

**State of New Mexico
Village of San Jon**

**Basic Financial Statements and
Supplementary Information
for the Year Ended June 30, 2008
and Independent Auditors' Report**

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

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VILLAGE OF SAN JON**

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**STATE OF NEW MEXICO
VILLAGE OF SAN JON
DIRECTORY OF OFFICIALS
June 30, 2008**

Rodney Stoner
Jose Gonzales
Leo Pacheco
Billie Jo Barnes

Mayor
Trustee
Trustee
Trustee

Bobbye Rose

Village Administrator

INDEPENDENT AUDITORS' REPORT

Hector H. Balderas, State Auditor
and the Mayor and Village Council of the
Village of San Jon, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of San Jon, New Mexico (the "Village"), as of and for the year ended June 30, 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. We 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, 2008, as listed in the table of contents. These financial statements are the responsibility of the Village'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 with standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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, each major fund, and the aggregate remaining fund information of the Village, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison 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 of the Village as of June 30, 2008, and the respective changes in financial position and the respective budgetary comparisons for the nonmajor governmental funds and the proprietary 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 November 26, 2008, on our consideration of the Village's internal control over financial reporting 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. 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 San Jon has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements and the combining and individual financial statements and budgetary comparisons presented as supplemental information.

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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

White + Samaniego + Campbell, CP

El Paso, Texas
November 26, 2008

BASIC FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**STATEMENT OF NET ASSETS
JUNE 30, 2008**

	Primary Government Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 303,907	\$ 53,789	\$ 357,696
Receivables, net of allowance for uncollectibles	<u>6,193</u>	<u>5,845</u>	<u>12,038</u>
Total current assets	310,100	59,634	369,734
Noncurrent assets			
Restricted assets - cash	-	5,830	5,830
Capital assets	3,972,185	2,197,810	6,169,995
Less accumulated depreciation	<u>(1,002,750)</u>	<u>(935,598)</u>	<u>(1,938,348)</u>
Total noncurrent assets	2,969,435	1,268,042	4,237,477
Total assets	<u>3,279,535</u>	<u>1,327,676</u>	<u>4,607,211</u>
LIABILITIES			
Current liabilities			
Accounts payable	1,620	4,918	6,538
Accrued interest	-	1,177	1,177
Current portion of long-term debt	<u>42,082</u>	<u>4,500</u>	<u>46,582</u>
Total current liabilities	43,702	10,595	54,297
Long-term liabilities:			
Non-current portion of long-term debt	295,728	80,449	376,177
Compensated absences	5,578	4,752	10,330
Customer deposits	<u>-</u>	<u>5,830</u>	<u>5,830</u>
Total noncurrent liabilities	<u>301,306</u>	<u>91,031</u>	<u>392,337</u>
Total liabilities	<u>345,008</u>	<u>101,626</u>	<u>446,634</u>
NET ASSETS			
Invested in capital assets, net of related debt	2,631,625	1,177,264	3,808,889
Unrestricted	<u>302,902</u>	<u>48,786</u>	<u>351,688</u>
Total net assets	<u>\$ 2,934,527</u>	<u>\$ 1,226,050</u>	<u>\$ 4,160,577</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF SAN JON

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Functions/Programs:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Program Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 203,128	\$ -	\$ 44,656	\$ -	\$ (158,472)	\$ -	\$ (158,472)
Public safety	117,196	6,750	116,676	-	6,230	-	6,230
Public works	62,077	-	-	96,083	34,006	-	34,006
Culture and recreation	49,533	-	22,636	-	(26,897)	-	(26,897)
Interest on long-term debt	73	-	-	-	(73)	-	(73)
Total governmental activities	<u>432,007</u>	<u>6,750</u>	<u>183,968</u>	<u>96,083</u>	<u>(145,206)</u>	<u>-</u>	<u>(145,206)</u>
Business-type activities:							
Water	114,764	55,405	-	-	-	(59,358)	(59,358)
Wastewater	38,688	28,367	-	-	-	(10,321)	(10,321)
Solid waste	<u>53,872</u>	<u>33,048</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,824)</u>	<u>(20,824)</u>
Total business-type activities	<u>207,324</u>	<u>116,820</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(90,503)</u>	<u>(90,503)</u>
Total primary government	<u>\$ 639,331</u>	<u>\$ 123,570</u>	<u>\$ 183,968</u>	<u>\$ 96,083</u>	<u>\$ (145,206)</u>	<u>\$ (90,503)</u>	<u>\$ (235,709)</u>
General Revenues:							
Taxes:							
					67,390	10,909	78,299
					2,996	-	2,996
					56,737	-	56,737
					5,117	-	5,117
					7,037	-	7,037
					36,583	9,667	46,250
					<u>175,860</u>	<u>20,576</u>	<u>196,436</u>
					<u>30,654</u>	<u>(69,927)</u>	<u>(39,273)</u>
					2,903,873	1,295,977	4,199,850
					<u>\$ 2,934,527</u>	<u>\$ 1,226,050</u>	<u>\$ 4,160,577</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF SAN JON

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2008

	General Fund	Fire Fund	Municipal Street Fund	CP- Waste Water	Non-Major Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 85,548	\$ 82,671	\$ 71,422	\$ -	\$ 64,266	\$ 303,907
Receivables, net of allowance for uncollectibles	3,978	-	-	-	-	3,978
Due from grantor	-	-	-	-	2,215	2,215
Total assets	<u>89,526</u>	<u>82,671</u>	<u>71,422</u>	<u>-</u>	<u>66,481</u>	<u>310,100</u>
LIABILITIES AND FUND BALANCE						
LIABILITIES:						
Current liabilities						
Accounts payable	\$ -	\$ 188	\$ 1,001	\$ -	\$ 431	\$ 1,620
Accrued liabilities and other expenses	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>188</u>	<u>1,001</u>	<u>-</u>	<u>431</u>	<u>1,620</u>
FUND BALANCES:						
Unreserved reported in:						
General fund	89,526	-	-	-	-	89,526
Special revenue funds	-	82,483	70,421	-	66,050	218,954
Total fund balances	<u>89,526</u>	<u>82,483</u>	<u>70,421</u>	<u>-</u>	<u>66,050</u>	<u>308,480</u>
Total liabilities and fund balances	<u>\$ 89,526</u>	<u>\$ 82,671</u>	<u>\$ 71,422</u>	<u>\$ -</u>	<u>\$ 66,481</u>	<u>\$ 310,100</u>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2008**

Total fund balances for governmental funds	\$ 308,480
Total net assets reported for governmental activities in the statement of net assets is different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	
The cost of capital assets	3,972,185
Accumulated depreciation	<u>(1,002,750)</u>
Net capital assets	<u>2,969,435</u>
Long-term liabilities and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year end consist of:	
Bonds payable	(337,810)
Accrued interest on bonds	-
Compensated absences	<u>(5,578)</u>
Net long-term liabilities	<u>(343,388)</u>
Net assets of governmental activities	<u>\$ 2,934,527</u>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	General Fund	Fire Fund	Municipal Street Fund	CP-Waste Water	Non-Major Funds	Total Governmental Funds
REVENUES						
Taxes						
Gross receipt taxes	\$ 67,337	\$ -	\$ -	\$ -	\$ 53	\$ 67,390
Gas taxes	-	-	56,737	-	-	56,737
Property taxes	7,037	-	-	-	-	7,037
Franchise taxes	776	-	4,341	-	-	5,117
Other taxes	2,250	-	-	-	746	2,996
Grants	44,656	61,995	30,000	96,058	77,342	310,051
Charges for services	-	-	-	-	6,750	6,750
Dues and contributions	-	-	-	-	3,642	3,642
Licenses and permits	333	-	-	-	-	333
Rents and royalties	5,989	-	-	-	-	5,989
Interest income	4,493	3,241	2,245	-	1,001	10,980
Miscellaneous	14,493	-	96	-	1,050	15,639
Total revenues	<u>147,364</u>	<u>65,236</u>	<u>93,419</u>	<u>96,058</u>	<u>90,584</u>	<u>492,661</u>
EXPENDITURES						
Current						
Finance department	139,247	-	-	-	-	139,247
Public safety	42,634	26,133	-	-	17,204	85,971
Public works	-	-	44,721	-	6,299	51,020
Culture and recreation	2,773	-	-	-	49,153	51,926
Capital outlay	11,626	1,165	40,000	96,058	25,102	173,951
Debt service						
Principal	3,490	26,227	-	-	6,650	36,367
Interest	74	12,766	-	-	68	12,908
Total expenditures	<u>199,844</u>	<u>66,291</u>	<u>84,721</u>	<u>96,058</u>	<u>104,476</u>	<u>551,390</u>
Excess (deficiency) of revenues over expenditures	<u>(52,480)</u>	<u>(1,055)</u>	<u>8,698</u>	<u>-</u>	<u>(13,892)</u>	<u>(58,729)</u>
See accompanying notes to financial statements.						

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	General Fund	Fire Fund	Municipal Street Fund	CP-Waste Water	Non-Major Funds	Total Governmental Funds
Other financing sources (uses)						
Transfer in/out	<u>33,700</u>	<u>-</u>	<u>(31,200)</u>	<u>-</u>	<u>(2,500)</u>	<u>-</u>
Total other sources (uses)	<u>33,700</u>	<u>-</u>	<u>(31,200)</u>	<u>-</u>	<u>(2,500)</u>	<u>-</u>
Net change in fund balance	(18,780)	(1,055)	(22,502)	-	(16,392)	(58,729)
Fund balance at beginning of year	<u>108,306</u>	<u>83,538</u>	<u>92,923</u>	<u>-</u>	<u>82,442</u>	<u>367,209</u>
Fund balance at end of year	<u>\$ 89,526</u>	<u>\$ 82,483</u>	<u>\$ 70,421</u>	<u>\$ -</u>	<u>\$ 66,050</u>	<u>\$ 308,480</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF SAN JON

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2008

Net change in fund balances - total governmental funds \$ (58,729)

The changes in net assets reported for governmental activities in the statement of activities are different because:

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 25

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays in the period.

Depreciation expense	(124,375)
Capital outlays	<u>173,946</u>
	49,571

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 36,367

Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 3,420

Net assets of governmental activities \$ 30,654

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF SAN JON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL ON BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Over (Under)
REVENUES				
Taxes:				
Gross receipts	\$ 55,000	\$ 55,000	\$ 33,595	\$ (21,405)
Property tax	7,293	7,293	7,037	(256)
Franchise tax	1,500	1,500	776	(724)
Other tax	1,650	1,650	2,250	600
State shared gross receipts	55,000	55,000	33,742	(21,258)
Other license and permits	500	500	333	(167)
Rent and royalties	9,742	9,742	5,989	(3,753)
Grants	44,000	44,000	44,656	656
Interest income	4,500	4,500	4,493	(7)
Miscellaneous	4,850	4,850	14,493	9,643
Total revenues	184,035	184,035	147,364	(36,671)
EXPENDITURES				
General government				
Benefits	11,796	11,796	11,384	(412)
Capital outlay	8,000	8,000	8,000	-
Contract services	6,030	6,030	1,511	(4,519)
Insurance	7,900	7,900	7,873	(27)
Maintenance	4,200	4,200	2,128	(2,072)
Miscellaneous	6,793	6,793	4,380	(2,413)
Salaries	94,702	94,702	94,756	54
Supplies	6,600	6,600	2,912	(3,688)
Telephone	2,500	2,500	2,473	(27)
Travel	4,190	4,190	2,405	(1,785)
Utilities	10,000	10,000	9,425	(575)
Debt service				
Principal	3,504	3,504	3,490	(14)
Interest	44	44	74	30
Total general government	166,259	166,259	150,811	(15,448)
Beautification grant				
Contract services	450	450	450	-
Supplies	150	150	153	3
Total beautification grant	600	600	603	3

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF SAN JON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL ON BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
Police/Animal Control				
Benefits	3,892	3,892	3,524	(368)
Contract services	1,000	1,000	-	(1,000)
Insurance	5,000	5,000	4,514	(486)
Maintenance	1,400	1,400	48	(1,352)
Miscellaneous	3,300	3,300	1,511	(1,789)
Salaries	29,578	29,578	29,570	(8)
Supplies	1,000	1,000	13	(987)
Telephone	1,700	1,700	1,407	(293)
Travel	2,230	2,230	1,839	(391)
Utilities	1,000	1,000	209	(791)
Total police/animal control	<u>50,100</u>	<u>50,100</u>	<u>42,635</u>	<u>(7,465)</u>
Parks department				
Capital outlay	3,000	3,000	3,626	626
Contract services	100	100	-	(100)
Insurance	263	263	262	(1)
Maintenance	1,500	1,500	1,279	(221)
Miscellaneous	422	422	-	(422)
Supplies	750	750	216	(534)
Telephone	100	100	-	(100)
Travel	-	-	64	64
Utilities	1,000	1,000	348	(652)
Total parks department	<u>7,135</u>	<u>7,135</u>	<u>5,795</u>	<u>(1,340)</u>
Total expenditures	<u>224,094</u>	<u>224,094</u>	<u>199,844</u>	<u>(24,250)</u>
Excess (deficiency) of revenues over expenditures	<u>(40,059)</u>	<u>(40,059)</u>	<u>(52,480)</u>	<u>(12,421)</u>
Other financing sources (uses)				
Transfers in/out	<u>-</u>	<u>-</u>	<u>(33,700)</u>	<u>33,700</u>
Total other financing other sources (uses)	<u>-</u>	<u>-</u>	<u>(33,700)</u>	<u>33,700</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(40,059)	(40,059)	(86,180)	21,279
Cash balance beginning of year	<u>138,028</u>	<u>138,028</u>	<u>138,028</u>	<u>-</u>
Cash balance end of year	<u>\$ 97,969</u>	<u>\$ 97,969</u>	<u>\$ 85,548</u>	<u>\$ 21,279</u>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL ON BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008**

Reconciliation of Budgetary Basis to GAAP

Basis:

Excess (deficiency) of revenues over expenditures - cash basis	\$ (57,830)
Revenue accruals	8,840
Expenditure accruals	<u>(3,490)</u>
Excess (deficiency) of revenues over expenditures - GAAP Basis	<u>\$ (52,480)</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF SAN JON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL ON BUDGETARY BASIS
SPECIAL REVENUE FUND - FIRE FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Over (Under)
REVENUES				
Fire allotment	\$ 55,501	\$ 55,501	\$ 61,995	\$ 6,494
State forestry	1,750	1,750	-	(1,750)
Interest income	2,000	2,000	3,241	1,241
Total revenues	<u>59,251</u>	<u>59,251</u>	<u>65,236</u>	<u>5,985</u>
EXPENDITURES				
Public safety				
Benefits	-	-	-	-
Capital outlay	75,610	75,610	1,165	(74,445)
Contract services	3,500	3,500	-	(3,500)
Insurance	-	-	10,507	10,507
Maintenance	1,000	1,000	1,000	-
Miscellaneous	16,531	16,531	211	(16,320)
Salaries	-	-	-	-
Supplies	11,000	11,000	10,022	(978)
Telephone	-	-	758	758
Travel	3,500	3,500	1,434	(2,066)
Utilities	-	-	2,201	2,201
Debt service				
Principal	40,836	40,836	26,227	(14,609)
Interest	-	-	12,766	12,766
Total expenditures	<u>151,977</u>	<u>151,977</u>	<u>66,291</u>	<u>(85,686)</u>
Excess (deficiency) of revenues over expenditures	<u>(92,726)</u>	<u>(92,726)</u>	<u>(1,055)</u>	<u>91,671</u>
Cash balance beginning of year	<u>83,726</u>	<u>83,726</u>	<u>83,726</u>	<u>-</u>
Cash balance end of year	<u>\$ (9,000)</u>	<u>\$ (9,000)</u>	<u>\$ 82,671</u>	<u>\$ 91,671</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Excess (deficiency) of revenues over expenditures - cash basis			\$ (1,055)	
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues over expenditures - GAAP Basis			<u>\$ (1,055)</u>	

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL ON BUDGETARY BASIS
SPECIAL REVENUE FUND - MUNICIPAL STREETS FUND
FOR THE YEAR ENDED JUNE 30, 2008**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Over (Under)
REVENUES				
Franchise taxes	\$ 4,500	\$ 4,500	\$ 4,341	\$ (159)
Gasoline tax	55,000	55,000	56,737	1,737
Grant	26,583	26,583	30,000	3,417
Other fees	-	-	96	96
Interest income	2,000	2,000	2,245	245
Total revenues	<u>88,083</u>	<u>88,083</u>	<u>93,419</u>	<u>5,336</u>
EXPENDITURES				
Public works				
Benefits	3,487	3,487	3,038	(449)
Capital outlay	44,305	44,305	40,000	(4,305)
Contract services	3,130	3,130	-	(3,130)
Insurance	-	-	2,501	2,501
Maintenance	3,900	3,900	1,583	(2,317)
Miscellaneous	13,612	13,612	-	(13,612)
Salaries	26,224	26,224	25,029	(1,195)
Supplies	2,603	2,603	768	(1,835)
Telephone	-	-	262	262
Training	-	-	1,870	1,870
Travel	1,500	1,500	1,363	(137)
Utilities	-	-	8,307	8,307
Total expenditures	<u>98,761</u>	<u>98,761</u>	<u>84,721</u>	<u>(14,040)</u>
Excess (deficiency) of revenues over expenditures	<u>(10,678)</u>	<u>(10,678)</u>	<u>8,698</u>	<u>19,376</u>
Other financing sources (uses)				
Transfers In/Out	-	-	(31,200)	31,200
Total other sources (uses)	<u>-</u>	<u>-</u>	<u>(31,200)</u>	<u>31,200</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(10,678)</u>	<u>(10,678)</u>	<u>(22,502)</u>	<u>(11,824)</u>
Cash balance beginning of year	<u>95,026</u>	<u>95,026</u>	<u>93,924</u>	<u>(1,102)</u>
Cash balance end of year	<u>\$ 84,348</u>	<u>\$ 84,348</u>	<u>\$ 71,422</u>	<u>\$ (12,926)</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Excess (deficiency) of revenues over expenditures - cash basis			\$ (22,502)	
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues over expenditures - GAAP Basis			<u>\$ (22,502)</u>	

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	Water	Waste Water	Solid Waste	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 13,307	\$ 12,544	\$ 27,938	\$ 53,789
Accounts receivable, net	<u>-</u>	<u>2,141</u>	<u>3,704</u>	<u>5,845</u>
Total current assets	<u>13,307</u>	<u>14,685</u>	<u>31,642</u>	<u>59,634</u>
Noncurrent assets				
Customer deposits	5,830	-	-	5,830
Capital assets	1,707,952	426,915	62,943	2,197,810
Less accumulated depreciation and amortization	<u>(591,102)</u>	<u>(290,642)</u>	<u>(53,854)</u>	<u>(935,598)</u>
Total noncurrent assets	<u>1,122,680</u>	<u>136,273</u>	<u>9,089</u>	<u>1,268,042</u>
Total assets	<u>\$ 1,135,987</u>	<u>\$ 150,958</u>	<u>\$ 40,731</u>	<u>\$ 1,327,676</u>
LIABILITIES				
Current liabilities				
Accounts payable	1,253	861	2,804	4,918
Accrued interest	1,177	-	-	1,177
Notes payable within one year	<u>4,500</u>	<u>-</u>	<u>-</u>	<u>4,500</u>
Total current liabilities	<u>6,930</u>	<u>861</u>	<u>2,804</u>	<u>10,595</u>
Noncurrent liabilities				
Notes payable, net of current portion	80,449	-	-	80,449
Customer deposits	5,830	-	-	5,830
Accrued compensated absences	<u>2,463</u>	<u>2,055</u>	<u>234</u>	<u>4,752</u>
Total noncurrent liabilities	<u>88,742</u>	<u>2,055</u>	<u>234</u>	<u>91,031</u>
Total liabilities	<u>95,672</u>	<u>2,916</u>	<u>3,038</u>	<u>101,626</u>
NET ASSETS				
Invested in capital assets, net of related debt	1,031,901	136,273	9,089	1,177,263
Unrestricted	<u>8,414</u>	<u>11,769</u>	<u>28,604</u>	<u>48,787</u>
Total net assets	<u>\$ 1,040,315</u>	<u>\$ 148,042</u>	<u>\$ 37,693</u>	<u>\$ 1,226,050</u>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	Water	Waste Water	Solid Waste	Total
Operating revenues				
Sales and service	\$ 53,368	\$ 27,664	\$ 29,079	\$ 110,111
Fees and penalties	<u>2,037</u>	<u>703</u>	<u>3,968</u>	<u>6,708</u>
Total operating revenues	<u>55,405</u>	<u>28,367</u>	<u>33,047</u>	<u>116,819</u>
Operating expenses				
Personnel services	26,725	12,184	10,536	49,445
Professional services	19,547	2,152	29,891	51,590
Utilities	8,559	2,346	138	11,043
Operating expenses	8,181	5,406	6,326	19,913
Depreciation expense	<u>48,221</u>	<u>16,600</u>	<u>6,981</u>	<u>71,802</u>
Total operating expenses	<u>111,233</u>	<u>38,688</u>	<u>53,872</u>	<u>203,793</u>
Operating income (loss)	<u>(55,828)</u>	<u>(10,321)</u>	<u>(20,825)</u>	<u>(86,974)</u>
Nonoperating revenues (expenses)				
Gross receipts tax	8,304	1,170	7,933	17,407
Grants	1,980	-	-	1,980
Interest income	143	6	1,041	1,190
Interest expense	<u>(3,530)</u>	<u>-</u>	<u>-</u>	<u>(3,530)</u>
Total nonoperating revenues (expenses)	<u>6,897</u>	<u>1,176</u>	<u>8,974</u>	<u>17,047</u>
Change in net assets	(48,931)	(9,145)	(11,851)	(69,927)
Net assets, beginning of year	<u>1,089,246</u>	<u>157,187</u>	<u>49,544</u>	<u>1,295,977</u>
Net assets, end of year	<u>\$ 1,040,315</u>	<u>\$ 148,042</u>	<u>\$ 37,693</u>	<u>\$ 1,226,050</u>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	Water	Waste Water	Solid Waste	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 59,547	28,345	\$ 33,117	\$ 121,009
Cash payments to suppliers and employees	<u>(61,191)</u>	<u>(21,541)</u>	<u>(46,841)</u>	<u>(129,573)</u>
Net cash used in operating activities	<u>(1,644)</u>	<u>6,804</u>	<u>(13,724)</u>	<u>(8,564)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Taxes	8,304	1,170	7,933	17,407
Grants	<u>1,980</u>	<u>-</u>	<u>-</u>	<u>1,980</u>
Net cash used by non-capital financing activities	<u>10,284</u>	<u>1,170</u>	<u>7,933</u>	<u>19,387</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal payments	(4,500)	-	-	(4,500)
Interest payments	<u>(3,530)</u>	<u>-</u>	<u>-</u>	<u>(3,530)</u>
Net cash used in capital and related financing activities	<u>(8,030)</u>	<u>-</u>	<u>-</u>	<u>(8,030)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	143	6	1,041	1,190
Purchase of property and equipment	<u>(3,894)</u>	<u>-</u>	<u>-</u>	<u>(3,894)</u>
Net cash provided by investing activities	<u>(3,751)</u>	<u>6</u>	<u>1,041</u>	<u>(2,704)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,141)	7,980	(4,750)	89
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>16,448</u>	<u>4,564</u>	<u>32,688</u>	<u>53,700</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 13,307</u>	<u>\$ 12,544</u>	<u>\$ 27,938</u>	<u>\$ 53,789</u>

(Continued)

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008**

	Water	Waste Water	Solid Waste	Total
RECONCILIATION OF OPERATING LOSS TO NET CASH				
USED IN OPERATING ACTIVITIES:				
Operating income (loss)	\$ (55,828)	(10,321)	\$ (20,825)	\$ (86,974)
Adjustment to reconcile operating income to net cash				
used in operating activities:				
Depreciation	48,221	16,600	6,981	71,802
(Increase) decrease in assets				
Accounts receivable	4,142	(22)	70	4,190
Taxes receivable	1,522	-	-	1,522
Increase (decrease) in liabilities				
Accounts payable	(945)	(492)	(68)	(1,505)
Compensated absences	1,244	1,039	118	2,401
Total adjustments	<u>54,184</u>	<u>17,125</u>	<u>7,101</u>	<u>78,410</u>
Net cash used in operating activities	<u>\$ (1,644)</u>	<u>\$ 6,804</u>	<u>\$ (13,724)</u>	<u>\$ (8,564)</u>

(Concluded)

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2008**

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of San Jon (the "Village") have been prepared in accordance with general accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989 that do not conflict with or contradict GASB pronouncements. The more significant of the Village's accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments. Some of the significant changes in the Statement include the following:

- A Management's Discussion and Analysis (MD&A) providing an analysis of the Village's overall financial position and results of operations.
- Financial Statements prepared using full-accrual accounting for all the Village's activities.
- A change in fund financial statements to focus on major funds.

These and other changes are reflected in the accompanying financial statements (including the notes to the financial statements) as of June 30, 2007.

In addition, in June 2001, the GASB issued Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus - an amendment of GASB Statement No. 21 and No. 34 and Statement No. 38, Certain Financial Note Disclosures. These two statements clarify, modify, establish and rescind certain disclosure requirements under GASB No. 34. Both statements are being implemented in conjunction with GASB Statement No. 34. These statements do not have an impact on the results of operations or the financial position of the Village.

Reporting Entity

The Village of San Jon was incorporated under the laws of the State of New Mexico. The Village operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, culture-recreation, public improvements, planning and zoning, and general administrative services. matters.

A GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Village is considered a primary government, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Village may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges and issue bonded debt.

The Village has no component units, defined by GASB Statement No. 14 as other legally separate

organizations for which the elected Village members are financially accountable. There are no other primary governments with which the Village Board Members are financially accountable. There are no other primary governments with which the Village has a significant relationship.

The accounts of the Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The funds of the Village are classified into two categories: governmental and proprietary. In turn, each category is divided into separate fund types. The fund classification and a description of each existing fund type follows below:

Basis of Presentation

Government-Wide Financial Statements (GWFS) - The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the Village. Fiduciary funds are not included in the GWFS. Fiduciary Funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level. The Village has no Fiduciary Funds. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include: 1) Charges for services is the term used for a broad category of program revenues that arise from charges to customers, applicants, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services. Revenues in this category include fees charged for specific services, such as water use or garbage collection; licenses and permits, such as dog licenses, liquor licenses, and building permits; operating special assessments, such as for street cleaning or special street lighting; and any other amounts charged to service recipients. Fines and forfeitures are also included in this category because they result from direct charges to those who are otherwise directly affected by a program or service, even though specific grants and contributions (operating and capital) include revenues arising from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program. Some grants and contributions consist of capital assets or resources that are restricted for capital purposes to purchase, construct, or renovate capital assets associated with a specific program. These should be reported separately from grants and contributions that may be used either for operating expenses or for capital expenditures of the program at the discretion of the reporting government. These categories of program revenue are specifically attributable to a program and reduce the net expense of that program to the reporting government.

The Village segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are

financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Village has presented the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Village and accounts for all revenues and expenditures of the Village not encompassed within other funds.

Special Revenue Funds

Fire Fund - To account for the operation and maintenance of the Village Fire Department. Financing is primarily from an annual state fire allotment. The fund was created by the authority of state grant provisions. (NMSA 59A-53-1)

Municipal Streets - To account for the one-cent gasoline tax being allocated to the Village for the explicit purpose of street repair. The authority for the allocation and setup of the fund is 7-1-6-27, NMSA, 1978 Compilation, 1989 supplement.

Proprietary Funds - To account for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Assets. The Village has presented the following major proprietary funds:

Water, Waste Water and Solid Waste Funds - The funds are used to account for the provision of water, sewer and garbage services to the residents of the Village. Activities of the funds include administration, operations and maintenance of the water and sewer system and billing and collection activities. The funds also account for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

Additionally, the Village reports the following non-major fund types:

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

Capital Projects Fund - The Capital Projects Fund is used to account for all resources for the acquisition of capital facilities by the Village.

Measurement Focus, Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in the Village gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Derived tax revenue, such as franchise and sales tax revenue, is recognized when the underlying exchange transaction occurs.

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the Town's taxpayer or citizenry, as a whole; program revenues reduced the cost of the function to be financed from the Town's general revenues. Program revenues include charges for services or applicants who purchase, use or directly benefit from the goods or services provided by the given function.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e. when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Village considers property taxes as available if they are collected within 30 days after year end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due. The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

Budgetary Control

1. Prior to June 1, the Village's Clerk-Treasurer submits the budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to July 1, the budget is legally enacted through passage of an ordinance and then must be approved by Local Government Division of the State Department of Finance and Administration.
3. The Village treasurer is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Village Trustees and the State Department of Finance and Administration.
4. Formal budgetary integration is employed as a management control device during the year for all funds.
5. The level of budget authority is at the fund level.

Cash and Cash Equivalents

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits and shortterm investments with original maturities of three months or less from the date of acquisition. The Village is authorized under the provisions of Chapter 6, Article 10, paragraph 10, NMSA 1978, to deposit its money in banks, savings and loan associations and/or credit unions whose accounts are insured by an agency of the United States.

Investments

All money not immediately necessary for the public uses of the Village may be invested in:

(a) bonds or negotiable securities of the United States, the state or any county, municipality or Village which has a taxable valuation of real property for the last preceding year of at least one million dollars (1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or

(b) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government.

(c) in contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The collateral required for investment in the contracts provided for in this subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with investment.

Prepaid Items

Prepaid balances are for payments made by the Village in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

Receivables and Payables

Receivables include property taxes, interfund loans that are expected to be paid back and amount due from state government agencies related to various grant agreements. Payables represent routine monthly bills for services rendered and products purchased and accrued salaries and benefits

Property Taxes

The County collects the Village's share of property taxes assessed. Property taxes attach an enforceable lien on property as of January 1st. Tax notices are sent by the County treasurer to property owners by November 1st of each year to be paid in whole or in two installments by November 10th and April 10th of each year. The County collects such taxes and distributes them to the Village on a monthly basis. The Village accounts for its share of property taxes in the General Fund. Only those collections received are recorded as revenues for the budget presentation.

Elimination and Reclassifications of Certain Receivables and Payables

In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Capital Assets

Capital assets, which includes property, plant, equipment (including software), and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets are recorded at historical costs and depreciated over their estimated useful lives (with no salvage value). Capital assets are defined by the Village as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The construction period interest is not capitalized in the proprietary funds.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Buildings, improvements and infrastructure	20 - 50 Years
Equipment	3 - 15 Years

Use of Restricted Funds

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

Revenue

The policy for defining the proprietary fund's operating revenues and expenses is how individual transactions would be categorized for purposes of preparing a statement of cash flows. Transactions for which cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities normally are not reported as components of operating income.

Compensated Absences

All full-time employees are entitled to a minimum of two weeks per year and a maximum of 22 days per year based upon the length of service.

Each permanent employee of the Village accrues sick leave as working days with full pay on the basis of one (1) day per each month of employment. Sick leave may be granted only from duty because of personal illness, legal quarantine, or medical, dental, or optical appointments. In case of an extended sickness in excess of the accumulated sick leave, annual leave may be applied to sick leave. The employee may be eligible to sell sick leave in excess of 10 days at the rate of 75% of regular pay, only upon approval of the board.

Net Assets and Fund Balances

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 by creditors, grantors or laws or regulations of other governments. When an expense is incurred for purposes for which both restricted and unrestricted net assets are

available it will first be applied to restricted resources.

Net assets should be reported as restricted when constraints placed on net asset use are either:

- a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments
- b. Imposed by law through constitutional provisions or enabling legislation. However for the current year the Village of San Jon does not have net assets that are restricted by enabling legislation.

The governmental fund financial statements present fund balance reserves for those portions of fund balance (1) not available for appropriation for expenditure or (2) legally segregated for a specific future use. The reserves for related assets such as inventories and prepayments are examples of the former. Reserves for encumbrances, contracts, and other specific purposes are examples of the latter. The governmental funds' designation of fund balance reflects tentative plans for future use of financial resources.

2 RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - all Governmental Fund Types is presented on the budgetary basis to provide a comparison of actual results with the budget. The major differences between the budget basis and GAAP (Generally Accepted Accounting Principles) basis are that:

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- B. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

The adjustments necessary to convert the results of operations for the year from GAAP basis to the budget basis for the governmental funds are presented on each individual Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).

3. **CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

Cash and investments - The Village is required by New Mexico State Statute (Section 6-10-17) to be 50 percent collateralized. Following is a schedule calculating the requirement and disclosing the pledged securities.

Wells Fargo			
<u>Name of Account</u>	Balance Per Bank 06/30/08	Reconciled Balance	Type
General Fund	\$ 5	\$ 5	Checking
Street Fund Savings	7,550	7,550	Savings
Water Reserve	1,094	1,094	Savings
Total Deposited	8,649	<u>\$ 8,649</u>	
Less: FDIC Coverage	(8,649)		
Uninsured amount	-		
50% collateral requirement	-		
Pledged securities	-		
Over (under) requirement	<u>\$ -</u>		
Citizens Bank			
<u>Name of Account</u>	Balance Per Bank 06/30/08	Reconciled Balance	Type
Fire Department	\$ 9,188	\$ 9,188	Savings
Recreation Fund	565	565	Savings
Waste Water	547	547	Savings
Solid Waste	1,064	1,064	Savings
Water Deposits	12,657	12,657	Savings
Cemetery	9,110	9,110	Savings
Cemetery	6,239	6,239	Savings
Total Deposited	39,370	<u>\$ 39,370</u>	
Less: FDIC Coverage	(39,370)		
Uninsured amount	-		
50% collateral requirement	-		
Pledged securities	-		
Over (under) requirement	<u>\$ -</u>		
Tucumcari Federal Savings & Loan			
<u>Name of Account</u>	Balance Per Bank 06/30/08	Reconciled Balance	Type
Fire Department CD	\$ 32,369	\$ 32,369	CD
General Fund	7,259	7,259	CD
Total Deposited	39,628	<u>\$ 39,628</u>	
Less: FDIC Coverage	(39,628)		
Uninsured amount	-		
50% collateral requirement	-		
Pledged securities	-		
Over (under) requirement	<u>\$ -</u>		

First National Bank	Balance	Reconciled	
<u>Name of Account</u>	Per Bank	Balance	Type
	06/30/08		
Operating Account	\$ 156,285	\$ 140,129	Checking
Quay County Gaming Authority	29,063	30,795	Checking
Quay County Gaming Authority	4,000	4,000	Savings
Street Department CD	60,907	60,907	CD
Fire Department CD	40,053	40,053	CD
Total Deposited	<u>290,308</u>	<u>\$ 275,884</u>	
Less: FDIC Coverage	<u>(200,000)</u>		
Uninsured amount	90,308		
50% collateral requirement	45,154		
Pledged securities	51,419		
Over (under) requirement	<u>\$ 6,265</u>		

The following securities are pledged at First National Bank:

Description	CUSIP#	Par Value	Maturity Date	Location
Tucumcari NM School District	89881BK2	\$ 25,000	8/1/2008	FHLB Dallas, TX
Eastern NM University Rev	276785UAB	<u>25,000</u>	4/1/2014	FHLB Dallas, TX
		<u>\$ 50,000</u>		

The Village holds \$50 cash on hand.

Custodial Credit Risk-Deposits

<u>Depository Account</u>	Bank Balance
Insured	\$ 287,647
Collateralized:	
Collateral held by the pledging bank in Village's name	51,419
Uninsured and uncollateralized	<u>38,889</u>
Total Deposits	<u>\$ 377,955</u>

Custodial credit risk is the risk that in the event of a failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2008 \$38,889 of the Village's bank balance of \$377,955, was expected to custodial credit risk.

4. CAPITAL ASSETS

Changes in Capital Assets-Capital asset activity for the City's primary government for the year ended June 30, 2008, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Government activities:				
Capital assets not being depreciated:				
Land	\$ 59,816	\$ -	\$ -	\$ 59,816
Construction in progress	572,238	96,053	-	668,291
Infrastructure	<u>123,002</u>	<u>40,000</u>	<u>-</u>	<u>163,002</u>
Total capital assets not being depreciated	<u>755,056</u>	<u>136,053</u>	<u>-</u>	<u>891,109</u>
Capital Assets, being depreciated				
Buildings and improvements	1,946,125	482	-	1,946,607
Equipment	<u>1,097,058</u>	<u>37,411</u>	<u>-</u>	<u>1,134,469</u>
Total capital assets , being depreciated	<u>3,043,183</u>	<u>37,893</u>	<u>-</u>	<u>3,081,076</u>
Total capital assets	<u>\$ 3,798,239</u>	<u>\$ 173,946</u>	<u>\$ -</u>	<u>\$ 3,972,185</u>
Less accumulated depreciation for:				
Buildings and improvements	201,349	32,152	-	233,501
Equipment	647,389	81,721	-	729,110
Infrastructure	<u>29,637</u>	<u>10,502</u>	<u>-</u>	<u>40,139</u>
Total accumulated depreciation	<u>878,375</u>	<u>124,375</u>	<u>-</u>	<u>1,002,750</u>
Total other capital assets, net	<u>\$ 2,919,864</u>	<u>\$ 49,571</u>	<u>\$ -</u>	<u>\$ 2,969,435</u>

Depreciation expense was charged to governmental activities as follows:

General	\$ 37,830
Public Safety	61,024
Cemetery	380
Streets	10,678
Culture & Recreation	<u>14,463</u>
Total depreciation expense	<u>\$ 124,375</u>

Water

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 61,599	\$ -	\$ -	\$ 61,599
Total capital assets not being depreciated	<u>61,599</u>	<u>-</u>	<u>-</u>	<u>61,599</u>
Other Capital Assets				
Water System	1,578,400	-	-	1,578,400
Equipment	<u>64,059</u>	<u>3,894</u>	<u>-</u>	<u>67,953</u>
Total capital assets at historical cost	<u>1,642,459</u>	<u>3,894</u>	<u>-</u>	<u>1,646,353</u>
Total capital assets	<u>1,704,058</u>	<u>3,894</u>	<u>-</u>	<u>1,707,952</u>
Less accumulated depreciation				
Buildings and improvements	531,284	44,823	-	576,107
Equipment	<u>11,597</u>	<u>3,398</u>	<u>-</u>	<u>14,995</u>
Total capital assets being depreciated, net	<u>542,881</u>	<u>48,221</u>	<u>-</u>	<u>591,102</u>
Business-type activities capital assets, net	<u>\$ 1,161,177</u>	<u>\$ (44,327)</u>	<u>\$ -</u>	<u>\$ 1,116,850</u>

Waste Water

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
System	\$ 418,937	\$ 983	\$ -	\$ 419,920
Equipment	<u>7,000</u>	<u>-</u>	<u>-</u>	<u>7,000</u>
Assets at historical cost	<u>425,937</u>	<u>983</u>	<u>-</u>	<u>426,920</u>
Less accumulated depreciation				
Improvements	267,741	16,250	-	283,991
Equipment	<u>6,300</u>	<u>350</u>	<u>-</u>	<u>6,650</u>
Total accumulated depreciation	<u>274,041</u>	<u>16,600</u>	<u>-</u>	<u>290,641</u>
Business-type activities capital assets, net	<u>\$ 151,896</u>	<u>\$ (15,617)</u>	<u>\$ -</u>	<u>\$ 136,279</u>

Solid Waste

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Equipment	\$ 62,943	\$ -	\$ -	\$ 62,943
Assets at historical cost	<u>62,943</u>	<u>-</u>	<u>-</u>	<u>62,943</u>
Less accumulated depreciation				
Equipment	46,873	6,981	-	53,854
Total accumulated depreciation	<u>46,873</u>	<u>6,981</u>	<u>-</u>	<u>53,854</u>
Business-type activities capital assets, net	<u>\$ 16,070</u>	<u>\$ (6,981)</u>	<u>\$ -</u>	<u>\$ 9,089</u>

5. LONG TERM DEBT

A summary of activity of long term debt is as follows:

	<u>Balance 6/30/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 06/30/08</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Notes payable	\$ 374,177	\$ -	\$ 36,367	\$ 337,810	\$ 42,082
Total notes payable	<u>374,177</u>	<u>-</u>	<u>36,367</u>	<u>337,810</u>	<u>42,082</u>
Other liabilities					
Compensated absences	8,998	3,827	7,247	5,578	-
Total other liabilities	<u>8,998</u>	<u>3,827</u>	<u>7,247</u>	<u>5,578</u>	<u>-</u>
Total	<u>\$ 383,175</u>	<u>\$ 3,827</u>	<u>\$ 43,614</u>	<u>\$ 343,388</u>	<u>\$ 42,082</u>

The compensated absences ultimately will be liquidated by the General Fund or Water Fund as they have been in the past.

Notes Payable

The Village entered into a loan with the State of New Mexico in 2002 for the financing of a steel building for the Fire Department. The original amount of the loan was \$35,000. The interest rate is 0%. Principal payments will range between \$3,430 to \$3,542.

The annual requirements to amortize the 2002 loan as of June 30, 2008, including interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 3,499	\$ 53	\$ 3,552
2010	3,508	44	3,552
2011	3,517	35	3,552
2012	3,525	27	3,552
2013 - 2014	7,076	26	7,102
	<u>\$ 21,125</u>	<u>\$ 185</u>	<u>\$ 21,310</u>

The Village entered into a loan with the State of New Mexico in 2005 for the financing of a steel building for the Fire Department. The original amount of the loan was \$50,000. The interest rate is 0%. Principal payments will range between \$4,971 to \$5,059.

The annual requirements to amortize the 2005 loan as of June 30, 2008, including interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 5,008	\$ 76	\$ 5,084
2010	5,021	63	5,084
2011	5,034	51	5,085
2012	5,046	38	5,084
2013 - 2014	<u>10,012</u>	<u>37</u>	<u>10,049</u>
	<u>\$ 30,121</u>	<u>\$ 265</u>	<u>\$ 30,386</u>

The Village entered into a loan with the State of New Mexico in 2007 for the financing of a police car for the Police Department. The original amount of the loan was \$20,000. The interest rate is 0%. Principal payments will range between \$6,667 to \$6,683.

The annual requirements to amortize the Law Enforcement Fund Police Car Loan as of June 30, 2008, including interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 6,667	\$ 33	\$ 6,700
2010	<u>6,683</u>	<u>17</u>	<u>6,700</u>
	<u>\$ 13,350</u>	<u>\$ 50</u>	<u>\$ 13,400</u>

The Village entered into a loan with the State of New Mexico in 2007 for the financing of a fire truck for the Fire Department. The original amount of the loan was \$294,445. The interest rate is 0%. Principal payments will range between \$26,925 to \$34,237.

The annual requirements to amortize the 2007 loan as of June 30, 2008, including interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 26,925	\$ 8,450	\$ 35,375
2010	27,685	7,692	35,377
2011	28,483	6,896	35,379
2012	29,320	6,061	35,381
2013 - 2014	<u>160,801</u>	<u>11,636</u>	<u>172,437</u>
	<u>\$ 273,214</u>	<u>\$ 40,735</u>	<u>\$ 313,949</u>

Proprietary Funds

A summary of activity in long term debt is as follows:

	<u>Balance</u> <u>6/30/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/08</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Business-type activities					
Bonds payable	\$ 89,449	\$ -	\$ 4,500	\$ 84,949	\$ 4,500
Compensated absences	<u>2,351</u>	<u>3,261</u>	<u>860</u>	<u>4,752</u>	<u>-</u>
Long-term	<u>\$ 91,800</u>	<u>\$ 3,261</u>	<u>\$ 5,360</u>	<u>\$ 89,701</u>	<u>\$ 4,500</u>

The Village entered into a loan agreement with the State of New Mexico that financed CB Match for a 2000 CB grant used for a water project. The State notified the Village in November 2005 that they had failed to close the loan in 2001. The loan is non-interest bearing and will be amortized over five years beginning in January 2008. The debt payments will be made for the Water Utility Fund.

The annual requirements to retire the Loan at June 30, 2008, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 3,500	\$ 18	\$ 3,518
2010	<u>3,500</u>	<u>9</u>	<u>3,509</u>
	<u>\$ 7,000</u>	<u>\$ 27</u>	<u>\$ 7,027</u>

The Village entered into a loan with the Rural Utility Services (RUSS) to help finance the water project. The annual payments vary from \$3,950 to \$6,724 for 40 years. The interest rate is 4.5%. The debt payments will be made from the Water Utility Fund.

The annual requirements to retire the Loan at June 30, 2008, including interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 1,000	\$ 3,490	\$ 4,490
2010	1,000	3,440	4,440
2011	1,000	3,400	4,400
2012	1,000	3,350	4,350
2012 - 2017	5,000	16,090	21,090
2018 - 2022	6,000	14,960	20,960
2023 - 2027	10,000	13,150	23,150
2028 - 2032	10,000	10,900	20,900
2033 - 2037	15,000	8,210	23,210
2038 - 2042	17,000	4,790	21,790
2043 - 2044	<u>10,949</u>	<u>760</u>	<u>11,709</u>
	<u>\$ 77,949</u>	<u>\$ 82,540</u>	<u>\$ 160,489</u>

6. PROPERTY TAXES

The County collects the Village's share of property taxes assessed. Property taxes attach an enforceable lien on property as of January 1st. Tax notices are sent by the County treasurer to property owners by November 1st of each year to be paid in whole or in two installments by November 10th and April 10th of each year. The County collects such taxes and distributes them to the Village on a monthly basis. The

Village accounts for its share of property taxes in the General, Debt Service and Capital Projects Funds. Only those collections received are recorded as revenues for the budget presentation.

7. RETIREMENT PLAN

Plan Description - Ordinance No. 162 dated December 14, 1999 provides a SIMPLE (Savings Incentive Match Plan) retirement plan to the full-time employees of the Village of San Jon.

All of the Village's full time employees participate in a SIMPLE retirement plan. The plan was established by ordinance requiring the employer to match the employee contribution up to 3% of the employee's salary. The employee is limited to a maximum contribution of \$7,000 annually. For the year ending June 30, 2008 employer contributions were \$5,447.

The retirement fund is established through Modern Woodmen of America.

8. POST-EMPLOYMENT BENEFITS

The Retiree Health Care Act (Chapter 10, Article 7C NMSA 1978) provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The Village has elected not to participate in the program by adoption of an ordinance.

9. RECEIVABLES

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Accounts receivable	\$ -	\$ 5,845
Gross receipts taxes	6,193	-
	<u>\$ 6,193</u>	<u>\$ 5,845</u>

Taxes receivable for the governmental funds consists primarily of taxes collected by the collection agency in the current year but not remitted to the Village until after year-end. All governmental fund receivables are considered collectible.

10. INTERFUND TRANSFERS

Interfund transfers during the year ended June 30, 2008, were as follows:

<u>Transfers out</u>	<u>Transfers In</u>		
	<u>Senior Citizens</u>	<u>Municipal Streets</u>	<u>Total</u>
General Fund	\$ 2,500	\$ 31,200	\$ 33,700
	<u>\$ 2,500</u>	<u>\$ 31,200</u>	<u>\$ 33,700</u>

11. RISK MANAGEMENT

The Village participates in the New Mexico Self-Insurers Fund for medical insurance coverage for their employees. Commercial insurance covers all other losses. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years. There are no claim liabilities at year end.

12. JOINT POWERS AGREEMENT

New Mexico Community Development Council and the New Mexico Department of Finance

A joint powers agreement (JPA) was entered into the 9th day of May, 2000 between the Village of San Jon and the New Mexico Community Development Council and the New Mexico Department of Finance (DFA) and Administration. It shall remain in effect unless terminated by either of the parties by written notice. This agreement authorizes the Department to apply for any US government funds available to the Department. The Village may jointly authorize the Department to administer the fund, setting rules and regulations, taking applications, rating and ranking projects and making funding recommendations to the Council, who will then award funds in the form of loans to particular Local Public Bodies in the amounts for purposes to be determined by the Department and Council. Village of San Jon did not contribute to the JPA for the year ending June 30, 2008. The village is only a participant, DFA is responsible for the operations, audit responsibility, and also the is the acting fiscal agent.

San Jon Cooperative Ambulance

The Village entered into a joint powers agreement with the San Jon Cooperative Ambulance, a non-profit association of the State of New Mexico on December 10, 1996. The purpose of the agreement is to provide ambulance services in the San Jon, Quay County area. The agreement shall be continued from year to year subject to termination by either party by giving written notice of such intention between the end of October and the 1st day of January following during any year in the operation of the program. The joint powers agreement is financed by collection of fees for ambulance services. The Cooperative is responsible for the records of all receipts and disbursements incurred in the operation. The Village's total estimated amount of project and portion applicable to the Village is \$7,000. Village of San Jon is the fiscal agent as well has having audit responsibilities. The Local Government Division is the government agency where revenues and expenditures are reported.

Quay County Gaming Authority

The Village of San Jon and the communities of Logan, San Jon and Tucumcari have entered into an Agreement with the Quay County Gaming Authority on April 1, 2007. Whereas, all parties are interested in creating economic development in Quay County after years of economic stagnation; and whereas the State of New Mexico have entered into gambling compacts with the New Mexico Indian Tribes, which allows the State of New Mexico to issue an additional license to conduct Para-mutual horse racing in the State of New Mexico, and whereas a study completed by the Greater Tucumcari Economic Development Corporation has determined that Quay County would be an ideal place for a Par-mutual horse racing track and casino; whereas the Parties believe that it would be in the best interest of the State of New Mexico as well as each Party to this Agreement that the license, track facility and casino be owned and operated by the entities which are Parties to this Agreement; and whereas the Parties desire to pursue the acquisition of a license and ownership of a race track and casino by a Joint Powers Agreement; and whereas it is the desire that Quay County Gaming Authority have the power to carry out the purposes and functions as set forth herein.

The Purposes: The purposes of this Agreement are to pursue through all appropriate means an application

for a license to conduct a horse racing meet pursuant to the New Mexico Horse Racing Act and regulations of the State Racing Commission. Also to provide a mechanism, upon being granted a license to conduct a horse racing track and casino for the benefit of the State of New Mexico and Parties to this Agreement.

Contributions: The initial contribution for each entity is as follows: 1.City of Tucumcari: \$24,000 2.County of Quay: \$18,000 3.Village of Logan \$9,000 4.Village of San Jon \$6,000.

Income Distribution: The Parties anticipate there will be income to distribute to each Party on an annual basis after the payment of all operating expenses, debt service and management fees. The amount subject to distribution, or "net profit", shall be distributed to each Party on an annual basis as follows: 1.City of Tucumcari 40% 2.County of Quay 30% 3.Village of Logan 15% 4.Village of San Jon 10% 5.Quay County Gaming Authority 5%.

Books and Records: Detailed records of all transactions made pursuant to this Joint Powers Agreement shall be kept and maintained by the Authority Board. Books and records shall be available for inspection subject to applicable statues and shall be available to any of the member's Party to this Agreement upon reasonable request for access to the records. The financial records of the Authority shall be audited annually in accordance with the Single Audit Act and reviewed and approved by the State Auditor's Office. The results of the audit shall be reported to the Authority Board.

Termination and Distribution of Assets

In the event of dissolution of the Authority, for any reason, or termination of this Agreement, the assets of the Authority shall be distributed to the Parties, with each receiving as its share of the distribution the same percentage of that Party's share of the distributable income as set forth in Article VI. An independent appraisal of all of the properties, improvements, equipment and other assets of the Authority shall be conducted and shall form the basis of the distribution of the assets according to this termination section. In the event of dissolution, termination or withdrawal, the Parties shall not be entitled to a refund of the amounts paid. In the event that all the Parties to the Agreement should elect to terminate this Agreement, the Authority Board shall undertake to immediately establish the conditions shall undertake to immediately establish the conditions under which distribution of assets shall be undertaken in accordance with the provisions of this section. During and after termination is shall be the responsibility of the Authority Board to coordinate the distribution of the assets and conduct a final audit on the operations of the Authority and to deliver such audit to the appropriate state authorities and local jurisdictions that were party to the Agreement during the year in which the termination occurred.

Severability

It is hereby declared to be the intention of the Parties that the articles, sections, subsections, paragraphs, sentences, clauses, and phrases of this Agreement are severable, and if any phrase, clause, sentence, paragraph, section, or article of this Agreement shall be declared unconstitutional by the valid judgment or decree of any court of competent jurisdiction, such unconstitutionality shall not affect any of the remaining phrases, clauses, sentences, paragraphs, sections, and articles of this Agreement, since the same would have been entered into by the Parties without such invalid portion.

13. SURETY BOND

The officials and certain employees of the District are covered by a surety bond as required by Section 126- 7, NMSA, 1978 Compilation.

**SUPPLEMENTAL INFORMATION RELATED
TO MAJOR FUNDS**

STATE OF NEW MEXICO
VILLAGE OF SAN JON

**CAPITAL PROJECTS FUND - WASTE WATER
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2008**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES				
State grant	\$ -	\$ -	\$ 96,083	\$ 96,083
Interest	-	-	-	-
Total revenues	-	-	96,083	96,083
EXPENDITURES				
Public works				
Capital outlay	-	-	96,083	(96,083)
Total expenditures	-	-	96,083	(96,083)
Excess (deficiency) of revenues over expenditures	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Reconciliation of Budgetary Basis to GAAP Basis

Excess (deficiency) of revenues over expenditures - Cash Basis	\$ 0
Revenue accruals	0
Expenditure accruals	0
Excess (deficiency) of revenues over expenditures - GAAP Basis	<u>\$ 0</u>

See accompanying notes to financial statements.

**SUPPLEMENTAL INFORMATION RELATED
TO NON MAJOR FUNDS**

VILLAGE OF SAN JON, NEW MEXICO

Description of Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. The special revenue funds are as follows:

Fire/EMS Fund

To account for operation and maintenance of the Department. Financing is provided by the motor vehicle registration fee of one dollar. Funding is provided under State Statute 24-10A-1 NMSA, 1978 Compilation. Required to be accounted for as a separate fund by New Mexico Department of Health regulation.

EMS/Ambulance

To account for the operation and maintenance of the Village EMS Department. Financing is primarily from an annual EMS allotment and fees collected for emergency transportation. The fund was created by the authority of state grant provisions. (NMSA 59A-53-1)

Law Enforcement

To account for funds received from the State of New Mexico for law enforcement purposes. The fund was created by the authority of state grant provisions. (NMSA 29-13-3)

Cemetery Fund

To account for the operations and maintenance of the cemetery. Financing is primarily from the sale of burial lots. The fund was authorized by NMSA 1978-3-40-1 through 9.

Recreation

To account for the operation and maintenance of the Village's youth recreation program. Financing is provided by the state shared cigarette tax. The fund was created by the authority of state statute. (NMSA 7-12-15)

Senior Citizens

To account for the operation and maintenance of the Senior Citizens' Building. Financing is provided by the Area on Aging. The fund was created by the authority of state statute. (NMSA 7-12-15)

Veterans Memorial

To account for contributions from the citizens to be used to construct a Veterans Memorial located within village limits. The fund was created by local authority.

Quay County Gaming Authority

To account for contributions for a joint powers agreement to promote a horse racing track and gaming casino. The fund was created by the joint powers agreement.

STATE OF NEW MEXICO
VILLAGE OF SAN JON

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2008

	Fire/EMS	EMS Ambulance	Law Enforcement	Cemetery	Recreation	Senior Citizens	Veterans Memorial	Quay County Gaming Authority	Total
ASSETS									
Cash and cash equivalents	\$ -	\$ -	\$ 7,514	\$ 15,831	\$ 766	\$ 271	\$ 6,839	\$ 33,045	\$ 64,266
Due from grantor	-	-	-	-	-	2,215	-	-	2,215
Total assets	-	-	7,514	15,831	766	2,486	6,839	33,045	66,481
LIABILITIES AND FUND BALANCE									
Liabilities:									
Accounts payable	-	-	-	51	109	271	-	-	431
Accrued salaries	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	51	109	271	-	-	431
Fund balance:									
Unreserved	-	-	7,514	15,780	657	2,215	6,839	33,045	66,050
Total fund balance	-	-	7,514	15,780	657	2,215	6,839	33,045	66,050
Total liabilities and fund balance	\$ -	\$ -	\$ 7,514	\$ 15,831	\$ 766	\$ 2,486	\$ 6,839	\$ 33,045	\$ 66,481

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF SAN JON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Fire/EMS	EMS Ambulance	Law Enforcement	Cemetery	Recreation	Senior Citizens	Veterans Memorial	Quay County Gaming Authority	Total
REVENUES									
Gross receipts tax	\$ -	\$ -	\$ -	\$ -	\$ 53	\$ -	\$ -	\$ -	\$ 53
Other taxes	-	-	-	-	746	-	-	-	746
Grants	7,000	27,106	20,600	-	-	22,636	-	-	77,342
Dues and contributions	-	-	-	3,542	80	-	20	-	3,642
Charges for services	-	-	-	6,750	-	-	-	-	6,750
Interest income	-	-	-	105	13	-	72	811	1,001
Joint power agreement	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	1,050	-	-	-	1,050
Total revenues	<u>7,000</u>	<u>27,106</u>	<u>20,600</u>	<u>10,397</u>	<u>1,942</u>	<u>22,636</u>	<u>92</u>	<u>811</u>	<u>90,584</u>
EXPENDITURES									
Public safety	7,000	7,000	3,204	-	-	-	-	-	17,204
Public works	-	-	-	6,299	-	-	-	-	6,299
Culture and recreation	-	-	-	-	3,190	19,466	-	26,497	49,153
Capital outlay	-	20,106	3,164	1,350	-	482	-	-	25,102
Debt Service									
Principal	-	-	6,650	-	-	-	-	-	6,650
Interest	-	-	68	-	-	-	-	-	68
Total expenditures	<u>7,000</u>	<u>27,106</u>	<u>13,086</u>	<u>7,649</u>	<u>3,190</u>	<u>19,948</u>	<u>-</u>	<u>26,497</u>	<u>104,476</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>7,514</u>	<u>2,748</u>	<u>(1,248)</u>	<u>2,688</u>	<u>92</u>	<u>(25,686)</u>	<u>(13,892)</u>
Other financing sources (uses)									
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,500)</u>	<u>-</u>	<u>-</u>	<u>(2,500)</u>
Total other sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,500)</u>	<u>-</u>	<u>-</u>	<u>(2,500)</u>
Net change in fund balance	-	-	7,514	2,748	(1,248)	188	92	(25,686)	(16,392)
Fund balance, beginning of year	-	-	-	13,032	1,905	2,027	6,747	58,731	82,442
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,514</u>	<u>\$ 15,780</u>	<u>\$ 657</u>	<u>\$ 2,215</u>	<u>\$ 6,839</u>	<u>\$ 33,045</u>	<u>\$ 66,050</u>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**FIRE/EMS FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2008**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Over (Under)
REVENUES				
State grant	\$ 7,000	\$ 7,000	\$ 7,000	\$ -
Interest	-	-	-	-
Total revenues	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>-</u>
EXPENDITURES				
Public safety				
Maintenance	3,000	3,000	327	(2,673)
Mileage	1,750	1,750	1,440	(310)
Miscellaneous	2,000	2,000	-	(2,000)
Supplies	250	250	-	(250)
Training	-	-	1,050	1,050
Volunteer per diem	-	-	4,183	4,183
Total expenditures	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash balance, end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Reconciliation of Budgetary Basis to GAAP Basis

Excess (deficiency) of revenues over expenditures - Cash Basis	\$ 0
Revenue accruals	0
Expenditure accruals	<u>0</u>
Excess (deficiency) of revenues over expenditures - GAAP Basis	<u>\$ 0</u>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**EMS/AMBULANCE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2008**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Over (Under)
REVENUES				
Grants	\$ 27,106	\$ 27,106	\$ 27,106	\$ -
Interest	-	-	-	-
Total revenues	<u>27,106</u>	<u>27,106</u>	<u>27,106</u>	<u>-</u>
EXPENDITURES				
Public safety				
Capital outlay	20,106	20,106	20,106	-
Contract services	60	60	-	(60)
Insurance	-	-	691	691
Maintenance	1,000	1,000	1,449	449
Mileage	-	-	160	160
Miscellaneous	2,940	2,940	-	(2,940)
Supplies	1,000	1,000	2,303	1,303
Telephone	-	-	447	447
Travel	2,000	2,000	1,218	(782)
Volunteer per diem	-	-	732	732
Total expenditures	<u>27,106</u>	<u>27,106</u>	<u>27,106</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash balance, end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Reconciliation of Budgetary Basis to GAAP Basis

Excess (deficiency) of revenues over expenditures - Cash Basis	\$ 0
Revenue accruals	0
Expenditure accruals	<u>0</u>
Excess (deficiency) of revenues over expenditures - GAAP Basis	<u>\$ 0</u>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**LAW ENFORCEMENT PROTECTION FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2008**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Over (Under)
REVENUES				
Grants	\$ 20,600	\$ 20,600	\$ 20,600	\$ -
Interest	100	100	-	(100)
Total revenues	<u>20,700</u>	<u>20,700</u>	<u>20,600</u>	<u>(100)</u>
EXPENDITURES				
Public safety				
Benefits	500	500	-	(500)
Capital outlay	8,844	8,844	3,164	(5,680)
Contract services	-	-	-	-
Maintenance	656	656	236	(420)
Mileage	-	-	-	-
Supplies	2,483	2,483	2,896	413
Travel	-	-	-	-
Training	1,500	1,500	73	(1,427)
Debt service				
Principal	6,717	6,717	6,650	(67)
Interest	-	-	67	67
Total expenditures	<u>20,700</u>	<u>20,700</u>	<u>13,086</u>	<u>(7,614)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>7,514</u>	<u>(7,714)</u>
Cash balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,514</u>	<u>\$ (7,714)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (deficiency) of revenues over expenditures - Cash Basis			\$ 7,514	
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues over expenditures - GAAP Basis			<u>\$ 7,514</u>	

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**CEMETERY
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2008**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Over (Under)
REVENUES				
Services	\$ 2,700	\$ 2,700	\$ 6,750	\$ 4,050
Dues and contributions	3,000	3,000	3,542	542
Interest	250	250	105	(145)
Total revenues	<u>5,950</u>	<u>5,950</u>	<u>10,397</u>	<u>4,447</u>
EXPENDITURES				
Public works				
Capital outlay	7,300	7,300	1,350	(5,950)
Contract services	140	140	-	(140)
Insurance	-	-	187	187
Maintenance	6,250	6,250	5,196	(1,054)
Miscellaneous	387	387	200	(187)
Supplies	623	623	576	(47)
Travel	400	400	140	(260)
Total expenditures	<u>15,100</u>	<u>15,100</u>	<u>7,649</u>	<u>(7,451)</u>
Excess (deficiency) of revenues over expenditures	<u>(9,150)</u>	<u>(9,150)</u>	<u>2,748</u>	<u>(3,004)</u>
Cash balance, beginning of year	<u>13,083</u>	<u>13,083</u>	<u>13,083</u>	<u>-</u>
Cash balance, end of year	<u>\$ 3,933</u>	<u>\$ 3,933</u>	<u>\$ 15,831</u>	<u>\$ (3,004)</u>

Reconciliation of Budgetary Basis to GAAP Basis

Excess (deficiency) of revenues over expenditures - Cash Basis	\$ 2,748
Revenue accruals	-
Expenditure accruals	-
Excess (deficiency) of revenues over expenditures - GAAP Basis	<u>\$ 2,748</u>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**RECREATION
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2008**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Over (Under)
REVENUES				
Cigarette taxes	\$ 450	\$ 450	\$ 746	\$ 296
Rental receipts	1,000	1,000	1,050	50
Contributions and donations	100	100	80	(20)
Interest	25	25	13	(12)
Gross receipts tax	50	50	53	3
Total revenues	<u>1,625</u>	<u>1,625</u>	<u>1,942</u>	<u>317</u>
EXPENDITURES				
Culture and recreation				
Contract services	75	75	50	(25)
Insurance	-	-	568	568
Maintenance	-	-	377	377
Miscellaneous	3,250	3,250	-	(3,250)
Supplies	180	180	145	(35)
Utilities	-	-	2,050	2,050
Total expenditures	<u>3,505</u>	<u>3,505</u>	<u>3,190</u>	<u>(315)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,880)</u>	<u>(1,880)</u>	<u>(1,248)</u>	<u>2</u>
Cash balance, beginning of year	<u>2,014</u>	<u>2,014</u>	<u>2,014</u>	<u>-</u>
Cash balance, end of year	<u>\$ 134</u>	<u>\$ 134</u>	<u>\$ 766</u>	<u>\$ 2</u>

Reconciliation of Budgetary Basis to GAAP Basis

Excess (deficiency) of revenues over expenditures - Cash Basis	\$ (1,248)
Revenue accruals	-
Expenditure accruals	-
Excess (deficiency) of revenues over expenditures - GAAP Basis	<u>\$ (1,248)</u>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**SENIOR CITIZENS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2008**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Over (Under)
REVENUES				
State grant	\$ 22,636	\$ 22,636	\$ 22,636	\$ -
Total revenues	<u>22,636</u>	<u>22,636</u>	<u>22,636</u>	<u>-</u>
EXPENDITURES				
Culture and recreation				
Benefits	357	357	384	27
Capital outlay	-	-	482	482
Contract services	7,393	7,393	7,113	(280)
Insurance	-	-	771	771
Maintenance	-	-	154	154
Miscellaneous	5,517	5,517	144	(5,373)
Salaries	4,550	4,550	4,350	(200)
Supplies	2,024	2,024	2,370	346
Telephone	-	-	399	399
Travel	200	200	-	(200)
Utilities	-	-	3,781	3,781
Total expenditures	<u>20,041</u>	<u>20,041</u>	<u>19,948</u>	<u>(93)</u>
Excess (deficiency) of revenues over expenditures	<u>2,595</u>	<u>2,595</u>	<u>2,688</u>	<u>(93)</u>
Other financing sources (uses)				
Transfers in/out	(2,500)	(2,500)	(2,500)	-
Total other sources (uses)	<u>(2,500)</u>	<u>(2,500)</u>	<u>(2,500)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>95</u>	<u>95</u>	<u>188</u>	<u>(93)</u>
Cash balance, beginning of year	<u>83</u>	<u>83</u>	<u>83</u>	<u>-</u>
Cash balance, end of year	<u>\$ 178</u>	<u>\$ 178</u>	<u>\$ 271</u>	<u>\$ (93)</u>

Reconciliation of Budgetary Basis to GAAP Basis

Excess (deficiency) of revenues over expenditures - Cash Basis	\$ 188
Revenue accruals	-
Expenditure accruals	-
Excess (deficiency) of revenues over expenditures - GAAP Basis	<u>\$ 188</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF SAN JON

VETERANS MEMORIAL FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Over (Under)
REVENUES				
Interest	-	-	72	72
Dues and contributions	-	-	20	20
Total revenues	-	-	92	92
EXPENDITURES				
Contract services	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	92	92
Cash balance, beginning of year	6,747	6,747	6,747	-
Cash balance, end of year	\$ 6,747	\$ 6,747	\$ 6,839	\$ 92

Reconciliation of Budgetary Basis to GAAP Basis

Excess (deficiency) of revenues over expenditures - Cash Basis	\$ 92
Revenue accruals	-
Expenditure accruals	-
Excess (deficiency) of revenues over expenditures - GAAP Basis	\$ 92

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF SAN JON

QUAY COUNTY GAMING AUTHORITY
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Over (Under)
REVENUES				
Interest	\$ -	\$ -	\$ 811	\$ 811
Total revenues	-	-	811	811
EXPENDITURES				
Contract services	23,101	23,101	23,101	-
Miscellaneous	3,396	3,396	3,396	-
Total expenditures	26,497	26,497	26,497	-
Excess (deficiency) of revenues over expenditures	(26,497)	(26,497)	(25,686)	811
Cash balance, beginning of year	58,731	58,731	58,731	-
Cash balance, end of year	\$ 32,234	\$ 32,234	\$ 33,045	\$ 811

Reconciliation of Budgetary Basis to GAAP Basis

Excess (deficiency) of revenues over expenditures - Cash Basis	\$ (25,686)
Revenue accruals	-
Expenditure accruals	-
Excess (deficiency) of revenues over expenditures - GAAP Basis	<u>\$ (25,686)</u>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**ENTERPRISE FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2008**

ENTERPRISE FUNDS

Water, Waste Water, and Solid Waste

To account for the provision of water, waste water and 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, financing, and related debt service, and billing and collections.

STATE OF NEW MEXICO
VILLAGE OF SAN JON

PROPRIETARY FUND - WATER
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Over (Under)
REVENUES				
Sales and service	\$ 62,000	\$ 62,000	\$ 53,368	\$ (8,632)
Connection fees	700	700	600	(100)
Governmental gross receipts tax	2,500	2,500	8,304	5,804
Penalties	800	800	1,022	222
Grants	-	-	1,980	1,980
Interest	100	100	143	43
Miscellaneous	500	500	415	(85)
Total revenues	<u>66,600</u>	<u>66,600</u>	<u>65,832</u>	<u>(768)</u>
EXPENDITURES				
Benefits	5,973	5,973	5,259	(714)
Capital outlay	2,500	2,500	3,894	1,394
Contract services	20,800	20,800	19,547	(1,253)
Insurance	-	-	1,663	1,663
Maintenance	3,900	3,900	3,204	(696)
Miscellaneous	17,100	17,100	1,086	(16,014)
Salaries	19,656	19,656	19,002	(654)
Supplies	1,950	1,950	1,068	(882)
Telephone	-	-	262	262
Travel	2,100	2,100	1,162	(938)
Utilities	-	-	8,296	8,296
Debt Service				
Principal	3,502	3,502	1,000	(2,502)
Interest	-	-	3,530	3,530
Total expenditures	<u>77,481</u>	<u>77,481</u>	<u>68,973</u>	<u>(8,508)</u>
Excess (deficiency) of revenues over expenditures	<u>(10,881)</u>	<u>(10,881)</u>	<u>(3,141)</u>	<u>(9,276)</u>
Cash balance, beginning of year	<u>16,448</u>	<u>16,448</u>	<u>16,448</u>	<u>-</u>
Cash balance, end of year	<u>\$ 5,567</u>	<u>\$ 5,567</u>	<u>\$ 13,307</u>	<u>\$ (9,276)</u>

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**PROPRIETARY FUND - WATER
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2008**

Reconciliation of Budgetary Basis to GAAP Basis

Excess (deficiency) of revenues over expenditures - Cash Basis	\$	(3,141)
Net changes in accounts receivable		(5,664)
Net changes in accounts payable		(945)
Net changes in compensated absences		1,244
Depreciation		(48,221)
Principal and interest paid		7,796
Excess (deficiency) of revenues over expenditures - GAAP Basis	\$	<u>(48,931)</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF SAN JON

PROPRIETARY FUND - WASTE WATER
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Over (Under)
REVENUES				
Sales and service	\$ 29,000	\$ 29,000	\$ 27,664	\$ (1,336)
Connection fees	150	150	75	(75)
Interest	21	21	6	(15)
Miscellaneous	-	-	-	-
Penalties	400	400	628	228
Gross receipts tax	1,280	1,280	1,170	(110)
Total revenues	<u>30,851</u>	<u>30,851</u>	<u>29,543</u>	<u>(1,308)</u>
EXPENDITURES				
Benefits	2,591	2,591	2,552	(39)
Capital outlay	1,000	1,000	513	(487)
Contract services	2,800	2,800	2,152	(648)
Insurance	-	-	474	474
Maintenance	1,100	1,100	1,395	295
Miscellaneous	4,470	4,470	761	(3,709)
Salaries	8,744	8,744	8,594	(150)
Supplies	2,950	2,950	1,597	(1,353)
Telephone	-	-	260	260
Travel	1,200	1,200	1,154	(46)
Training	119	119	25	(94)
Utilities	2,250	2,250	2,086	(164)
Total expenditures	<u>27,224</u>	<u>27,224</u>	<u>21,563</u>	<u>(5,661)</u>
Excess (deficiency) of revenues over expenditures	<u>3,627</u>	<u>3,627</u>	<u>7,980</u>	<u>(6,969)</u>
Cash balance, beginning of year	<u>4,564</u>	<u>4,564</u>	<u>4,564</u>	<u>-</u>
Cash balance, end of year	<u>\$ 8,191</u>	<u>\$ 8,191</u>	<u>\$ 12,544</u>	<u>\$ (6,969)</u>

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**PROPRIETARY FUND - WASTE WATER
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2008**

Reconciliation of Budgetary Basis to GAAP Basis

Excess (deficiency) of revenues over expenditures - Cash Basis	\$ 7,980
Net changes in accounts payable	513
Net changes in compensated absences	(1,038)
Depreciation	<u>(16,600)</u>
Excess (deficiency) of revenues over expenditures - GAAP Basis	<u>\$ (9,145)</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF SAN JON

PROPRIETARY FUND - SOLID WASTE
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Over (Under)
REVENUES				
Sales and service	\$ 29,400	\$ 29,400	\$ 29,079	\$ (321)
Interest	1,400	1,400	1,041	(359)
Penalties	3,000	3,000	3,968	968
Gross receipts tax	11,400	11,400	7,933	(3,467)
Total revenues	45,200	45,200	42,021	(3,179)
EXPENDITURES				
Benefits	2,591	2,591	1,957	(634)
Capital outlay	-	-	-	-
Contract services	37,100	37,100	29,891	(7,209)
Insurance	-	-	1,855	1,855
Maintenance	1,350	1,350	1,040	(310)
Miscellaneous	3,950	3,950	1,044	(2,906)
Repairs and maintenance	35,000	35,000	-	(35,000)
Salaries	8,744	8,744	8,461	(8,461)
Supplies	700	700	1,340	640
Telephone	-	-	138	138
Travel	1,180	1,180	1,045	(135)
Total expenditures	90,615	90,615	46,771	(52,022)
Excess (deficiency) of revenues over expenditures	(45,415)	(45,415)	(4,750)	(55,201)
Cash balance, beginning of year	32,688	32,688	32,688	-
Cash balance, end of year	<u>\$ (12,727)</u>	<u>\$ (12,727)</u>	<u>\$ 27,938</u>	<u>\$ (55,201)</u>

STATE OF NEW MEXICO
VILLAGE OF SAN JON

PROPRIETARY FUND - SOLID WASTE
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2008

Reconciliation of Budgetary Basis to GAAP Basis

Excess (deficiency) of revenues over expenditures - Cash Basis	\$	(4,750)
Net changes in accounts receivable		(70)
Net changes in accounts payable		70
Net changes in accrued interest		-
Net changes in compensated absences		(120)
Depreciation		(6,981)
Excess (deficiency) of revenues over expenditures - GAAP Basis	\$	<u>(11,851)</u>

See accompanying notes to financial statements.

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

Hector H. Balderas, State Auditor
and the Mayor and Village Council of the
Village of San Jon

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparison for the general fund, the combining and individual funds and budgetary comparisons presented as supplementary information of the Village of San Jon (the "Village") as of and for the year ended June 30, 2008, and have issued our report thereon dated November 26, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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'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 or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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


El Paso, Texas
November 26, 2008

**STATE OF NEW MEXICO
VILLAGE OF SAN JON**

**EXIT CONFERENCE
AS OF AND FOR THE YEAR ENDED JUNE 30, 2008**

EXIT CONFERENCE

An exit conference was held on Wednesday, November 26, 2008. In attendance were Rodney Stoner - Mayor, Bobby Rose - Village Administrator, and Roxie Samaniego, CPA.