

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
AUDIT REPORT
JUNE 30, 2009**

STATE OF NEW MEXICO
 VILLAGE OF CHAMA
 JUNE 30, 2009

TABLE OF CONTENTS

	<u>Page Number</u>
<u>INTRODUCTORY SECTION</u>	
Official Roster	1
<u>FINANCIAL STATEMENTS SECTION</u>	
Independent Auditors' Report	2-3
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Assets	4
Statement of Activities	5-6
Fund Financial Statements	
Balance Sheet-Governmental Funds.....	7
Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds.....	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	9
Statement of Revenues, Expenditures and Changes in Fund Balances Budget (Non-GAAP Basis) and Actual (Budgetary Basis):	
General Fund.....	10
Statement of Net Assets-Proprietary Funds.....	11
Statement of Revenues, Expenses and Change in Fund Net Assets- Proprietary Funds.....	12
Statement of Cash Flows-Proprietary Fund.....	13
Notes to the Financial Statements.....	14-37
<u>SUPPLEMENTARY INFORMATION</u>	
Nonmajor Governmental Funds	38-39
Combining and Individual Fund Financial Statements:	
Combining Balance Sheet - Nonmajor Governmental Funds.....	40-41

STATE OF NEW MEXICO
VILLAGE OF CHAMA
JUNE 30, 2009

TABLE OF CONTENTS
(continued)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances-Nonmajor Governmental Funds.....	42-43
Statement of Revenues, Expenditures and Changes in Fund Balances-Budget (Non-GAAP Basis) and Actual (Budgetary Basis):	
Emergency Medical Services Fund	44
Fire Fund.....	45
Law Enforcement Fund.....	46
Library Fund	47
Lodger’s Tax Fund.....	48
Recreation Fund	49
Local Corrections Fund.....	50
Cemetery Fund.....	51
Street Fund	52
CDBG Fund	53
SAP Fund.....	54
Statement of Revenues, Expenses and Changes in Fund Net Assets – Budget (Non-GAAP Basis) and Actual (Budgetary Basis):	
Sewer Fund	55
Solid Waste Fund	56
Water Fund.....	57
<u>COMPONENT UNIT</u>	
Statement of Net Assets-Housing Authority	58
Statement of Revenues, Expenditures and Changes in Fund Net Assets-Housing Authority	59
Statement of Cash Flows-Housing Authority.....	60
Schedule of Revenues, Expenditures and Changes in Fund Net Assets-Budget (Non-GAAP Basis) and Actual (Budgetary Basis)-Housing Authority.....	61
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
Financial Data Schedule-Housing Authority	62-63

STATE OF NEW MEXICO
VILLAGE OF CHAMA
JUNE 30, 2009

TABLE OF CONTENTS
(continued)

COMPLIANCE AND FINDINGS

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>.....	64-65
Schedule of Findings and Responses	66-72
Exit Conference	73

INTRODUCTORY SECTION

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
JUNE 30, 2009**

OFFICIAL ROSTER

<u>Name</u>	<u>Title</u>
Archie J. Vigil	Mayor
Billy Elbrock	Trustee
Ron Russom	Trustee
Darren DeYapp	Trustee
Milnor Manzanares	Trustee

ADMINISTRATIVE OFFICIALS

Mary Jo Pina	Municipal Judge
Barbara Daggett	Village Treasurer
Victoria Gonzales	Village Clerk
Kenneth C. Downes & Assoc. P.C.	Attorney

CHAMA HOUSING AUTHORITY

Isidoro Manzanares	Chairman
Mary Jo Pina	Vice Chairman
Herman Sisneros	Commissioner
Tommy Baeza	Commissioner
Doris Serrano	Commissioner
Mike Trujillo	Executive Director

FINANCIAL STATEMENTS SECTION



PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Archie J. Vigil, Mayor
Village Council
Village of Chama
Chama, New Mexico
and
Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Chama, New Mexico, as of and for the year ended June 30, 2009, which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village's nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Village of Chama New Mexico's management. Our responsibility is to express opinions on these financial statements based on our audit.

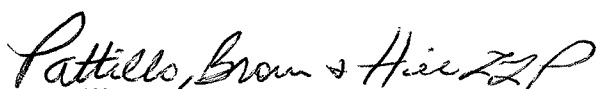
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Chama, New Mexico, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the CDBG fund, SAP fund, and all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2010 on our consideration of the Village's internal control over financial reporting and on 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.

The Village of Chama 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 a required part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, and the combining and individual fund financial statements and budgetary comparisons. The accompanying schedules of other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statement of the Village of Chama, New Mexico. The schedules of other supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.



Pattillo, Brown, & Hill, L.L.P.

Albuquerque, New Mexico

February 12, 2010

STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 430,380	\$ 18,956	\$ 449,336	\$ 62,079
Investments	231,230	82,938	314,168	147,174
Accounts receivable	136,990	41,126	178,116	3,808
Due from other governments	361,638	-	361,638	3,000
Prepaid expense	-	-	-	9,261
Internal Balances	32,468	(32,468)	-	-
Total current assets	<u>1,192,706</u>	<u>110,552</u>	<u>1,303,258</u>	<u>225,322</u>
Noncurrent assets:				
Restricted cash	-	70,153	70,153	5,107
Restricted investments	-	85,216	85,216	-
Capital assets:				
Land	64,190	3,333	67,523	32,200
Construction in progress	353,679	578,268	931,947	-
Capital assets being depreciated, net	1,266,055	4,038,453	5,304,508	1,701,964
Intangible assets - water rights	-	61,100	61,100	-
Total noncurrent assets	<u>1,683,924</u>	<u>4,836,523</u>	<u>6,520,447</u>	<u>1,739,271</u>
Total assets	<u>2,876,630</u>	<u>4,947,075</u>	<u>7,823,705</u>	<u>1,964,593</u>
LIABILITIES				
Current liabilities:				
Accounts payable	402,245	3,337	405,582	15,045
Accrued sales tax expense	-	1,969	1,969	-
Accrued interest expense	-	3,866	3,866	-
Prepaid rent	-	-	-	1,503
Accrued payroll liabilities	-	-	-	2,227
Current portion long term debt	7,648	36,565	44,213	-
Current portion landfill closure costs	-	3,550	3,550	-
Customer deposits	-	18,057	18,057	5,675
Total current liabilities	<u>409,893</u>	<u>67,344</u>	<u>477,237</u>	<u>24,450</u>
Noncurrent liabilities:				
Compensated absences	13,790	1,268	15,058	-
Lease payable	-	106,426	106,426	-
Revenue bonds and loans payable	-	135,000	135,000	-
Landfill (less current portion)	-	78,100	78,100	-
Total noncurrent liabilities	<u>13,790</u>	<u>320,794</u>	<u>334,584</u>	<u>-</u>
Total liabilities	<u>423,683</u>	<u>388,138</u>	<u>811,821</u>	<u>24,450</u>
NET ASSETS				
Invested in capital assets, net of related debt	1,676,276	4,403,163	6,079,439	1,734,164
Restricted for:				
Capital projects	114,354	-	114,354	-
Debt service	-	155,369	155,369	-
Unrestricted	662,317	405	662,722	205,979
Total net assets	<u>\$ 2,452,947</u>	<u>\$ 4,558,937</u>	<u>\$ 7,011,884</u>	<u>\$ 1,940,143</u>

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental activities:				
General government	\$ 640,626	\$ 41,241	\$ 132,486	\$ -
Public safety	271,277	2,720	97,652	-
Public works	226,944	-	-	1,527,386
Culture and recreation	179,688	31,872	30,710	-
Total governmental activities	<u>1,318,535</u>	<u>75,833</u>	<u>260,848</u>	<u>1,527,386</u>
Business-type activities:				
Sewer	215,773	118,548	-	-
Solid waste	155,508	98,441	-	-
Water	273,992	175,288	-	-
Total business-type activities	<u>645,273</u>	<u>392,277</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 1,963,808</u>	<u>\$ 468,110</u>	<u>\$ 260,848</u>	<u>\$ 1,527,386</u>
Component Units:				
Village of Chama Housing Authority	<u>\$ 210,520</u>	<u>\$ 66,215</u>	<u>\$ 105,086</u>	<u>\$ 97,808</u>

General revenues:

Taxes:

 Property taxes, levied for general purposes

 Sales

 Franchise

 Lodgers

 Other

Investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets

Net assets, beginning

Restatement

Net assets, as restated

Net assets, ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and
Changes in Net Assets

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$(466,899)	\$ -	\$(466,899)	\$ -
(170,905)	-	(170,905)	-
1,300,442	-	1,300,442	-
(117,106)	-	(117,106)	-
<u>545,532</u>	<u>-</u>	<u>545,532</u>	<u>-</u>
-	(97,225)	(97,225)	-
-	(57,067)	(57,067)	-
-	(98,704)	(98,704)	-
-	(252,996)	(252,996)	-
<u>545,532</u>	<u>(252,996)</u>	<u>292,536</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>58,589</u>
95,735	-	95,735	-
628,522	-	628,522	-
58,767	-	58,767	-
102,511	-	102,511	-
52,306	61,835	114,141	-
4,527	6,177	10,704	2,525
20,973	-	20,973	-
(1,380,636)	1,380,636	-	-
(417,295)	1,448,648	1,031,353	2,525
<u>128,237</u>	<u>1,195,652</u>	<u>1,323,889</u>	<u>61,114</u>
2,320,793	3,363,285	5,684,078	1,879,029
3,917	-	3,917	-
<u>2,324,710</u>	<u>3,363,285</u>	<u>5,687,995</u>	<u>1,879,029</u>
<u>\$ 2,452,947</u>	<u>\$ 4,558,937</u>	<u>\$ 7,011,884</u>	<u>\$ 1,940,143</u>

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

	General Fund	CDBG Fund	SAP Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 320,583	\$ -	\$ 30,657	\$ 79,140	\$ 430,380
Investments	-	-	-	231,230	231,230
Accounts receivables (net of allowance for uncollectible):	132,468	-	-	4,522	136,990
Due from other governments	58,817	-	300,109	2,712	361,638
Due from other funds	-	-	32,468	822	33,290
	<u>511,868</u>	<u>-</u>	<u>363,234</u>	<u>318,426</u>	<u>1,193,528</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	54,106	-	330,109	18,030	402,245
Due to other funds	822	-	-	-	822
Deferred revenue	16,495	-	-	-	16,495
Total liabilities	<u>71,423</u>	<u>-</u>	<u>330,109</u>	<u>18,030</u>	<u>419,562</u>
Fund Balances:					
Reserved for:					
Capital projects	-	-	33,125	81,229	114,354
Unreserved, undesignated reported in:					
General funds	440,445	-	-	-	440,445
Special revenue funds	-	-	-	219,167	219,167
Total fund balances	<u>440,445</u>	<u>-</u>	<u>33,125</u>	<u>300,396</u>	<u>773,966</u>
Total liabilities and fund balances	<u>\$ 511,868</u>	<u>\$ -</u>	<u>\$ 363,234</u>	<u>\$ 318,426</u>	

A portion of property taxes receivable is not available to pay
current period expenditures and, therefore, is deferred in the
funds. 16,495

Capital assets used in governmental activities are not
financial resources and, therefore, are not reported in the
funds. 1,683,924

Compensated absences are not payable from current financial
resources and, therefore, are not reported in the funds. (13,790)

Long-term liabilities are not due and payable in the current
period and therefore are not reported in the funds. (7,648)

Net assets of governmental funds \$ 2,452,947

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>General Fund</u>	<u>CDBG Fund</u>	<u>SAP Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes:					
Property	\$ 82,234	\$ -	\$ -	\$ -	\$ 82,234
Gross receipts	598,452	-	-	30,070	628,522
Franchise	58,767	-	-	-	58,767
Lodgers' taxes	-	-	-	102,511	102,511
State shared	42,680	-	-	9,626	52,306
Licenses and permits	8,709	-	-	-	8,709
Intergovernmental	191,764	22,418	1,446,151	127,401	1,787,734
Charges for services	-	-	-	2,521	2,521
Fines	1,960	-	-	760	2,720
Interest on investments	537	-	-	3,990	4,527
Miscellaneous	80,573	-	-	2,783	83,356
Total revenues	<u>1,065,676</u>	<u>22,418</u>	<u>1,446,151</u>	<u>279,662</u>	<u>2,813,907</u>
EXPENDITURES					
Current operations					
General government	585,315	-	-	-	585,315
Public safety	131,526	-	-	101,485	233,011
Public works	194,249	-	-	10,552	204,801
Culture and recreation	59,264	-	-	120,424	179,688
Debt Service					
Principal	-	-	-	9,779	9,779
Interest and fiscal charges	-	-	-	624	624
Capital outlay	<u>3,051</u>	<u>-</u>	<u>18,085</u>	<u>37,472</u>	<u>58,608</u>
Total expenditures	<u>973,405</u>	<u>-</u>	<u>18,085</u>	<u>280,336</u>	<u>1,271,826</u>
Excess (deficiency) of revenues over expenditures	<u>92,271</u>	<u>22,418</u>	<u>1,428,066</u>	<u>(674)</u>	<u>1,542,081</u>
OTHER FINANCING SOURCES (USES):					
Transfer in	135,262	-	31,994	58,486	225,742
Transfer out	<u>(137,066)</u>	<u>(22,418)</u>	<u>(1,391,881)</u>	<u>(55,013)</u>	<u>(1,606,378)</u>
Total other financing sources (uses)	<u>(1,804)</u>	<u>(22,418)</u>	<u>(1,359,887)</u>	<u>3,473</u>	<u>(1,380,636)</u>
Net changes in fund balances	<u>90,467</u>	<u>-</u>	<u>68,179</u>	<u>2,799</u>	<u>161,445</u>
FUND BALANCE, BEGINNING OF YEAR	349,978	-	(67,522)	293,680	576,136
RESTATEMENT	-	-	32,468	3,917	36,385
FUND BALANCE, AS RESTATED	<u>349,978</u>	<u>-</u>	<u>(35,054)</u>	<u>297,597</u>	<u>612,521</u>
FUND BALANCE, END OF YEAR	<u>\$ 440,445</u>	<u>\$ -</u>	<u>\$ 33,125</u>	<u>\$ 300,396</u>	<u>\$ 773,966</u>

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

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

Net change in fund balances - total governmental funds	\$ 161,445
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A portion of property tax receivable is not available to pay current period expenditures and, therefore, is deferred in the funds.	13,501
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	58,608
Depreciation expense	(110,713)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets:

Principal repayments	9,779
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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 the governmental funds:

Compensated absences	(4,383)
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Change in net assets of governmental activities	\$ <u>128,237</u>
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The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET(Non-GAAP Basis) and ACTUAL (Budgetary Basis)
GENERAL FUND
YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Property	\$ 68,000	\$ 72,000	\$ 70,948	\$(1,052)
Gross receipts	606,961	606,961	592,395	(14,566)
Franchise	58,000	63,000	62,235	(765)
State shared	2,000	69,500	42,374	(27,126)
Licenses and permits	12,000	12,500	8,709	(3,791)
Intergovernmental	130,800	180,800	132,947	(47,853)
Fines	5,750	5,750	1,960	(3,790)
Interest on investments	750	750	537	(213)
Miscellaneous	55,349	90,194	80,573	(9,621)
Total revenues	<u>939,610</u>	<u>1,101,455</u>	<u>992,678</u>	<u>(108,777)</u>
EXPENDITURES				
Current operations				
General government	635,352	765,940	591,854	174,086
Public safety	117,530	117,988	131,697	(13,709)
Public works	93,368	222,831	148,670	74,161
Culture and recreation	87,145	63,105	63,062	43
Capital outlay	<u>-</u>	<u>-</u>	<u>2,132</u>	<u>(2,132)</u>
Total expenditures	<u>933,395</u>	<u>1,169,864</u>	<u>937,415</u>	<u>232,449</u>
Excess (deficiency) of revenues over expenditures	<u>6,215</u>	<u>(68,409)</u>	<u>55,263</u>	<u>123,672</u>
OTHER FINANCING SOURCES (USES)				
Transfer in (out)	(15,404)	(14,168)	(1,804)	12,364
Total other financing sources (uses)	<u>(15,404)</u>	<u>(14,168)</u>	<u>(1,804)</u>	<u>12,364</u>
Net change in fund balance	<u>\$(9,189)</u>	<u>\$(82,577)</u>	53,459	<u>\$ 136,036</u>
Beginning cash balance	<u>\$ 267,124</u>	<u>\$ 267,124</u>		
RECONCILIATION TO GAAP BASIS				
Changes in receivables			86,499	
Changes in deferred revenue			(13,501)	
Changes in payables			(35,990)	
Net change in fund balance GAAP Basis			<u>\$ 90,467</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	Sewer Fund	Solid Waste Fund	Water Fund	Total Proprietary Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,323	\$ 7,755	\$ 9,878	\$ 18,956
Investments	11,815	8,939	62,184	82,938
Accounts receivables (net of allowance for uncollectible):	10,337	15,185	15,604	41,126
Total current assets	23,475	31,879	87,666	143,020
Noncurrent assets:				
Restricted cash	-	-	70,153	70,153
Restricted investments	-	-	85,216	85,216
Capital assets:				
Land	2,500	-	833	3,333
Construction in progress	400,933	-	177,335	578,268
Capital assets being depreciated, net	2,452,320	123,611	1,462,522	4,038,453
Intangible assets - water rights	-	-	61,100	61,100
Total noncurrent assets	2,855,753	123,611	1,857,159	4,836,523
Total assets	2,879,228	155,490	1,944,825	4,979,543
LIABILITIES				
Current liabilities:				
Accounts payable	-	3,337	-	3,337
Accrued sales tax expense	594	440	935	1,969
Accrued interest expense	-	-	3,866	3,866
Due to other funds	32,468	-	-	32,468
Capital lease obligation	-	21,565	-	21,565
Landfill payable	-	3,550	-	3,550
Bonds and notes payable	-	-	15,000	15,000
Total current liabilities	33,062	28,892	19,801	81,755
Current liabilities payable from restricted assets:				
Customer deposits payable	-	-	18,057	18,057
Noncurrent liabilities:				
Compensated absence	1,268	-	-	1,268
Lease payable	-	106,426	-	106,426
Revenue bonds and loans payable	-	-	135,000	135,000
Landfill (less current portion)	-	78,100	-	78,100
Total noncurrent liabilities	1,268	184,526	135,000	320,794
Total liabilities	34,330	213,418	172,858	420,606
NET ASSETS				
Invested in capital assets, net of related debt	2,855,753	(4,380)	1,551,790	4,403,163
Restricted for debt service	11,815	-	155,369	167,184
Unrestricted	(22,670)	(53,548)	64,808	(11,410)
Total net assets	\$ 2,844,898	\$(57,928)	\$ 1,771,967	\$ 4,558,937

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Water Fund</u>	<u>Total Proprietary Fund</u>
OPERATING REVENUES				
Charges for sales and services:				
Charges for services	\$ 118,548	\$ 98,441	\$ 175,288	\$ 392,277
Total operating revenues	<u>118,548</u>	<u>98,441</u>	<u>175,288</u>	<u>392,277</u>
OPERATING EXPENSES				
Cost of sales and services	57,758	-	25,740	83,498
Administration	22,897	137,167	9,140	169,204
Other operating expenses	26,754	1,906	112,993	141,653
Depreciation	<u>108,364</u>	<u>16,435</u>	<u>108,106</u>	<u>232,905</u>
Total operating expenses	<u>215,773</u>	<u>155,508</u>	<u>255,979</u>	<u>627,260</u>
Operating income (loss)	<u>(97,225)</u>	<u>(57,067)</u>	<u>(80,691)</u>	<u>(234,983)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	203	256	5,718	6,177
Interest expense	-	(7,343)	(10,670)	(18,013)
Taxes	<u>-</u>	<u>45,143</u>	<u>16,692</u>	<u>61,835</u>
Nonoperating revenues (expenses)	<u>203</u>	<u>38,056</u>	<u>11,740</u>	<u>49,999</u>
Income (loss) before transfers	<u>(97,022)</u>	<u>(19,011)</u>	<u>(68,951)</u>	<u>(184,984)</u>
Transfers in	1,318,359	24,499	167,315	1,510,173
Transfers out	<u>(49,878)</u>	<u>(6,692)</u>	<u>(72,967)</u>	<u>(129,537)</u>
Total transfers	<u>1,268,481</u>	<u>17,807</u>	<u>94,348</u>	<u>1,380,636</u>
Change in net assets	1,171,459	(1,204)	25,397	1,195,652
NET ASSETS, BEGINNING OF YEAR	<u>1,673,439</u>	<u>(56,724)</u>	<u>1,746,570</u>	<u>3,363,285</u>
NET ASSETS, END OF YEAR	<u>\$ 2,844,898</u>	<u>\$ (57,928)</u>	<u>\$ 1,771,967</u>	<u>\$ 4,558,937</u>

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009**

	Sewer Fund	Solid Waste Fund	Water Fund	Total Proprietary Funds
Cash flows from operating activities				
Cash received from customers	\$ 122,829	\$ 102,169	\$ 185,725	\$ 410,723
Cash payments to employees for services	(40,009)	(3,390)	-	(43,399)
Cash payments to suppliers for goods and services	(70,001)	(135,822)	(148,117)	(353,940)
Net cash provided (used) by operating activities	12,819	(37,043)	37,608	13,384
Cash flows from noncapital financing activities				
Transfers from other funds	1,318,359	24,499	167,315	1,510,173
Transfers to other funds	(49,878)	(6,692)	(72,967)	(129,537)
Net cash provided (used) by capital and related activities	1,268,481	17,807	94,348	1,380,636
Cash flows from capital and related financing activities				
Cash received from taxes	-	45,143	16,692	61,835
Due to other funds	32,468	-	-	32,468
(Acquisition) disposition of capital assets	(1,314,112)	-	(105,003)	(1,419,115)
Principal paid on debt	-	(21,461)	(74,935)	(96,396)
Interest paid on debt	-	(7,343)	(10,670)	(18,013)
Net cash provided (used) by capital financing activities	(1,281,644)	16,339	(173,916)	(1,439,221)
Cash flows from investing activities				
Purchase of investments	(240)	(8,939)	(147,400)	(156,579)
Sale of investments	282	14,683	151,668	166,633
Interest on investments	203	256	5,718	6,177
Net cash provided (used) by noncapital investing activities	245	6,000	9,986	16,231
Net increase (decrease) in cash and cash equivalents	(99)	3,103	(31,974)	(28,970)
Unrestricted cash and equivalents beginning of year	1,422	4,652	10,604	16,678
Restricted cash beginning of year	-	-	101,401	101,401
Total cash and equivalents beginning of year	1,422	4,652	112,005	118,079
Cash and equivalents end of year	\$ 1,323	\$ 7,755	\$ 80,031	\$ 89,109
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income	\$(97,225)	\$(57,067)	\$(80,691)	\$(234,983)
Adjustments to reconcile operating income to net cash provided (used) in operating activities:				
Depreciation expense	108,364	16,435	108,106	232,905
Decrease (increase) in customer receivable	4,281	3,728	5,950	13,959
Increase (decrease) in accounts payable	-	3,337	-	3,337
Increase (decrease) in accrued liabilities	(2,601)	74	(244)	(2,771)
Increase (decrease) in customer deposits	-	-	4,487	4,487
Increase (decrease) in landfill closure costs	-	(3,550)	-	(3,550)
Net cash provided by operating activities	\$ 12,819	\$(37,043)	\$ 37,608	\$ 13,384
CASH PER FINANCIAL STATEMENTS				
Cash and cash equivalents	\$ 1,323	\$ 7,755	\$ 9,878	\$ 18,956
Restricted cash	-	-	70,153	70,153
Cash and equivalents end of year	\$ 1,323	\$ 7,755	\$ 80,031	\$ 89,109

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Chama (Village) was incorporated in 1961. The Village operates under a Mayor Council form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, health and social services, culture and recreation, planning and zoning, water, sewer, solid waste and general administrative services.

A. Reporting Entity

This summary of significant accounting policies of the Village of Chama is presented to assist in the understanding of the Village of Chama's financial statements. The financial statements and notes are the representation of the Village of Chama's management who are responsible for their integrity and objectivity. The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP).

The basic (but not the only) criteria for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.

The Village of Chama Housing Authority's Board of Directors is appointed by the Village Council and the Village has fiscal responsibility for the Housing Authority. Because of this relationship, the Housing Authority is a discretely presented component unit of the Village.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide And Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-like activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* includes 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 revenue are reported instead as *general revenue*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds and fiduciary 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. Property taxes are recognized as revenue in the year for which they are levied. Sales, franchise, lodgers', gas, cigarette and other similar taxes are recognized when the underlying exchange transaction takes place. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 revenue to be available if collected within 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 due.

Property, franchise, sales and lodger's taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Village reports the following major governmental fund:

The General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Projects – CDBG Fund – was established to accounts for the revenue and expenditures associated with the rehabilitation and extension of the sewer system.

The Capital Projects – SAP Fund – accounts for State Appropriated funds for improvements to the water and sewer system, Senior Center and varies paving projects throughout the Village.

The Village reports the following major proprietary fund:

The Sewer Fund is used to account for the activities of the Village's sewer operations.

The Solid Waste Fund accounts for the provision of solid waste services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to administration, operations, maintenance, and billing and collection.

The Water Fund is used to account for the activities of the Village's water utility service.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary 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 enterprise funds, subject to this same limitation. The Village has elected not to follow subsequent private-sector guidance.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Village's water, sewer and solid waste functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

The statement of activities demonstrates the degree to which the direct expenses of a given function or activity are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or activity. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue 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.

D. Assets, Liabilities, and Net Assets or Equity

Cash and Investments

Cash and cash equivalents include amounts in demand deposits, certificates of deposit and investments with a maturity date within 3 months of the date acquired by the Village. Investments are certificates of deposit with maturity dates in excess of 3 months. For the purposes of the statement of cash flows, cash and cash equivalents include unrestricted amounts in demand deposits and certificates of deposit with a maturity date within 3 months of the acquisition date.

Receivables

Accounts receivable of the enterprise fund represents the amounts due from customer utility accounts. The governmental funds report taxes and other fees collected at the Village, County and State level as receivables. All trade and tax receivable are shown net of an allowance for uncollectible.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

Restricted Assets

Certain resources of the enterprise funds are set aside for revenue bond and note repayment and replacement reserves and are classified as restricted assets on the balance sheet because the use of these monies is limited by applicable bond covenants and loan documents. In addition, customers' meter deposit monies are classified as restricted assets.

Property Taxes

An enforceable legal claim to taxable property arises on January 1 in the year of levy. Taxes are due on November 10 and May 10 and are collected by the Rio Arriba County Treasurer. Taxes not paid within 30 days are declared delinquent. The Village records all delinquent property taxes not collected within 60 days of year-end as deferred revenue in the fund financial statements. All property taxes received after the 60-day period are accrued in the government-wide financial statements.

Capital Assets

Capital assets, which include property, plant, equipment, improvements, and water and sewer system, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Village defines capital assets 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 library books at conversion were determined to be fully depreciated. The Village has chosen the prospective reporting of general infrastructure assets.

Interest incurred during the construction phase of capital assets of business type activities is included as part of the capitalized value of the asset constructed. During the year the Village did not capitalize any interest costs.

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.

Property, improvements, equipment, and water and sewer system are depreciated using the straight-line method over the following useful lives:

Assets	Years
Improvements other than buildings	10 - 50
Building and improvements	10 - 45
Motor vehicles and motorized equipment	5 - 30
Furniture, machinery, equipment and software	10 - 50
Library books	3

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

Compensated Absences

The Village's employees earn vacation leave, which may either be taken or accumulated, up to certain amounts, until paid upon resignation or retirement. All vacation leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. Sick leave accrues at the rate of eight hours per month. An employee may accumulate a maximum of 180 days sick leave. No employee shall receive compensation for unused sick leave at separation therefore; no liability is recorded for accrued, unused sick leave.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

Fund Balances

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Village or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

1. Prior to June 1, the Village Treasurer submits to the Village Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them based on previous year's history. Public hearings are conducted at the Village Hall to obtain taxpayer comments. Prior to September 1, the budget is legally enacted through passage of an ordinance.
2. The Village Treasurer is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any funds must be approved by the Village Council and New Mexico Department of Finance, Division of Local Governments. Expenditures of the Village may not legally exceed appropriations at the level at which the budget is adopted. That is, expenditures in each fund may not exceed the budgeted appropriation for that fund.
3. Formal budgetary integration is employed as a management control device during the year for the Governmental and Enterprise Funds.
4. Encumbrances are not reported in the budgets or financial statements.
5. The level of classifications detail in which expenditures or expenses may not legally exceed appropriations for each budget is in fund total. Appropriations lapse at year end.
6. Budgets for the Governmental and Enterprise Funds are adopted on a basis not consistent with generally accepted accounting principles. Throughout the year the accounting records are maintained on the non-GAAP basis of cash receipts and disbursements. Accordingly, certain revenues and the related assets are recognized when paid rather than when the obligation is incurred. The financial statements are presented on the modified accrual basis of accounting. Budgetary comparisons presented for Governmental and Enterprise Funds in this report are on the non-GAAP budgetary basis and actual (cash basis).

Deposits

The Village invests its funds in accordance with state statutes which require that financial institutions pledge collateral consisting of approved federal or state securities whose market value is equal to at least 50% of the deposits in excess of FDIC insurance coverage. In accordance with state statutes, the Village may have deposits only in financial institutions, federal direct obligations, or the New Mexico State Treasurer's Local Government Pooled Investment Plan.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Cash, Cash Equivalents

	Balance Per Bank June 30,	Add Deposits In Transit	Less Outstanding Checks	Balance Per Books June 30,
Bank of America				
Checking Accounts				
General	\$ 135,589	\$ -	\$ 14,226	\$ 121,363
Cemetery	180	100	-	280
EMS	3,158	-	180	2,978
Fire	5,798	-	58	5,740
Law Enforcement	82	-	-	82
Library	17,690	-	19	17,671
Lodgers Tax	47,279	99	-	47,378
Recreation	1,459	-	125	1,334
LGD	580	-	-	580
Sewer	956	668	301	1,323
Solid Waste	7,201	554	-	7,755
Water Fund - Int Sinking	5,566	-	-	5,566
Water Fund	11,272	912	2,306	9,878
Water Fund - Meter Deposit	2,562	-	-	2,562
Capital Projects - CDBG	22,418	-	22,418	-
Capital Projects - Street	234	-	-	234
Capital Projects - SAP	30,657	-	-	30,657
Chama Days	10,261	125	165	10,221
Infrastructure	2,863	-	-	2,863
Certificates of Deposit	309,164	-	-	309,164
Savings	188,999	-	-	188,999
Community Bank				
Certificates of Deposit	<u>90,220</u>	<u>-</u>	<u>-</u>	<u>90,220</u>
Total Cash in Banks	<u>\$ 894,188</u>	<u>\$ 2,458</u>	<u>\$ 39,798</u>	856,848
Funds Held by the New Mexico Finance Authority:				
New Mexico Finance Authority				34,647
Bank of Albuquerque US Treasury Fund Accounts				<u>27,378</u>
Total Cash Per Books				<u>\$ 918,873</u>
As Reported in Financial Statements:				
Equity in Cash:				
Cash				\$ 449,336
Restricted Cash				70,153
Investments				314,168
Restricted Investments				<u>85,216</u>
				<u>\$ 918,873</u>

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Cash, Cash Equivalents – Component Unit

	Balance Per Bank June 30	Add Deposits In Transit	Less Outstanding Checks	Balance Per Books June 30
Bank of America				
Checking Accounts				
General	\$ 52,061	\$ -	\$ 4,630	\$ 47,431
Security Deposits	4,967	-	-	4,967
Other restricted	140	-	-	140
CFP	14,603	-	-	14,603
Certificates of Deposit	<u>147,174</u>	<u>-</u>	<u>-</u>	<u>147,174</u>
Total Cash in Banks	<u>\$ 218,945</u>	<u>\$ -</u>	<u>\$ 4,630</u>	214,315
Petty Cash				<u>45</u>
Total Cash per Books				<u>\$ 214,360</u>
As Reported in Financial Statements:				
Equity in Cash				
				\$ 62,079
				5,107
				<u>147,174</u>
				<u>\$ 214,360</u>

Pledged Collateral

	Bank of America	Community Bank	Total
Deposits	803,968	90,220	894,188
FDIC	<u>250,000</u>	<u>90,220</u>	<u>340,220</u>
Total uninsured public funds	553,968	-	553,968
Collateral pledged:			
Bank of America NC			
FNMA, 05/01/33			
CUSIP 31385XAZ0	<u>540,681</u>	<u>-</u>	<u>540,681</u>
	<u>540,681</u>	<u>-</u>	<u>540,681</u>
Uninsured and uncollateralized	<u>\$ 13,287</u>	<u>\$ -</u>	<u>\$ 13,287</u>

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Pledged Collateral – Component Unit

	<u>Bank of America</u>	<u>Total</u>
Deposits	\$ 218,945	\$ 218,945
FDIC	<u>250,000</u>	<u>250,000</u>
Total uninsured public funds	-	-
Collateral pledged:	<u>-</u>	<u>-</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned. The Village does not have a deposit policy for custodial credit risk. As of June 30, 2009, \$553,968 of the Village's bank balance of \$894,188 was exposed to custodial credit risk as follows:

	<u>Bank of America</u>	<u>Community Bank</u>	<u>Total</u>
Uninsured and uncollateralized	\$ 13,287	\$ -	\$ 13,287
Uninsured and collateral held by pledging bank's trust department in the Bank's name	<u>540,681</u>	<u>-</u>	<u>540,681</u>
Total	<u>\$ 553,968</u>	<u>\$ -</u>	<u>\$ 553,968</u>

Also at June 30, 2009 the Village had \$27,378 held in AP US Treasury Notes, in connection with two New Mexico Finance Authority loans. The notes held by the Bank of Albuquerque Trust Services, in the Bank's name, exposes the Village to custodial credit risk as noted above. The Village does not have an investment policy to limit exposure to custodial credit risk or to manage its exposure to fair value losses due to rising interest rates. At June 30, 2009 these investments were:

	<u>Bank of Albuquerque</u>
NMFA Reserves	\$ 13,382
NMFA Reserves	<u>13,996</u>
	<u>\$ 27,378</u>

2. **STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY** (Continued)

Custodial Credit Risk (continued)

Additionally, two accounts are held at and managed by the New Mexico Finance Authority (NMFA). The monies in these accounts are held until the loan payments are due. Once the loan is paid any remaining balance will revert to the Village. The Village is exposed to custodial credit risk in the amount of \$34,647.

<u>New Mexico Finance Authority</u>	
9th Supp - Village of Chama GRT	\$ 20,326
9th Supp - Village of Chama	<u>14,321</u>
	<u>\$ 34,647</u>

Custodial Credit Risk – Component Unit

Custodial credit risk is the risk that in the event of a bank failure, the Component Unit's deposits may not be returned. The Component Unit does not have a deposit policy for custodial credit risk. As of June 30, 2009, \$0 of the Component Unit's bank balance of \$218,945 was exposed to custodial risk.

3. **DETAILED NOTES ON ALL FUNDS**

Receivables

Receivables as of year-end for the Village's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Funds</u>			<u>Proprietary Funds</u>			
	<u>General</u>	<u>Non-Major</u>	<u>Total</u>	<u>Sewer</u>	<u>Solid Waste</u>	<u>Water</u>	<u>Total</u>
Receivables:							
Customer accounts	\$ -	\$ -	\$ -	\$ 14,768	\$ 11,997	\$ 22,291	\$ 49,056
Property taxes	29,130	-	29,130	-	-	-	-
Franchise taxes	9,544	-	9,544	-	-	-	-
Gross receipts taxes	91,970	4,522	96,492	-	6,787	-	6,787
Motor vehicle fees	<u>1,824</u>	<u>-</u>	<u>1,824</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Gross receivables	132,468	4,522	136,990	14,768	18,784	22,291	55,843
Less: allowance for uncollectible	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,431</u>	<u>3,599</u>	<u>6,687</u>	<u>14,717</u>
Net receivables	<u>\$ 132,468</u>	<u>\$ 4,522</u>	<u>\$ 136,990</u>	<u>\$ 10,337</u>	<u>\$ 15,185</u>	<u>\$ 15,604</u>	<u>\$ 41,126</u>

3. DETAILED NOTES ON ALL FUNDS (Continued)

Receivables – Component Unit

Receivables as of year-end for the Village's individual component unit including the applicable allowances for uncollectible accounts, are as follows:

Receivables:	
Customer accounts	\$ 3,808
Other governments	<u>3,000</u>
Gross receivables	6,808
Less: allowance for uncollectible	<u>-</u>
Net receivables	<u>\$ 6,808</u>

Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 64,190	\$ -	\$ -	\$ -	\$ 64,190
Construction in progress	<u>628,143</u>	<u>14,795</u>	<u>-</u>	<u>(289,259)</u>	<u>353,679</u>
Total capital assets not being depreciated	<u>692,333</u>	<u>14,795</u>	<u>-</u>	<u>(289,259)</u>	<u>417,869</u>
Capital assets, being depreciated:					
Buildings and improvements	968,401	6,341	-	256,791	1,231,533
Equipment and other	697,065	37,472	46,141	-	688,396
Infrastructure	<u>379,666</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>379,666</u>
Total capital assets being depreciated	<u>2,045,132</u>	<u>43,813</u>	<u>46,141</u>	<u>256,791</u>	<u>2,299,595</u>
Less accumulated depreciation:					
Buildings and improvements	381,447	26,775	-	-	408,222
Equipment and other	479,184	45,971	46,141	-	479,014
Infrastructure	<u>108,337</u>	<u>37,967</u>	<u>-</u>	<u>-</u>	<u>146,304</u>
Total accumulated depreciation	<u>968,968</u>	<u>110,713</u>	<u>46,141</u>	<u>-</u>	<u>1,033,540</u>
Total capital assets being depreciated, net	<u>1,076,164</u>	<u>(66,900)</u>	<u>-</u>	<u>256,791</u>	<u>1,266,055</u>
Governmental activities capital assets, net	<u>\$ 1,768,497</u>	<u>\$ (52,105)</u>	<u>\$ -</u>	<u>\$ (32,468)</u>	<u>\$ 1,683,924</u>

3. DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Business-type Activities:					
Capital assets, not being depreciated:					
Land	\$ 3,333	\$ -	\$ -	\$ -	\$ 3,333
Construction in progress	175,779	429,972	-	(27,483)	578,268
Water rights	61,100	-	-	-	61,100
Total capital assets not being depreciated	<u>240,212</u>	<u>429,972</u>	<u>-</u>	<u>(27,483)</u>	<u>642,701</u>
Capital assets, being depreciated:					
Buildings and improvements	6,046,751	956,675	-	59,951	7,063,377
Equipment and other	513,707	-	-	-	513,707
Total capital assets being depreciated	<u>6,560,458</u>	<u>956,675</u>	<u>-</u>	<u>59,951</u>	<u>7,577,084</u>
Less accumulated depreciation:					
Buildings and improvements	3,086,292	200,689	-	-	3,286,981
Equipment and other	219,434	32,216	-	-	251,650
Total accumulated depreciation	<u>3,305,726</u>	<u>232,905</u>	<u>-</u>	<u>-</u>	<u>3,538,631</u>
Total capital assets being depreciated, net	<u>3,254,732</u>	<u>723,770</u>	<u>-</u>	<u>59,951</u>	<u>4,038,453</u>
Business-type activities capital assets, net	<u>\$ 3,494,944</u>	<u>\$ 1,153,742</u>	<u>\$ -</u>	<u>\$ 32,468</u>	<u>\$ 4,681,154</u>

3. DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (continued)

Component unit	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land and land rights	\$ 32,200	\$ -	\$ -	\$ 32,200
Capital assets being depreciated:				
Buildings and improvements	2,481,822	97,796	-	2,579,618
Equipment and other	94,914	13,882	-	108,796
Total capital assets being depreciated	<u>2,576,736</u>	<u>111,678</u>	<u>-</u>	<u>2,688,414</u>
Less accumulated depreciation for:				
Buildings and improvements	858,847	51,139	-	909,986
Equipment and other	68,427	8,037	-	76,464
Total accumulated depreciation	<u>927,274</u>	<u>59,176</u>	<u>-</u>	<u>986,450</u>
Total capital assets being depreciated, net	<u>1,649,462</u>	<u>52,502</u>	<u>-</u>	<u>1,701,964</u>
Component unit capital assets, net	<u>\$1,681,662</u>	<u>\$ 52,502</u>	<u>\$ -</u>	<u>\$ 1,734,164</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government	\$ 50,928
Public safety	37,642
Public works	22,143
Total Depreciation Expense - Governmental Activities	<u>\$ 110,713</u>
Business-type Activities:	
Sewer	\$ 108,364
Solid waste	16,436
Water	108,105
Total Depreciation Expense - Business-type Activities	<u>\$ 232,905</u>

3. **DETAILED NOTES ON ALL FUNDS** (Continued)

Interfund Receivables, Payables and Transfers

The outstanding balances between funds result mainly from the time lag between the dates the (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The Inter-fund receivables and payable at June 30, 2009 were as follows:

Fund Description	Due from other funds	Due to other funds
General Fund	\$ 32,468	\$ 822
Sewer Fund	-	32,468
Non-Major Funds	822	-
	<u>\$ 33,290</u>	<u>\$ 33,290</u>

Operating Transfers:

Transfers between funds are used to 1) move capital project outlay to the fund, which received the benefit from the outlay, and 2) to move the allocation of payments between funds. The SAP Capital Projects fund transferred \$1,293,513 to the Sewer Fund upon completion of the wastewater treatment plant.

Transfer In	Transfer Out							Total
	General	SAP	CDBG	Non-Major	Sewer	Solid Waste	Water	
General	\$ 25,089	\$ -	\$ -	\$ 55,013	\$ -	\$ 6,692	\$48,468	\$ 135,262
SAP	31,994	-	-	-	-	-	-	31,994
Sewer	2,428	1,293,513	22,418	-	-	-	-	1,318,359
Water	19,069	98,368	-	-	49,878	-	-	167,315
Non-Major	58,486	-	-	-	-	-	-	58,486
Solid Waste	-	-	-	-	-	-	24,499	24,499
	<u>\$137,066</u>	<u>\$1,391,881</u>	<u>\$22,418</u>	<u>\$ 55,013</u>	<u>\$49,878</u>	<u>\$ 6,692</u>	<u>\$72,967</u>	<u>\$1,735,915</u>

SHORT TERM DEBT:

The Village does not have any short-term debt.

3. **DETAILED NOTES ON ALL FUNDS** (Continued)

LONG TERM DEBT:

Description of Governmental activities Lease-Purchase Payable

EMS Fund Lease-Purchase Payable:

The EMS fund received grant money for the purchase of an ambulance costing \$92,600. The difference of \$19,800, between the grant money and the cost of the ambulance, was financed with Key Government Finance Inc. The lease-purchase agreement is dated March 2008 with monthly payments of \$867 bearing an interest rate of 4.8%. The lease is scheduled to be paid off in March 2010.

<u>Loan</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding</u>
Key Government Finance Inc.	\$ 19,800	3/20/2010	4.80%	\$ 7,648

A summary of the terms of lease outstanding for the governmental activities at June 30, 2009 follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
<u>June 30,</u> 2010	\$ 7,648	\$ 154

Description of Business-Type activities Bonds

Water & Sewer and Utility Revenue Bonds:

Water Revenue Bonds dated January 1, 1971, Series C were issued in the amount of \$62,000 to provide funds for extensions to the water utility system. Principal and interest are payable each January 1, through the year 2009. The bonds are secured by, and payable exclusively from, the net revenues of the water utility system. The bonds were paid off in January 2009.

Water Revenue Bonds dated November 1973, Series 1973 were issued in the amount of \$92,000 to provide funds for financing improvements and extensions to the Village's water utility system. Principal and interest are payable each January 1, through the year 2013. The bonds are secured by, and payable exclusively from, the net revenues of the water utility system.

Water Revenue Bonds dated June 9, 1982, Series 1982 were issued in the amount of \$211,000 to provide funds for improvements and extensions to the water utility system. Principal and interest are payable each February 15, through the year 2022. The bonds are secured by, and payable exclusively from, the net revenues of the water utility system.

3. **DETAILED NOTES ON ALL FUNDS** (Continued)

LONG TERM DEBT: (continued)

Description of Business-Type activities Bonds (continued)

<u>Series</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Outstanding</u>
Revenue Bonds:				
Series 1973 - Water	\$ 92,000	1/1/2013	5.00%	\$ 20,000
Series 1982 - Water	211,000	6/6/2022	5.00%	<u>130,000</u>
				<u>\$ 150,000</u>

The various bond issues require that certain reserve accounts be set up to help insure the successful retirement of the bonds and to provide additional funds for unexpected repairs and /or replacements to the system. The following schedule shows, by bond issue, the amounts calculated for each reserve required as of June 30, 2009.

<u>Bond Issue</u>	<u>Next Payment Due</u>	<u>Bond & Interest Sinking Reserve Required</u>	<u>Bond Reserve Factor</u>	<u>Maximum Bond Reserve Required</u>	<u>Repair and Replacement Reserve Required</u>
Series 1973 - Water	\$ 5,000	\$ 450	\$40/mo.	\$ 4,500	\$ 4,500
Series 1982 - Water	<u>10,000</u>	<u>1,275</u>	\$176/mo.	<u>21,100</u>	<u>21,100</u>
	<u>\$ 15,000</u>	<u>\$ 1,725</u>		<u>\$ 25,600</u>	<u>\$ 25,600</u>

At June 30, 2009 the Village had the following amounts accumulated in various water reserve funds:

<u>Required Reserves</u>	<u>Amount</u>
Bond interest and sinking	\$ 1,725
Bond reserve	25,600
Repair and replacement	<u>25,600</u>
	52,925
Actual reserve	<u>58,783</u>
Excess reserve	<u>\$ 5,858</u>

3. **DETAILED NOTES ON ALL FUNDS** (Continued)

LONG TERM DEBT: (continued)

Description of Business-Type activities Bonds (continued)

Business-Type Activities Notes Payable

On February 17, 1998 two separate loan agreements were entered into between the Village and the New Mexico Finance Authority. The first loan, for the acquisition and construction of equipment in the water utility system, the Village borrowed \$150,919. Principal and interest at 3.8% to 4.73% are to be paid semi-annually. The term of the loan is 12 years. The note is secured by, and payable exclusively from, the net revenues of the water utility system. This note was paid off during the fiscal year ending June 30, 2009.

The second loan, for the equipment acquisition in the water utility system, the Village borrowed \$144,294. Principal and interests at 3.8% to 4.73% are to be paid semi-annually. The term of the loan is 12 years. The note is secured by, and payable exclusively from, the net revenues of the water utility system. This note was paid off during the fiscal year ending June 30, 2009.

Bond and Loan Payable

A summary of the terms of revenue bonds outstanding for the business-type activities at June 30, 2009 follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 15,000	\$ 7,500
2011	15,000	6,750
2012	15,000	6,000
2013	15,000	5,250
2014	10,000	4,500
2015-2019	40,000	13,000
2020-2022	<u>40,000</u>	<u>5,000</u>
	<u>\$ 150,000</u>	<u>\$ 48,000</u>

3. **DETAILED NOTES ON ALL FUNDS** (Continued)

LONG TERM DEBT: (continued)

Lease Purchase-Payable

In fiscal year 2008 the Solid Waste Fund renegotiated the Grader lease purchase agreement. The lease calls for monthly payments of \$1,450 and will be paid in full in fiscal year 2011. The backhoe lease calls for monthly payments of \$867 and is expected to be paid in full in fiscal year 2011. The Village has included \$246,534 in capital assets for the leases. Monthly payments are as follows:

Payment Requirement			
<u>FYE June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 21,565	\$ 6,239	\$ 27,804
2011	106,426	3,072	109,498
	<u>\$ 127,991</u>	<u>\$ 9,311</u>	<u>\$ 137,302</u>

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2009, was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities					
Lease-purchase payable	\$ 17,427	\$ -	\$ 9,779	\$ 7,648	\$ 7,648
Compensated absences	9,407	19,169	14,786	13,790	-
Governmental activities- long-term liabilities	<u>\$ 26,834</u>	<u>\$ 19,169</u>	<u>\$ 24,565</u>	<u>\$ 21,438</u>	<u>\$ 7,648</u>
Business-type activities					
Revenue bonds	\$ 165,000	\$ -	\$ 15,000	\$ 150,000	\$ 15,000
Loans payable	59,935	-	59,935	-	-
Lease-purchase payable	149,452	-	21,461	127,991	21,565
Compensated absences	4,002	4,294	7,028	1,268	-
business-type activities- long-term liabilities	<u>\$ 378,389</u>	<u>\$ 4,294</u>	<u>\$ 103,424</u>	<u>\$ 279,259</u>	<u>\$ 36,565</u>

The compensated absences liability attributable to the governmental activities will be liquidated primarily by the General Fund.

3. DETAILED NOTES ON ALL FUNDS (Continued)

LONG TERM DEBT: (continued)

Landfill Closure and Post Closure Costs

State and Federal Laws and regulations require that the Village place final covers on its landfills when closed and perform certain maintenance and monitoring functions at the landfill sites for thirty years after closure. The Village has a closed municipal landfill site as of June 30, 2002.

The estimated total cost of the landfill closure and post closure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of March 1999. The original total estimate of \$433,432 was based on an engineers evaluation updated in March 1999. The amount included in long-term obligations has been reduced by cost paid to date and the purchase of equipment, which will be used to complete the closure and post closure care activities. The actual cost of closure and post closure care may be higher, of course, due to inflation, changes in technology, or changes in landfill laws and regulations. The Village is in the seventh year of monitoring and expects monitoring costs to approximate \$3,550 per year. Twenty-three years remain in the monitoring period. Total estimated balance at June 30, 2009 of current and long-term post closure costs are \$3,550 and \$78,100 respectively. The Village expects to defray a portion of these costs with grants from the State of New Mexico and other available sources.

Restricted Net Assets/ Reserved Fund Balances

The debt agreements of the Village require restrictions of cash balances of \$126,374 and the cash balances for the meter deposit accounts are also restricted in the amount of \$40,810. Therefore, a total of cash balances of \$167,184 are reported as restricted in the government-wide financial statements. That same amount is reported as reserved in the proprietary statement of net assets.

POST-EMPLOYMENT BENEFITS:

Retirement Plan

Plan Description. Substantially all of the Village's full-time employees participate in public employee retirement system authorized under the Public Employees' Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost sharing multiple employer defined benefit retirement plan. The plan provides for retirement benefits, 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 for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123.

Funding Policy. Policy plan members are required to contribute 9.15% of their gross salary depending on classification. The Village is required to contribute 9.15% for regular members, fire and police members. The contribution requirements of plan members and the Village of Chama are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of legislature. The Village of Chama's contributions to PERA for the years ending June 30, 2009, 2008 and 2007 were \$37,232, \$39,006, and \$37,370, respectively, equal to the amount of the required contributions for each fiscal year.

3. DETAILED NOTES ON ALL FUNDS (Continued)

POST-EMPLOYMENT BENEFITS: (continued)

Retiree Health Care Act Contributions

Plan Description. The Village contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: (1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA on the person's behalf, unless that person retires on or before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; (2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan and an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary.

Employers joining the program after 1/1/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

3. **DETAILED NOTES ON ALL FUNDS** (Continued)

POST-EMPLOYMENT BENEFITS: (continued)

Retiree Health Care Act Contributions (continued)

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The Village contributions to the RHCA for the years ended June 30, 2009, 2008 and 2007 were \$5,307, \$5,525, \$5,309, respectively, which equals the required contributions for each year.

Risk Management

The Village is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Village has historically retained these risks, except where it has determined that commercial insurance is more cost beneficial or legally required. The Village has covered all claim settlements and judgments out of its General Fund resources, except where specifically identifiable to an enterprise fund. The Village currently reports substantially all of its risk management activities, except worker's compensation, in its General Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Current liabilities are reported when the liability has matured. These losses include an estimate of claims that have been incurred but not reported. No losses were reported or incurred during the year.

Deficit Fund Balance

The Solid Waste Enterprise Fund has a deficit fund balance of \$57,928. The deficit in the this fund is due to the non-budgeted depreciation expense. The deficit will be funded by future increases in revenues and transfers from other proprietary funds.

Joint Power Agreements

The Village entered into a joint powers agreement with the New Mexico State Police Division on December 7, 2000. The agreement is for the New Mexico State Police to assist the Village in providing sufficient police coverage within the municipality limits, pursuant to NMSA 1978, Section 3-12-4(A). The Village is responsible for all operations. The Village will provide New Mexico State Police with a secretary and be responsible for all utilities for the office space. The Village will also use the funds from the Law Enforcement Grant to purchase equipment that the New Mexico State Police may use. During the fiscal year ending June 30, 2009, a vehicle was purchased in the Local Corrections Fund. This vehicle will be used by the New Mexico State Police to transport prisoners. The equipment purchased is to be returned to the Village upon termination of the agreement. The cost for the agreement is indeterminate. The audit responsibility lies with the Village. The agreement has no termination date.

3. DETAILED NOTES ON ALL FUNDS (Continued)

Joint Power Agreements (continued)

The Village entered into a joint powers agreement on June 23, 1999, with the Village of Espanola, Pueblo of San Juan, the Jicarilla Apache Tribe, the County of Rio Arriba and the County of Santa Fe, to provide an enhanced 911-response system. The Village of Espanola is responsible for all operations. The agreement is to improve public emergency and law enforcement services to the citizens. The cost is indeterminate. The audit responsibility lies with the Village of Espanola. The Village is required to contribute six percent of the total budget and purchase and maintain its own in-house E-911 equipment. The agreement has no termination date.

An agreement between the Village and the North Central New Mexico Economic Development District (NCNMEDD) was entered into for the 2009 – 2013 fiscal year. The NCNMEDD is responsible for all operations. The agreement is for the NCNMEDD to furnish the Village with technical assistance and project reviews, in accordance with EO 12372 intergovernmental review and coordination; planning coordination, management, and other assistance directed toward implementing planning, community and economic development programs. The Village contributed \$210 membership fee for the year. The audit responsibility lies with NCNMEDD.

Contingencies

On December 16, 2004 the United States Environmental Protection Agency (EPA) issued a Finding of Violation and Order for compliances to the Village in connection with the wastewater treatment plant. The order requires the Village to correct the violations at the site. The Village has been working with the EPA and several state agencies to correct the violations. Due to the Villages cooperation with the EPA, it is believed that any penalties imposed on the Village will be repaid through in-kind donations of training programs.

During the fiscal year ending June 30, 2008, work was performed by a contractor for construction improvements on the control panel/system at the Village water plant. The work performed by the contractor was not completed per specifications despite several requests from the Village. The contracted amount was \$99,078. Upon final payment to the contractor the Village withheld \$30,000 for liquidated damages. During the fiscal year ending June 30, 2009, the contractor completed all work per specifications. The Village is waiting on the engineers for approval at which time the contractors will be paid. A payable of \$30,000 has been booked to reflect this, although part of this may be withheld for liquated damages of an indeterminate amount.

Related Party Transaction

During 2009 the Village paid \$10,102 for trucking services to Russom Trucking. The business is owned by Ron Russom, a member of the Village Council.

3. **DETAILED NOTES ON ALL FUNDS** (Continued)

Restatement

The SAP fund is being restated by \$32,468. Construction in progress paid out of the SAP fund in fye June 30, 2008 was moved to the Sewer Fund as the plant/building was completed in the current fiscal year. The lodger's tax fund is being restated by \$3,917 to properly reflect the receipt of overdue, prior year lodger's taxes collected in the current fiscal year.

Capital Outlay Appropriations

The Village's capital outlay appropriations are as follows:

<u>Capital Project</u>	<u>Project Appropriation</u>	<u>Expenditures to Date</u>	<u>Outstanding Balance</u>	<u>Appropriation Period</u>
Animal Shelter Construction	\$ 125,000	\$ 33,152	\$ 91,848	08/03 to 06/10
Animal Shelter Construction	72,000	-	72,000	09/04 to 06/10
Animal Shelter Construction	50,000	-	50,000	04/05 to 06/10
WW Treatment Facility Improv.	350,000	350,000	-	04/05 to 06/09
WW System Improvements	150,000	150,000	-	08/05 to 06/09
Senior Center Improvements	37,500	37,500	-	08/06 to 06/10
WW System Improvements	400,000	400,000	-	08/06 to 06/10
Water System Construction	25,000	-	25,000	08/06 to 06/10
Reauthorized for WW System Improv.				04/09 to 06/11
Multipurpose Facility Const.	100,000	1,558	98,442	08/06 to 06/10
Animal Shelter Construction	50,000	-	50,000	10/08 to 6/10
Animal Shelter Construction	75,000	-	75,000	04/06 to 06/10
Sewer Line Replacement	500,000	313,160	186,840	10/07 to 9/11
Sewer Treatment Construction	232,285	-	232,285	08/07 to 06/11
Sewer Treatment Construction	25,000	-	25,000	04/08 to 06/10
Multipurpose Facility Constr.	75,000	-	75,000	05/08 to 06/12
WW Systems Improvements	300,000	300,000	-	08/08 to 06/12
	<u>\$ 2,566,785</u>	<u>\$ 1,585,370</u>	<u>\$ 981,415</u>	

SUPPLEMENTARY INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

EMERGENCY MEDICAL SERVICE – To account for funds received from the New Mexico Emergency Medical Services Fund as authorized by Chapter 24 Article 10A NMSA 1978 for use in the establishment and enhancement of local emergency medical services in order to reduce injury and loss of life.

FIRE FUND – To account for the operations and maintenance of the fire department. Financing is provided by an allotment from the State of New Mexico Fire Marshal's Office. State Statute Section 59A-53-2, NMSA, 1978 compilation, requires the allotment be used only to operate fire departments.

LAW ENFORCEMENT FUND – The law enforcement fund is created to account for revenues received pursuant to the law enforcement protection fund (Section 29-13-7, NMSA 1978). Amounts distributed from this fund may only be expended for the following purpose: (1) the repair and purchase of law enforcement apparatus and equipment that meet nationally recognized standards; (2) expenses associated with advanced law enforcement planning and training; (3) complying with match or contribution requirements of federal funds for criminal justice programs; (4) no more than fifty percent (50%) of the replacement salaries of municipal and county law enforcement personnel while attending a specified advanced law enforcement planning and training.

LIBRARY FUND – To account for the resources donated to the Village for the specific benefit of the library. The Village of Chama operates a free library as authorized by 3-18-14 NMSA 1978.

LODGER'S TAX FUND – To account for the operations of tourist facilities or for half of advertising, promoting and publicizing such facilities and tourist attractions. Financing is provided by one and a half percent of a four percent tax on lodging gross receipts within the Village of Chama. State Statute Section 4-6-41 provides for this tax to be imposed by the Village. Additionally, revenues received pursuant to the Lodger's Tax Act (Section 3-38-15, NMSA 1978). Monies in the Lodger's Tax Fund may be used to build, operate, and maintain tourism related facilities.

RECREATION FUND – To account for the operation and maintenance of recreational facilities in the Village. Financing is provided by program revenue and by a 1-cent tax on cigarette sales, which is collected and distributed by the State of New Mexico. State Statute Section 7-12-15, NMSA, 1978 compilation requires this tax be used in the above manner.

LOCAL CORRECTIONS FUND – The local corrections fund is used to account for the collection of a mandatory correction fee for violations of any municipal ordinance. Funds collected can only be used for jailer training, construction planning, construction, operation and maintenance of a municipal jail, and for paying for costs of housing. Authority is NMSA 1978 Section 35-14-11B(1).

CEMETERY FUND – Village Resolution #2006-07 created the cemetery fund to account for the fees charged at the cemetery and related expenditures.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

STREET FUND – To account for street maintenance, construction, reconstruction, etc., of public roads, streets, alleys, bridges, etc. Funding is provided by state gasoline taxes imposed pursuant to Chapter 7, Article 13 and remitted to the Village pursuant to Sections 7-1-6.9 and 7-1-6.27.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2009**

	<u>Special Revenue Funds</u>				
	Emergency Medical Services Fund	Fire Fund	Law Enforcement Fund	Library Fund	Lodger's Tax Fund
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 2,978	\$ 5,740	\$ 82	\$ 17,671	\$ 47,378
Investments	1,788	147,271	-	-	-
Accounts Receivable	-	-	-	-	-
Due from other governments	-	-	-	-	2,712
Due from other funds	-	-	-	-	-
 Total current assets	 <u>\$ 4,766</u>	 <u>\$ 153,011</u>	 <u>\$ 82</u>	 <u>\$ 17,671</u>	 <u>\$ 50,090</u>
 LIABILITIES AND FUND BALANCES					
Current liabilities					
Accounts payable	<u>675</u>	<u>-</u>	<u>-</u>	<u>754</u>	<u>16,521</u>
 Total current liabilities	 <u>675</u>	 <u>-</u>	 <u>-</u>	 <u>754</u>	 <u>16,521</u>
Fund balances					
Unreserved	<u>4,091</u>	<u>153,011</u>	<u>82</u>	<u>16,917</u>	<u>33,569</u>
 Total fund balances	 <u>4,091</u>	 <u>153,011</u>	 <u>82</u>	 <u>16,917</u>	 <u>33,569</u>
 Total liabilities and fund balances	 <u>\$ 4,766</u>	 <u>\$ 153,011</u>	 <u>\$ 82</u>	 <u>\$ 17,671</u>	 <u>\$ 50,090</u>

The notes to the financial statements are an integral part of this statement.

<u>Special Revenue Funds</u>				<u>Capital Project Fund</u>		
<u>Recreation Fund</u>	<u>Local Corrections Fund</u>	<u>Cemetery Fund</u>	<u>Total</u>	<u>Street Fund</u>	<u>Total</u>	<u>Total</u>
\$ 1,334	\$ 580	\$ 280	\$ 76,043	\$ 3,097	\$ 3,097	\$ 79,140
527	4,034	4,000	157,620	73,610	73,610	231,230
-	-	-	-	4,522	4,522	4,522
-	-	-	2,712	-	-	2,712
-	822	-	822	-	-	822
<u>\$ 1,861</u>	<u>\$ 5,436</u>	<u>\$ 4,280</u>	<u>\$ 237,197</u>	<u>\$ 81,229</u>	<u>\$ 81,229</u>	<u>\$ 318,426</u>
80	-	-	18,030	-	-	18,030
80	-	-	18,030	-	-	18,030
1,781	5,436	4,280	219,167	81,229	81,229	300,396
1,781	5,436	4,280	219,167	81,229	81,229	300,396
<u>\$ 1,861</u>	<u>\$ 5,436</u>	<u>\$ 4,280</u>	<u>\$ 237,197</u>	<u>\$ 81,229</u>	<u>\$ 81,229</u>	<u>\$ 318,426</u>

STATE OF NEW MEXICO
VILLAGE OF CHAMA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009

	Special Revenue Funds				
	Emergency Medical Services Fund	Fire Fund	Law Enforcement Fund	Library Fund	Lodger's Tax Fund
REVENUES					
Taxes					
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Lodgers' taxes	-	-	-	-	102,511
State shared	-	-	-	-	-
Intergovernmental	16,608	60,579	20,000	23,077	7,137
Charges for services	-	-	-	-	-
Fines	-	-	-	-	-
Interest on investments	31	2,622	-	-	-
Miscellaneous	2,196	196	-	141	100
Total revenues	<u>18,835</u>	<u>63,397</u>	<u>20,000</u>	<u>23,218</u>	<u>109,748</u>
EXPENDITURES					
Current operations					
Public safety	14,149	67,402	19,934	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	11,722	106,282
Debt Service					
Principal	9,779	-	-	-	-
Interest and fiscal charges	624	-	-	-	-
Capital outlay					
	-	-	-	8,068	-
Total expenditures	<u>24,552</u>	<u>67,402</u>	<u>19,934</u>	<u>19,790</u>	<u>106,282</u>
Excess (deficiency) of revenues over expenditures	(5,717)	(4,005)	66	3,428	3,466
OTHER FINANCING SOURCES (USES):					
Debt proceeds	-	-	-	-	-
Transfers in	7,258	-	-	-	-
Transfers out	(1,853)	-	-	-	-
Other financing sources (uses)	<u>5,405</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>(312)</u>	<u>(4,005)</u>	<u>66</u>	<u>3,428</u>	<u>3,466</u>
FUND BALANCE, BEGINNING OF YEAR	4,403	157,016	16	13,489	26,186
RESTATEMENT	-	-	-	-	3,917
FUND BALANCE, AS RESTATED	<u>4,403</u>	<u>157,016</u>	<u>16</u>	<u>13,489</u>	<u>30,103</u>
FUND BALANCE, END OF YEAR	<u>\$ 4,091</u>	<u>\$ 153,011</u>	<u>\$ 82</u>	<u>\$ 16,917</u>	<u>\$ 33,569</u>

The notes to the financial statements are an integral part of this statement.

Special Revenue Funds				Capital Project Funds		
Recreation Fund	Local Corrections Fund	Cemetary Fund	Total	Street Fund	Total	Total
\$ -	\$ -	\$ -	\$ -	\$ 30,070	\$ 30,070	\$ 30,070
-	-	-	102,511	-	-	102,511
940	-	-	940	8,686	8,686	9,626
-	-	-	127,401	-	-	127,401
1,221	-	1,300	2,521	-	-	2,521
-	760	-	760	-	-	760
9	531	-	3,193	797	797	3,990
150	-	-	2,783	-	-	2,783
<u>2,320</u>	<u>1,291</u>	<u>1,300</u>	<u>240,109</u>	<u>39,553</u>	<u>39,553</u>	<u>279,662</u>
-	-	-	101,485	-	-	101,485
-	-	-	-	10,552	10,552	10,552
2,420	-	-	120,424	-	-	120,424
-	-	-	9,779	-	-	9,779
-	-	-	624	-	-	624
-	29,404	-	37,472	-	-	37,472
<u>2,420</u>	<u>29,404</u>	<u>-</u>	<u>269,784</u>	<u>10,552</u>	<u>10,552</u>	<u>280,336</u>
(100)	(28,113)	1,300	(29,675)	29,001	29,001	(674)
-	-	-	-	-	-	-
-	-	-	7,258	51,228	51,228	58,486
-	-	-	(1,853)	(53,160)	(53,160)	(55,013)
-	-	-	5,405	(1,932)	(1,932)	3,473
(100)	(28,113)	1,300	(24,270)	27,069	27,069	2,799
1,881	33,549	2,980	239,520	54,160	54,160	293,680
-	-	-	3,917	-	-	3,917
<u>1,881</u>	<u>33,549</u>	<u>2,980</u>	<u>243,437</u>	<u>54,160</u>	<u>54,160</u>	<u>297,597</u>
\$ <u>1,781</u>	\$ <u>5,436</u>	\$ <u>4,280</u>	\$ <u>219,167</u>	\$ <u>81,229</u>	\$ <u>81,229</u>	\$ <u>300,396</u>

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET(Non-GAAP Basis) and ACTUAL (Budgetary Basis)
EMERGENCY MEDICAL SERVICES FUND
YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 17,000	\$ 17,000	\$ 16,608	\$(392)
Interest on investments	-	-	31	31
Miscellaneous	<u>5,000</u>	<u>5,500</u>	<u>2,196</u>	<u>(3,304)</u>
Total revenues	<u>22,000</u>	<u>22,500</u>	<u>18,835</u>	<u>(3,665)</u>
EXPENDITURES				
Current operations				
Public safety	12,001	16,701	15,631	1,070
Debt Service				
Principal	9,779	9,779	9,779	-
Interest and fiscal charges	<u>624</u>	<u>624</u>	<u>624</u>	<u>-</u>
Total expenditures	<u>22,404</u>	<u>27,104</u>	<u>26,034</u>	<u>1,070</u>
Excess (deficiency) of revenues over expenditures	<u>(404)</u>	<u>(4,604)</u>	<u>(7,199)</u>	<u>(2,595)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in (out)	<u>5,405</u>	<u>5,405</u>	<u>5,405</u>	<u>-</u>
Other financing sources (uses)	<u>5,405</u>	<u>5,405</u>	<u>5,405</u>	<u>-</u>
Net change in fund balance	<u>\$ 5,001</u>	<u>\$ 801</u>	<u>(1,794)</u>	<u>\$(2,595)</u>
Beginning cash balance	<u>\$ 4,804</u>	<u>\$ 4,804</u>		
RECONCILIATION TO GAAP BASIS				
Changes in payables			<u>1,482</u>	
Net change in fund balance GAAP Basis			<u>\$(312)</u>	

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET(Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FIRE FUND
YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 55,501	\$ 60,601	\$ 60,579	\$(22)
Interest on investments	4,000	4,196	2,622	(1,574)
Miscellaneous	<u>-</u>	<u>-</u>	<u>196</u>	<u>196</u>
Total revenues	<u>59,501</u>	<u>64,797</u>	<u>63,397</u>	<u>(1,400)</u>
EXPENDITURES				
Current operations				
Public safety	<u>59,501</u>	<u>70,140</u>	<u>67,402</u>	<u>2,738</u>
Total expenditures	<u>59,501</u>	<u>70,140</u>	<u>67,402</u>	<u>2,738</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(5,343)</u>	<u>(4,005)</u>	<u>1,338</u>
Net change in fund balance	<u>\$ -</u>	<u>\$(5,343)</u>	<u>\$(4,005)</u>	<u>\$ 1,338</u>
Beginning cash balance	<u>\$ 6,367</u>	<u>\$ 6,367</u>		

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
LAW ENFORCEMENT FUND
YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 20,000	\$ 20,000	\$ 20,000	\$ -
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
EXPENDITURES				
Current operations				
Public safety	<u>20,000</u>	<u>20,000</u>	<u>19,934</u>	<u>66</u>
Total expenditures	<u>20,000</u>	<u>20,000</u>	<u>19,934</u>	<u>66</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>66</u>	<u>66</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66</u>	<u>\$ 66</u>
Beginning cash balance	<u>\$ 16</u>	<u>\$ 16</u>		

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET(Non-GAAP Basis) and ACTUAL (Budgetary Basis)
LIBRARY FUND
YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 13,400	\$ 23,800	\$ 23,077	\$(723)
Miscellaneous	<u>200</u>	<u>200</u>	<u>141</u>	<u>(59)</u>
Total revenues	<u>13,600</u>	<u>24,000</u>	<u>23,218</u>	<u>(782)</u>
EXPENDITURES				
Current operations				
Culture and recreation	9,440	20,940	11,722	9,218
Capital outlay	<u>4,160</u>	<u>4,160</u>	<u>7,314</u>	<u>(3,154)</u>
Total expenditures	<u>13,600</u>	<u>25,100</u>	<u>19,036</u>	<u>6,064</u>
Excess (deficiency) of revenue over expenditures	<u>-</u>	<u>(1,100)</u>	<u>4,182</u>	<u>5,282</u>
Net change in fund balance	<u>\$ -</u>	<u>\$(1,100)</u>	4,182	<u>\$ 5,282</u>
Beginning cash balance	<u>\$ 13,489</u>	<u>\$ 13,489</u>		
RECONCILIATION TO GAAP BASIS				
Changes in payables			<u>(754)</u>	
Net change in fund balance GAAP Basis			<u>\$ 3,428</u>	

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET(Non-GAAP Basis) and ACTUAL (Budgetary Basis)
LODGER'S TAX FUND
YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Lodgers' taxes	\$ 93,000	\$ 110,215	\$ 102,511	\$(7,704)
Intergovernmental	-	-	4,425	4,425
Miscellaneous	-	-	100	100
Total revenues	<u>93,000</u>	<u>110,215</u>	<u>107,036</u>	<u>(3,179)</u>
EXPENDITURES				
Current operations				
Culture and recreation	<u>99,500</u>	<u>95,644</u>	<u>95,644</u>	-
Total expenditures	<u>99,500</u>	<u>95,644</u>	<u>95,644</u>	-
Net Change in fund balance	<u>\$(6,500)</u>	<u>\$ 14,571</u>	11,392	<u>\$(3,179)</u>
Beginning cash balance	<u>\$ 32,069</u>	<u>\$ 32,069</u>		
RECONCILIATION TO GAAP BASIS				
Changes in receivables			2,712	
Changes in payables			<u>(10,638)</u>	
Net change in fund balance GAAP Basis			<u>\$ 3,466</u>	

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET(Non-GAAP Basis) and ACTUAL (Budgetary Basis)
RECREATION FUND
YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
State shared	\$ 1,000	\$ 1,000	\$ 940	\$(60)
Charges for services	3,235	3,410	1,221	(2,189)
Interest on investments	-	-	9	9
Miscellaneous	<u>-</u>	<u>-</u>	<u>150</u>	<u>150</u>
Total revenues	<u>4,235</u>	<u>4,410</u>	<u>2,320</u>	<u>(2,090)</u>
EXPENDITURES				
Current operations				
Culture and recreation	<u>4,235</u>	<u>4,259</u>	<u>2,340</u>	<u>1,919</u>
Total expenditures	<u>4,235</u>	<u>4,259</u>	<u>2,340</u>	<u>1,919</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>151</u>	<u>(20)</u>	<u>(171)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 151</u>	<u>(20)</u>	<u>\$(171)</u>
Beginning cash balance	<u>\$ 1,363</u>	<u>\$ 1,363</u>		
RECONCILIATION TO GAAP BASIS				
Changes in payables			<u>(80)</u>	
Net change in fund balance GAAP Basis			<u>\$(100)</u>	

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET(Non-GAAP Basis) and ACTUAL (Budgetary Basis)
LOCAL CORRECTIONS FUND
YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Fines	\$ 2,000	\$ 2,000	\$ 760	\$(1,240)
Interest on investments	<u>1,000</u>	<u>1,000</u>	<u>531</u>	<u>(469)</u>
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>1,291</u>	<u>(1,709)</u>
EXPENDITURES				
Capital outlay	<u>5,000</u>	<u>34,500</u>	<u>29,404</u>	<u>5,096</u>
Total expenditures	<u>5,000</u>	<u>34,500</u>	<u>29,404</u>	<u>5,096</u>
Excess (deficiency) of revenues over expenditures	<u>(2,000)</u>	<u>(31,500)</u>	<u>(28,113)</u>	<u>3,387</u>
Net change in fund balance	<u>\$(2,000)</u>	<u>\$(31,500)</u>	<u>\$(28,113)</u>	<u>\$ 3,387</u>
Beginning cash balance	<u>\$ 32,727</u>	<u>\$ 32,727</u>		

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET(Non-GAAP Basis) and ACTUAL (Budgetary Basis)
CEMETERY FUND
YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for Services	\$ <u>1,200</u>	\$ <u>1,200</u>	\$ <u>1,300</u>	\$ <u>100</u>
Total revenues	<u>1,200</u>	<u>1,200</u>	<u>1,300</u>	<u>100</u>
Excess (deficiency) of revenues over expenditures	<u>1,200</u>	<u>1,200</u>	<u>1,300</u>	<u>100</u>
Net change in fund balance	\$ <u>1,200</u>	\$ <u>1,200</u>	\$ <u>1,300</u>	\$ <u>100</u>
Beginning cash balance	\$ <u>2,980</u>	\$ <u>2,980</u>		

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET(Non-GAAP Basis) and ACTUAL (Budgetary Basis)
STREET FUND
YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Gross receipts taxes	\$ 30,000	\$ 35,200	\$ 29,909	\$(5,291)
State shared	-	-	8,686	8,686
Interest on investments	-	-	797	797
Total revenues	<u>30,000</u>	<u>35,200</u>	<u>39,392</u>	<u>4,192</u>
EXPENDITURES				
Current operations				
Public works	<u>25,000</u>	<u>25,000</u>	<u>12,110</u>	<u>12,890</u>
Total expenditures	<u>25,000</u>	<u>25,000</u>	<u>12,110</u>	<u>12,890</u>
Excess (deficiency) of revenue over expenditures	<u>5,000</u>	<u>10,200</u>	<u>27,282</u>	<u>17,082</u>
OTHER FINANCING SOURCES (USES):				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>(1,932)</u>	<u>1,932</u>
Net change in fund balance	<u>\$ 5,000</u>	<u>\$ 10,200</u>	25,350	<u>\$ 19,014</u>
Beginning cash balance	<u>\$ 51,357</u>	<u>\$ 51,357</u>		
RECONCILIATION TO GAAP BASIS				
Changes in receivables			161	
Changes in payables			<u>1,558</u>	
Net change in fund balance GAAP Basis			<u>\$ 27,069</u>	

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET(Non-GAAP Basis) and ACTUAL (Budgetary Basis)
CDBG FUND
YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 400,000	\$ 400,000	\$ 22,418	\$(377,582)
Total revenues	<u>400,000</u>	<u>400,000</u>	<u>22,418</u>	<u>(377,582)</u>
Excess (deficiency) of revenues over expenditures	<u>400,000</u>	<u>400,000</u>	<u>22,418</u>	<u>(377,582)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in (out)	(400,000)	(400,000)	(22,418)	377,582
Total other financing sources (uses)	<u>(400,000)</u>	<u>(400,000)</u>	<u>(22,418)</u>	<u>377,582</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Beginning cash balance	<u>\$ -</u>	<u>\$ -</u>		

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET(Non-GAAP Basis) and ACTUAL (Budgetary Basis)
SAP FUND
YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 1,155,000	\$ 1,155,000	\$ 1,146,042	\$(8,958)
Total revenues	<u>1,155,000</u>	<u>1,155,000</u>	<u>1,146,042</u>	<u>(8,958)</u>
EXPENDITURES				
Capital outlay	<u>1,155,000</u>	<u>196,393</u>	<u>157,000</u>	<u>39,393</u>
Total expenditures	<u>1,155,000</u>	<u>196,393</u>	<u>157,000</u>	<u>39,393</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>958,607</u>	<u>989,042</u>	<u>30,435</u>
OTHER FINANCING SOURCES (USES)				
Transfer in (out)	<u>-</u>	<u>(1,060,000)</u>	<u>(1,059,778)</u>	<u>222</u>
Total other financing sources (uses)	<u>-</u>	<u>(1,060,000)</u>	<u>(1,059,778)</u>	<u>222</u>
Net change in fund balance	<u>\$ -</u>	<u>\$(101,393)</u>	<u>(70,736)</u>	<u>\$ 30,657</u>
Beginning cash balance	<u>\$ 101,393</u>	<u>\$ 101,393</u>		
RECONCILIATION TO GAAP BASIS				
Changes in receivables			300,109	
Changes in payables			(161,194)	
Net change in fund balance GAAP Basis			<u>\$ 68,179</u>	

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
BUDGET(Non-GAAP Basis) and ACTUAL (Budgetary Basis)
SEWER FUND
YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES				
Charges for services	\$ 407,200	\$ 407,354	\$ 118,548	\$(288,806)
Total operating revenues	<u>407,200</u>	<u>407,354</u>	<u>118,548</u>	<u>(288,806)</u>
OPERATING EXPENSES				
Cost of sales and services	453,946	452,120	57,758	394,362
Administration	-	-	22,897	(22,897)
Other operating expenses	-	-	26,754	(26,754)
Total operating expenses	<u>453,946</u>	<u>452,120</u>	<u>107,409</u>	<u>344,711</u>
Operating income (loss)	<u>(46,746)</u>	<u>(44,766)</u>	<u>11,139</u>	<u>55,905</u>
NONOPERATING REVENUES(EXPENSES)				
Interest revenue	2,050	2,050	203	(1,847)
Nonoperating revenues (expenses)	<u>2,050</u>	<u>2,050</u>	<u>203</u>	<u>(1,847)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in (out)	(38,761)	(38,761)	1,268,481	1,307,242
Total other financing sources (uses)	<u>(38,761)</u>	<u>(38,761)</u>	<u>1,268,481</u>	<u>1,307,242</u>
NON-BUDGETED ITEMS				
Depreciation	-	-	(108,364)	(108,364)
Total non-budgeted items	<u>-</u>	<u>-</u>	<u>(108,364)</u>	<u>(108,364)</u>
Net income (loss)	<u>\$(83,457)</u>	<u>\$(81,477)</u>	<u>\$ 1,171,459</u>	<u>\$ 1,252,936</u>
Beginning cash balances	<u>\$ 1,422</u>	<u>\$ 1,422</u>		

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
BUDGET(Non-GAAP Basis) and ACTUAL (Budgetary Basis)
SOLID WASTE FUND
YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 108,900	\$ 108,900	\$ 98,441	\$(10,459)
Total operating revenues	<u>108,900</u>	<u>108,900</u>	<u>98,441</u>	<u>(10,459)</u>
OPERATING EXPENSES				
Administration	159,750	159,750	137,167	22,583
Other operating expenses	<u>-</u>	<u>-</u>	<u>1,906</u>	<u>(1,906)</u>
Total operating expenses	<u>159,750</u>	<u>159,750</u>	<u>139,073</u>	<u>20,677</u>
Operating income (loss)	<u>(50,850)</u>	<u>(50,850)</u>	<u>(40,632)</u>	<u>10,218</u>
NONOPERATING REVENUES(EXPENSES)				
Investment revenue	850	850	256	(594)
Interest expense	-	-	(7,343)	(7,343)
Taxes	<u>50,000</u>	<u>50,000</u>	<u>45,143</u>	<u>(4,857)</u>
Nonoperating revenues (expenses)	<u>50,850</u>	<u>50,850</u>	<u>38,056</u>	<u>(12,794)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in (out)	<u>-</u>	<u>-</u>	<u>17,807</u>	<u>17,807</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>17,807</u>	<u>17,807</u>
NON-BUDGETED ITEMS				
Depreciation	<u>-</u>	<u>-</u>	<u>(16,435)</u>	<u>(16,435)</u>
Total non-budgeted items	<u>-</u>	<u>-</u>	<u>(16,435)</u>	<u>(16,435)</u>
Net income (loss)	<u>\$ -</u>	<u>\$ -</u>	<u>\$(1,204)</u>	<u>\$(1,204)</u>
Beginning cash balances	<u>\$ 4,652</u>	<u>\$ 4,652</u>		

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
BUDGET(Non-GAAP Basis) and ACTUAL (Budgetary Basis)
WATER FUND
YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 176,500	\$ 176,500	\$ 175,288	\$(1,212)
Total operating revenues	<u>176,500</u>	<u>176,500</u>	<u>175,288</u>	<u>(1,212)</u>
OPERATING EXPENSE				
Cost of sales and services	38,610	38,610	25,740	12,870
Administration	49,200	49,200	9,140	40,060
Other operating expenses	<u>65,000</u>	<u>65,000</u>	<u>112,993</u>	<u>(47,993)</u>
Total operating expenses	<u>152,810</u>	<u>152,810</u>	<u>147,873</u>	<u>4,937</u>
Operating income (loss)	<u>23,690</u>	<u>23,690</u>	<u>27,415</u>	<u>3,725</u>
NONOPERATING REVENUES(EXPENSES)				
Investment revenue	(1,200)	(1,200)	5,718	6,918
Interest expense	-	-	(10,670)	(10,670)
Taxes	<u>(14,000)</u>	<u>(14,000)</u>	<u>16,692</u>	<u>30,692</u>
Nonoperating revenues (expenses)	<u>(15,200)</u>	<u>(15,200)</u>	<u>11,740</u>	<u>26,940</u>
OTHER FINANCING SOURCES (USES)				
Transfer in (out)	<u>15,987</u>	<u>38,761</u>	<u>94,348</u>	<u>55,587</u>
Total other financing sources (uses)	<u>15,987</u>	<u>38,761</u>	<u>94,348</u>	<u>55,587</u>
NON-BUDGETED ITEMS				
Depreciation	<u>-</u>	<u>-</u>	<u>(108,106)</u>	<u>(108,106)</u>
Total non-budgeted items	<u>-</u>	<u>-</u>	<u>(108,106)</u>	<u>(108,106)</u>
Net income (loss)	<u>\$ 24,477</u>	<u>\$ 47,251</u>	<u>\$ 25,397</u>	<u>\$(21,854)</u>
Beginning cash balances	<u>\$ 112,005</u>	<u>\$ 112,005</u>		

The notes to the financial statements are an integral part of this statement.

COMPONENT UNIT

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF NET ASSETS
COMPONENT UNIT - HOUSING AUTHORITY
JUNE 30, 2009**

ASSETS

Current assets:

Cash and cash equivalents	\$	62,079
Investments		147,174
Accounts receivable		3,808
Due from other governments		3,000
Prepaid expense		<u>9,261</u>

Total current assets 225,322

Noncurrent assets:

Restricted cash		5,107
Capital assets:		
Land		32,200
Capital assets being depreciated, net		<u>1,701,964</u>

Total noncurrent assets 1,739,271

Total assets 1,964,593

LIABILITIES

Current liabilities:

Accounts payable		15,045
Prepaid rent		1,503
Accrued payroll liabilities		<u>2,227</u>
Total current liabilities		18,775

Current liabilities payable from restricted assets:

Customer deposits payable		<u>5,675</u>
---------------------------	--	--------------

Total liabilities 24,450

NET ASSETS

Invested in capital assets, net of related debt		1,734,164
Unrestricted		<u>205,979</u>

Total net assets \$ 1,940,143

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET ASSETS
COMPONENT UNIT - HOUSING AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2009**

OPERATING REVENUES	
Charges for services	\$ 51,295
Operating grants	105,086
Other charges	<u>14,920</u>
 Total operating revenues	 <u>171,301</u>
 OPERATING EXPENSES	
Administration	114,469
Other operating expenses	36,875
Depreciation	<u>59,176</u>
 Total operating expenses	 <u>210,520</u>
 Operating income (loss)	 <u>(39,219)</u>
 NONOPERATING REVENUES (EXPENSES)	
Interest revenue	2,525
CFP grant	<u>97,808</u>
 Nonoperating revenues (expenses)	 <u>100,333</u>
 Change in net assets	 61,114
 NET ASSETS, BEGINNING OF YEAR	 <u>1,879,029</u>
 NET ASSETS, END OF YEAR	 <u>\$ 1,940,143</u>

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
STATEMENT OF CASH FLOWS
COMPONENT UNIT - HOUSING AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2009**

Cash flows from operating activities

Cash received from customers	\$ 60,800
Cash received from HUD operating grants	105,086
Cash payments to employees for services	(97,516)
Cash payments to supplies for goods and services	(37,416)
Net cash provided by operating activities	<u>30,954</u>

Cash flows from capital and related financing activities

Cash received from grants	97,808
(Acquisition) disposition of capital assets	(111,678)
Net cash provided (used) by capital financing activities	<u>(13,870)</u>

Cash flows from investing activities

Purchase of investments	(52,376)
Interest on investments	<u>2,525</u>

Net cash provided (used) by noncapital investing activities (49,851)

Net increase (decrease) in cash and cash equivalents (32,767)

Unrestricted cash and equivalents beginning of year 94,549

Restricted cash beginning of year 5,404

Total cash and equivalents beginning of year 99,953

Cash and equivalents end of year \$ 67,186

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED (USED) BY OPERATING ACTIVITIES:**

Operating income \$(39,219)

Adjustments to reconcile operating income to net cash
provided (used) in operating activities:

Depreciation expense	59,176
Decrease (increase) in customer receivable	(3,200)
Decrease (increase) in due from other governments	(3,000)
Increase (decrease) in accounts payable	12,817
Increase (decrease) in prepaid rent	1,503
Increase (decrease) in accrued liabilities	1,187
Increase (decrease) in customer deposits	(718)
Increase (decrease) in prepaid expense	<u>2,408</u>

Net cash provided by operating activities \$ 30,954

CASH PER FINANCIAL STATEMENTS

Cash and cash equivalents \$ 62,079

Restricted cash 5,107

Cash and equivalents end of year \$ 67,186

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND NET ASSETS
BUDGET(Non-GAAP Basis) and ACTUAL (Budgetary Basis)
COMPONENT UNIT - HOUSING AUTHORITY
YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 54,000	\$ 51,000	\$ 51,295	\$ 295
Grants	85,716	95,000	105,086	10,086
Other charges	<u>1,800</u>	<u>13,101</u>	<u>14,920</u>	<u>1,819</u>
Total operating revenues	<u>141,516</u>	<u>159,101</u>	<u>171,301</u>	<u>295</u>
OPERATING EXPENSE				
Administration	156,087	169,722	114,469	55,253
Other operating expenses	<u>36,000</u>	<u>36,000</u>	<u>36,875</u>	<u>(875)</u>
Total operating expenses	<u>192,087</u>	<u>205,722</u>	<u>151,344</u>	<u>54,378</u>
Operating income (loss)	<u>(50,571)</u>	<u>(46,621)</u>	<u>19,957</u>	<u>54,673</u>
NONOPERATING REVENUES(EXPENSES)				
Investment revenue	1,500	700	2,525	1,825
CFP Grant	<u>64,767</u>	<u>63,442</u>	<u>97,808</u>	<u>34,366</u>
Nonoperating revenues (expenses)	<u>66,267</u>	<u>64,142</u>	<u>100,333</u>	<u>36,191</u>
NON-BUDGETED ITEMS				
Depreciation	<u>-</u>	<u>-</u>	<u>(59,176)</u>	<u>(59,176)</u>
Total non-budgeted items	<u>-</u>	<u>-</u>	<u>(59,176)</u>	<u>(59,176)</u>
Net income (loss)	<u>\$ 15,696</u>	<u>\$ 17,521</u>	<u>\$ 61,114</u>	<u>\$ 31,688</u>
Beginning cash balances	<u>\$ 94,549</u>	<u>\$ 94,549</u>		

**OTHER SUPPLEMENTARY
INFORMATION**

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
FINANCIAL DATA SCHEDULE
HOUSING AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2009**

Low Rent Public Housing

Assets:

111	Cash - unrestricted	\$ 62,079
113	Cash - other restricted	140
114	Cash - tenant security deposits	4,967
122	Accounts receivable - HUD CFP 2008	3,000
126	Accounts receivable - tenants - dwelling rents	3,513
129	Accrued Interest Receivable	295
131	Investments - unrestricted	147,174
142	Prepaid expense and other assets	9,261
161	Land	32,200
162	Buildings	2,087,903
163	Furniture, equipment and machinery - dwellings	70,027
164	Furniture, equipment and machinery - administration	38,769
165	Leasehold improvements	398,592
166	Accumulated depreciation	(986,450)
167	Construction in progress	93,123

Liabilities:

312	Accounts Payable <=90 days	15,045
321	Accrued wage/payroll taxes payable	2,227
341	Tenant Security deposits	5,675
342	Prepaid rent	1,503

Equity:

508.1	Invested in capital assets, net of related debt	1,734,164
512.1	Unrestricted Net Assets	205,979

Revenues:

70300	Net tenant rental revenue	51,295
70400	Other revenue	1,860
70600	HUD PHA operating grants	105,086
71100	Investment income - unrestricted	2,525
71500	Other revenue	13,060
70000	Total revenues	173,826

Expenses:

91100	Administrative salaries	36,875
91400	Advertising and marketing	478
91500	Employee benefit contributions - administrative	7,035
91600	Office expenses	9,922
91900	Other	11,813
93100	Water	1,303
93200	Electricity	4,573
93300	Gas	1,480
94100	Ordinary maintenance and operations - labor	19,298
94200	Ordinary maintenance and operations - materials and other	23,605
94300	Ordinary maintenance and operations - contract costs	16,963
94500	Employee benefit contributions - ordinary maintenance	1,962

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
FINANCIAL DATA SCHEDULE
HOUSING AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2009**

Low Rent Public Housing (Continued)

Expenses: (Continued)

96120	Insurance premiums	16,037
96900	Total operating expenses	151,344
97000	Excess operating revenue over operating expenses	22,482
97400	Depreciation expense	58,099
90000	Total expenses	209,443

Other financing sources (uses):

10010	Operating transfers in	7,685
11030	Beginning Equity	1,879,029
11200	Unit Months Available	432
11210	Number of Unit Months Leased	420
G4100-040	Total Federal Awards Expended	105,086
G4100-030	Amount Expended - Low Rent Public Housing	105,086

Public Housing Capital Fund Program

Revenues:

70600	HUD PHA operating grants	7,685
70610	Capital grants	90,123
70000	Total revenues	97,808

Expenses:

97000	Excess operating revenue over operating expenses	97,808
97400	Depreciation expense	1,077
90000	Total expenses	1,077

Other financing sources (uses):

10020	Operating transfers out	(7,685)
11030	Beginning Equity	-
G4100-040	Total Federal Awards Expended	90,123
G4100-030	Amount Expended - Public Housing Capital Fund Program	90,123

COMPLIANCE AND FINDINGS



PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**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***

Archie J. Vigil, Mayor
Village Council
Village of Chama
Chama, New Mexico
and
Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, the aggregate remaining fund information, the budgetary comparison for the general fund, and the combining and individual funds presented as supplemental information of the Village of Chama, New Mexico, as of and for the year ended June 30, 2009, and have issued our report thereon dated February 12, 2010. 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 of Chama, New Mexico'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 of Chama, New Mexico's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Chama, New Mexico'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 Village of Chama, New Mexico'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 Village of Chama, New Mexico's financial statements that is more than inconsequential will not be prevented or detected by the Village of Chama, New Mexico's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting. Findings 2006-5, 2006-8, 2007-1, 2007-3, 2008-2, and 2009-1.

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

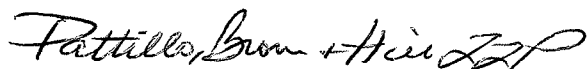
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Chama, New Mexico'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 items 2007-1, 2008-1, and 2008-2.

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

This report is intended solely for the information and use of management, Village Council, the State Auditor, the New Mexico Legislature, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.



Pattillo, Brown & Hill, L.L.P.
Albuquerque, New Mexico
February 12, 2010

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
SCHEDULE OF FINDINGS AND RESPONSES**

A. Findings – Financial Statements Audit

Prior Year

- 2006-3 Lack of Timesheets - Resolved
- 2006-5 Lack of General Ledger/Encumbrance Accounting - Repeat
- 2006-6 Expenditures in Excess of Budget - Resolved
- 2006-8 Utility Deposits - Repeat
- 2007-1 Late Submission of Audit Report - Repeat
- 2007-3 Preparation of Financial Statements - Repeat
- 2008-1 Disposition of Capital Assets - Repeat
- 2008-2 Untimely Deposits - Repeat
- 2008-3 Budget Adjustment Requests - Resolved

Current Year

- 2006-5 Lack of General Ledger/Encumbrance Accounting - Repeat
- 2006-8 Utility Deposits - Repeat
- 2007-1 Late Submission of Audit Report - Repeat
- 2007-3 Preparation of Financial Statements - Repeat
- 2008-1 Disposition of Capital Assets - Repeat
- 2008-2 Untimely Deposits - Repeat
- 2009-1 Cash Management – Component Unit

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
SCHEDULE OF FINDINGS AND RESPONSES**

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

2006 – 5	Lack of General Ledger/Encumbrance Accounting
Condition:	The Village of Chama needs accounting software that allows them to produce and better utilize the information needed to report to the DFA, for the audit report, and all other required reports and for them to utilize encumbrance accounting. Currently the Village does not apply encumbrance accounting.
Criteria:	In order to stay within good accounting practices, encumbrance accounting and a general ledger should be used in the completion of all reports.
Effect:	The Village does not have a general ledger to allow for fund accounting and does not have an accounting system that allows them to encumber funds. This makes reporting more difficult and could increase errors in reporting.
Cause:	The Village's software is not capable of producing a general ledger by fund or enabling the Village to utilize encumbrance accounting.
Recommendation:	The Village should purchase software that offers the capability of producing accounting information, such as general ledger fund accounting, and allow them to utilize encumbrance accounting.
Response:	The Village recognizes the need to purchase new software that will allow encumbrance accounting to be utilized, but lacks the budget to purchase and maintain new software.
2006 – 8	Utility Deposits
Condition:	The Village's schedule of customer deposits from the Casselle System, cash in the bank for customer deposits and general ledger liability balance do not agree.
Criteria:	NMAC 1978 6-10-2 states "The cash record shall be balanced daily so as to show the balance of public money on hand at the close of each day's business."
Effect:	Because the Village is not reconciling these accounts on a periodic basis, the Village may not be able to correctly refund customer deposits. The Village could either over reimburse or under reimburse a customer with no recourse to collect an over reimbursement.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
SCHEDULE OF FINDINGS AND RESPONSES**

Cause: The Village provides the customers with a receipt at the time the deposit is made. The Village records the date of the deposit in the customer file of the utility billing software. At the time service is disconnected the Village retrieves the copy of the customer's receipt from storage and marks the copy as refunded. The deposit account was not reconciled. The Finance Department and the Utility Department believed the other was tracking this information.

Recommendation: The Treasurer's Office has prepared a list of deposits from the receipt books from storage. The Clerk and Treasurer need to compare this list with the schedule of customer deposits in the Casselle System. Once the correct balance is determined the general ledger and cash accounts should be adjusted accordingly. The customer deposit list should be reconciled monthly with the bank balance and general ledger liability balance.

Response: Management agrees with the recommendation and will work between departments to correct the list and reconcile the general ledger.

2007 – 1 Late Submission of Audit Report

Condition: The audit report was submitted to the State Auditor on February 21, 2010 after the due date of December 1st.

Criteria: Section 2.2.2.9 A(1)(d) Audit Rule 2009, Requirements for Contracting and Conducting Audits of Agencies, states annual audit reports are to be received in the Office of the State Auditor on or before December 1st.

Effect: The Village's audit report is late and the Village is in noncompliance with Section 2.2.2.9.A(1)(d) of the State Auditor Rule.

Cause: Due to the late start of field work, the audit could not be completed in a timely manner.

Recommendation: Field work should be scheduled as soon after year end as possible to provide for timely completion of the audit report.

Response: The Village agrees with the recommendation.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
SCHEDULE OF FINDINGS AND RESPONSES**

2007 – 3 Preparation of Financial Statements

Condition: The Village of Chama does not prepare their own financial statements.

Criteria: SAS 112 implies that the Village of Chama should have sufficient expertise in selecting and applying accounting principles in conformity with generally accepted accounting principles. The financial statements are prepared from their trial balance and adjusted to a GAAP basis by Pattillo, Brown & Hill, L.L.P.

Effect: The Village does not prepare their own financial statements on a GAAP basis.

Cause: The Village does not have the financial resources to keep an experienced accountant on staff and the Treasurer is required to maintain the trial balance.

Recommendation: The Village should continue to maintain the trial balance on a cash basis, reconciling all accounts each month. The auditor should propose entries to convert the trial balance to a GAAP basis. These entries should be reviewed and approved by the Treasurer and other responsible parties.

Response: The Village agrees with this recommendation.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
SCHEDULE OF FINDINGS AND RESPONSES**

2008 – 1

Disposition of Capital Assets

Condition:

The Village of Chama disposed of capital assets. The Village did not notify the State Auditor of the assets to be removed from the inventory list. Those assets removed from the inventory listing were fully depreciated and are as follows:

Description	Cost
Computer System Printer	\$ 5,000
Printer Stand	100
Laptop Judge	5,000
Sony 330 Camera/Lens	1,122
Video Camera	1,500
Eyewitness Camera W/mount	1,199
Monitor	1,539
Vaio Notebook	3,105
Vaio Desktop	1,517
Vaio Desktop	1,517
JVL 3000 Radar Unit	2,631
HP Printer 660 C	5,500
Exe Desk Cherry	1,495
Night Mariner	2,552
Motorola Radio Chgers & Batteries	2,266
Dell Computer	1,450
Gateway Computer / Mouse	2,049
Gateway Computer / Mouse	2,099
Gateway Computer / Mouse	3,500
IBM Typewriter - Transfer	1,000
	<u>\$ 46,141</u>

Computer equipment retired from the inventory listing is still being held by the Village. At such a time as the Village decides to remove this equipment from their premise, they will comply with all sanitization requirements.

Criteria:

NMAC 2.2.2.10 V requires the Village to notify the State Auditor in writing at least 30 days prior to any disposition of property.

Effect:

The Village is removing assets from the inventory listing without proper authorization of the State Auditor. This could result in assets purchased with public funds being improperly disposed of.

Cause:

The Village was unaware of this requirement to notify the State Auditor in writing when disposing of capital assets. The disposals noted above occurred prior to this finding from the prior year.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
SCHEDULE OF FINDINGS AND RESPONSES**

Recommendation: The Village should notify the State Auditor in writing, 30 days prior to anticipated dispositions of capital assets.

Response: The Village agrees with this recommendation.

2008 – 2 Untimely Deposits

Condition: During cash receipts testing, two of the tested receipts were not deposited within a 24 hour period. Twenty-five days of receipts were tested for timely deposit into the bank account.

Criteria: Chapter 4.3 of the Budget and Finance Manual issued by the New Mexico Department of Finance and Administration (DFA), states all monies received must be deposited within 24 hours.

Effect: Receipts collected by the Village that are not being deposited on a timely basis are suspect to loss or misplacement.

Cause: The Village deposits most receipts on a timely basis. Occasionally a deposit will be late due to a lack of personnel available to make the deposit due to illness or leave.

Recommendation: The Village should continue to make the best effort possible to deposit receipts within a 24 hour time period

Response: The Village agrees with this recommendation.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
SCHEDULE OF FINDINGS AND RESPONSES**

2009 – 1 Cash Management – Component Unit

Condition: During review of cash management for the Chama Housing Authority, it was noted that funds were requested from HUD for an expenditure in the amount of \$4,125. The request was made via the HUD online system in November 2008. The Housing Authority inadvertently overlooked paying the vendor, as the invoice was not recorded as an accounts payable upon receipt. It was a year later, November 2009, before the vendor was paid.

Criteria: The HUD Public Housing Handbook 7420.6 states that “the PHA shall maintain complete and accurate books of account and records...”

Effect: Invoices received for payment should be recorded as an accounts payable. If this procedure is not done consistently, the Housing Authority could overlook payments for other vendors.

Cause: The Housing Authority receives vendor invoices. They then request payment from HUD using the online system. Once they receive the grant funds from HUD, they turn around and write checks to the applicable outstanding invoices. The Housing Authority did not properly record an invoice as a payable and then overlooked making payment to the vendor.

Recommendation: The Village should verify that all invoices are being recorded as accounts payable. Accounts payable should be reconciled monthly to ensure that all vendors are being paid upon receipt of HUD money and on a timely basis.

Response: The Village agrees with this recommendation.

**STATE OF NEW MEXICO
VILLAGE OF CHAMA
SCHEDULE OF FINDINGS AND RESPONSES**

EXIT CONFERENCE

An exit conference was held on February 12, 2010 with the Village of Chama Housing Authority and the Village of Chama. The audit and findings were discussed. The following individuals were present during the meeting:

Village of Chama

Archie J. Vigil	Mayor
Darren DeYapp	Trustee
Barbara Daggett	Treasurer

Village of Chama, Housing Authority

Tommy Baeza	Commissioner
Mike Trujillo	Executive Director

Pattillo, Brown & Hill, L.L.P.

John Gordon	CPA
Regina Gordon	CPA

PREPARATION OF FINANCIAL STATEMENTS

The financial statements presented in this report have been prepared by the auditors, Pattillo, Brown and Hill, L.L.P., Certified Public Accountants; however the financial statements are the responsibility of the management.