

State of New Mexico
Village of Santa Clara

Annual Financial Report
For The Year Ended June 30, 2008

(With Independent Auditor's Report Thereon)

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VILLAGE OF SANTA CLARA
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June 30, 2008

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INTRODUCTORY SECTION

**State of New Mexico
Village of Santa Clara**

ELECTED OFFICIALS

Imelda Lopez - Mayor

Robert G. Alirez - Mayor Pro-Tem

Robert O. Alirez - Trustee

Catherine Garcia - Trustee

Mike Quintana - Trustee

ADMINISTRATION

Randall Woodard - Clerk/Treasurer

Cheryl Russell - Deputy Clerk

HOUSING AUTHORITY

Rodolfo Herrera - Chairperson

Johnny Trujillo Vice - Chairperson

Victoria Rodriguez - Commissioner

Dorothy Quezada - Commissioner

Carlos Chavez - Commissioner

ADMINISTRATION

Gloria Duran - Executive Director

Garcia and Associates, CPA, LLC

Certified Public Accountant and Business Consultants

Raymond J. Garcia, CPA
Partner

Paul Lucero, MBA
Partner

2060 Main Street NE, Suite C
Los Lunas, NM 87031
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INDEPENDENT AUDITOR'S REPORT

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

We were engaged to audit the accompanying financial statements of the governmental activities, the business-type activities, 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, 2008, which collectively comprise the Village's basic financial statements as listed in the Table of Contents. We were also engaged to audit 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, 2008 as listed in the table of contents. We were not engaged to audit the financial statements of the Village of Santa Clara Public Housing Authority, a component unit of the Village of Santa Clara which statements reflect total assets of \$571,030 as of June 30, 2008, and net operating revenues of \$201,966 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included for the Village of Santa Clara, is based solely on the report of the other auditors. These financial statements are the responsibility of Village of Santa Clara.

The Village has not provided all Board of Trustee minutes during the year ended June 30, 2008 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 inter-fund transfers to the general fund, special revenue funds and enterprise funds.

Because we were unable to obtain supporting documentation for minutes, or inter fund transfers, 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, 2008, 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, 2008, 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.

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

In addition, we do not express an opinion, of each non-major governmental fund of Village of Santa Clara, New Mexico, as of June 30, 2008, 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 principles generally accepted in the United States of America.

The Village has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of the basic financial statements.

In accordance with Government Auditing Standards, we have also issued a report dated January 19, 2011 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.

We were engaged to conduct an audit for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements and the combining and individual fund financial statements and budgetary comparisons. The accompanying Schedule of Expenditures of Federal Awards is presented for additional analysis as required by the U.S. Office of Management and Budget Circular A133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The additional schedules listed as Other Supplemental Information in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. For the reasons described above, we were unable to obtain sufficient evidential matter to form an opinion regarding the fair presentation of this information in relation to the basic financial statements taken as a whole and accordingly, we express no opinion on them.

Garcia and Associates, CPA, LLC
Los Lunas, New Mexico
January 19, 2011

State of New Mexico
Village of Santa Clara
Statement of Net Assets
June 30, 2008

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 173,583	\$ 8,115	\$ 181,698	\$ 121,727
Investments	20,011	-	20,011	-
Taxes receivable	7,636	-	7,636	-
Intergovernmental receivable	8,787	-	8,787	49,280
Accounts receivable	6,836	97,561	104,397	702
Prepaid expenses	-	-	-	6,973
Due from other funds	-	62,715	62,715	-
Total current assets	<u>216,853</u>	<u>168,391</u>	<u>385,244</u>	<u>178,682</u>
Restricted assets:				
Cash and cash equivalents	-	35,255	35,255	-
Tenant deposits	-	-	-	2,822
Total restricted assets	<u>-</u>	<u>35,255</u>	<u>35,255</u>	<u>2,822</u>
Capital assets:				
Capital assets not being depreciated:				
Land	28,131	-	28,131	-
Work in progress	263,551	540,381	803,932	-
Capital assets being depreciated:				
Distribution system	-	1,005,995	1,005,995	-
Infrastructure	610,013	-	610,013	-
Buildings and improvements	1,419,267	27,245	1,446,512	966,122
Furniture, fixtures and equipment	975,076	133,901	1,108,977	47,612
Less accumulated depreciation	(860,578)	(672,738)	(1,533,316)	(624,208)
Total capital assets	<u>2,435,460</u>	<u>1,034,784</u>	<u>3,470,244</u>	<u>389,526</u>
Total assets	<u>2,652,313</u>	<u>1,238,429</u>	<u>3,890,742</u>	<u>571,030</u>
LIABILITIES				
Accounts payable	4,007	7,773	11,780	2,565
Accrued interest payable	-	2,628	2,628	-
Accrued salaries payable	2,941	4,065	7,006	1,640
Payroll taxes payable	-	-	-	2,881
Compensated absences payable	2,379	5,261	7,640	1,680
Tenant security deposits	-	-	-	2,822
Long term note payable:				
Due within one year	-	7,000	7,000	-
Due in more than one year	255,977	141,000	396,977	-
Deposits held for others	-	76,518	76,518	-
Due to other funds	62,715	-	62,715	-
Total liabilities	<u>328,019</u>	<u>244,244</u>	<u>572,263</u>	<u>11,588</u>
NET ASSETS				
Invested in capital assets, net of related debt	2,113,410	886,783	3,000,193	389,526
Restricted for:				
Debt service	-	-	-	-
Unrestricted	210,883	107,402	318,285	169,916
Total net assets	<u>\$ 2,324,293</u>	<u>\$ 994,186</u>	<u>\$ 3,318,479</u>	<u>\$ 559,442</u>

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

**State of New Mexico
Village of Santa Clara
Statement of Activities
June 30, 2008**

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets			Component Unit	
	Expenses	Operating		Governmental Activities	Primary Government Business-type Activities			Total
		Fees, Fines and Charges for Services	Grants and Contributions		Capital Grants and Contributions	Governmental Activities		
Primary Government								
Governmental activities:								
General government	\$ 119,032	\$ 7,008	\$ -	\$ (112,024)	\$ -	\$ (112,024)	\$ -	
Public safety	507,060	80,760	81,606	(344,694)	-	(344,694)	-	
Public works	47,959	-	109,082	747,901	-	747,901	-	
Public health	15,173	-	-	(15,173)	-	(15,173)	-	
Interest and fiscal charges on long-term debt	2,188	-	-	(2,188)	-	(2,188)	-	
Total governmental activities	691,412	87,768	190,688	273,822	-	273,822	-	
Business-type activities:								
Water and sewer	577,107	531,368	-	-	(45,739)	(45,739)	-	
Solid Waste	135,626	138,722	-	-	3,096	3,096	-	
Interest on longterm obligations	6,808	-	-	-	(6,808)	(6,808)	-	
Total business-type activities	719,541	670,090	-	-	(49,451)	(49,451)	-	
Total primary government	\$ 1,410,953	\$ 757,858	\$ 190,688	\$ 273,822	\$ (49,451)	\$ 224,371	\$ -	
Component Unit - Santa Clara Housing Authority	\$ 233,437	\$ 64,328	\$ 137,638	\$ -	\$ -	\$ -	\$ (31,471)	
General revenues:								
Taxes								
Property taxes, levied for general purposes				7,891	-	7,891	-	
Gross receipts taxes				53,815	-	53,815	-	
Franchise taxes				31,480	-	31,480	-	
Other taxes				73,954	-	73,954	-	
Grants and contributions unrestricted				129,277	-	129,277	-	
Investment income				4,360	1,358	5,718	-	
Transfers				(400,039)	400,039	-	-	
Total general revenues				(99,264)	401,397	302,133	(31,471)	
Changes in net assets				174,558	351,947	526,505	(31,471)	
Net assets, beginning of year				2,149,734	633,685	2,783,419	590,913	
Restatement				-	8,552	8,552	-	
Net assets, beginning of year (restated)				2,149,734	642,237	2,791,971	590,913	
Net assets, end of year				\$ 2,324,293	\$ 994,186	\$ 3,318,479	\$ 559,442	

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

**State of New Mexico
Village of Santa Clara
Balance Sheet
Governmental Funds
June 30, 2008**

ASSETS	General Fund	Fire Fund	CDBG Colonias Wastewater	RUS USDA Water & Wastewater	Other Funds	Total Governmental Funds
Cash and cash equivalents	\$ 26,898	\$ 57,388	\$ 36,818	\$ -	\$ 52,479	\$ 173,583
Investments	-	20,011	-	-	-	20,011
Taxes receivable	7,636	-	-	-	-	7,636
Intergovernmental receivables	6,040	-	-	-	2,747	8,787
Accounts receivable	6,836	-	-	-	-	6,836
Due from other funds	-	-	-	-	95,092	95,092
Total assets	<u>\$ 47,410</u>	<u>\$ 77,399</u>	<u>\$ 36,818</u>	<u>\$ -</u>	<u>\$ 150,318</u>	<u>\$ 311,946</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 2,539	\$ 921	\$ -	\$ -	\$ 547	\$ 4,007
Accrued payroll	2,941	-	-	-	-	2,941
Due to other funds	77,039	-	-	2,554	78,214	157,807
Total liabilities	<u>82,519</u>	<u>921</u>	<u>-</u>	<u>2,554</u>	<u>78,761</u>	<u>164,755</u>
Fund balances:						
Reserved for:						
Capital projects	-	-	36,818	(2,554)	(47,078)	(12,814)
Unreserved reported in:						
General fund	(35,109)	-	-	-	-	(35,109)
Special revenue funds	-	76,478	-	-	118,634	195,112
Total fund balances	<u>(35,109)</u>	<u>76,478</u>	<u>36,818</u>	<u>(2,554)</u>	<u>71,556</u>	<u>147,190</u>
Total liabilities and fund balances	<u>\$ 47,410</u>	<u>\$ 77,399</u>	<u>\$ 36,818</u>	<u>\$ -</u>	<u>\$ 150,318</u>	<u>\$ 311,946</u>

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

State of New Mexico
Village of Santa Clara
Reconciliation of the Governmental Fund Balance Sheet to the
Statement of Net Assets
June 30, 2008

Total Fund balance for governmental funds		\$ 147,190
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Governmental capital assets	\$ 3,296,037	
Less accumulated depreciation	<u>(860,578)</u>	2,435,459
Long-term and short-term liabilities applicable to the Village governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term are reported in statement of net assets		
Compensated absences payable	\$ (2,379)	
Long-term note payable	<u>(255,977)</u>	<u>(258,356)</u>
Total net assets of governmental activities		<u><u>\$ 2,324,293</u></u>

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State of New Mexico
Village of Santa Clara
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

	General Fund	Fire Fund	CDBG Colonias Wastewater	RUS USDA Water & Wastewater	Other Funds	Total Governmental Funds
REVENUES:						
Property taxes	\$ 9,221	\$ -	\$ -	\$ -	\$ -	\$ 9,221
Gross receipts tax	53,815	-	-	-	-	53,815
Franchise tax	31,480	-	-	-	-	31,480
Other taxes	-	-	-	-	-	-
Licenses and permits	575	-	-	-	-	575
Intergovernmental revenue and gran	203,231	109,082	165,494	233,938	13,254	724,999
Charges for service	873	-	-	-	33,951	34,824
State allocation	-	-	-	-	21,800	21,800
State grant	-	-	-	-	274,092	274,092
Federal grant	-	-	-	-	59,806	59,806
Fines	46,809	-	-	-	-	46,809
Investment earnings	2,401	1,959	-	-	-	4,360
Other revenues	5,560	-	-	-	-	5,560
Total revenues	353,965	111,041	165,494	233,938	402,903	1,267,342
EXPENDITURES:						
Current -						
General government	95,551	38,890	-	-	-	134,441
Public safety	296,497	-	-	-	98,532	395,029
Public works	15,987	-	-	-	10,261	26,248
Public health	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service -						
Principal	20,000	18,478	-	-	-	38,478
Interest and fiscal charges	-	2,188	-	-	-	2,188
Capital outlay	-	64,255	-	-	281,630	345,885
Total expenditures	428,035	123,811	-	-	390,423	942,270
Excess (deficiency) of revenues over expenditures	(74,070)	(12,770)	165,494	233,938	12,480	325,072
OTHER FINANCING SOURCES (USES)						
Bond proceeds	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	(4,967)	-	(166,101)	(233,938)	4,967	(400,039)
(uses)	(4,967)	-	(166,101)	(233,938)	4,967	(400,039)
Net changes in fund balances	(79,037)	(12,770)	(607)	-	17,447	(74,967)
Fund balances - July 1 (Beginning)	43,928	14,248	37,425	(2,554)	54,109	147,156
Restatement	-	75,000	-	-	-	75,000
Fund balances - July 1 (Restated)	43,928	89,248	37,425	(2,554)	54,109	222,156
Fund balances, end of year	\$ (35,109)	\$ 76,478	\$ 36,818	\$ (2,554)	\$ 71,556	\$ 147,191

State of New Mexico
Village of Santa Clara
Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund
Balances to Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2008

Net changes in fund balances - total governmental funds \$ (74,967)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Expenditures for capital assets	345,885	
Less current year depreciation	<u>(136,063)</u>	209,822

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued interest	308	
Deferred revenue	(1,330)	
Compensated absences	<u>2,247</u>	1,225

The proceeds of debt issuances provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of new assets. Repayment of long-term debt principal are expenditures in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Assets.

Notes payable retirement	<u>38,478</u>	38,478
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Change in net assets of governmental activities		<u><u>\$ 174,558</u></u>
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State of New Mexico
Village of Santa Clara
Statement of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual (Cash Basis)
General Fund
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Property taxes	\$ -	\$ -	\$ 7,926	\$ 7,926
Gross receipts taxes	-	-	55,131	55,131
Franchise taxes	-	-	30,836	30,836
Licenses and permits	-	-	575	575
Intergovernmental revenue and grants	-	-	232,911	232,911
Charges for services	-	-	873	873
Investment earnings	-	-	2,401	2,401
Fines	-	-	46,809	46,809
Other revenues	-	-	5,560	5,560
Total revenues	<u>-</u>	<u>-</u>	<u>383,022</u>	<u>383,022</u>
EXPENDITURES:				
General government	-	-	164,501	(164,501)
Public safety	-	-	258,054	(258,054)
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>422,555</u>	<u>(422,555)</u>
Excess (deficiency) of revenues over expenditures	-	-	(39,533)	(39,533)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	(4,967)	0
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(4,967)</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	(44,500)	(39,533)
Budgeted cash carryover	-	-	0	0
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (44,500)</u>	<u>\$ (39,533)</u>
Budgetary - GAAP Reporting Reconciliation:				
Excess (deficiency) of revenues over expenditures and other financing sources (uses)			\$ (44,500)	
Adjustments for revenue accruals			(29,056)	
Adjustment for expenditures accruals			<u>(5,480)</u>	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)			<u>\$ (79,037)</u>	

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

State of New Mexico
Village of Santa Clara
Statement of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual (Cash Basis)
Fire Protection Fund
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes:				
Intergovernmental revenue and grants	\$ -	\$ -	\$ 109,082	\$ 109,082
Other	-	-	77,021	77,021
Investment earnings	-	-	1,959	1,959
Total revenues	<u>-</u>	<u>-</u>	<u>188,062</u>	<u>188,062</u>
EXPENDITURES:				
Public safety	-	-	40,512	(40,512)
Debt service	-	-	18,478	(18,478)
Capital outlay	-	-	63,900	(63,900)
Total expenditures	<u>-</u>	<u>-</u>	<u>122,890</u>	<u>(122,890)</u>
Excess (deficiency) of revenues over expenditures	-	-	65,172	65,172
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	65,172	65,172
Budgeted cash carryover	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,172</u>	<u>\$ 65,172</u>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$ 65,172
Adjustments for revenue accruals	(77,021)
Adjustment for expenditures accruals	<u>(921)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$ (12,770)</u>

State of New Mexico
Village of Santa Clara
Statement of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual (Cash Basis)
Capital Projects Fund - CDBG Colonias
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Federal grant	\$ -	\$ -	\$ 165,494	\$ 165,494
Total revenues	<u>-</u>	<u>-</u>	<u>165,494</u>	<u>165,494</u>
EXPENDITURES:				
Capital outlay	-	-	166,101	(166,101)
Total expenditures	<u>-</u>	<u>-</u>	<u>166,101</u>	<u>(166,101)</u>
Excess (deficiency) of revenues over expenditures	-	-	(607)	(607)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	(607)	(607)
Budgeted cash carryover	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (607)</u>	<u>\$ (607)</u>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$ (607)
Adjustments for revenue accruals	-
Adjustment for expenditures accruals	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$ (607)</u>

State of New Mexico
Village of Santa Clara
Statement of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual (Cash Basis)
Capital Projects Fund - RUS USDA Wastewater Improvements
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Bond revenue	\$ -	\$ -	\$ -	\$ -
Federal grant	-	-	332,938	332,938
Total revenues	<u>-</u>	<u>-</u>	<u>332,938</u>	<u>332,938</u>
EXPENDITURES:				
Public works	-	-	-	-
Capital outlay	-	-	332,938	(332,938)
Total expenditures	<u>-</u>	<u>-</u>	<u>332,938</u>	<u>(332,938)</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	-	-
Budgeted cash carryover	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$ -
Adjustments for revenue accruals	-
Adjustment for expenditures accruals	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$ -</u>

State of New Mexico
Village of Santa Clara
Statement of Net Assets
Proprietary Funds
June 30, 2008

	Enterprise Funds		
	Water & Sewer	Solid Waste	Total
ASSETS			
Current assets:			
Cash and equivalents	\$ 8,115	\$ -	\$ 8,115
Restricted cash	35,255	-	35,255
Due from other funds	75,113	-	75,113
Accounts receivable (net)	78,625	18,936	97,561
Total current assets	<u>197,108</u>	<u>18,936</u>	<u>216,044</u>
Non-current assets:			
Capital assets	1,707,521	-	1,707,521
Accumulated depreciation	(672,738)	-	(672,738)
Total noncurrent assets	<u>1,034,783</u>	<u>-</u>	<u>1,034,783</u>
Total assets	<u>1,231,891</u>	<u>18,936</u>	<u>1,250,827</u>
LIABILITIES			
Current liabilities:			
Accounts payable	7,198	575	7,773
Accrued interest payable	2,628	-	2,628
Accrued salaries payable	3,699	366	4,065
Compensated absences payable	5,261	-	5,261
Revenue bonds payable	7,000	-	7,000
Deposits held for others	76,518	-	76,518
Due to other funds	-	12,398	12,398
Total current liabilities	<u>102,303</u>	<u>13,339</u>	<u>115,642</u>
Noncurrent liabilities:			
Revenue bonds payable	141,000	-	141,000
Total non-current liabilities	<u>141,000</u>	<u>-</u>	<u>141,000</u>
Total liabilities	<u>243,303</u>	<u>13,339</u>	<u>256,642</u>
NET ASSETS			
Invested in capital assets, net of related debt	886,783	-	886,783
Unrestricted	101,805	5,597	107,402
Total net assets	<u>\$ 988,589</u>	<u>\$ 5,597</u>	<u>\$ 994,186</u>

State of New Mexico
Village of Santa Clara
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds - Utility Departments
Year Ended June 30, 2008

	Utility Departments		
	Water & Sewer	Solid Waste	Total
Operating revenues:			
Charges for services	\$ 504,080	\$ 130,209	\$ 634,289
Gross receipts taxes	21,166	5,791	26,956
Gross receipts taxes municipal	-	2,723	2,723
Miscellaneous	6,122	-	6,122
Total operating revenues	<u>531,368</u>	<u>138,722</u>	<u>670,090</u>
Operating expenses:			
Personnel services	137,215	9,692	146,906
Operating expenses	409,472	125,934	535,406
Depreciation	30,420	-	30,420
Total operating expenses	<u>577,107</u>	<u>135,626</u>	<u>712,732</u>
Operating income	<u>(45,738)</u>	<u>3,098</u>	<u>(42,642)</u>
<u>Nonoperating revenues (expenses):</u>			
Interest expense	(6,808)	-	(6,808)
Interest income	1,358	-	1,358
Transfers in (out)	400,039	-	400,039
Total nonoperating revenues (expenses)	<u>394,589</u>	<u>-</u>	<u>394,589</u>
Changes in net assets	348,850	3,098	351,947
Fund balances - July 1 (Beginning)	629,824	3,861	633,685
Restatement	9,914	(1,362)	8,552
Fund balances - July 1 (Restated)	<u>639,738</u>	<u>2,499</u>	<u>642,238</u>
Total net assets, end of year	<u>\$ 988,589</u>	<u>\$ 5,597</u>	<u>\$ 994,186</u>

State of New Mexico
Village of Santa Clara
Statement of Cash Flows
Utility Funds
Year Ended June 30, 2008

	Enterprise Funds		
	Water & Sewer	Solid Waste	Total
<u>Increase (Decrease) In Cash and Cash Equivalents</u>			
Cash flows from operating activities:			
Cash received from customers	\$ 466,350	\$ 126,621	\$ 592,970
Other receipts	36,125	8,513	44,639
Cash payments to employees	(134,819)	(10,218)	(145,037)
Cash payments to suppliers for goods and services	(383,828)	(130,141)	(513,969)
Net cash provided by (used for) operating activities	<u>(16,172)</u>	<u>(5,225)</u>	<u>(21,397)</u>
Cash flows from noncapital financing activities:			
Transfers from other funds	429,598	12,398	441,996
Bond proceeds	99,000	-	99,000
Net cash provided by (used for) noncapital and related financing activities	<u>528,598</u>	<u>12,398</u>	<u>540,996</u>
Cash flows from capital and related financing activities:			
Net acquisition of capital assets	(443,509)	-	(443,509)
Payment of principal on long-term debt	(61,000)	-	(61,000)
Interest paid on bonds	(6,808)	-	(6,808)
Net cash provided by (used for) capital and related financing activities	<u>(511,317)</u>	<u>-</u>	<u>(511,317)</u>
Cash flows from investing activities:			
Investment income	1,358	-	1,358
Net cash provided by investing Activities	<u>1,358</u>	<u>-</u>	<u>1,358</u>
Net increase (decrease) in cash and cash equivalents	2,467	7,173	9,640
Cash and cash equivalents, beginning of year	40,904	(7,173)	33,731
Cash and cash equivalents, end of year	<u>\$ 43,371</u>	<u>\$ -</u>	<u>\$ 43,371</u>
<u>Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities</u>			
Operating income	\$ (45,738)	\$ 3,098	\$ (42,641)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Depreciation	30,420	-	30,420
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable - utilities	(20,314)	(2,167)	(22,481)
(Increase) decrease in prepaid interest	1,676	-	1,676
Increase (decrease) in accounts payable - operations	2,728	(5,629)	(2,901)
Increase (decrease) in payroll payable	3,699	366	4,065
Increase (decrease) in interest payable	2,368	-	2,368
Increase (decrease) in accrued compensated absences	(1,305)	(893)	(2,198)
Increase (decrease) in deposits held for others	10,294	-	10,294
Total adjustments	<u>29,566</u>	<u>(8,323)</u>	<u>21,243</u>
Net cash provided by (used for) operating activities	<u>\$ (16,172)</u>	<u>\$ (5,225)</u>	<u>\$ (21,397)</u>

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

AGENCY FUND

State of New Mexico
Village of Santa Clara
Statement of Changes in Assets and Liabilities - Agency Funds
Municipal Court Fund
For the Fiscal Year Ended June 30, 2008

	<u>Balance at June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2008</u>
Municipal Court Bond Fund				
Assets				
Cash	\$ 467	\$ 300	\$ -	\$ 667
Liabilities				
Due to individuals	\$ 467	\$ 300	\$ 100	\$ 667

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2008

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, 2008: 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.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. 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.

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, P0 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

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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. The County collects the Village's share of property taxes assessed. Property taxes attach an enforceable lien on property as of January 1. Tax notices are sent by the County Treasurer to property owners by November 1 of each year to be paid in whole or two installments by December 10 and May 10 of the following year. The County collects such taxes and distributes to the Village on a monthly basis. The Village accounts for its share of property taxes in the General Fund. Property tax revenues are considered available (1) when they become due or past due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the Village fiscal year.

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

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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-5 3-1.

The CDBG Colonias Wastewater Fund is used to account for Federal grant revenues and expenditures for wastewater improvements and is authorized by the Federal grant agreement.

RUS USDA Water & Wastewater is used to account for Federal grant revenues and expenditures for water and wastewater improvements and is authorized by the Federal grant agreement.

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

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. 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.
- b. 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.
- c. 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.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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. Donated capital assets are recorded at estimated fair market value at the date of donation.

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:

Assets	Years
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.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 asset 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.

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.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2008

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 fiscal year 2007-2008.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2008

NOTE 3. CASH AND INVESTMENTS

The Village's cash balances are reserved from subsequent years and consist of demand deposits, interest bearing savings accounts, certificates of deposit and short-term investment funds. The certificates of deposits have varying interest rates and maturity dates. The majority of Village cash and investments are co-mingled. All interest income is accounted for in the related funds.

The Village's investments are governed by state law. State regulations require that uninsured demand deposits and deposit-type investments such as certificates of deposit be collateralized by the depository thrift or banking institution. At present, state statutes require that a minimum of fifty percent of uninsured balances on deposit with anyone institution must be collateralized, with higher requirements up to 100% for financially troubled institutions.

Cash and certificates of deposit at June 30, 2008 consisted of the following:

Name of Depository	Account Name	Type of Account	Interest Bearing	Bank balance at June 30, 2008	(Outstanding item)	Reconciled Balance at June 30, 2008
AMBANK	Village of Santa Clara	Checking	Yes	\$ 133,364	\$ (14,515)	\$ 118,849
AMBANK	Village of Santa Clara	Certificate of Deposit	Yes	62,331		62,331
AMBANK	Village of Santa Clara	Certificate of Deposit	Yes	18,074		18,074
AMBANK	Village of Santa Clara	Certificate of Deposit	Yes	17,181		17,181
State Treasurer	Village of Santa Clara	LGIP	Yes	20,011		20,011
NMFA	Village of Santa Clara		Yes	651		651
NMFA	Village of Santa Clara		Yes	184		184
	Balance per bank			251,796		
	Outstanding item			(14,515)	(14,515)	
Petty cash	Village of Santa Clara Petty Cash			350		350
	Cash balances as of June 30, 2008			<u>\$ 237,630</u>		<u>\$ 237,630</u>
	Cash reconciliation to Fund type:					
	Total cash for Government Funds					235,551
	Total cash for Utility Fund					1,412
	Total cash for Agency Fund					667
	Cash balances as of June 30, 2008					<u>\$ 237,630</u>

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2008

NOTE 3. CASH AND INVESTMENTS (continued)

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, 2008, the Village was over-collateralized by \$985,508 therefore, no deposits were uninsured and uncollateralized. The Village's bank balance of \$230,950 was exposed to custodial credit risk as follows:

Type of Account Account name	AMBANK
Balance per bank	\$ 230,950
Balance per bank	\$ 230,950
Demand deposits and Certificates of deposits	\$ 230,950
Total deposits	230,950
Less: FDIC coverage	(197,586)
Uninsured public funds	33,364
Collateral held by AMBANK in the Name of Village of Santa Clara	1,002,190
Total pledged held by the pledging financial institution Uninsured and uncollateralized	1,002,190 \$ (968,826)
50% pledged collateral requirement per Section 6-10-17, NMSA, 1978	\$ 16,682
Total pledged collateral	1,002,190
Pledged collateral (over) under the requirement	\$ (985,508)

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2008

NOTE 4. RECEIVABLES

Receivables as of June 30, 2008, are as follows:

	Governmental Activities	Business-Type Activities
Municipal Taxes	\$ 7,636	\$ -
State Shared Taxes	2,699	-
Intergovernmental receivables	6,088	-
Other accounts receivable	6,836	97,561
Net Receivables	\$ 23,259	\$ 97,561

Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. A provision for uncollectible accounts was maintained at June 30, 2008 for the proprietary funds:

Governmental Funds:	
General	None
Proprietary Funds:	
Water and Sewer	\$10,000

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2008

NOTE 5. CAPITAL ASSETS

The following is a summary of capital assets and changes occurring during the year-ended June 30, 2008.

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
Governmental Activities:				
Capital Assets Non Depreciable:				
Land	\$ 28,131	\$ -	\$ -	\$ 28,131
Work in progress	631,146	1,738	369,333	263,551
	<u>659,277</u>	<u>1,738</u>	<u>369,333</u>	<u>291,682</u>
Depreciable:				
Buildings	823,640	93,059	-	916,699
Improvements	109,717	392,851	-	502,568
Infrastructure	610,013	-	-	610,013
Furniture and equipment	747,506	227,570	-	975,076
Total	<u>2,290,876</u>	<u>713,480</u>	<u>-</u>	<u>3,004,356</u>
Less accumulated depreciation				
Buildings	(264,043)	(22,917)	-	(286,960)
Improvements	(53,246)	(23,636)	-	(76,882)
Infrastructure	(36,600)	(12,200)	-	(48,800)
Furniture and equipment	(370,626)	(77,310)	-	(447,936)
Total accumulated depreciation	<u>(724,515)</u>	<u>(136,063)</u>	<u>-</u>	<u>(860,578)</u>
Other capital assets, net	<u>1,566,361</u>	<u>577,417</u>	<u>-</u>	<u>2,143,778</u>
Total capital assets, net	<u>\$ 2,225,638</u>	<u>\$ 579,155</u>	<u>\$ 369,333</u>	<u>\$ 2,435,460</u>
	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
Business - Type Activities				
Capital Assets Non Depreciable:				
Construction in progress	\$ 96,870	\$ 443,512	\$ -	\$ 540,382
	<u>96,870</u>	<u>443,512</u>	<u>-</u>	<u>540,382</u>
Depreciable:				
Buildings	14,468	-	-	14,468
Improvements	1,005,996	-	-	1,005,996
Utility system	133,902	-	-	133,902
Furniture and equipment	12,777	-	-	12,777
Total	<u>1,167,142</u>	<u>-</u>	<u>-</u>	<u>1,167,142</u>
Less accumulated depreciation				
Buildings	(13,564)	(362)	-	(13,926)
Improvements	(638)	(19,849)	-	(20,487)
Utility system	(546,392)	(9,890)	-	(556,282)
Furniture and equipment	(81,724)	(319)	-	(82,043)
Total accumulated depreciation	<u>(642,318)</u>	<u>(30,420)</u>	<u>-</u>	<u>(672,738)</u>
Other capital assets, net	<u>524,824</u>	<u>(30,420)</u>	<u>-</u>	<u>494,404</u>
Total capital assets, net	<u>\$ 621,694</u>	<u>\$ 413,092</u>	<u>\$ -</u>	<u>\$ 1,034,786</u>

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2008

NOTE 5. CAPITAL ASSETS (continued)

Depreciation expense for the year-ended June 30, 2008 was charged as follows:

	Governmental Activities
General Government	\$ 23,481
Public Safety	75,699
Public Works	21,711
Health & Welfare	15,173
	\$ 136,063

Depreciation expense relating to business-type activities for the year-ended June 30, 2008 totaled \$ 30,420.

NOTE 6. LONG-TERM DEBT

A. During the year-ended June 30, 2008, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008	Amounts Due in One Year
Note payable:					
New Mexico Board of Finance	105,000	-	20,000	85,000	10,000
New Mexico Finance Authority	114,455	-	15,625	98,830	15,821
New Mexico Finance Authority	75,000	-	2,853	72,147	2,856
Accrued Compensated Absences	4,627	13,453	15,701	2,379	8,870
	\$ 299,082	\$ 13,453	\$ 54,179	\$ 258,356	\$ 37,547

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 payments are as follows:

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2008

NOTE 6 LONG-TERM DEBT (continued)

<u>Year ending</u>	<u>Principal Amount</u>
2009	\$ 10,000
2010	10,000
2011	10,000
2012-2015	10,000
2016	15,000
	<u>\$ 85,000</u>

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

<u>Year ending</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Admin. Fee</u>	<u>Total</u>
2009	\$ 15,821	\$ 1,502	\$ 247	\$ 17,571
2010	16,044	1,319	208	17,570
2011	16,294	1,109	167	17,570
2012	16,574	871	127	17,571
2013	16,881	606	85	17,572
2014	17,216	314	43	
	<u>\$ 98,830</u>	<u>\$ 5,721</u>	<u>\$ 877</u>	<u>\$ 87,855</u>

\$72,147 loan from the State of New Mexico Finance Authority, agreed upon January 12, 2007 was originally for a total of \$75,000; the purpose of the loan was acquisition of fire equipment. The note is to be repaid from pledged state fire fund revenues. This is an interest free loan with annual principal payments varying from \$2,856 to \$18,414. The Finance Authority charges a 0.25% administrative fee. The note matures on May 1, 2017.

<u>Year ending</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Admin. Fee</u>	<u>Total</u>
2009	\$ 2,856	\$ -	\$ 247	\$ 3,103
2010	2,858	-	173	3,031
2011	2,860	-	166	3,026
2012	2,562	-	159	2,721
2013	2,864	-	153	3,017
2014-2017	58,147	-	145	58,292
	<u>\$ 72,147</u>	<u>\$ -</u>	<u>\$ 1,043</u>	<u>\$ 73,190</u>

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2008

NOTE 6. LONG-TERM DEBT (continued)

During the year-ended June 30, 2008, the following changes occurred in the liabilities reported in the statement of net assets of business-type activities.

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008	Amounts Due in One Year
RCAC Loan	55,000	-	55,000	-	-
Revenue Bonds Series 1977	55,000	-	6,000	49,000	6,000
Revenue Bonds Series 1977	-	99,000	-	99,000	1,000
Accrued Compensated Absences	7,459	7,302	9,501	5,261	-
Totals	<u>\$ 117,459</u>	<u>\$ 106,302</u>	<u>\$ 70,501</u>	<u>\$ 153,261</u>	<u>\$ 7,000</u>

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

\$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 Amount	Interest Amount	Total
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	6,000	800	6,800
2014-2016	19,000	1,950	20,950
Totals	<u>\$ 49,000</u>	<u>\$ 9,250</u>	<u>\$ 58,250</u>

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2008

NOTE 6. LONG-TERM DEBT (continued)

\$99,000 Revenue Bonds are a Series 2008 water and sewer revenue bonds, which were issued February 22, 2008 which is due in annual installments of \$1,000 to \$4,000 with a final principal payment of \$14,000 in 2048; the purpose of the bonds is for infrastructure improvements. The bonds mature serially through the year 2048 at an annual rate of 4.250%.

Fiscal Year Ending June 30,	Principal Amount	Interest Amount	Total
2009	\$ 1,000	\$ 4,208	\$ 5,208
2010	1,000	4,165	5,165
2011	1,000	4,122	5,122
2012	1,000	4,080	5,080
2013	1,000	4,038	5,038
2014-2048	94,000	94,265	188,265
Totals	\$ 99,000	\$ 114,877	\$ 213,877

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, 2008.

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.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2008

NOTE 8. RETIREMENT PLAN (continued)

- 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, 2008 was \$93,900.

IRA Contributions for Years Ended:	Village IRA Contribution 2%	Employee Contributions	Total
June 30, 2006	\$ 758	\$ 2,398	\$ 3,151
June 30, 2007	3,217	1,768	4,985
June 30, 2008	\$ 1,735	\$ 1,878	\$ 3,613

STATE OF NEW MEXICO
 VILLAGE OF SANTA CLARA
 Notes to Financial Statements
 June 30, 2008

NOTE 9. DEFICIT FUND BALANCE AND EXCESS EXPENDITURES OVER APPROPRIATIONS

The following funds had a deficit fund balance as of June 30, 2008:

General	\$	35,109
RUS USDA		2,554
Juvenile Recreation		2,230
Law Protection		2,515
Senior Citizens Center		7,572
Special Appropriation		41,269
Industrial Park		989
	<u>\$</u>	<u>92,238</u>

NOTE 10 DEFICIT CASH BALANCES

The following funds had a deficit cash balance as of June 30, 2008:

RUS USDA	\$	2,554
Juvenile Recreation		1,880
Senior Citizens Center		7,458
Special Appropriation		41,243
Solid Waste		12,398
	<u>\$</u>	<u>65,533</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, 2008

NOTE 14 INTER-FUND TRANSFERS AND BALANCES

Trans to/from other funds at June 30, 2008, consists of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Activities:		
General Fund	\$ -	\$ 4,967
CDBG Colonias Wastewater		166,101
RUS USDA Water & Wastewater		233,938
DWI Task Force	4,643	-
OBD State Grant	324	-
	<u>\$ 4,967</u>	<u>\$ 405,006</u>
 Business Type Activities		
Water & Sewer	\$ 400,039	\$ -
	<u>\$ 400,039</u>	<u>\$ -</u>

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	
General	Corrections	\$ 41,957	Reimbursements for operating advances
Special Appropriation	Corrections	16,151	Reimbursements for operating advances
Senior Citizens	Corrections	7,458	Reimbursements for operating advances
Juvenile Recreation	Corrections	1,880	Reimbursements for operating advances
RUS USDA W & W	Corrections	2,554	Reimbursements for operating advances
Special Appropriation	Road	25,092	Reimbursements for operating advances
General	Water & Sewer	35,082	Reimbursements for operating advances
Special Appropriation	Water & Sewer	26	Reimbursements for operating advances
Senior Citizens	Water & Sewer	114	Reimbursements for operating advances
Industrial park	Water & Sewer	10,231	Reimbursements for operating advances
Law Enforcement	Water & Sewer	17,262	Reimbursements for operating advances
Due to Governmental Activities		<u>\$ 157,807</u>	

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>	
Water & Sewer	General	\$ 35,082	Reimbursements for operating advances
Water & Sewer	Law Protection	17,262	Reimbursements for operating advances
Water & Sewer	Industrial Park	10,231	Reimbursements for operating advances
Water & Sewer	Special Appropriation	26	Reimbursements for operating advances
Water & Sewer	Solid Waste	12,398	Reimbursements for operating advances
Water & Sewer	Senior Citizens	114	Reimbursements for operating advances
Due to Business Type Activities		<u>\$ 75,113</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, 2008

NOTE 15. 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 \$2,097,534 as follows:

Fund	Reason	Budgeted Expenses	Actual Expenses	Difference
General	No Budget	\$ -	\$ 422,555	\$ (422,555)
Fire Protection	No Budget	-	122,890	(122,890)
CDBG Colonias	No Budget	-	166,101	(166,101)
RUS USDA WW Improvements	No Budget	-	332,938	(332,938)
Corrections	No Budget	-	9,119	(9,119)
Juvenile Recreation	No Budget	-	105,963	(105,963)
Emergency Medical Services	No Budget	-	7,146	(7,146)
DWI Task Force	No Budget	-	1,224	(1,224)
Law Enforcement Protection	No Budget	-	133,517	(133,517)
COPS Fast Grant	No Budget	-	59,806	(59,806)
OBD State Grant	No Budget	-	9,679	(9,679)
Senior Citizens Center	No Budget	-	7,458	(7,458)
Special Appropriation Maintenance	No Budget	-	41,243	(41,243)
Main Street Park	No Budget	-	3,156	(3,156)
Industrial Park	No Budget	-	1,738	(1,738)
Water & Sewer	No Budget	-	537,642	(537,642)
Solid Waste	No Budget	-	135,359	(135,359)
		<u>-</u>	<u>135,359</u>	<u>(135,359)</u>
Totals		<u>\$ -</u>	<u>\$ 2,097,534</u>	<u>\$ (2,097,534)</u>

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

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2008

NOTE 16. 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 at June 30, 2008 were as follows:

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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NOTE 17 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.

NOTE 18. PRIOR PERIOD ADJUSTMENT

During the current year, it was determined that \$75,000 held in escrow by the New Mexico Finance Authority was received by the Village in 2007 and should have been shown as loan proceeds in the fund financial statements. It was all determined that accounts payables were overstated by \$26,683 and revenues overstated by \$18,131 in the Utility Funds. To correct this error, the beginning fund balance of the Fire Fund of \$14,248, as originally reported, has been increased to \$89,248 and beginning fund balance of the Utility Fund of \$633,685, as originally reported, has been increased to \$642,238.

NOTE 19. COMPONENT UNIT

A. Cash

New Mexico State Statutes provide authoritative guidance regarding the deposit of cash and idle cash. Deposits of funds may be made in interest or non-interest bearing checking accounts. Deposits may be made to the extent that they are insured by an agency of the United States of America or by collateral deposited as security or by bond given by the financial institution.

The rate of interest in non-demand interest-bearing accounts shall be set by the state Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

STATE OF NEW MEXICO
 VILLAGE OF SANTA CLARA
 Notes to Financial Statements
 June 30, 2008

NOTE 19. COMPONENT UNIT (Continued)

Idle cash may be invested in a wide variety of instruments, including money market accounts, certificates of deposit, the New Mexico State Treasurer's investment pool or in securities that are issued by the state or by the United States government or by their departments or agencies and which are either direct obligations of the state or the United States or are backed by the full faith and credit of those governments.

Cash Deposited with Financial Institutions. The SCPHA maintains cash in one financial institution. The SCPHA's deposits are carried at cost.

The amounts reported as cash for the SCPHA within the financial statement is displayed as:

	<u>2008</u>
Cash	\$ 121,727
Tenant Deposits	2,822
Total	<u>\$ 124,549</u>

Except for items in transit, the carrying value of deposits by the respective depositories equated to the carrying value by the SCPHA. The Federal Deposit Insurance Corporation (FDIC) insures all deposits.

Wells Fargo Bank
 New Mexico, N.A.

	<u>2008</u>
Checking	\$ 124,549
Less FDIC checking	<u>(124,549)</u>
Uninsured public funds	<u>\$ -</u>

Custodial credit risk is the risk that in the event of a bank failure, the SCPHA's deposit may not be returned to it. The SCPHA does not have a deposit policy for custodial risk. As of June 30, 2008, all of the SCPHA's deposits were insured; therefore, the SCPHA'S was not exposed to custodial risk.

B. Receivables

Receivables as of June 30, 2008, are as follows:

Subsidy receivable	49,280
Total	<u>\$ 49,982</u>

The above receivables are deemed 100% collectible within one year.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Notes to Financial Statements
June 30, 2008

NOTE 19. COMPONENT UNIT (Continued)

C. Capital Assets

The following is a summary of capital assets and changes occurring during the years-ended June 30, 2008. Land is not subject to depreciation.

	Balance 6/30/2007	Additions	Deletions	Balance 6/30/2008
Business - Type Activities				
Depreciable:				
Buildings	\$ 599,249	\$ -	\$ -	\$ 599,249
Improvements	366,873	-	-	366,873
Furniture and equipment	47,612	-	-	47,612
Total	<u>1,013,734</u>	<u>-</u>	<u>-</u>	<u>1,013,734</u>
Less accumulated depreciation				
Buildings	432,934	14,981	-	447,915
Improvements	115,984	21,409	-	137,393
Furniture and equipment	34,138	4,762	-	38,900
Total	<u>583,056</u>	<u>41,152</u>	<u>-</u>	<u>624,208</u>
Net Book Value	<u>\$ 430,678</u>	<u>\$ (41,152)</u>	<u>\$ -</u>	<u>\$ 389,526</u>

Depreciation expense relating to business-like activities for the year-ended June 30, 2008 totaled \$41,152.

D. Post – Employment Benefits

Plan Description. All of SCPHA’s full-time employees participate in a defined benefit contributory retirement plan through the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978) of the State of New Mexico, a cost sharing, multiple-employer defined benefit retirement system. The Public Employees Retirement Association (PERA) is the administrator of the plan. The plan provides for retirement, disability benefits, survivor benefits, and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123.

Funding Policy. For covered employees, participants were required to contribute 7% of their gross salary to the plan. The SCPHA contributes a required matching contribution of 7% of each participant’s gross salary. The SCPHA’s contributions to PERA for the years ended June 30, 2008, 2007 and 2006 were \$2,918, \$3,282, and \$3,408 equal to the amount of the required contributions for the years, respectively.

SUPPLEMENTAL INFORMATION

**State of New Mexico
Village of Santa Clara
Combining Balance Sheet
Non Major Governmental Funds
June 30, 2008**

	Special Revenue Funds	Capital Projects Funds	Total
ASSETS			
Cash and cash equivalents	\$ 43,035	\$ 9,444	\$ 52,479
Taxes receivable	-	-	-
Intergovernmental receivable	-	2,747	2,747
Due from other funds	95,092	-	95,092
Total assets	<u>\$ 138,127</u>	<u>\$ 12,191</u>	<u>\$ 150,318</u>
LIABILITIES AND FUND BALANCES			
Accounts payable	\$ 350	\$ 197	\$ 547
Due to other funds	19,142	59,072	78,214
Total liabilities	<u>19,492</u>	<u>59,269</u>	<u>78,761</u>
Fund balances:			
Reserved for capital projects	-	(47,078)	\$ (47,078)
Unreserved	118,634	-	\$ 118,634
Total fund balances	<u>118,634</u>	<u>(47,078)</u>	<u>71,556</u>
Total liabilities and fund balances	<u>\$ 138,127</u>	<u>\$ 12,191</u>	<u>\$ 150,318</u>

State of New Mexico
Village of Santa Clara
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non Major Governmental Funds
Year Ended June 30, 2008

	Special Revenue Funds	Capital Projects Funds	Total
REVENUES:			
Taxes:			
Other taxes	\$ -	\$ -	\$ -
Intergovernmental revenue and grants	8,462	4,792	13,254
Charges for services	33,951	-	33,951
State allocation	21,800	-	21,800
State grant	274,092	-	274,092
Federal grant	59,806	-	59,806
Other revenues	-	-	-
Investment earnings	-	-	-
Total revenues	<u>398,111</u>	<u>4,792</u>	<u>402,903</u>
EXPENDITURES:			
Public safety	98,532	-	98,532
Public works	10,261	-	10,261
Health	-	-	-
Culture and recreation	-	-	-
Capital outlay	228,035	53,595	281,630
Total expenditures	<u>336,828</u>	<u>53,595</u>	<u>390,423</u>
Excess (deficiency) of revenues over expenditures	<u>61,284</u>	<u>(48,803)</u>	<u>12,481</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	4,967	-	4,967
Total other financing sources (uses)	<u>4,967</u>	<u>-</u>	<u>4,967</u>
Net changes in fund balances	<u>66,250</u>	<u>(48,803)</u>	<u>17,447</u>
Fund balances - July 1 (Beginning)	52,384	1,725	54,109
Restatement	-	-	-
Fund balances - July 1 (Restated)	<u>52,384</u>	<u>1,725</u>	<u>54,109</u>
Fund balances - June 30 (Ending)	<u>\$ 118,634</u>	<u>\$ (47,078)</u>	<u>\$ 71,556</u>

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Non-Major Governmental Funds
June 30, 2008

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 29-1 3 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 29-1 3- 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).

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

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

State of New Mexico
Village of Santa Clara
Combining Balance Sheet
Non Major Governmental Funds
June 30, 2008

Special Revenue Funds

ASSETS	Corrections	Juvenile Recreation	Cemetery	EMS	DWI Task Force	Law Protection Fund	Road	Cops Fast Grant	OBD State Grant	Total
Cash and cash equivalents	\$ 2,419	\$ -	\$ 9,102	\$ 1,183	\$ -	\$ 14,747	\$ 15,583	\$ -	\$ -	\$ 43,035
Taxes receivable	-	-	-	-	-	-	-	-	-	-
Due from other funds	70,000	-	-	-	-	-	25,092	-	-	95,092
Total assets	\$ 72,419	\$ -	\$ 9,102	\$ 1,183	\$ -	\$ 14,747	\$ 40,675	\$ -	\$ -	\$ 138,127
LIABILITIES AND FUND BALANCES										
Accounts payable	\$ -	\$ 350	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 350
Due to other funds	-	1,880	-	-	-	17,262	-	-	-	19,142
Total liabilities	-	2,230	-	-	-	17,262	-	-	-	19,492
Fund balances:										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved	72,419	(2,230)	9,102	1,183	-	(2,515)	40,675	-	-	118,634
Total fund balances	72,419	(2,230)	9,102	1,183	-	(2,515)	40,675	-	-	118,634
Total liabilities and fund balances	\$ 72,419	\$ -	\$ 9,102	\$ 1,183	\$ -	\$ 14,747	\$ 40,675	\$ -	\$ -	\$ 138,127

**State of New Mexico
Village of Santa Clara
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non Major Governmental Funds
Year Ended June 30, 2008**

	Special Revenue Funds										Total
	Corrections	Juvenile Recreation	Cemetery	EMS	DWI Task Force	Law Protection Fund	Road	Cops Fast Grant	OBD State Grant		
REVENUES:											
Taxes:											
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue and grants											
Charges for services	-	-	-	-	-	-	8,462	-	-	-	8,462
State allocation	33,901	-	50	-	-	-	-	-	-	-	33,951
State grant	-	151,426	-	6,365	5,036	21,800	-	-	-	-	21,800
Federal grant	-	-	-	-	-	110,365	-	-	900	-	274,092
Total revenues	<u>33,901</u>	<u>151,426</u>	<u>50</u>	<u>6,365</u>	<u>5,036</u>	<u>132,165</u>	<u>8,462</u>	<u>59,806</u>	<u>900</u>	<u>59,806</u>	<u>398,111</u>
EXPENDITURES:											
Public safety	9,119	-	-	7,146	9,679	11,558	-	59,806	1,224	-	98,532
Public works	-	-	-	-	-	-	10,261	-	-	-	10,261
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	105,963	-	-	-	122,072	-	-	-	-	228,035
Total expenditures	<u>9,119</u>	<u>105,963</u>	<u>-</u>	<u>7,146</u>	<u>9,679</u>	<u>133,630</u>	<u>10,261</u>	<u>59,806</u>	<u>1,224</u>	<u>-</u>	<u>336,828</u>
Excess (deficiency) of revenues over expenditures	<u>24,782</u>	<u>45,463</u>	<u>50</u>	<u>(781)</u>	<u>(4,643)</u>	<u>(1,465)</u>	<u>(1,799)</u>	<u>-</u>	<u>(324)</u>	<u>-</u>	<u>61,284</u>
OTHER FINANCING SOURCES (USES):											
Transfers in	-	-	-	-	4,643	-	-	-	324	-	4,967
Total other financing sources (uses)	-	-	-	-	4,643	-	-	-	324	-	4,967
Net changes in fund balances	<u>24,782</u>	<u>45,463</u>	<u>50</u>	<u>(781)</u>	<u>-</u>	<u>(1,465)</u>	<u>(1,799)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,250</u>
Fund balances - July 1 (Beginning)	47,637	(47,693)	9,052	1,964	-	(1,050)	42,474	-	-	-	52,384
Restatement	-	-	-	-	-	-	-	-	-	-	-
Fund balances - July 1 (Restated)	<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>-</u>	<u>-</u>	<u>52,384</u>
Fund balances - June 30 (Ending)	<u>\$ 72,419</u>	<u>\$ (2,230)</u>	<u>\$ 9,102</u>	<u>\$ 1,183</u>	<u>\$ -</u>	<u>\$ (2,515)</u>	<u>\$ 40,675</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,634</u>

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

State of New Mexico
Village of Santa Clara
Statement of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual (Cash Basis)
Correctional Fund
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Charges for services	\$ -	\$ -	\$ 33,901	\$ 33,901
Total revenues	<u>-</u>	<u>-</u>	<u>33,901</u>	<u>33,901</u>
EXPENDITURES:				
Public safety	-	-	9,119	(9,119)
Total expenditures	<u>-</u>	<u>-</u>	<u>9,119</u>	<u>(9,119)</u>
Excess (deficiency) of revenues over expenditures	-	-	24,783	24,783
Budgeted cash carryover	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,783</u>	<u>\$ 24,783</u>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$ 24,783
Adjustments for revenue accruals	0
Adjustment for expenditures accruals	<u>0</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$ 24,783</u>

State of New Mexico
Village of Santa Clara
Statement of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual (Cash Basis)
Juvenile Recreation Fund
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental revenue and grants	\$ -	\$ -	\$ 151,426	\$ 151,426
Total revenues	<u>-</u>	<u>-</u>	<u>151,426</u>	<u>151,426</u>
EXPENDITURES:				
Recreation	-	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	105,963	(105,963)
Total expenditures	<u>-</u>	<u>-</u>	<u>105,963</u>	<u>(105,963)</u>
Excess (deficiency) of revenues over expenditures	-	-	45,463	45,463
Budgeted cash carryover	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,463</u>	<u>\$ 45,463</u>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$ 45,463
Adjustments for revenue accruals	-
Adjustment for expenditures accruals	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$ 45,463</u>

State of New Mexico
Village of Santa Clara
Statement of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual (Cash Basis)
Cemetery Fund
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Fees	\$ -	\$ -	\$ 50	\$ 50
Total revenues	<u>-</u>	<u>-</u>	<u>50</u>	<u>50</u>
EXPENDITURES:				
Recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	-	50	50
Budgeted cash carryover	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ 50</u>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$ 50
Adjustments for revenue accruals	-
Adjustment for expenditures accruals	<u>0</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$ 50</u>

State of New Mexico
Village of Santa Clara
Statement of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual (Cash Basis)
Emergency Medical Services Fund
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental revenue and grants	\$ -	\$ -	\$ 6,365	\$ 0
Total revenues	<u>-</u>	<u>-</u>	<u>6,365</u>	<u>0</u>
EXPENDITURES:				
Health	-	-	7,146	(7,146)
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>7,146</u>	<u>(7,146)</u>
Excess (deficiency) of revenues over expenditures	-	-	(781)	(7,146)
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>0</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	(781)	(7,146)
Budgeted cash carryover	<u>-</u>	<u>-</u>	<u>-</u>	<u>0</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (781)</u>	<u>\$ (7,146)</u>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$ (781)
Adjustments for revenue accruals	0
Adjustment for expenditures accruals	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$ (781)</u>

State of New Mexico
Village of Santa Clara
Statement of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual (Cash Basis)
DWI Task Force Fund
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental revenue and grants	\$ -	\$ -	\$ 900	(900)
Other	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>900</u>	<u>(900)</u>
EXPENDITURES:				
Public Safety	-	-	1,224	(1,224)
Capital Outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>1,224</u>	<u>(1,224)</u>
Excess (deficiency) of revenues over expenditures	-	-	(324)	(2,124)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	324	(324)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>324</u>	<u>(324)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	-	(2,448)
Budgeted cash carryover	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,448)</u>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$ -
Adjustments for revenue accruals	-
Adjustment for expenditures accruals	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$ -</u>

State of New Mexico
Village of Santa Clara
Statement of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual (Cash Basis)
Law Enforcement Protection Fund
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental revenue and grants	\$ -	\$ -	\$ 132,165	\$ 132,165
Total revenues	<u>-</u>	<u>-</u>	<u>132,165</u>	<u>132,165</u>
EXPENDITURES:				
Public safety	-	-	11,427	(11,427)
Capital outlay	-	-	122,090	(122,090)
Total expenditures	<u>-</u>	<u>-</u>	<u>133,517</u>	<u>(133,517)</u>
Excess (deficiency) of revenues over expenditures	-	-	(1,352)	(1,353)
Budgeted cash carryover	-	-	-	0
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,352)</u>	<u>\$ (1,353)</u>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$ (1,352)
Adjustments for revenue accruals	-
Adjustment for expenditures accruals	<u>(113)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$ (1,465)</u>

State of New Mexico
Village of Santa Clara
Statement of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual (Cash Basis)
Road Fund
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental revenue and grants	\$ -	\$ -	\$ 8,859	\$ 8,859
Total revenues	<u>-</u>	<u>-</u>	<u>8,859</u>	<u>8,859</u>
EXPENDITURES:				
Public Works	-	-	10,261	(10,261)
Total expenditures	<u>-</u>	<u>-</u>	<u>10,261</u>	<u>(10,261)</u>
Excess (deficiency) of revenues over expenditures	-	-	(1,403)	(1,403)
Budgeted cash carryover	-	-	-	0
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,403)</u>	<u>\$ (1,403)</u>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$ (1,403)
Adjustments for revenue accruals	(397)
Adjustment for expenditures accruals	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$ (1,799)</u>

State of New Mexico
Village of Santa Clara
Statement of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual (Cash Basis)
COPS Fast Grant Fund
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental revenue and grants	\$ -	\$ -	\$ 59,806	\$ 59,806
Total revenues	<u>-</u>	<u>-</u>	<u>59,806</u>	<u>59,806</u>
EXPENDITURES:				
Public Safety	-	-	59,806	(59,806)
Total expenditures	<u>-</u>	<u>-</u>	<u>59,806</u>	<u>(59,806)</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-
Budgeted cash carryover	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$ -
Adjustments for revenue accruals	-
Adjustment for expenditures accruals	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$ -</u>

State of New Mexico
Village of Santa Clara
Statement of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual (Cash Basis)
OBD State Grant Fund
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental revenue and grants	\$ -	\$ -	\$ 5,036	(5,036)
Other	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>5,036</u>	<u>(5,036)</u>
EXPENDITURES:				
Public Safety	-	-	9,679	(9,679)
Capital Outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>9,679</u>	<u>(9,679)</u>
Excess (deficiency) of revenues over expenditures	-	-	(4,643)	(14,715)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	4,643	(4,643)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>4,643</u>	<u>(4,643)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	-	(19,358)
Budgeted cash carryover	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (19,358)</u>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$ -
Adjustments for revenue accruals	-
Adjustment for expenditures accruals	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$ -</u>

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Non-Major Governmental Funds
June 30, 2008

CAPITAL PROJECTS FUNDS

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.

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.

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.

**State of New Mexico
Village of Santa Clara
Combining Balance Sheet
Non Major Governmental Funds
Capital Projects
June 30, 2008**

	Senior Citizens Center	Special Appropriation Maintenance	Main Street Park	Industrial Park	FEMA Twin Sisters	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 5	\$ 9,439	\$ -	\$ 9,444
Intergovernmental receivables	-	-	-	-	2,747	2,747
Total assets	\$ -	\$ -	\$ 5	\$ 9,439	\$ 2,747	\$ 12,191
LIABILITIES AND FUND BALANCES						
Accounts payable	\$ -	\$ -	\$ -	\$ 197	\$ -	\$ 197
Due to other funds	7,572	41,269	-	10,231	-	59,072
Total liabilities	7,572	41,269	-	10,428	-	59,269
Fund balances:						
Reserved for capital projects	(7,572)	(41,269)	5	(989)	2,747	(47,078)
Unreserved	-	-	-	-	-	-
Total fund balances	(7,572)	(41,269)	5	(989)	2,747	(47,078)
Total liabilities and fund balances	\$ -	\$ -	\$ 5	\$ 9,439	\$ 2,747	\$ 12,191

State of New Mexico
Village of Santa Clara
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non Major Governmental Funds
Capital Projects
Year Ended June 30, 2008

	Senior Citizens Center	Special Appropriation Maintenance	Main Street Park	Industrial Park	FEMA Twin Sisters	Total
REVENUES:						
Taxes:						
Intergovernmental revenue and grants	\$ -	\$ -	\$ 4,015	\$ 777	\$ -	\$ 4,792
Total revenues	<u>-</u>	<u>-</u>	<u>4,015</u>	<u>777</u>	<u>-</u>	<u>4,792</u>
EXPENDITURES:						
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Health	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	7,458	41,243	3,156	1,738	-	53,595
Total expenditures	<u>7,458</u>	<u>41,243</u>	<u>3,156</u>	<u>1,738</u>	<u>-</u>	<u>53,595</u>
Excess (deficiency) of revenues over expenditures	<u>(7,458)</u>	<u>(41,243)</u>	<u>859</u>	<u>(961)</u>	<u>-</u>	<u>(48,803)</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>(7,458)</u>	<u>(41,243)</u>	<u>859</u>	<u>(961)</u>	<u>-</u>	<u>(48,803)</u>
Fund balances - July 1 (Beginning)	(114)	(26)	(854)	(28)	2,747	1,725
Restatement	-	-	-	-	-	-
Fund balances - July 1 (Restated)	<u>(114)</u>	<u>(26)</u>	<u>(854)</u>	<u>(28)</u>	<u>2,747</u>	<u>1,725</u>
Fund balances - June 30 (Ending)	<u>\$ (7,572)</u>	<u>\$ (41,269)</u>	<u>\$ 5</u>	<u>\$ (989)</u>	<u>\$ 2,747</u>	<u>\$ (47,078)</u>

State of New Mexico
Village of Santa Clara
Statement of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual (Cash Basis)
Capital Projects Fund - Senior Citizens Center
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Federal grant	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	7,458	(7,458)
Total expenditures	<u>-</u>	<u>-</u>	<u>7,458</u>	<u>(7,458)</u>
Excess (deficiency) of revenues over expenditures	-	-	(7,458)	(7,458)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	(7,458)	(7,458)
Budgeted cash carryover	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,458)</u>	<u>\$ (7,458)</u>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$ (7,458)
Adjustments for revenue accruals	-
Adjustment for expenditures accruals	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$ (7,458)</u>

State of New Mexico
Village of Santa Clara
Statement of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual (Cash Basis)
Capital Projects Fund - Special Appropriation Maintenance
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES:				
Federal grant	\$ -	\$ -	\$ -	\$ -
State grants	-	-	1,746	1,746
Total revenues	-	-	1,746	1,746
EXPENDITURES:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	41,243	(41,243)
Total expenditures	-	-	41,243	(41,243)
Excess (deficiency) of revenues over expenditures	-	-	(39,497)	(39,497)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	(39,497)	(39,497)
Budgeted cash carryover	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (39,497)</u>	<u>\$ (39,497)</u>
Budgetary - GAAP Reporting Reconciliation:				
Excess (deficiency) of revenues over expenditures and other financing sources (uses)			\$ (39,497)	
Adjustments for revenue accruals			(1,746)	
Adjustment for expenditures accruals			-	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)			<u>\$ (41,243)</u>	

State of New Mexico
Village of Santa Clara
Statement of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual (Cash Basis)
Capital Projects Fund - Main Street Park
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Federal grant	\$ -	\$ -	\$ -	\$ -
State grants	-	-	4,015	4,015
Total revenues	<u>-</u>	<u>-</u>	<u>4,015</u>	<u>4,015</u>
EXPENDITURES:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	3,156	(3,156)
Total expenditures	<u>-</u>	<u>-</u>	<u>3,156</u>	<u>(3,156)</u>
Excess (deficiency) of revenues over expenditures	-	-	859	859
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	859	859
Budgeted cash carryover	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 859</u>	<u>\$ 859</u>
Budgetary - GAAP Reporting Reconciliation:				
Excess (deficiency) of revenues over expenditures and other financing sources (uses)			\$ 859	
Adjustments for revenue accruals			-	
Adjustment for expenditures accruals			<u>-</u>	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)			<u>\$ 859</u>	

State of New Mexico
Village of Santa Clara
Statement of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual (Cash Basis)
Capital Projects Fund - Industrial Park
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Federal grant	\$ -	\$ -	\$ -	\$ -
State grants	-	-	777	777
Total revenues	<u>-</u>	<u>-</u>	<u>777</u>	<u>777</u>
EXPENDITURES:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	1,738	(1,738)
Total expenditures	<u>-</u>	<u>-</u>	<u>1,738</u>	<u>(1,738)</u>
Excess (deficiency) of revenues over expenditures	-	-	(961)	(961)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	(961)	(961)
Budgeted cash carryover	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (961)</u>	<u>\$ (961)</u>
Budgetary - GAAP Reporting Reconciliation:				
Excess (deficiency) of revenues over expenditures and other financing sources (uses)			\$ (961)	
Adjustments for revenue accruals			-	
Adjustment for expenditures accruals			<u>-</u>	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)			<u>\$ (961)</u>	

State of New Mexico
Village of Santa Clara
Statement of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual (Cash Basis)
Capital Projects Fund - FEMA Twin Sisters
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Federal grant	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	-	-
Budgeted cash carryover	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$ -
Adjustments for revenue accruals	-
Adjustment for expenditures accruals	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$ -</u>

BUSINESS – TYPE FUND BUDGET

**State of New Mexico
Village of Santa Clara
Statement of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual (Cash Basis)
Water Sewer Fund
For the Fiscal Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Charges for services	\$ -	\$ -	\$ 503,833	\$ 503,833
Total revenues	<u>-</u>	<u>-</u>	<u>503,833</u>	<u>503,833</u>
EXPENDITURES:				
Repairs and maintenance	-	-	537,642	(537,642)
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>537,642</u>	<u>(537,642)</u>
Excess (deficiency) of revenues over expenditures	-	-	(33,809)	(33,809)
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	(33,809)	(33,809)
Budgeted cash carryover	<u>-</u>	<u>-</u>	<u>-</u>	<u>0</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (33,809)</u>	<u>\$ (33,809)</u>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$ (33,809)
Adjustments for revenue accruals	428,932
Adjustment for expenditures accruals	<u>(43,915)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$ 351,208</u>

State of New Mexico
Village of Santa Clara
Statement of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual (Cash Basis)
Solid Waste Fund
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Garbage services			69,609	
Landfill			62,802	
State-shared taxes	-	-	2,723	2,723
Total revenues	<u>-</u>	<u>-</u>	<u>135,134</u>	<u>2,723</u>
EXPENDITURES:				
Personal services	-	-	10,218	(10,218)
Operating expenses	-	-	125,359	(125,359)
Total expenditures	<u>-</u>	<u>-</u>	<u>135,577</u>	<u>(135,577)</u>
Excess (deficiency) of revenues over expenditures	-	-	(443)	(7,495)
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	(443)	(132,854)
Budgeted cash carryover	-	-	-	0
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (443)</u>	<u>\$ (132,854)</u>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$ (443)
Adjustments for revenue accruals	3,588
Adjustment for expenditures accruals	<u>894</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$ 4,039</u>

SUPPORTING SCHEDULE

**State of New Mexico
Village of Santa Clara
Joint Powers Agreements
June 30, 2008**

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, 2008 the Village of Santa Clara contributed a total of \$192,204.

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

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

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

We have audited the financial statements the Village of Santa Clara, New Mexico as of and for the year ended June 30, 2008, and have issued our report there on dated January 19, 2011. We were engaged to audit the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and each major governmental fund's budgetary comparison of the Village of Santa Clara, New Mexico, as of and for the year ended June 30, 2008, which collectively comprise the Village of Santa Clara, New Mexico's basic financial statements, as listed in the table of contents, and have issued our report thereon dated January 19, 2011. We did 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, 2008, 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, because we were unable to obtain supporting documentation for minutes, inter fund transfers and inter fund balances. We were also engaged to audit the financial statements of each of the Village's non-major governmental funds presented in the accompanying combining financial statements and all the budgetary comparisons presented as supplemental information as of and for the year ended June 30, 2008, as listed in the table of contents. 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, 2008, 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, because we were unable to obtain supporting documentation for minutes, inter fund transfers and inter fund balances. Except as discussed in the preceding sentences, we conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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, 2006-03, 2006-11, 2006-12, 2006-14, 2006-15, 2008-01, 2008-02, 2008-03 and 2008-04 in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

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, 2006-15, 2008-01 and 2008-02 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 not express such an opinion. The results of our tests disclosed instances of noncompliance 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 2005-10, 2006-01, 2006-03, 2006-14 and 2008-01.

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 them.

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.

Garcia and Associates, CPA, LLC
Los Lunas, New Mexico
January 19, 2011

Garcia and Associates, CPA, LLC

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Partner

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of Village of Santa Clara, New Mexico with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Village of Santa Clara, New Mexico's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Village of Santa Clara, New Mexico's management. Our responsibility is to express an opinion on Village of Santa Clara, New Mexico's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Village of Santa Clara, New Mexico's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Village of Santa Clara, New Mexico's compliance with those requirements.

In our opinion, Village of Santa Clara, New Mexico complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as items 2006-03 and 2006-14.

Internal Control Over Compliance

The management of Village of Santa Clara, New Mexico is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Village of Santa Clara, New Mexico's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village of Santa Clara, New Mexico's internal control over compliance.

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

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2006-03 and 2006-14 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We do not consider the deficiency described in the accompanying schedule of findings and questioned costs to be material a weakness.

Village of Santa Clara, New Mexico's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Village of Santa Clara, New Mexico's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the Village, the Village Council, the Office of the State Auditor, the New Mexico Legislature, and applicable federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Garcia and Associates, CPA, LLC
Los Lunas, New Mexico
January 19, 2011

FEDERAL FINANCIAL ASSISTANCE

**State of New Mexico
Village of Santa Clara
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2008**

<u>Federal Grantor or Pass-Through Grantor/Program Title</u>	<u>Passthrough Number</u>	<u>Federal CFDA</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passthrough the New Mexico Department of Finance and Administration Community Development Bock Grant Waste Water Treatment Improvements	04-C-RS-1-7-G-26	14.218	\$ 165,493
Total U.S. Department of Housing and urban Development			<u>165,493</u>
<u>U.S. Department of Agriculture</u>			
Water and Waste Disposal Systems for Rural Communities (1) Water and Waste Disposal Systems for Rural Communities	36-009-085600355 Loan	10.760	233,938 <u>99,000</u>
Total U.S. Department of Agriculture			<u>332,938</u>
<u>U.S. Department of Justice</u>			
Public Safety Partnership and Community Policing	2002UMWX0233	16.167	<u>59,806</u>
Total U.S. Department of Justice			<u>59,806</u>
Total Federal Financial Assistance			<u>\$ 558,237</u>

(1) Denotes Major Federal Financial Assistance Program

Notes to Schedule of Expenditures of Federal Awards

Basis of Presentation

The above Schedule of Expenditures of Federal Awards includes the federal grant activity of the Village of Santa Clara and is presented on the modified accrual basis of accounting which is the same basis as was used to prepare the fund financial statements. This information in this schedule is presented in accordance with the requirements of OMB-133, Audits of State, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements

Total federal awards expended per schedule of Expenditure of Federal Awards	\$ 577,569
Total Expenditure funded by other sources	<u>764,740</u>
Total expenditures	<u>\$ 1,342,309</u>

State of New Mexico
 Village of Santa Clara
 Schedule of Findings and Questioned Costs
 For The Year Ended June 30, 2008

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements:

Type of Auditor’s Report issued:	Disclaimer
Internal Control Over Financial Reporting:	Yes
Material weakness identified?	Yes
Significant deficiencies identified that are not considered to be material weakness?	Yes
Noncompliance material to financial statements noted?	Yes

Federal Awards:

1. Internal Control Over Major Programs:

Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Control deficiencies identified not considered to be significant deficiencies?	Yes

2. Type of Auditor’s Report issued on compliance for major programs: Unqualified

3. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes

4. Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.760	Water and Wastewater Disposal Systems For Rural Systems

5. Dollar threshold used to distinguish between Type A and Type B Programs: \$300,000

6. Auditee qualified as low-risk auditee? No

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

SECTION II – FINANCIAL STATEMENT FINDINGS

Primary Government

Reportable Findings and Question Costs – Financial Statement 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
2006-03 Internal Control and Compliance with Grants-Repeated and modified
2006-05 Payroll- Resolved
2006-11 No Gas Distribution Franchise Ordinance-Repeated and modified
2006-12 Noncompliance with Debt and Bond Covenants-Repeated and modified
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, 2008, to the New Mexico State Auditor was December 1, 2008.

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

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

Cause: The Village did not seek proposals for audit services in a timely manner.

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.

Management's Response: Due to turnover of personnel and Board of Trustees, the 2008 audit was not organized or performed timely. The 2009 audit will also be late.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

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 management oversight and review process.
- Lack of supporting documentation and approval for journal entries.

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

Cause: The Village has had significant turnover in personnel.

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 has been hired and the internal control and segregation of duties for the Village has been reviewed and changed as necessary. The process for implementing an accounting and procedures manual, has been started.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

Finding 2006-03 Internal Control and Compliance with Grants

Condition: The Village does not have adequate support procedures for grant reporting.. Three progress reports were submitted after the required submission date.

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."

Effect: The Village was not in compliance with all grant requirements.

Cause: The Village grant activity is not properly monitored for reporting requirements.

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.

Management's Response: New staff has been hired. Compliance with grant reporting will be reviewed and procedures implemented to improve the process.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

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.

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

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

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.

Management's Response: As of November 2010, a new ordinance agreement has been executed and retained in the Village records. All similar agreements subject to expiration will be reviewed and procedures implemented to monitor their timely renewal.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

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, GMAC and USDA. Each of these agreements has restrictive covenants.

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

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

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.

STATE OF NEW MEXICO
 VILLAGE OF SANTA CLARA
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2008

Finding 2006-14 Expenditures in Excess of Budget Authority

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

The annual budget for the fiscal year 2007-2008 was not submitted to the Local Government Division of the New Mexico Department of Finance and Administration (DFA) by June 1, 2007. Expenditures in excess of authorizations (as noted below), were made in the following funds:

Fund	Expenitures
General	\$ 422,555
Fire Protection	\$ 122,890
CDBG Colonias	\$ 166,101
RUS USDA WW Improvements	\$ 332,938
Corrections	\$ 9,119
Juvenile Recreation	\$ 105,963
Emergency Medical Services	\$ 7,146
DWI Task Force	\$ 1,224
Law Enforcement Protection	\$ 133,517
COPS Fast Grant	\$ 59,806
0BD State Grant	\$ 9,679
Senior Citizens Center	\$ 7,458
Special Appropriation Maintenance	\$ 41,243
Main Street Park	\$ 3,156
Industrial Park	\$ 1,738
Water & Sewer	\$ 537,642
Solid Waste	\$ 135,359

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

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

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 their use of funds.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

Finding 2006-14 Expenditures in Excess of Budget Authority, continued

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.

Management's Response: New staff has been hired and the process for budget approval by the New Mexico Department of Finance and Administration (DFA) is now being done as required.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

Finding 2006-15 Minutes

Condition: Some of the minutes of the Board of Trustees meeting for the fiscal year ending June 30, 2008 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.

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.

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

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

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

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

Finding 2008-01 Submission of DFA Quarterly Reports

Condition: The Village was not in compliance with the quarterly reporting requirement for the fiscal year 2007-2008. Reports were not submitted to the Local Government Division of the New Mexico Department of Finance and Administration as required for the quarters ending September 30, 2007, December 31, 2007, March 31, 2008 and June 30, 2008.

Criteria: Per New Mexico State Statutes Subsection F of Section 6-6-2 NMSA 1978 requires periodic financial reports of all local public bodies. Section 6-6-3 NMSA 1978 requires that every local public body shall make all reports as may be required by the local government division. Every city, town, village shall file a financial report on a quarterly basis with the local government division. The first quarter is from July 1st to September 30th; the second quarter is from October 1st to December 31st; the third quarter is from January 1st to March 31st and the fourth quarter is from April 1st to June 30th. The reports are due at the local government division no later than thirty days following the end of the quarter.

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

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.

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.

Management's Response: New staff has been hired and the quarterly reporting requirements are now being done as required by the State of New Mexico Department of Finance and Administration.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

Finding 2008-02 Misappropriation of Utility Payments

Condition: In September 2007 the Village determined that the Utilities Clerk had converted to her personal use, utility payments during the period of October 2006 through October 2007. Additional auditing procedures were applied to the 2006-2007 and 2007-2008 utility payments. The following are the results of those procedures. Per review of the Villages Utility Payments transaction and procedures, we noted the following:

Utility payments converted to personal use 2006-2007	\$ 10,115
Utility payments converted to personal use 2007-2008	<u>8,642</u>
Total	\$ 18,757

Criteria: Management is responsible for developing an effective system of internal control over financial reporting, which includes controls for payments of utility services.

Effect: Monitoring of utility payments is a key internal control activity which helps ensure the accuracy of transactions and provides assurances with respect to public funds. The internal controls over utility payments were not adequate to ensure processing of transactions.

Cause: The Village did not perform a reconciliation of the Utility Accounts Receivable subsidiary ledger to the General Ledger.

Recommendation: The Village should update its accounting policies, including clearly defining responsibilities and review procedures. Management should design and implement effective internal controls to ensure effective monitoring of the application of utility payments and the outstanding accounts receivable.

Management's Response: These findings are related to the Villages former Utility Clerk. She resigned in September of 2007. The Department of Finance and Administration was notified who then notified the Office of the State Auditor. This case has been referred to the Office of the District Attorney Sixth Judicial District for prosecution.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

Finding 2008-03 Approval of Adjusting Journal Entries

Condition: The Village does not have a policy for journal entries that would require physical evidence that the preparer did not also perform the approval of the adjustment.

Criteria: Sufficient internal controls require a segregation of duties for the authorization and preparation of journal entries as well as the maintenance of physical records to ensure compliance with Section 66-3 NMSA 1978.

Effect: The Village is unable to demonstrate that journal entries were approved by someone other than the preparer and may be at risk of undetected misstatements and/or fraud.

Cause: Insufficient policies and procedures over the journal entry process.

Recommendation: The Village should develop a journal entry process that indicates who is authorized to prepare journal entries as well as who is authorized to approve journal entries. Additionally, the process should address the maintenance of physical records that demonstrate this segregation of duties.

Agency Response: The Village has limited staff with the training to be able to approve adjusting journal entries. Procedures will be put in place, for upper management to provide approvals.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

Finding 2008-04 Comprehensive Set of Policies

Condition: The Village does not have a comprehensive set of policies and procedures that address various key components of its operations.

Criteria: The internal control structure of the Village must include policies that document proper business practices for key operations.

Effect: The Village is at risk to internal control failures which could lead to undetected misstatements in financial statements. Additionally, the risk of fraud is heightened without proper documentation and review procedures.

Cause: Limited staff size and turnover in key financial management positions.

Recommendation: The Village should allocate the necessary resources in order to develop and/or update outdated existing policies and desk procedures for the following functions: payroll documentation, human resources documentation, employee leave, cash receipting, month-end and year-end close out, asset safeguarding, and purchasing procedures including credit card usage.

Agency Response: The Village has created a working set of recommended policies. The administration will work with Governing Body in order to formally adopt the policies.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

Separately Issued Housing Authority (Component Unit)

Reportable Findings and Question Costs – Financial Statement Audit:

Prior Year Findings:

- 06-01 Capital assets Subsidiary Records - Resolved
- 06-02 General Ledger, Accounting Records and Reconciliations - Repeated and Modified
- 06-03 Tenant Files - Resolved
- 06-04 Payroll - Resolved
- 06-05 Expenditures - Resolved
- 06-06 Audit Report Submission to the New Mexico State Auditor - Repeated and Modified
- 07-01 Failure to File Accurate Payroll Tax Reports - Repeated

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 accounts are not reconciled. Employee benefits, a category that includes payroll taxes, were understated by \$1,143.

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.

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

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.

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

Response: The SCPHA will adhere to the auditor's recommendation.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

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 July 21, 2009.

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, 2008.

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

Cause: The audit was not submitted to the SCPHA until . 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.

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.

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 Questioned Costs
For the Year Ended June 30, 2008

Finding 07-1 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 last two quarters of the calendar year ending December 31, 2007 and the first two quarters of calendar year ending December 31, 2008. Of the four 941 payroll tax quarterly reports tested, all four of them were not prepared correctly by the fee accountant. The amounts that were reported as wages on Line 2 of Form 941 for each quarter showed an incorrect amount when compared to the amounts showing on the Authority's general ledger. For the four quarters the payroll was understated by a total amount \$3,049. Also, the payroll tax amounts were understated. The total social security and Medicare tax amounts as shown on line 5d were understated in total by \$466.

Criteria: In accordance with the Internal Revenue Service, payroll contributions shall accrue and become payable for each calendar year in which the payments of contributions become due. (IRS Publication 15).

Effect: The payroll journal did not match the payroll federal quarterly tax reports. The gross wages on the 941's did not match the gross wages in the Authority's general ledger. Undetermined penalties may be charged after the corrected quarterly reports are filed.

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.

Recommendation: We recommend that management closely review the quarterly tax reports and compare them to the payroll journal.

Response: The SCPHA will adhere to auditor's recommendations.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

Finding 08-1 Failure to Report Rent Subsidies on GAAP Basis

Condition: Net operating subsidy of \$49,740 was incorrectly reported as rent subsidy for the FYE 6/30/07. The rent subsidy was understated by \$99,442.

Criteria: Rent subsidies are to be reported on GAAP basis. Due to the late filing of the required reports due to HUD, the rent subsidies were delayed in being sent to Santa Clara Public Housing Authority.
Finding 08-1 Failure to Report Rent Subsidies on GAAP Basis(continued)

Effect: The revenues were not matched against expenses in accordance with GAAP.

Cause: The audit report of Village of Santa Clara was not filed in a timely manner as was the Santa Clara Public Housing Authority, the component unit. As a result, there was a delay in funds being available for distribution to the Santa Clara Public Housing Authority.

Recommendation: The audit report needs to be filed on a timely basis.

Response: The SCPHA will adhere to auditor's recommendations.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

Finding 08-2 Actual Expenditures in Excess of Budgeted Expenditures for Fiscal Year

Condition: The actual expenditures in the low rent fund exceeded the budgeted expenditures for the fiscal year by \$19,474.

Criteria: Section 6-6-6 of the New Mexico State Statutes restricts all officials and governing authorities from approving claims in excess of the approved budget. Additionally, Section 6-6-6 prohibits any payment in excess of the approved budget. Santa Clara Public Housing Authority officials and governing authorities have the obligation to follow state statutes.

Effect: Non compliance with New Mexico state statutes could subject officials and employees to penalties and fines as required by state statutes.

Cause: Santa Clara Public Housing Authority personnel did not have an adequate monitoring process in place to prevent the over-expenditures.

Recommendations: We recommend that management closely monitor expenditures and budget limitations to ensure compliance with budget restrictions.

Response: The SCPHA will adhere to auditor's recommendations.

STATE OF NEW MEXICO
VILLAGE OF SANTA CLARA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

Exit Conference

This report was discussed with the following individuals at an exit conference held on January 19, 2011.

Village of Santa Clara

Richard Bauch, Mayor
Lucia Romo, Clerk/Treasurer

Audit Firm

Raymond J. Garcia, CPA
Garcia and Associates, CPA, LLC

Preparation of the Financial Statements

The basic financial statements and notes to the financial statements for the year ended June 30, 2008, were substantially prepared by the independent certified public accountant performing the audit; however, maintaining the audited entity's books and records is the responsibility of its management. Accordingly, management is responsible for ensuring that these books and records adequately support the preparation of financial statements in accordance with generally accepted accounting principles and that records are current and in balance.