

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

Prepared by  
Marcus, Fairall, Bristol + Co., L.L.P.  
Certified Public Accountants  
6090 Surety Drive Suite 100  
El Paso, Texas 79905  
Telephone (915) 775-1040

## **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

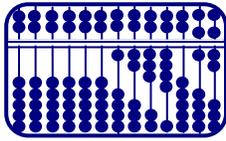
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## **FINANCIAL SECTION**



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.**

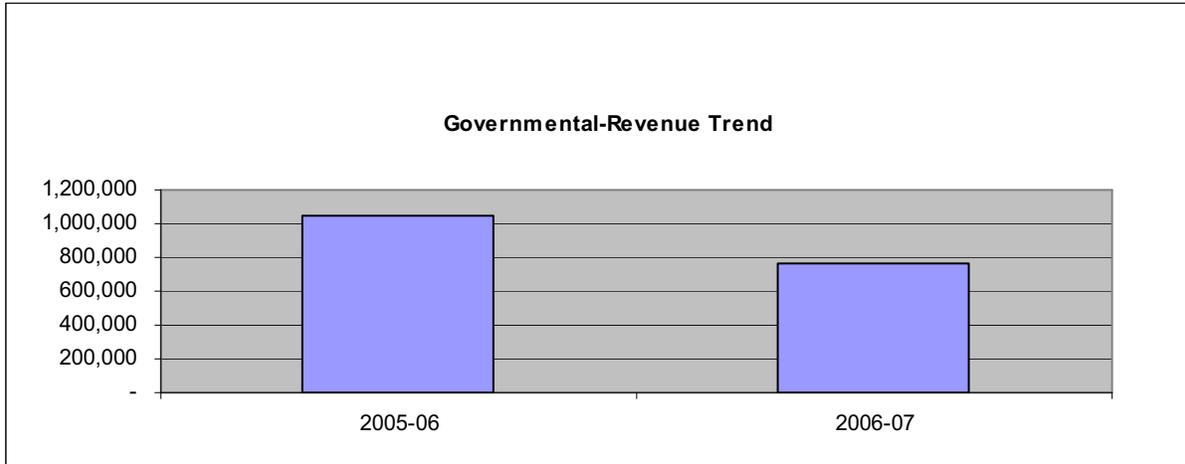
The principal operating fund of the Village is the General Fund. Revenues are derived primarily from gross receipts taxes, property tax, franchise tax, intergovernmental/grants, licenses and permits, sales and services and a variety of other sources. Total general fund revenues (cash basis) decreased 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.

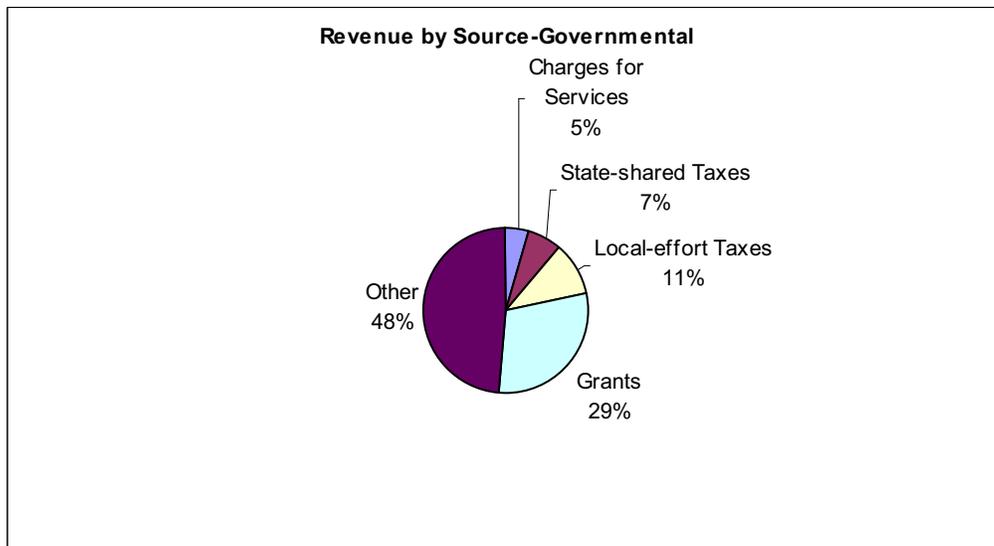
**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
June 30, 2007**

**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**

	<b>Government</b>		<b>Business-Type</b>		<b>Totals</b>		<b>Total Percent Change 2007-2006</b>
	<b>Activities</b>		<b>Activities</b>				
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	
<b>ASSETS</b>							
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%
<b>LIABILITIES</b>							
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%
<b>NET ASSETS</b>							
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**

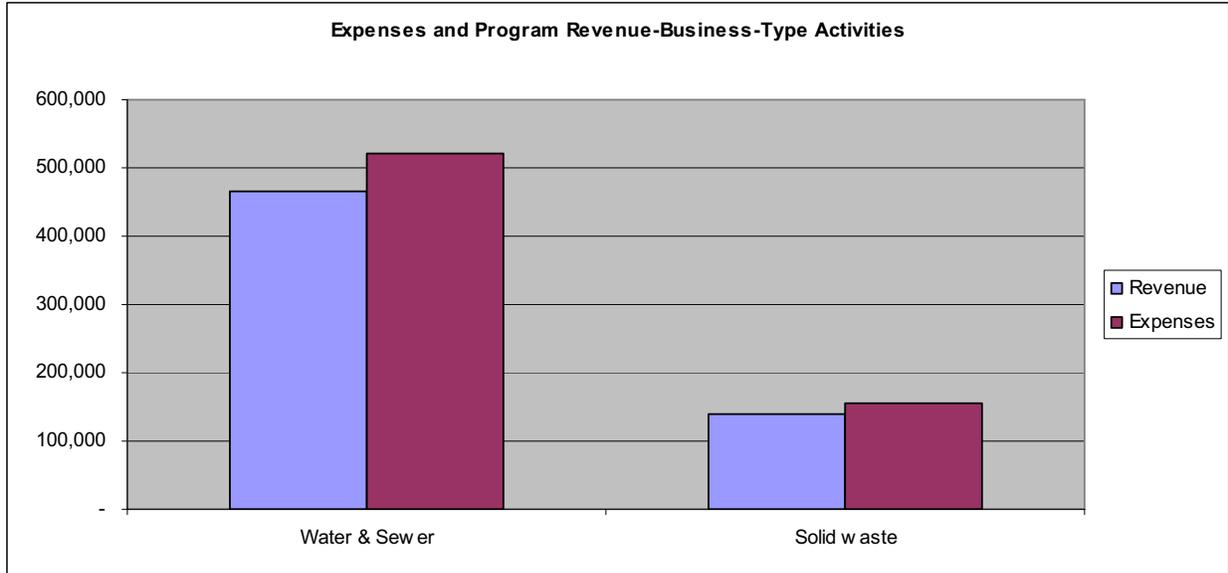
**Management's Discussion and Analysis  
Changes in Net Assets**

	<b>Government Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>		<b>Total Percentage Change</b>
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007-2006</b>
<b>REVENUES</b>							
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	<u>768,872</u>	<u>1,068,789</u>	<u>607,228</u>	<u>383,873</u>	<u>1,376,100</u>	<u>1,598,246</u>	-13.90%
<b>EXPENSES</b>							
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	<u>656,812</u>	<u>835,673</u>	<u>678,844</u>	<u>542,507</u>	<u>1,335,656</u>	<u>1,378,180</u>	-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	<u>157,362</u>	<u>185,247</u>	<u>(116,918)</u>	<u>(110,765)</u>	<u>40,444</u>	<u>220,066</u>	-81.62%
Net assets - beginning	<u>1,992,372</u>	<u>1,807,125</u>	<u>750,603</u>	<u>861,368</u>	<u>2,742,975</u>	<u>2,668,493</u>	2.79%
Net assets - ending	<u>\$ 2,149,734</u>	<u>\$ 1,992,372</u>	<u>\$ 633,685</u>	<u>\$ 750,603</u>	<u>\$ 2,783,419</u>	<u>\$ 2,888,559</u>	-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.

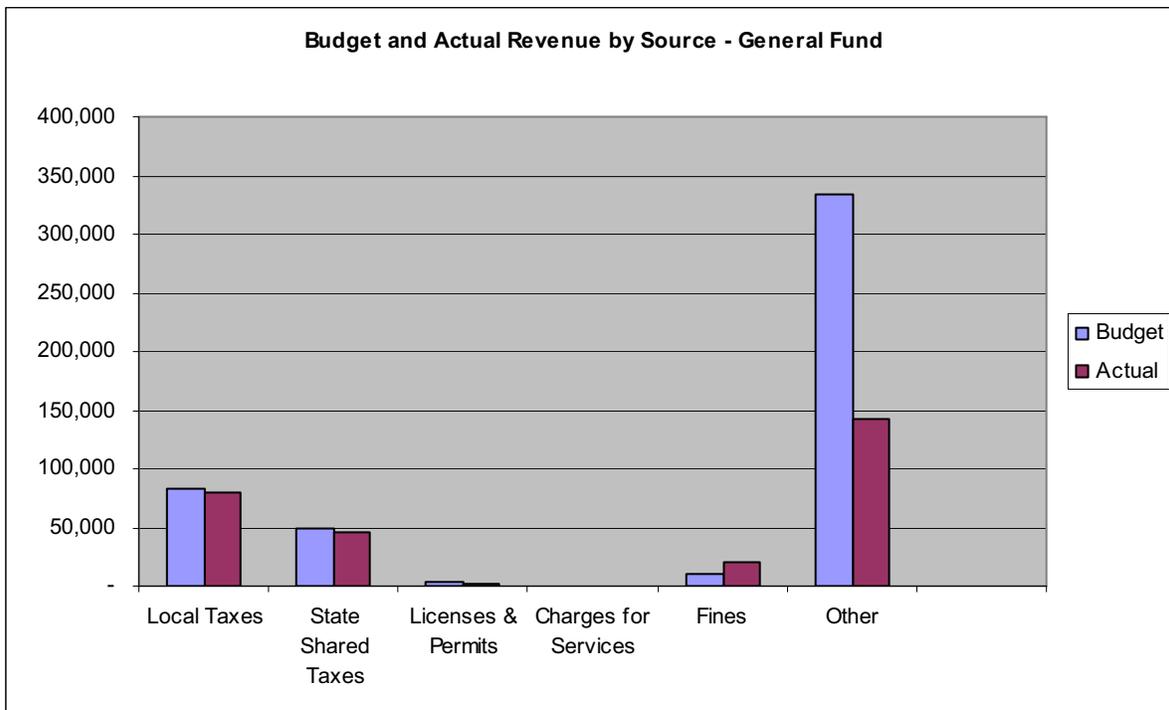
At the end of the fiscal year, the unrestricted net assets for Utilities were \$88,094. The restricted net assets were \$33,897. The restricted net assets are restricted for repairs and replacement of infrastructure and equipment. The total decrease in net assets for the Proprietary Funds was \$116,918. 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.

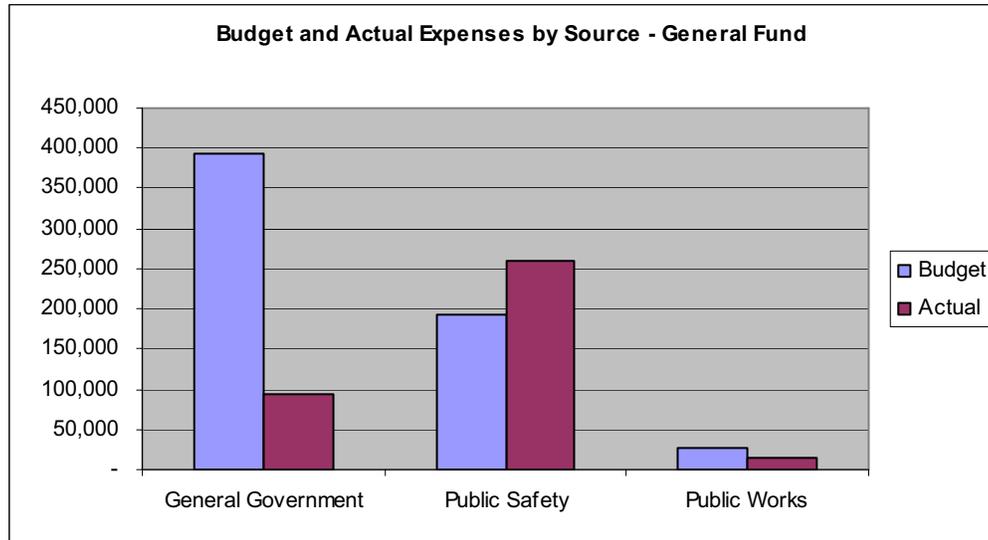


**STATE OF NEW MEXICO  
VILLAGE OF SANTA CLARA  
June 30, 2007**

**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
<b>ASSETS</b>				
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
<b>Total assets</b>	<b>2,556,275</b>	<b>854,984</b>	<b>3,411,259</b>	<b>511,667</b>
<b>LIABILITIES</b>				
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	-
<b>Total liabilities</b>	<b>406,541</b>	<b>221,299</b>	<b>627,840</b>	<b>20,196</b>
<b>NET ASSETS</b>				
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	83,621	88,094	171,715	9,090
<b>Total Net Assets</b>	<b>\$ 2,149,734</b>	<b>633,685</b>	<b>2,783,419</b>	<b>491,471</b>

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			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENT ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL	COMPONENT UNIT
<b>PRIMARY GOVERNMENT:</b>								
<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)	-
<b>TOTAL PRIMARY GOVERNMENT</b>					(394,361)	(118,340)	(512,701)	-
Component Unit-Santa Clara Housing Authority	230,619	54,905	49,740	129,419	-	-	-	3,445
<b>GENERAL REVENUES:</b>								
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
<b>Net Assets - End of Year</b>					\$ 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**

<b>ASSETS</b>	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>
 <b>LIABILITIES AND FUND BALANCES</b>				
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
<b>REVENUES</b>				
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>
<b>EXPENDITURES</b>				
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>
<b>OTHER FINANCING SOURCES (USES)</b>				
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
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In the Statement of Activities accrued interest for long-term liabilities is considered as expense	(308)
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In the Statement of Activities an increase in long-term liabilities is not considered as an expense	(105,000)
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Recognition of deferred property taxes	(150)
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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
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<b>Change in net assets of governmental activities</b>	<b>\$ <u>157,362</u></b>
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**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:

	Balance June 30, 2006	Additions	Decreases	Balance June 30, 2007	Due Within One Year
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	8,827	9,402	13,602	4,627	1,527
<b>Total Long-Term Debt</b>	<b>\$ 138,742</b>	<b>\$ 114,402</b>	<b>\$ 29,062</b>	<b>\$ 224,082</b>	<b>\$ 27,152</b>

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:

Fiscal Year Ending June 30,	Principal
2007	\$ 10,000
2008	10,000
2009	10,000
2010	10,000
2011	10,000
2012 – 2015	10,000
2016	15,000
	<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.

Fiscal Year Ending June 30,	Principal
2008	\$ 15,460
2009	15,625
2010	15,821
2011	16,044
2012	16,294
2013 – 2014	35,211
	<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
<b>Total Long-Term Debt</b>	<b>\$ 124,626</b>	<b>\$ 9,662</b>	<b>\$ 16,829</b>	<b>\$ 117,459</b>	<b>\$ 63,461</b>

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
<b>TOTAL</b>	<b>\$ 55,000</b>	<b>\$ 10,400</b>	<b>\$ 65,400</b>

**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.

<b>IRA Contributions for Years Ended:</b>	<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
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**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
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
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>
<b>LIABILITIES AND FUND BALANCES</b>			
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**

	Special Revenue Funds	Capital Projects Funds	Totals
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
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>
<b>EXPENDITURES</b>			
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
<b>ASSETS</b>									
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>
<b>LIABILITIES AND FUND BALANCES</b>									
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
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ -	\$ 69,268
Taxes receivable	-	-	396
Due from other governments	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,664</u>
<b>LIABILITIES AND FUND BALANCES</b>			
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
<b>REVENUE</b>									
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
<b>EXPENDITURES</b>									
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
<b>OTHER FINANCING SOURCES (USES)</b>									
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
<b>REVENUE</b>			
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>
<b>EXPENDITURES</b>			
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
<b>OTHER FINANCING SOURCES (USES)</b>			
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>	(Non-GAAP Basis)	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	 <u>429</u>	 <u>429</u>		
	<u><u>22,569</u></u>	<u><u>22,569</u></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	<u>-</u>	<u>-</u>	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	<u>-</u>	<u>-</u>	-	-
Transfers out	<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.

## **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
<b>ASSETS</b>							
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
<b>LIABILITIES AND FUND BALANCES</b>							
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
<b>ASSETS</b>						
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>
 <b>LIABILITIES AND FUND BALANCES</b>						
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
<b>REVENUE</b>							
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
<b>EXPENDITURES</b>							
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)
<b>OTHER FINANCING SOURCES (USES)</b>							
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
<b>REVENUE</b>						
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
<b>EXPENDITURES</b>						
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)
<b>OTHER FINANCING SOURCES (USES)</b>						
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>	106,839	(106,839)
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	-	-	48,122	-
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>	

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	-	-	1,093	(1,093)
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	-	-	-	-
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

	<u>Budgeted Amounts</u>			Favorable (Unfavorable) Difference
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
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	<u>374,850</u>	<u>374,850</u>	<u>467,745</u>	<u>92,895</u>
Add: Beginning cash	<u>146,434</u>	<u>146,434</u>		
	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	<u>11,500</u>	<u>11,500</u>	<u>8,734</u>	<u>2,766</u>
Total expenses	<u>374,850</u>	<u>374,850</u>	<u>534,897</u>	<u>(160,047)</u>
Excess (deficiency) of revenues over expenditures			(67,152)	
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			(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		<u>8,734</u>		
			(34,708)	
Net Assets-Beginning of year			<u>731,684</u>	
Net Assets-End of year			\$ <u>629,824</u>	

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>467</u>	\$ <u>728</u>	\$ <u>728</u>	\$ <u>467</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>239,510</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>653,556</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
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**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

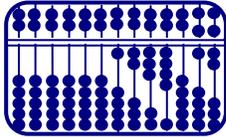
The accompanying notes are an integral part of these financial statements.

**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  
6090 Surety Drive, Suite 100 • El Paso, TX 79905 • (915) 775-1040  
Facsimile:(915) 775-1849 • [marcfair@marcfair.com](mailto: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 1<sup>st</sup> following the end of the each fiscal year at June 30<sup>th</sup>.

**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 1<sup>st</sup> of each fiscal year. New Mexico State Statutes Section 6-6-2(B) states that DFA approves and certifies by July 1<sup>st</sup> 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.