | \$ 500 | \$ 500 | \$ - | \$ (500) |
| Total revenues | <u>500</u> | <u>500</u> | <u>-</u> | <u>(500)</u> |
| Add: beginning cash | <u>-</u> | <u>-</u> | | |
| | <u>500</u> | <u>500</u> | | |
| Expenditures | | | | |
| Capital outlay | 500 | 500 | - | 500 |
| Total expenditures | <u>500</u> | <u>500</u> | <u>-</u> | <u>500</u> |
| Excess (deficiency) revenues over expenditures | | | <u>-</u> | |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | | | - | |
| Differences Between GAAP and Non-GAAP | | | | |
| Adjust transfers | | | - | |
| Fund balance – beginning | | | <u>(114)</u> | |
| Fund balance – ending | | | <u>\$ (114)</u> | |

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

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
CAPITAL PROJECTS FUND-SPECIAL APPROPRIATIONS MAINTENANCE
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2007

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variances |
|------------------------------------------------|-------------------------|---------------|---------------------|------------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | (Non-GAAP Basis) | Favorable (Unfavorable) <u>Final to Actual</u> |
| Revenues | | | | |
| State grants | \$ 60,000 | \$ 60,000 | \$ 6,693 | \$ (53,307) |
| Total revenues | <u>60,000</u> | <u>60,000</u> | <u>6,693</u> | <u>(53,307)</u> |
| Add: beginning cash | <u>-</u> | <u>-</u> | | |
| | <u>60,000</u> | <u>60,000</u> | | |
| Expenditures | | | | |
| Capital outlay | 60,000 | 60,000 | 8,439 | 51,561 |
| Total expenditures | <u>60,000</u> | <u>60,000</u> | <u>8,439</u> | <u>51,561</u> |
| Excess (deficiency) revenues over expenditures | | | <u>(1,746)</u> | |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | | | (1,746) | |
| Differences Between GAAP and Non-GAAP | | | | |
| Adjust accrued revenue | | | 1,746 | |
| Fund balance – beginning | | | <u>(26)</u> | |
| Fund balance – ending | | | <u>\$ (26)</u> | |

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

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
CAPITAL PROJECTS FUND-MAIN STREET PARK
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2007

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variances |
|------------------------------------------------|-------------------------|--------------|---------------------|----------------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | (Non-GAAP Basis) | Favorable (Unfavorable) <u>Final to Actual</u> |
| Revenues | | | | |
| State grants | \$ - | \$ - | \$ 105,985 | \$ 105,985 |
| Total revenues | <u>-</u> | <u>-</u> | <u>105,985</u> | <u>105,985</u> |
| Add: beginning cash | <u>-</u> | <u>-</u> | | |
| Expenditures | | | | |
| Capital outlay | <u>-</u> | <u>-</u> | <u>106,839</u> | <u>(106,839)</u> |
| Total expenditures | <u>-</u> | <u>-</u> | <u>106,839</u> | <u>(106,839)</u> |
| Excess (deficiency) revenues over expenditures | | | <u>(854)</u> | |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | | | (854) | |
| Differences Between GAAP and Non-GAAP | | | | |
| Fund balance – beginning | | | <u>-</u> | |
| Fund balance – ending | | | \$ <u>(854)</u> | |

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

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
CAPITAL PROJECTS FUND-SAP 05-L-G-1667
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2007

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variances |
|------------------------------------------------|-------------------------|--------------|---------------------|------------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | (Non-GAAP Basis) | Favorable (Unfavorable) <u>Final to Actual</u> |
| Revenues | | | | |
| State grants | \$ - | \$ - | \$ 4,174 | \$ 4,174 |
| Total revenues | <u>-</u> | <u>-</u> | <u>4,174</u> | <u>4,174</u> |
| Add: beginning cash | <u>-</u> | <u>-</u> | | |
| Expenditures | | | | |
| Capital outlay | <u>-</u> | <u>-</u> | <u>52,296</u> | <u>(52,296)</u> |
| Total expenditures | <u>-</u> | <u>-</u> | <u>52,296</u> | <u>(52,296)</u> |
| Excess (deficiency) revenues over expenditures | | | <u>(48,122)</u> | |
| Other financing sources (uses) | | | | |
| Transfers in | <u>-</u> | <u>-</u> | <u>48,122</u> | <u>-</u> |
| Transfers out | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>48,122</u> | <u>-</u> |
| Net change in fund balance | | | - | |
| Differences Between GAAP and Non-GAAP | | | | |
| Fund balance – beginning | | | <u>-</u> | |
| Fund balance – ending | | | \$ <u><u>-</u></u> | |

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

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
CAPITAL PROJECTS FUND-SAP 06-L-G-1495
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2007

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variances |
|------------------------------------------------|-------------------------|--------------|---------------------|------------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | (Non-GAAP Basis) | Favorable (Unfavorable) <u>Final to Actual</u> |
| Revenues | | | | |
| State grants | \$ - | \$ - | \$ 14,400 | \$ 14,400 |
| Total revenues | <u>-</u> | <u>-</u> | <u>14,400</u> | <u>14,400</u> |
| Add: beginning cash | <u>-</u> | <u>-</u> | | |
| Expenditures | | | | |
| Capital outlay | <u>-</u> | <u>-</u> | 14,400 | (14,400) |
| Total expenditures | <u>-</u> | <u>-</u> | <u>14,400</u> | <u>(14,400)</u> |
| Excess (deficiency) revenues over expenditures | | | <u>-</u> | |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | | | - | |
| Differences Between GAAP and Non-GAAP | | | | |
| Fund balance – beginning | | | <u>-</u> | |
| Fund balance – ending | | | \$ <u><u>-</u></u> | |

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

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
CAPITAL PROJECTS FUND-CDBG COLONIAS
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2007

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variances |
|------------------------------------------------|-------------------------|--------------|---------------------|------------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | (Non-GAAP Basis) | Favorable (Unfavorable) <u>Final to Actual</u> |
| Revenues | | | | |
| Federal grants | \$ - | \$ - | \$ 4,433 | \$ 4,433 |
| Total revenues | <u>-</u> | <u>-</u> | <u>4,433</u> | <u>4,433</u> |
| Add: beginning cash | <u>-</u> | <u>-</u> | | |
| Expenditures | | | | |
| Capital outlay | <u>-</u> | <u>-</u> | 8,878 | (8,878) |
| Total expenditures | <u>-</u> | <u>-</u> | <u>8,878</u> | <u>(8,878)</u> |
| Excess (deficiency) revenues over expenditures | | | <u>(4,445)</u> | |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | 41,870 | 41,870 |
| Transfers out | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>41,870</u> | <u>41,870</u> |
| Net change in fund balance | | | 37,425 | |
| Differences Between GAAP and Non-GAAP | | | | |
| Fund balance – beginning | | | <u>-</u> | |
| Fund balance – ending | | | \$ <u>37,425</u> | |

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

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
CAPITAL PROJECTS FUND-INDUSTRIAL PARK
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2007

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variances |
|------------------------------------------------|-------------------------|--------------|---------------------|------------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | (Non-GAAP Basis) | Favorable (Unfavorable) <u>Final to Actual</u> |
| Revenues | | | | |
| State grants | \$ - | \$ - | \$ 1,065 | \$ 1,065 |
| Total revenues | <u>-</u> | <u>-</u> | <u>1,065</u> | <u>1,065</u> |
| Add: beginning cash | <u>-</u> | <u>-</u> | | |
| Expenditures | | | | |
| Capital outlay | <u>-</u> | <u>-</u> | <u>1,093</u> | <u>(1,093)</u> |
| Total expenditures | <u>-</u> | <u>-</u> | <u>1,093</u> | <u>(1,093)</u> |
| Excess (deficiency) revenues over expenditures | | | <u>(28)</u> | |
| Other financing sources (uses) | | | | |
| Transfers in | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Transfers out | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | | | (28) | |
| Differences Between GAAP and Non-GAAP | | | | |
| Fund balance – beginning | | | <u>-</u> | |
| Fund balance – ending | | | <u>\$ (28)</u> | |

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

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
CAPITAL PROJECTS FUND-POLICE STATION ADDITION
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2007

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variances |
|------------------------------------------------|-------------------------|--------------|---------------------|------------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | (Non-GAAP Basis) | Favorable (Unfavorable) <u>Final to Actual</u> |
| Revenues | | | | |
| State grants | \$ - | \$ - | \$ 75,000 | \$ 75,000 |
| Total revenues | <u>-</u> | <u>-</u> | <u>75,000</u> | <u>75,000</u> |
| Add: beginning cash | <u>-</u> | <u>-</u> | | |
| Expenditures | | | | |
| Capital outlay | <u>-</u> | <u>-</u> | <u>98,059</u> | <u>(98,059)</u> |
| Total expenditures | <u>-</u> | <u>-</u> | <u>98,059</u> | <u>(98,059)</u> |
| Excess (deficiency) revenues over expenditures | | | <u>(23,059)</u> | |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | 23,059 | 23,059 |
| Transfers out | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>23,059</u> | <u>23,059</u> |
| Net change in fund balance | | | - | |
| Differences Between GAAP and Non-GAAP | | | | |
| Fund balance – beginning | | | <u>-</u> | |
| Fund balance – ending | | | \$ <u><u>-</u></u> | |

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

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
CAPITAL PROJECTS FUND-RUS USDA WASTEWATER IMPROVEMENTS
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2007

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variances |
|------------------------------------------------|-------------------------|--------------|---------------------|------------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | (Non-GAAP Basis) | Favorable (Unfavorable) <u>Final to Actual</u> |
| Revenues | | | | |
| Federal grants | \$ - | \$ - | \$ - | \$ - |
| Total revenues | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Add: beginning cash | <u>-</u> | <u>-</u> | | |
| Expenditures | | | | |
| Professional fees | - | - | 2,554 | (2,554) |
| Total expenditures | <u>-</u> | <u>-</u> | <u>2,554</u> | <u>(2,554)</u> |
| Excess (deficiency) revenues over expenditures | | | <u>(2,554)</u> | |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | | | - | |
| Differences Between GAAP and Non-GAAP | | | | |
| Fund balance – beginning | | | <u>-</u> | |
| Fund balance – ending | | | \$ <u>(2,554)</u> | |

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

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
CAPITAL PROJECTS FUND-FEMA TWIN SISTER
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2007

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variances |
|------------------------------------------------|-------------------------|--------------|---------------------|------------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | (Non-GAAP Basis) | Favorable (Unfavorable) <u>Final to Actual</u> |
| Revenues | | | | |
| Federal grants | \$ - | \$ - | \$ 11,903 | \$ 11,903 |
| State grants | - | - | 2,747 | 2,747 |
| Total revenues | <u>-</u> | <u>-</u> | <u>14,650</u> | <u>14,650</u> |
| Add: beginning cash | <u>-</u> | <u>-</u> | | |
| Expenditures | | | | |
| Repairs to infrastructure | - | - | 15,335 | (15,335) |
| Total expenditures | <u>-</u> | <u>-</u> | <u>15,335</u> | <u>(15,335)</u> |
| Excess (deficiency) revenues over expenditures | | | <u>(685)</u> | |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | 3,432 | 3,432 |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>3,432</u> | <u>3,432</u> |
| Net change in fund balance | | | 2,747 | |
| Differences Between GAAP and Non-GAAP | | | | |
| Fund balance – beginning | | | <u>-</u> | |
| Fund balance – ending | | | \$ <u>2,747</u> | |

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

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
CAPITAL PROJECTS FUND-CDBG PLANNING
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2007

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variances |
|------------------------------------------------|-------------------------|--------------|---------------------|------------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | (Non-GAAP Basis) | Favorable (Unfavorable) <u>Final to Actual</u> |
| Revenues | | | | |
| Federal grants | \$ - | \$ - | \$ 2,631 | \$ 2,631 |
| Total revenues | <u>-</u> | <u>-</u> | <u>2,631</u> | <u>2,631</u> |
| Add: beginning cash | <u>-</u> | <u>-</u> | | |
| Expenditures | | | | |
| Professional fees | <u>-</u> | <u>-</u> | <u>2,631</u> | <u>(2,631)</u> |
| Total expenditures | <u>-</u> | <u>-</u> | <u>2,631</u> | <u>(2,631)</u> |
| Excess (deficiency) revenues over expenditures | | | <u>-</u> | |
| Other financing sources (uses) | | | | |
| Transfers in | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Transfers out | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | | | - | |
| Differences Between GAAP and Non-GAAP | | | | |
| Fund balance – beginning | | | <u>-</u> | |
| Fund balance – ending | | | \$ <u><u>-</u></u> | |

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

BUSINESS-TYPE FUND BUDGET

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
BUSINESS-TYPE FUND – WATER & SEWER
Statement of Revenues, Expenses and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2007

| | Budgeted Amounts | | | Favorable (Unfavorable) Difference |
|---------------------------------------------------|------------------|------------|------------|------------------------------------------|
| | Original | Final | Actual | |
| Revenues: | | | | |
| Charges for services | \$ 306,500 | \$ 306,500 | \$ 405,703 | \$ 99,203 |
| Connections | 11,350 | 11,350 | 8,452 | (2,898) |
| Re-connections | 2,000 | 2,000 | 50 | (1,950) |
| Penalties | 7,000 | 7,000 | 11,563 | 4,563 |
| State-shared taxes | 17,300 | 17,300 | 22,804 | 5,504 |
| Deposits received | 17,500 | 17,500 | 16,244 | (1,256) |
| Miscellaneous revenues | 10,200 | 10,200 | 1,492 | (8,708) |
| Investment income | 3,000 | 3,000 | 1,437 | (1,563) |
| Total revenues | 374,850 | 374,850 | 467,745 | 92,895 |
| Add: Beginning cash | 146,434 | 146,434 | | |
| | 521,284 | 521,284 | | |
| Expenses: | | | | |
| Current | | | | |
| Personnel services | 164,980 | 164,980 | 155,001 | 9,979 |
| Operating expenses | 168,820 | 168,820 | 345,906 | (177,086) |
| Refunded deposits | 17,500 | 17,500 | 17,398 | 102 |
| Debt service | | | | |
| Principal | 8,000 | 8,000 | 4,000 | 4,000 |
| Interest | 4,050 | 4,050 | 3,858 | 192 |
| Capital outlay | 11,500 | 11,500 | 8,734 | 2,766 |
| Total expenses | 374,850 | 374,850 | 534,897 | (160,047) |
| Excess (deficiency) of revenues over expenditures | | | (67,152) | |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Net change in fund balance | | | (67,152) | |
| Difference between GAAP and Non-GAAP | | | | |
| Adjust Accrued Revenue | | 30,098 | | |
| Adjust transfers | | (45,302) | | |
| Adjust compensated absences | | 30,304 | | |
| Depreciation expense | | (1,733) | | |
| Adjust accrued interest | | (260) | | |
| Debt Service Principal Payment | | 4,000 | | |
| Capital outlay | | 8,734 | | |
| | | (34,708) | | |
| Net Assets-Beginning of year | | | 731,684 | |
| Net Assets-End of year | | | \$ 629,824 | |

The accompanying Notes are an integral part of the Financial Statements.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
BUSINESS-TYPE FUND – SOLID WASTE
Statement of Revenues, Expenses and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2007

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Favorable (Unfavorable) Difference</u> |
|---------------------------------------------------|-------------------------|----------------|-----------------|---------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Sales of services and fees: | | | | |
| Garbage services | \$ 60,000 | \$ 60,000 | \$ 65,518 | \$ 5,518 |
| Landfill | 66,000 | 66,000 | 64,537 | (1,463) |
| State-shared taxes | 8,500 | 8,500 | 9,428 | 928 |
| Miscellaneous revenues | - | - | - | - |
| Total revenues | <u>134,500</u> | <u>134,500</u> | <u>139,483</u> | <u>4,983</u> |
| Add: Beginning cash | <u>12,035</u> | <u>12,035</u> | | |
| | 146,535 | 146,535 | | |
| Expenses: | | | | |
| Current | | | | |
| Personnel services | 17,480 | 17,480 | 19,476 | (1,996) |
| Operating expenses | <u>117,20</u> | <u>117,020</u> | <u>135,065</u> | <u>(18,045)</u> |
| Total expenses | <u>134,500</u> | <u>134,500</u> | <u>154,541</u> | <u>(20,041)</u> |
| Excess (deficiency) of revenues over expenditures | | | (15,058) | |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | | | (15,058) | |
| Net Assets-Beginning of year | | | <u>18,919</u> | |
| Net Assets-End of year | | | <u>\$ 3,861</u> | |

The accompanying Notes are an integral part of the Financial Statements.

AGENCY FUND

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
AGENCY FUND – MUNICIPAL COURT BOND
Schedule of Changes in Assets and Liabilities – Agency Funds
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2007

| | Balance at June 30, 2006 | Additions | Deletions | Balance at June 30, 2007 |
|---------------------------|-----------------------------|----------------------|----------------------|-----------------------------|
| Municipal Court Bond Fund | | | | |
| Assets | | | | |
| Cash | \$ <u>467</u> | \$ <u>728</u> | \$ <u>728</u> | \$ <u>467</u> |
| Liabilities | | | | |
| Due to individuals | \$ <u><u>467</u></u> | \$ <u><u>728</u></u> | \$ <u><u>728</u></u> | \$ <u><u>467</u></u> |

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Schedule of Depositories and Pledged Collateral
June 30, 2007

| Bank | | Amount | | Less | Balance |
|-------------------------------|------|-------------------|-----------------|------------------|--------------------------|
| Village of Santa Clara | | Per | Plus | O/S | Per |
| AM Bank | Type | Bank | DIT | Checks | Books |
| General-Operating | CK | \$ 190,936 | \$ 2,950 | \$ 66,759 | \$ 127,127 |
| General CD | CD | 59,930 | - | - | 59,930 |
| Repair & Replace | CD | 17,377 | - | - | 17,377 |
| Reserve Bond | CD | 16,520 | - | - | 16,520 |
| | | <u>284,763</u> | <u>2,950</u> | <u>66,759</u> | <u>220,954</u> |
| Santa Clara Housing Authority | | | | | |
| Western Bank | | | | | |
| General-Operating | CK | 25,796 | 531 | 8,121 | 18,206 |
| Total | | \$ <u>310,559</u> | \$ <u>3,481</u> | \$ <u>74,880</u> | <u>239,160</u> |
| Cash on Hand | | | | | <u>350</u> |
| Total | | | | | \$ <u><u>239,510</u></u> |

Legend

CK-Checking

CD-Certificate of Deposit

| | Village of Santa Clara | Santa Clara PHA |
|-----------------------------------------------------------|---------------------------|--------------------|
| Amount Held in Bank June 30, 2007 | \$ 284,763 | 25,796 |
| Less FDIC Insurance | 100,000 | 25,796 |
| Uninsured Public Funds | 184,763 | - |
| 50% Collateral Requirement (Section 6-10-17 NMSA-1978) | <u>92,382</u> | - |
| Pledged Security | <u>745,938</u> | - |
| Over (Under) Collateral | \$ <u><u>653,556</u></u> | - |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Schedule of Collateral Pledged to Secure the
Deposits of Public Funds
June 30, 2007

| Description | Par Value | Name and Location of Safekeeper |
|---------------------------------------------------------|-------------------|--------------------------------------------|
| NM CUSIP: 3313XDEG2 Matures: 10/5/2015 | \$ 245,938 | Federal Home Loan Bank Dallas, Texas |
| Gadsden NM CUSIP: 362550HY4 Matures: 8/15/2010 | 150,000 | Federal Home Loan Bank Dallas, Texas |
| Los Alamos NM CUSIP: 544228BM0 Matures: 8/1/2010 | 100,000 | Federal Home Loan Bank Dallas, Texas |
| Lovington, NM CUSIP: 547473BB3 Matures: 10/1/2010 | <u>250,000</u> | Federal Home Loan Bank Dallas, Texas |
| | <u>\$ 745,938</u> | |

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

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Cash Held by New Mexico State Treasurer
June 30, 2007**

| | |
|---------------|----------|
| Santa Clara 3 | \$ 1,585 |
|---------------|----------|

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Schedule of Grant Expenditures
June 30, 2007**

| | Grant ID Number | County Grant | State Grant | Federal Grant | Total |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|-----------------|----------------|------------------|------------|
| State of New Mexico, Dept. of Finance & Administration, Local Government Division | 03-T-047 | \$ | \$ 4,898 | \$ | \$ 4,898 |
| State of New Mexico, Dept. of Finance & Administration, Local Government Division | 06-L-G-1666 | | 75,000 | | 75,000 |
| State of New Mexico, Dept. of Finance & Administration, Local Government Division | 06-L-G-1667 | | 4,174 | | 4,174 |
| State of New Mexico, Dept. of Finance & Administration, Local Government Division, Special Appropriations Project | 04-L-G-920 | | 1,065 | | 1,065 |
| State of New Mexico, Dept. of Finance & Administration, Local Government Division, Special Appropriations Project | 05-L-G-1487 | | 8,439 | | 8,439 |
| State of New Mexico, Dept. of Finance & Administration, Local Government Division, Special Appropriations Project | 05-L-G-1495 | | 14,400 | | 14,400 |
| New Mexico Dept. of Transportation | 07-RF-01-089 | | 347 | | 347 |
| New Mexico Dept. of Transportation | 07-AL-K8-089 | | 3,694 | | 3,694 |
| Grant County DWI Program | Unknown | 2,041 | | | 2,041 |
| Dept. of Housing and Urban Development, Community Development Block Grant, through: State of New Mexico, Dept. of Finance & Administration, Local Government Division CFDA # 14.218 | CDBG Project 04-C-RS-I-7-G-24 | | | 4,433 | 4,433 |
| US Department of Homeland Security, through New Mexico Department of Public Safety, Office of Emergency Management, CFDA # 97.088 | FEMA-1659-DR-NM | | 2,747 | 11,903 | 14,650 |
| U.S. Dept. of Justice, Office of Community Oriented Policing Services | 2002UMWX0233 | | | 83,992 | 83,992 |
| Dept. of Housing and Urban Development, Community Development Block Grant, through: State of New Mexico, Dept. of Finance & Administration, Local Government Division CFDA # 14.218 | Unknown | | 2,631 | | 2,631 |
| State of New Mexico, Dept. of Health Epidemiology & Response Division, passed through Emergency Medical Services Bureau | 15-NMDOH Trauma System Fund 07 | | 5,000 | | 5,000 |
| Totals | | \$ 2,041 | \$ 119,764 | \$ 102,959 | \$ 224,764 |

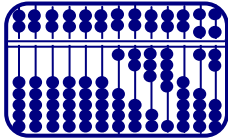
The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
JOINT POWERS AGREEMENTS
JUNE 30, 2007**

JOINT WASTEWATER PLANT AGREEMENT

| | |
|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Participants: | Village of Santa Clara, City of Bayard, and Fort Bayard Special District. |
| Responsible Party: | City of Bayard. |
| Description: | Operation and maintenance of joint use sewer system. |
| Period: | Began September 13, 1963. The agreement remains in effect until canceled by the participating governments. |
| Project Costs: | The joint powers agreement is an ongoing joint venture to allow the Village of Santa Clara and the Fort Bayard Special District to dispose of wastewater into the City of Bayard sewer system. The governments anticipate obtaining intergovernmental revenues in the amount of \$4,200,000 for the construction of an improved disposal system. |
| Village Contributions: | For the fiscal year ended June 30, 2007 the Village of Santa Clara contributed a total of \$140,461. |
| Audit Responsibility: | The City of Bayard is responsible for the annual audit of all the financial activity. |
| Fiscal Agent: | City of Bayard |
| Entity Accounting for Revenues and Expenditures: | The City of Bayard has reflected all revenues and expenses within the joint wastewater fund. |

COMPLIANCE SECTION



MARCUS,
FAIRALL,
BRISTOL + CO., L.L.P.

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

Hector H. Balderas
New Mexico State Auditor
The Board of Trustees
Village of Santa Clara
Santa Clara, New Mexico

We have audited the financial statements of the governmental activities, discretely presented component unit, each major fund and the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue funds, and the combining and individual funds and budgetary comparisons presented as supplemental information of the Village of Santa Clara (Village) as of and for the year-ended June 30, 2007, and have issued our report thereon dated November 30, 2008. We conducted our 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we express an opinion on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control. We consider the deficiencies described as 2005-10, 2006-11, 2006-12, 2006-14 and 2006-15 in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting. We consider the deficiencies describes 2006-01 and 2007-01 in the accompanying schedule of findings and responses to be significant deficiencies in internal control over the Village of Santa Clara's Public Housing Authority's internal control over financial reporting.

A Firm of Certified Public Accountants
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Facsimile:(915) 775-1849 • marcfair@marcfair.com

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial will not be prevented or detected by the agency's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies, and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, the significant deficiencies described above as 2006-12, 2006-14 and 2006-15 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do to express such an opinion. The results of our tests disclosed instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2006-01, 2006-03, and 2006-05. The results of our tests performed on the Village of Santa Clara Public Housing Authority's disclosed an instance of non-compliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2006-02.

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

This report is intended solely for the information and use of the Board of Trustees, management, Federal and State Awarding agencies and the Office of the New Mexico State Auditor, New Mexico Legislature, and the New Mexico Department of Finance and Administration and is not intended to be and should not be used by anyone other than these specified parties.

Marcus, Fairall, Bristol + Co. LLP

Marcus, Fairall, Bristol + Co., LLP
El Paso, Texas

January 7, 2009

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Schedule of Findings and Responses
June 30, 2007**

Primary Government

Reportable Findings and Questioned Costs – Financial Statements Audit

PRIOR YEAR FINDINGS:

2005-10 Audit Report Submission to the New Mexico State Auditor-Repeated and modified
2006-01 Stewardship of Organization-Repeated and modified
2006-02 Internal Control over the General Ledger, Chart of Account Descriptions and Accounting Records- Resolved
2006-03 Internal Control and Compliance with Grants-Repeated and modified
2006-04 Controls over Cash & Reconciliations- Resolved
2006-05-Payroll-Repeated and modified
2006-06 Capital Assets - Resolved
2006-07 Purchase of Goods and Services- Resolved
2006-08 Credit Cards- Resolved
2006-09 Mileage and Per Diem-Resolved
2006-10 Noncompliance with the Forfeiture Act- Resolved
2006-11 No Gas Distribution Franchise Ordinance-Repeated and modified
2006-12 Noncompliance with Debt and Bond Covenants-Repeated and modified
2006-13 Water, and Sewer and Solid Waste Billing-Resolved
2006-14 Budget-Repeated and modified
2006-15 Minutes-Repeated and modified

CURRENT YEAR FINDINGS:

Finding 2005-10-Audit Report Submission to the New Mexico State Auditor

Condition: The required submission date of the audit report for the fiscal year ended June 30, 2007, to the New Mexico State Auditor was December 1, 2007. The June 30, 2007 audited financials were submitted December 9, 2008.

Criteria: New Mexico State Statutes Section 12-6-12 requires the state auditor to promulgate reasonable regulations necessary to carry out the duties of the office. NMAC 2.2.2 requires that the Village submit its audit report by December 1st following the end of the each fiscal year at June 30th.

Cause: The Village did not seek proposals for audit services in a timely manner. In addition, the Village was not prepared for an audit due to employee turnover, lack of books and records, and unqualified personnel.

Effect: Delays in submission of the audit report affect the reporting of financial information to other state agencies and local governments.

Recommendation: The recommendations for selection of an audit firm are usually due at the State Auditor's office by May 31 of each year. The Village's administrative staff has been unable to issue the requests for proposals on a timely basis, which causes delays in the entire selection process. The Village should place a greater emphasis on securing an audit firm on a timely basis in order to assist the completion of the audit on a timely basis. In addition, books and records should be properly maintained and retained by qualified personnel to facilitate a timely audit.

Management's Response: Due to turnover of personnel and Board of Trustees, the 2007 audit was not organized or performed timely. The 2008 audit will also be late. We are still in the process of hiring qualified personnel to maintain the records on a timely basis.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Schedule of Findings and Responses
June 30, 2007**

Reportable Findings and Questioned Costs – Financial Statements Audit (continued)

Finding 2006-01-Stewardship of Organization

Condition: The Village is not in compliance with establishing and maintaining a functioning internal control structure inherent in the established accounting practices of the local government.

Criteria: New Mexico Administrative Code (NMAC) 2.20.5, *Accounting by Governmental Entities* places responsibility at the state agency level to uphold standards for properly following and maintaining model accounting practices through hiring and appointing personnel with the necessary educational background, experience, and knowledge for supervising, monitoring, and controlling the agency's accounting function. The following is a list of significant weaknesses of internal control over accounting and financial reporting:

- Lack of job descriptions and retaining approved wage and salary rates within personnel files.
- Lack of written accounting policies and/or following New Mexico State Statutes and ordinances.
- Lack of restricted access to accounting software and payroll module. Accounting software lacked sufficient safeguards and password restrictions to sensitive areas for non-accounting personnel resulting in a possibility of personnel being able to change their payroll rates.
- Lack of management oversight and review process.
- Lack of training for accounting personnel and management.
- Lack of information provided for the requested management's discussion and analysis section for the annual audit.
- Lack of supporting documentation and approval for journal entries.
- Lack of retaining ordinances, joint power agreements, and other documents.

Cause: The Village has significant turnover in personnel and the current personnel have not had sufficient training, resources or time to correct all errors and implement internal control policies and procedures.

Effect: The Village is not in compliance with NMAC Section 2.20.5 due to the lack of strong internal controls, oversight and turnover.

Recommendation: The Board of Trustees needs to develop and evaluate written policies for accounting procedures and ensure implementation of other procedures to increase and maintain stronger internal controls over accounting and financial reporting.

Management's Response: New staff is in the process of being hired and internal control and segregation of duties for the Village will be reviewed and changed as necessary. An accounting and procedures manual will be written in the future.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Schedule of Findings and Responses
June 30, 2007**

Reportable Findings and Questioned Costs – Financial Statements Audit (continued)

Finding 2006-03 Internal Control and Compliance with Grants

Condition: The Village did not have adequate support documents for federal and state grants. All grant activity recorded cannot be supported by grant documents.

Criteria: The Village is not in compliance with NMAC 2.20.5, OMB Circular A-102 “Grants and Cooperative Agreements with State and Local Governments”, and the related Common Rule for “Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.”

Cause: The Village did not maintain complete and accurate grant files and grant activity is not properly monitored for compliance and reviewed.

Effect: The Village does not have complete and accurate grant files to support all grant transactions, allocations and compliance. The Village was not in compliance with all grant requirements. In addition, the Village cannot provide documentation and/or reconciliations to determine that all grant revenues and expenditures are recorded.

Recommendations: The Board of Trustees should implement strong internal controls and monitoring procedures over grants and obtain adequate training for responsible personnel to enable compliance with all grant requirements. Grant files should be maintained and grant activity reconciled to supporting documentation.

Management’s Response: New staff will be hired. Sources of and compliance with grants will be reviewed and procedures implemented to improve record-keeping, reconciliations, approval reporting and compliance with grants. Grant reimbursements will be reviewed and approved for grant compliance, as well as compliance with Village policies and procedures.

Finding 2006-05 Payroll

Condition: From a sample of 45 employee personnel files and a sample of 35 time sheets the following inconsistencies were found:

- Thirty-six personnel files did not include authorized pay rates.
- Twelve timesheets were not properly approved. Four had no approval while eight others lacked signatures for comp time, vacation or sick leave.
- Overtime was paid on one timesheet in the sample to the deputy clerk, which is not supposed to happen according to the personnel manual. Total overtime paid was \$196.56.
- Three out of the thirty-five timesheets did not have matching hours on the check stubs. On one paycheck, it was missing 13 hours of ODWI pay even though the backup was attached to the time sheet. On another, there was no backup for 33.14 hours of vacation time and no back up for 31.5 hours of comp time. The third was missing 4 hours of ODWI overtime at \$13.25.
- Only nine of the thirty-one employees that worked for at least a year had evaluations on file. Based on the personnel policy, employees should have an evaluation on file for each year of employment.
- I-9’s were not present for five files and of the forty files that did contain I-9 forms fourteen were not signed by the supervisor. Of the fourteen I-9’s that were not signed by the supervisor, two were not signed by the employees, and five did not have copies of the identification needed.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Schedule of Findings and Responses
June 30, 2007**

Reportable Findings and Questioned Costs – Financial Statements Audit (continued)

Finding 2006-05 Payroll (continued)

- Of the 11 employees that had deductions from their checks the signed Authorization forms were not present until dates beginning in December 2006 and ranging until August 2007.
- For 9 out of a sample of 18 pay periods selected for matching analysis, the employer did not correctly match up to 2% for the IRA contribution. In all 9 instances, the amount was less than the required 2% matching.
- The following employees did not contribute to an IRA for the period from 6/2006 to 6/2007, however the employer was contributing to the IRA (Marissa Esqueda, Paul Jasso, David Martinez, Maria Cristy Palomarez, Julia Marquez, Lee James, Lars Taylor).

Criteria: New Mexico State Statutes 6-6-3 provides that every local body shall keep all books, records, and accounts in their respective offices in accordance with the guidelines prescribed by the Local Government Division of the Department of Finance and Administration. NMAC 20.2.5 requires all accounting systems, including subsidiary systems, record transactions timely, completely and accurately.

Cause: Village personnel failed to comply with established policies, procedures and/or state statutes and there was a major lack of controls over payroll.

Effect: Noncompliance with IRS Regulations, New Mexico State Statutes and the Department of Finance and Administration rules could subject officials and employees to penalties and fines. There is an overall scope limitation over payroll related items because personnel policies were not being followed for overtime and compensated absences; there were allegations of changed pay rates; and there was no support for wages paid.

Recommendation: Management should create, document, and file approved pay rates and job descriptions. Management should develop a schedule to remind supervisors which employees are due for an evaluation

Management's Response: The Village also has implemented policies and procedures for payroll and compensated absences. An updated, more detailed and more extensive personnel policy was adopted June 20, 2007 addressing some of the discrepancies.

Finding 2006-11 No Gas Distribution Franchise Ordinance

Condition: The Village does not have a current gas distribution franchise ordinance. The Ordinance No. 74 issued on March 9, 1978 for gas distribution expired in 2003.

Criteria: New Mexico State Statutes Section 3-25-2 provides for the authorization to establish a franchise ordinance for gas distribution. Section 3.42.1(F) provides that the length of time for any franchise ordinance is not to exceed twenty-five years.

Cause: There are no procedures over monitoring and renewing ordinances.

Effect: The Village does not have a current ordinance for gas distribution and is not in compliance with the New Mexico State Statutes.

Recommendation: The Village needs to issue an ordinance for gas distribution in accordance with state Statutes. The Board of Trustees should implement procedures and internal control over retaining and renewing governing documents. All transactions requiring authorization by an ordinance should be evaluated and procedures performed to determine that ordinances are current and retained to support transactions.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Schedule of Findings and Responses
June 30, 2007**

Reportable Findings and Questioned Costs – Financial Statements Audit (continued)

Finding 2006-11 No Gas Distribution Franchise Ordinance (continued)

Management's Response: A new ordinance agreement will be executed and retained in the Village records. All similar agreements subject to expiration will be reviewed and procedures implemented to monitor their timely renewal.

Finding 2006-12 Noncompliance with Debt and Bond Covenants

Condition: The Village could not provide adequate documentation that they review compliance with their debt and bond covenants. The Village was also unable to determine if they were in compliance with some or all of their restrictive covenants, and they have not notified lenders of their noncompliance.

Criteria: The Village has loan agreements with the New Mexico Finance Authority, Rural Community Assistance Corporation, and GMAC. Each of these agreements has restrictive covenants.

Cause: Village personnel did not verify compliance with restrictive covenants and/or could not provide documentation to support compliance with all restrictive covenants.

Effect: Noncompliance with restrictive covenants may cause all of the indebtedness to be immediately due and payable.

Recommendation: The Village should design procedures to timely review compliance with debt and bond covenants, inform lenders of any noncompliance, and obtain a waiver from the lender if noncompliant.

Management's Response: Covenants for each debt and/or loan will be timely reviewed for compliance. The review of and support for compliance will be retained. Violations of covenants will be reported to the lender and corrected as timely as possible.

Finding 2006-14 Budget

Condition: The Village was not in compliance with the budget process in the following

- The annual budget for the fiscal year 2006-2007 was not submitted to the Local Government Division of the New Mexico Department of Finance and Administration (DFA) by June 1, 2006 and did not receive approval from DFA by July 1, 2006.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Schedule of Findings and Responses
June 30, 2007**

Reportable Findings and Questioned Costs – Financial Statements Audit (continued)

Finding 2006-14 Budget (continued)

- Actual expenditures exceeded the authorized budgeted expenditures:

| Fund | Reason | Budgeted Expenses | Actual Expense | Difference |
|-------------------------|---------------------|----------------------|-------------------|--------------|
| | Operating costs and | | | |
| Fire Protection | Capital Outlay | \$ 28,650 | \$ 228,258 | \$ (199,608) |
| EMS | Operating costs | 5,650 | 10,062 | (4,412) |
| Road | Operating costs | 9,254 | 10,422 | (1,168) |
| DWI Task Force | No budget | - | 8,332 | (8,332) |
| COPS Fast Grant | Operating costs | 80,608 | 83,992 | (3,384) |
| OBD State Grant | No budget | - | 639 | (639) |
| State grant 03-T-047 | No budget | - | 4,898 | (4,898) |
| Main Street Park | No budget | - | 106,839 | (106,839) |
| State SAP 06-L-G-1667 | No budget | - | 52,296 | (52,296) |
| State SAP 05-L-G-1495 | No budget | - | 14,400 | (14,400) |
| CDBG Colonias | No budget | - | 8,878 | (8,878) |
| Industrial Park | No budget | - | 1,093 | (1,093) |
| RUS & WW Improvements | No budget | - | 2,554 | (2,554) |
| CDBG W/S Planning Study | No budget | - | 2,631 | (2,631) |
| FEMA-Twin Sisters | No budget | - | 15,335 | (15,335) |
| State P/S Addition | No budget | - | 98,059 | (98,059) |
| Water & Sewer | Operating costs | 374,850 | 534,897 | (160,047) |
| Solid Waste | Operating costs | 134,500 | 154,541 | (20,041) |
| Totals | | \$ 633,512 | \$ 1,338,126 | \$ (704,614) |

- The required financial reports were not submitted to DFA for the quarters ending September 30, 2006, December 31, 2006, March 31, 2007, and June 30, 2007.

Criteria: Per New Mexico State Statutes Section 6-6-2(A) the deadline for submission of the proposed budget to DFA is June 1st of each fiscal year. New Mexico State Statutes Section 6-6-2(B) states that DFA approves and certifies by July 1st of each fiscal year to each local public body an operating budget for use pending approval of a final budget. New Mexico State Statutes Section 6-6-6 restricts all officials and governing authorities from approving claims in excess of the approved budget and prohibits any payments in excess of the approved budget. New Mexico State Statutes Section 6-6-3(B) requires local public bodies to make all reports as may be required by DFA by 30 days following the end of a quarter.

Cause: Accounting personnel were not qualified and did not receive proper training to perform the accounting and reporting functions required. The accounting personnel and Board of Trustees did not monitor the expenditures to ensure the authorized budget was not exceeded.

Effect: Noncompliance with State Statutes may subject the Village officials and employees to fines, penalties and/or imprisonment as defined in the Statutes.

Recommendation: The Village Board of Trustees should hire qualified personnel and implement procedures to ensure proper training and compliance with budgetary procedures according to State Statutes.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Schedule of Findings and Responses
June 30, 2007**

Reportable Findings and Questioned Costs – Financial Statements Audit (continued)

Finding 2006-14 Budget (continued)

Management's Response: New staff is being hired and the budget process will be followed according to state statute.

Finding 2006-15 Minutes

Condition:

- Some of the minutes of the Board of Trustees meeting for the fiscal year ending June 30, 2007 could not be provided.
- Several copies of the minutes of the Board of Trustees meeting did not have the required signatures.
- The Village did not retain documentation showing that the draft minutes of the meetings were made available for public inspection within ten working days after a meeting as required by State Statutes.

Criteria: New Mexico State Statutes Section 10-15-1(G) states that the policy making body shall keep written minutes of all of its meetings, draft minutes shall be prepared within ten working days, and minutes do not become official until approved by the policymaking body. New Mexico State Statutes Section 3-13-1(A)(1) the clerk is responsible for maintenance and retention of the minutes of the governing body.

Cause: The Village does not have adequate procedures in place regarding the minutes for meetings of the Board of Trustees.

Effect: The Village is not in compliance with State Statutes regarding minutes. The inability to provide all minutes for meetings or temporary minutes of the Board of Trustees is an audit scope limitation.

Recommendation: Implement training and procedures to follow State Statutes over Board of Trustees minutes.

Management's Response: Procedures over minutes will be reviewed and effective controls implemented to ensure minutes are properly recorded, signed, retained and made available to the public according to state statutes.

Component Unit

Prior Year Reportable Findings and Questioned Costs – Financial Statement Findings:

- 06-1 Capital Assets Subsidiary Records – Resolved
- 06-2 General Ledger, Accounting Records, and Reconciliations – Repeated and Modified
- 06-3 Tenant Files – Resolved
- 06-4 Payroll – Resolved
- 06-5 Expenditures-Resolved
- 06-6 Audit Report Submission to the New Mexico State Auditor – Repeated and Modified

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Schedule of Findings and Responses
June 30, 2007**

Current Year Reportable Findings and Questioned Costs – Financial Statement Findings:

Finding 06-2 General Ledger, Accounting Records, and Reconciliations

Condition

During the course of the audit, we noted several accounting errors in the general ledger and numerous accounts are not reconciled. Accounts payable did not reconcile by \$6,122 and payroll taxes were understated by \$907.

Criteria

New Mexico State Statute Section 6-6-3 provides that every local body shall keep all the books, records, and accounts, including subsidiary ledgers, timely, completely, and accurately.

Cause

The SCPHA does not reconcile their source documents to the general ledger and journal entries posted to the general ledger are not accurately reflecting financial transactions and are not reviewed and approved by SCPHA management.

Effect

If accounting records are not being reconciled, it could result in improper financial reporting and does not follow State Statutes.

Recommendation

The SCPHA needs to ensure that the general ledger is complete and accurate and properly reconciled.

Management's Response

The SCPHA will adhere to the auditor's recommendation.

Finding 06-6 Audit report submission to The New Mexico State Auditor

Condition

The audit report was not completed and forwarded to the New Mexico State Auditor in a timely manner. The report was delivered on April 16, 2008.

Criteria

As per SAO 2.2.2.9, (A) (1) (d), the New Mexico State Audit contract calls for this audit report to be delivered by December 1, 2007.

Cause

The audit was not submitted to the SCPHA until April 16, 2008. The current year auditor's contract was not awarded in the normal course of distribution. Also, additional time was needed by the auditor to assemble the necessary financial information.

Effect

Violation of the State Auditor's Rule. Audited financial information is not available for the SCPHA to use and distribute as necessary.

Recommendation

The SCPHA, along with the auditor, must implement procedures that would produce a timely audit. Proper accounting control must be established where the SCPHA staff is able to produce financial information for the auditor that has been properly reconciled.

Management's Response

The SCPHA will work along with the auditor to implement procedures that will produce a timely audit.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Schedule of Findings and Responses
June 30, 2007**

Current Year Reportable Findings and Questioned Costs – Financial Statement Findings (continued):

Finding 07-01 Failure to File Accurate Payroll Tax Reports

Condition

During the course of the audit, we noted several errors in the preparation of the payroll tax reports filed during the calendar year ending December 31, 2006 and the first two quarters of calendar year ending December 31, 2007. Out of the six 941 payroll tax quarterly reports tested three of them were not prepared correctly by the fee accountant. The pension plan expense was not properly reflected in the last quarter of 2006 and in the first two quarters of 2007. Employees were omitted from the New Mexico Department of Labor quarterly ES 903 unemployment reports for the last two quarters of 2006 and the first two quarters of 2007. The effect of this error was an understatement of \$2,434.

Criteria

In accordance with the Internal Revenue Service and New Mexico Department of Labor, payroll contributions shall accrue and become payable for each calendar year in which the payments of contributions become due. (IRS Publication 15, NMSA 1978 Chapter 51-1-9).

Cause

The payroll tax quarterly reports were prepared by the fee accountant. Management did not ensure that the fee accountant prepared correct quarterly payroll tax reports prior to the submission of the reports to the appropriate governmental agency.

Effect

The payroll journal did not match the payroll federal or state quarterly tax reports. The gross wages on the 941's did not match the gross wages on the N.M. Department of Labor unemployment quarterly. Undetermined penalties may be charged after the corrected quarterly reports are filed.

Recommendation

We recommend that management closely review the quarterly tax reports and compare them to the payroll journal. Management should also monitor the effect of the pension plan contributions on the 941's.

Management's Response

Management is working with the fee accountant to ensure that the corrected reports are submitted and will closely monitor the future quarterly tax reports.

**STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Exit Conference
June 30, 2007**

EXIT CONFERENCE

As exit conference was held on January 7, 2009 with Jack Fairall, CPA, Marcus, Fairall, Bristol & Co., LLP with the following Village officials:

Mayor Imelda Lopez
Clerk Lucia Romo
Deputy Clerk Yvonne Esparza

COMPILATION OF FINANCIAL STATEMENTS

The financial statements presented in this report were compiled by the auditors, Marcus, Fairall, Bristol, and Co., LLP. However, the contents remain the responsibility of the Village.