

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

**Basic Financial Statements and  
Supplementary Information  
for the Year Ended June 30, 2009  
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, 2009**

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Billie Jo Barnes  
Leo Thrasher  
Janet Garcia  
Kristen Benavidez  
Sherry Ford

Cynthia Lee

Mayor  
Mayor Pro Tem  
Trustee  
Trustee  
Trustee

Deputy Clerk

## 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, 2009, which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village's nonmajor governmental funds, presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Village'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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and major special revenue funds 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, 2009, 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 October 16, 2009, 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.

A handwritten signature in blue ink that reads "White & Samaniego + Campbell, CP". The signature is written in a cursive, flowing style.

El Paso, Texas  
October 16, 2009

**BASIC FINANCIAL STATEMENTS**



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

**STATEMENT OF NET ASSETS  
JUNE 30, 2009**

	<b>Primary Government Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 390,168	\$ 66,675	\$ 456,843
Receivables, net of allowance for uncollectibles	<u>29,703</u>	<u>10,906</u>	<u>40,609</u>
Total current assets	419,871	77,581	497,452
Noncurrent assets			
Restricted assets - cash	-	5,830	5,830
Capital assets	4,838,869	2,189,911	7,028,780
Less accumulated depreciation	<u>(1,111,559)</u>	<u>(1,004,644)</u>	<u>(2,116,203)</u>
Total noncurrent assets	3,727,310	1,191,097	4,918,407
Total assets	<u>\$ 4,147,181</u>	<u>\$ 1,268,678</u>	<u>\$ 5,415,859</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	\$ 1,428	\$ 4,921	\$ 6,349
Accrued interest	1,422	1,177	2,599
Current portion of long-term debt	<u>43,783</u>	<u>3,500</u>	<u>47,283</u>
Total current liabilities	46,633	9,598	56,231
Long-term liabilities:			
Non-current portion of long-term debt	252,813	76,949	329,762
Compensated absences	2,486	6,620	9,106
Customer deposits	<u>-</u>	<u>5,830</u>	<u>5,830</u>
Total noncurrent liabilities	<u>255,299</u>	<u>89,399</u>	<u>344,698</u>
Total liabilities	<u>301,932</u>	<u>98,997</u>	<u>400,929</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	3,430,714	1,104,818	4,535,532
Unrestricted	<u>414,535</u>	<u>64,863</u>	<u>479,398</u>
Total net assets	<u>\$ 3,845,249</u>	<u>\$ 1,169,681</u>	<u>\$ 5,014,930</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
VILLAGE OF SAN JON

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009

Functions/Programs:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Program Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 138,920	\$ -	\$ 80,294	\$ -	\$ (58,626)	\$ -	\$ (58,626)
Public safety	334,444	5,615	471,394	-	142,565	-	142,565
Public works	605,092	-	-	1,254,141	649,049	-	649,049
Culture and recreation	21,798	-	17,826	-	(3,972)	-	(3,972)
Interest on long-term debt	74	-	-	-	(74)	-	(74)
Total governmental activities	<u>1,100,328</u>	<u>5,615</u>	<u>569,514</u>	<u>1,254,141</u>	<u>728,942</u>	<u>-</u>	<u>728,942</u>
Business-type activities:							
Water	106,919	57,374	-	-	-	(49,545)	(49,545)
Wastewater	46,524	24,720	-	-	-	(21,804)	(21,804)
Solid waste	54,775	41,933	-	-	-	(12,842)	(12,842)
Total business-type activities	<u>208,218</u>	<u>124,027</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(84,191)</u>	<u>(84,191)</u>
Total primary government	<u>\$ 1,308,546</u>	<u>\$ 129,642</u>	<u>\$ 569,514</u>	<u>\$ 1,254,141</u>	<u>728,942</u>	<u>(84,191)</u>	<u>644,751</u>
General Revenues:							
Taxes:							
					101,411	15,215	116,626
					1,684	-	1,684
					17,324	-	17,324
					5,342	-	5,342
					7,640	-	7,640
					48,379	12,607	60,986
					<u>181,780</u>	<u>27,822</u>	<u>209,602</u>
					<u>910,722</u>	<u>(56,369)</u>	<u>854,353</u>
					2,934,527	1,226,050	4,160,577
					<u>\$ 3,845,249</u>	<u>\$ 1,169,681</u>	<u>\$ 5,014,930</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
VILLAGE OF SAN JON

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2009

	General Fund	Fire Fund	Municipal Street Fund	CP- Waste Water	Non-Major Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 126,551	\$ 3,954	\$ 70,098	\$ -	\$ 189,565	\$ 390,168
Receivables, net of allowance for uncollectibles	<u>29,703</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,703</u>
Total assets	<u>\$ 156,254</u>	<u>\$ 3,954</u>	<u>\$ 70,098</u>	<u>\$ -</u>	<u>\$ 189,565</u>	<u>\$ 419,871</u>
<b>LIABILITIES AND FUND BALANCE</b>						
<b>LIABILITIES:</b>						
Current liabilities						
Accounts payable	\$ -	\$ 188	\$ 1,001	\$ -	\$ 239	\$ 1,428
Total liabilities	<u>-</u>	<u>188</u>	<u>1,001</u>	<u>-</u>	<u>239</u>	<u>1,428</u>
<b>FUND BALANCES:</b>						
Unreserved reported in:						
General fund	156,254	-	-	-	-	156,254
Special revenue funds	<u>-</u>	<u>3,766</u>	<u>69,097</u>	<u>-</u>	<u>189,326</u>	<u>262,189</u>
Total fund balances	<u>156,254</u>	<u>3,766</u>	<u>69,097</u>	<u>-</u>	<u>189,326</u>	<u>418,443</u>
Total liabilities and fund balances	<u>\$ 156,254</u>	<u>\$ 3,954</u>	<u>\$ 70,098</u>	<u>\$ -</u>	<u>\$ 189,565</u>	<u>\$ 419,871</u>

See independent auditors' report and 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, 2009**

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Total fund balances for governmental funds \$ 418,443

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	4,838,869
Accumulated depreciation	<u>(1,111,559)</u>
Net capital assets	<u>3,727,310</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	(296,596)
Accrued interest	(1,422)
Compensated absences	<u>(2,486)</u>
Net long-term liabilities	<u>(300,504)</u>

Net assets of governmental activities \$ 3,845,249

See independent auditors' report and 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, 2009

	General Fund	Fire Fund	Municipal Street Fund	CP-Waste Water	Non-Major Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes						
Gross receipt taxes	\$ 101,288	\$ -	\$ -	\$ -	\$ 123	\$ 101,411
Gas taxes	-	-	17,324	-	-	17,324
Property taxes	7,640	-	-	-	-	7,640
Franchise taxes	771	-	4,571	-	-	5,342
Other taxes	1,333	-	-	-	351	1,684
Grants	80,294	60,579	-	572,465	428,641	1,141,979
Charges for services	-	-	-	-	5,615	5,615
Dues and contributions	-	-	-	-	4,640	4,640
Licenses and permits	487	-	-	-	-	487
Rents and royalties	7,843	-	-	-	-	7,843
Interest income	4,277	1,450	839	-	178	6,744
Miscellaneous	19,717	6,398	-	-	2,550	28,665
Total revenues	<u>223,650</u>	<u>68,427</u>	<u>22,734</u>	<u>572,465</u>	<u>442,098</u>	<u>1,329,374</u>
<b>EXPENDITURES</b>						
Current						
Finance department	138,920	-	-	-	-	138,920
Public safety	2,769	17,931	-	-	17,449	38,149
Public works	-	-	24,058	-	8,568	32,626
Culture and recreation	1,669	-	-	-	23,384	25,053
Capital outlay	-	91,245	-	572,465	273,607	937,317
Debt service						
Principal	3,490	37,968	-	-	5,814	47,272
Interest	74	-	-	-	-	74
Total expenditures	<u>146,922</u>	<u>147,144</u>	<u>24,058</u>	<u>572,465</u>	<u>328,822</u>	<u>1,219,411</u>
Excess (deficiency) of revenues over expenditures	<u>76,728</u>	<u>(78,717)</u>	<u>(1,324)</u>	<u>-</u>	<u>113,276</u>	<u>109,963</u>

(Continued)

See independent auditors' report and 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, 2009**

	<b>General Fund</b>	<b>Fire Fund</b>	<b>Municipal Street Fund</b>	<b>CP-Waste Water</b>	<b>Non-Major Funds</b>	<b>Total Governmental Funds</b>
Other financing sources (uses)						
Transfer in/out	(10,000)	-	-	-	10,000	-
Total other sources (uses)	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
Net change in fund balance	66,728	(78,717)	(1,324)	-	123,276	109,963
Fund balance at beginning of year	<u>89,526</u>	<u>82,483</u>	<u>70,421</u>	<u>-</u>	<u>66,050</u>	<u>308,480</u>
Fund balance at end of year	<u>\$ 156,254</u>	<u>\$ 3,766</u>	<u>\$ 69,097</u>	<u>\$ -</u>	<u>\$ 189,326</u>	<u>\$ 418,443</u>

(Concluded)

See independent auditors' report and 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  
FOR THE YEAR ENDED JUNE 30, 2009**

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Net change in fund balances - total governmental funds \$ 109,963

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	(108,809)
Capital disposals	(70,633)
Capital outlays	<u>937,317</u>
	757,875

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 41,214

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. 1,645

Net assets of governmental activities \$ 910,722

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
VILLAGE OF SAN JON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH  
BALANCE - BUDGET AND ACTUAL ON BUDGETARY BASIS  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes:				
Gross receipts	\$ 50,550	\$ 50,550	\$ 50,548	\$ (2)
Property tax	7,640	7,640	7,640	-
Franchise tax	800	800	771	(29)
Other tax	2,450	2,450	1,333	(1,117)
State shared gross receipts	50,741	50,741	50,741	-
Other license and permits	487	487	487	-
Rent and royalties	9,643	9,643	7,843	(1,800)
Grants	77,216	77,216	80,294	3,078
Interest income	4,000	4,000	4,277	277
Miscellaneous	1,010	1,010	(6,008)	(7,018)
	<u>204,537</u>	<u>204,537</u>	<u>197,926</u>	<u>(6,611)</u>
Total revenues				
<b>EXPENDITURES</b>				
General government				
Benefits	11,799	11,799	9,187	2,612
Contract services	9,045	9,045	10,559	(1,514)
Maintenance	1,885	1,885	1,019	866
Miscellaneous	39,653	39,653	19,320	20,333
Salaries	94,702	94,702	93,516	1,186
Supplies	4,000	4,000	3,278	722
Travel	2,700	2,700	2,041	659
Debt service				
Principal	3,500	3,500	3,490	(10)
Interest	44	44	74	30
Total general government	<u>167,328</u>	<u>167,328</u>	<u>142,484</u>	<u>24,884</u>
Beautification grant				
Contract services	-	-	-	-
Supplies	-	-	-	-
Total beautification grant	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

See independent auditors' report and accompanying notes to financial statements.



STATE OF NEW MEXICO  
VILLAGE OF SAN JON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH  
BALANCE - BUDGET AND ACTUAL ON BUDGETARY BASIS  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
Police/Animal Control				
Benefits	135	135	127	8
Miscellaneous	988	988	906	(82)
Salaries	1,747	1,747	1,656	(91)
Travel	81	81	81	-
Utilities	-	-	-	-
Total police/animal control	<u>2,951</u>	<u>2,951</u>	<u>2,770</u>	<u>(165)</u>
Parks department				
Contract services	200	200	177	(23)
Maintenance	1,200	1,200	715	(485)
Miscellaneous	900	900	497	(403)
Supplies	300	300	181	(119)
Travel	100	100	99	(1)
Total parks department	<u>2,700</u>	<u>2,700</u>	<u>1,669</u>	<u>1,031</u>
Total expenditures	<u>172,979</u>	<u>172,979</u>	<u>146,923</u>	<u>25,750</u>
Excess (deficiency) of revenues over expenditures	<u>31,558</u>	<u>31,558</u>	<u>51,003</u>	<u>19,445</u>
Other financing sources (uses)				
Transfers in/out	-	-	(10,000)	(10,000)
Total other financing other sources (uses)	<u>-</u>	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	31,558	31,558	41,003	9,445
Cash balance beginning of year	<u>85,548</u>	<u>85,548</u>	<u>85,548</u>	<u>-</u>
Cash balance end of year	<u>\$ 117,106</u>	<u>\$ 117,106</u>	<u>\$ 126,551</u>	<u>\$ 9,445</u>

(Continued)

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
VILLAGE OF SAN JON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH  
BALANCE - BUDGET AND ACTUAL ON BUDGETARY BASIS  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2009

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**Reconciliation of Budgetary Basis to GAAP Basis:**

Excess (deficiency) of revenues over expenditures - cash basis	\$ 41,003
Revenue accruals	25,725
Expenditure accruals	<u>-</u>
Excess (deficiency) of revenues over expenditures - GAAP Basis	<u>\$ 66,728</u>
	(Concluded)

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
VILLAGE OF SAN JON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH  
BALANCE - BUDGET AND ACTUAL ON BUDGETARY BASIS  
SPECIAL REVENUE FUND - FIRE FUND  
FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Fire allotment	\$ 60,579	\$ 60,579	\$ 60,579	\$ -
Refunds	5,707	5,707	6,398	691
Interest income	2,000	2,000	1,450	(550)
Total revenues	<u>68,286</u>	<u>68,286</u>	<u>68,427</u>	<u>141</u>
<b>EXPENDITURES</b>				
Public safety				
Capital outlay	72,457	72,457	91,245	(18,788)
Contract services	4,500	4,500	1,886	2,614
Insurance	11,100	11,100	9,939	1,161
Maintenance	-	-	727	(727)
Miscellaneous	5,233	5,233	338	4,895
Supplies	11,000	11,000	1,257	9,743
Telephone	750	750	686	64
Travel	2,700	2,700	1,040	1,660
Utilities	2,600	2,600	2,058	542
Debt service				
Principal	37,968	37,968	37,968	-
Total expenditures	<u>148,308</u>	<u>148,308</u>	<u>147,144</u>	<u>1,164</u>
Excess (deficiency) of revenues over expenditures	<u>(80,022)</u>	<u>(80,022)</u>	<u>(78,717)</u>	<u>1,305</u>
Cash balance beginning of year	<u>82,671</u>	<u>82,671</u>	<u>82,671</u>	<u>-</u>
Cash balance end of year	<u>\$ 2,649</u>	<u>\$ 2,649</u>	<u>\$ 3,954</u>	<u>\$ 1,305</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
Excess (deficiency) of revenues over expenditures - cash basis			\$ (78,717)	
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues over expenditures - GAAP Basis			<u>\$ (78,717)</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
VILLAGE OF SAN JON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH  
BALANCE - BUDGET AND ACTUAL ON BUDGETARY BASIS  
SPECIAL REVENUE FUND - MUNICIPAL STREETS FUND  
FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Franchise taxes	\$ 4,500	\$ 4,500	\$ 4,571	\$ 71
Gasoline tax	32,000	32,000	17,324	(14,676)
Interest income	2,000	2,000	839	(1,161)
Total revenues	<u>38,500</u>	<u>38,500</u>	<u>22,734</u>	<u>(15,766)</u>
<b>EXPENDITURES</b>				
Public works				
Benefits	2,256	2,256	764	1,492
Contract services	1,260	1,260	943	317
Insurance	1,210	1,210	1,147	63
Maintenance	4,000	4,000	1,659	2,341
Miscellaneous	1,900	1,900	1,065	835
Salaries	14,160	14,160	7,558	6,602
Supplies	2,100	2,100	274	1,826
Telephone	300	300	341	(41)
Travel	1,400	1,400	1,178	222
Utilities	10,000	10,000	9,129	871
Total expenditures	<u>38,586</u>	<u>38,586</u>	<u>24,058</u>	<u>14,528</u>
Excess (deficiency) of revenues over expenditures	<u>(86)</u>	<u>(86)</u>	<u>(1,324)</u>	<u>(1,238)</u>
Other financing sources (uses)				
Transfers In/Out	-	-	-	-
Total other sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(86)</u>	<u>(86)</u>	<u>(1,324)</u>	<u>(1,238)</u>
Cash balance beginning of year	<u>71,422</u>	<u>71,422</u>	<u>71,422</u>	<u>-</u>
Cash balance end of year	<u>\$ 71,336</u>	<u>\$ 71,336</u>	<u>\$ 70,098</u>	<u>\$ (1,238)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
Excess (deficiency) of revenues over expenditures - cash basis			\$ (1,324)	
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues over expenditures - GAAP Basis			<u>\$ (1,324)</u>	

See independent auditors' report and 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, 2009

	<u>Water</u>	<u>Waste Water</u>	<u>Solid Waste</u>	<u>Total</u>
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 21,317	\$ 13,107	\$ 32,251	\$ 66,675
Accounts receivable, net	<u>5,292</u>	<u>2,006</u>	<u>3,608</u>	<u>10,906</u>
Total current assets	<u>26,609</u>	<u>15,113</u>	<u>35,859</u>	<u>77,581</u>
Noncurrent assets				
Customer deposits	5,830	-	-	5,830
Capital assets	1,707,953	426,915	55,043	2,189,911
Less accumulated depreciation and amortization	<u>(640,728)</u>	<u>(312,894)</u>	<u>(51,022)</u>	<u>(1,004,644)</u>
Total noncurrent assets	<u>1,073,055</u>	<u>114,021</u>	<u>4,021</u>	<u>1,191,097</u>
Total assets	<u>\$ 1,099,664</u>	<u>\$ 129,134</u>	<u>\$ 39,880</u>	<u>\$ 1,268,678</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	\$ 1,254	\$ 863	\$ 2,804	\$ 4,921
Accrued interest	1,177	-	-	1,177
Notes payable within one year	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>3,500</u>
Total current liabilities	<u>5,931</u>	<u>863</u>	<u>2,804</u>	<u>9,598</u>
Noncurrent liabilities				
Notes payable, net of current portion	76,949	-	-	76,949
Customer deposits	5,830	-	-	5,830
Accrued compensated absences	<u>5,599</u>	<u>916</u>	<u>105</u>	<u>6,620</u>
Total noncurrent liabilities	<u>88,378</u>	<u>916</u>	<u>105</u>	<u>89,399</u>
Total liabilities	<u>94,309</u>	<u>1,779</u>	<u>2,909</u>	<u>98,997</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	986,776	114,021	4,021	1,104,818
Unrestricted	<u>18,579</u>	<u>13,334</u>	<u>32,950</u>	<u>64,863</u>
Total net assets	<u>\$ 1,005,355</u>	<u>\$ 127,355</u>	<u>\$ 36,971</u>	<u>\$ 1,169,681</u>

See independent auditors' report and 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, 2009**

	<u>Water</u>	<u>Waste Water</u>	<u>Solid Waste</u>	<u>Total</u>
Operating revenues				
Sales and service	\$ 54,547	\$ 24,265	\$ 37,239	\$ 116,051
Fees and penalties	<u>2,827</u>	<u>455</u>	<u>4,694</u>	<u>7,976</u>
Total operating revenues	<u>57,374</u>	<u>24,720</u>	<u>41,933</u>	<u>124,027</u>
Operating expenses				
Personnel services	25,333	14,475	10,268	50,076
Professional services	18,293	3,082	35,080	56,455
Utilities	6,671	2,231	321	9,223
Operating expenses	6,996	4,483	4,038	15,517
Depreciation expense	<u>49,626</u>	<u>22,253</u>	<u>5,068</u>	<u>76,947</u>
Total operating expenses	<u>106,919</u>	<u>46,524</u>	<u>54,775</u>	<u>208,218</u>
Operating income (loss)	<u>(49,545)</u>	<u>(21,804)</u>	<u>(12,842)</u>	<u>(84,191)</u>
Nonoperating revenues (expenses)				
Gross receipts tax	12,453	1,105	11,617	25,175
Grants	2,029	-	-	2,029
Interest income	103	12	503	618
Interest expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>14,585</u>	<u>1,117</u>	<u>12,120</u>	<u>27,822</u>
Change in net assets	(34,960)	(20,687)	(722)	(56,369)
Net assets, beginning of year	<u>1,040,315</u>	<u>148,042</u>	<u>37,693</u>	<u>1,226,050</u>
Net assets, end of year	<u>\$ 1,005,355</u>	<u>\$ 127,355</u>	<u>\$ 36,971</u>	<u>\$ 1,169,681</u>

See independent auditors' report and 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, 2009**

	<u>Water</u>	<u>Waste Water</u>	<u>Solid Waste</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 52,082	24,855	\$ 40,812	\$ 117,749
Cash payments to suppliers and employees	<u>(54,160)</u>	<u>(25,410)</u>	<u>(48,619)</u>	<u>(128,189)</u>
Net cash used in operating activities	<u>(2,078)</u>	<u>(555)</u>	<u>(7,807)</u>	<u>(10,440)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>				
Taxes	12,453	1,105	11,617	25,175
Grants	<u>2,029</u>	<u>-</u>	<u>-</u>	<u>2,029</u>
Net cash provided by non-capital financing activities	<u>14,482</u>	<u>1,105</u>	<u>11,617</u>	<u>27,204</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Principal payments	(3,500)	-	-	(3,500)
Interest payments	<u>(1,000)</u>	<u>-</u>	<u>-</u>	<u>(1,000)</u>
Net cash used in capital and related financing activities	<u>(4,500)</u>	<u>-</u>	<u>-</u>	<u>(4,500)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest received	<u>106</u>	<u>13</u>	<u>503</u>	<u>622</u>
Net cash provided by investing activities	106	13	503	622
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	8,010	563	4,313	12,886
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>13,307</u>	<u>12,544</u>	<u>27,938</u>	<u>53,789</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 21,317</u>	<u>\$ 13,107</u>	<u>\$ 32,251</u>	<u>\$ 66,675</u>

(Continued)

See independent auditors' report and 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, 2009

	<u>Water</u>	<u>Waste Water</u>	<u>Solid Waste</u>	<u>Total</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH				
USED IN OPERATING ACTIVITIES:				
Operating loss	\$ (49,545)	(21,804)	\$ (12,842)	\$ (84,191)
Adjustment to reconcile operating income to net cash used in operating activities:				
Depreciation	49,626	22,253	5,068	76,947
(Increase) decrease in assets				
Accounts receivable	(5,295)	136	(1,121)	(6,280)
Taxes receivable	-	-	1,217	1,217
Increase (decrease) in liabilities				
Accounts payable	-	-	-	-
Compensated absences	3,136	(1,140)	(129)	1,867
Total adjustments	<u>47,467</u>	<u>21,249</u>	<u>5,035</u>	<u>73,751</u>
Net cash used in operating activities	<u>\$ (2,078)</u>	<u>\$ (555)</u>	<u>\$ (7,807)</u>	<u>\$ (10,440)</u>

(Concluded)

See independent auditors' report and 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, 2009

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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 service 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 which 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 Village's taxpayer or citizenry, as a whole; program revenues reduced the cost of the function to be financed from the Village'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 short-term 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; or

(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, buildings, 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 Village'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.

<b>Wells Fargo</b>		<b>Balance Per</b>	<b>Reconciled</b>	
<b><u>Name of Account</u></b>		<b>Bank</b>	<b>Balance</b>	<b>Type</b>
		<b>06/30/09</b>		
General Fund		\$ 50,726	\$ 49,591	Checking
Street Fund Savings		4,057	4,057	Savings
Water Reserve		1,073	1,073	Savings
Total Deposited		<u>55,856</u>	<u>\$ 54,721</u>	
Less: FDIC Coverage		<u>(55,856)</u>		
Uninsured amount		-		
50% collateral requirement		-		
Pledged securities		-		
Over (under) requirement		<u>\$ -</u>		
<b>Citizens Bank</b>		<b>Balance Per</b>	<b>Reconciled</b>	
<b><u>Name of Account</u></b>		<b>Bank</b>	<b>Balance</b>	<b>Type</b>
		<b>06/30/09</b>		
Fire Department		\$ 2,267	\$ 2,267	Savings
Waste Water		1,560	1,560	Savings
Solid Waste		1,074	1,074	Savings
Water Deposits		9,761	9,761	Savings
Cemetery		291	291	Savings
Restricted Water		5,830	5,830	Savings
Cemetery		<u>14,234</u>	<u>14,234</u>	Savings
Total Deposited		<u>35,017</u>	<u>\$ 35,017</u>	
Less: FDIC Coverage		<u>(35,017)</u>		
Uninsured amount		-		
50% collateral requirement		-		
Pledged securities		-		
Over (under) requirement		<u>\$ -</u>		
<b>Tucumcari Federal Savings &amp; Loan</b>		<b>Balance Per</b>	<b>Reconciled</b>	
<b><u>Name of Account</u></b>		<b>Bank</b>	<b>Balance</b>	<b>Type</b>
		<b>06/30/09</b>		
General Fund		\$ 20,000	\$ 27,544	CD
Total Deposited		<u>20,000</u>	<u>\$ 27,544</u>	
Less: FDIC Coverage		<u>(20,000)</u>		
Uninsured amount		-		
50% collateral requirement		-		
Pledged securities		-		
Over (under) requirement		<u>\$ -</u>		



**First National Bank**

<u>Name of Account</u>	<u>Balance Per Bank 06/30/09</u>	<u>Reconciled Balance</u>	<u>Type</u>
Operating Account	\$ 250,061	\$ 242,668	Checking
Street Department CD	61,739	61,739	CD
Total Deposited	311,800	<u>\$ 304,407</u>	
Less: FDIC Coverage	<u>(311,800)</u>		
Uninsured amount	-		
50% collateral requirement	-		
Pledged securities	50,000		
Over (under) requirement	<u>\$ (50,000)</u>		

**Quay Schools FCU**

<u>Name of Account</u>	<u>Balance Per Bank 06/30/09</u>	<u>Reconciled Balance</u>	<u>Type</u>
Solid Waste	\$ 20,000	\$ 20,492	CD
General Fund	20,000	20,492	CD
Total Deposited	40,000	<u>\$ 40,984</u>	
Less: FDIC Coverage	<u>(40,000)</u>		
Uninsured amount	-		
50% collateral requirement	-		
Pledged securities	-		
Over (under) requirement	<u>\$ -</u>		

The following securities are pledged at First National Bank:

<u>Description</u>	<u>CUSIP#</u>	<u>Par Value</u>	<u>Maturity Date</u>	<u>Location</u>
Tucumcari NM School District	89881BK2	\$ 25,000	8/1/2009	FHLB Dallas, TX
Eastern NM University Rev	276785UAB	25,000	4/1/2014	FHLB Dallas, TX
		<u>\$ 50,000</u>		

**Custodial Credit Risk-Deposits**

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	<u>\$ 462,673</u>
Total Deposits	<u>\$ 462,673</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, 2009, \$0 of the Village's bank balance of \$462,673, was exposed 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, 2009, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Government activities:</b>				
Capital assets not being depreciated:				
Land	\$ 59,816	\$ -	\$ -	\$ 59,816
Construction in progress	668,291	-	-	668,291
Infrastructure	<u>163,002</u>	<u>-</u>	<u>-</u>	<u>163,002</u>
Total capital assets not being depreciated	<u>891,109</u>	<u>-</u>	<u>-</u>	<u>891,109</u>
Capital Assets, being depreciated				
Buildings and improvements	1,946,607	-	-	1,946,607
Equipment	<u>1,134,469</u>	<u>937,317</u>	<u>(70,633)</u>	<u>2,001,153</u>
Total capital assets, being depreciated	<u>3,081,076</u>	<u>937,317</u>	<u>(70,633)</u>	<u>3,947,760</u>
Total capital assets	<u>3,972,185</u>	<u>937,317</u>	<u>(70,633)</u>	<u>4,838,869</u>
Less accumulated depreciation for:				
Buildings and improvements	233,501	32,153	-	265,654
Equipment	729,110	62,155	-	791,265
Infrastructure	<u>40,139</u>	<u>14,501</u>	<u>-</u>	<u>54,640</u>
Total accumulated depreciation	<u>1,002,750</u>	<u>108,809</u>	<u>-</u>	<u>1,111,559</u>
Total other capital assets, net	<u>\$ 2,969,435</u>	<u>\$ 828,508</u>	<u>\$ (70,633)</u>	<u>\$ 3,727,310</u>

Depreciation expense was charged to governmental activities as follows:

General	\$ 18,578
Public Safety	61,316
Cemetery	428
Streets	14,023
Culture & Recreation	<u>14,464</u>
Total depreciation expense	<u>\$ 108,809</u>

**Water**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
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>67,954</u>	<u>-</u>	<u>-</u>	<u>67,954</u>
Total capital assets at historical cost	<u>1,646,354</u>	<u>-</u>	<u>-</u>	<u>1,646,354</u>
Total capital assets	<u>1,707,953</u>	<u>-</u>	<u>-</u>	<u>1,707,953</u>
Less accumulated depreciation				
Buildings and improvements	576,108	40,767	-	616,875
Equipment	<u>14,995</u>	<u>8,858</u>	<u>-</u>	<u>23,853</u>
Total capital assets being depreciated, net	<u>591,103</u>	<u>49,625</u>	<u>-</u>	<u>640,728</u>
Business-type activities capital assets, net	<u>\$ 1,116,850</u>	<u>\$ (49,625)</u>	<u>\$ -</u>	<u>\$ 1,067,225</u>

**Waste Water**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
System	\$ 419,915	\$ -	\$ -	\$ 419,915
Equipment	<u>7,000</u>	<u>-</u>	<u>-</u>	<u>7,000</u>
Assets at historical cost	<u>426,915</u>	<u>-</u>	<u>-</u>	<u>426,915</u>
Less accumulated depreciation				
Improvements	283,992	21,903	-	305,895
Equipment	<u>6,650</u>	<u>350</u>	<u>-</u>	<u>7,000</u>
Total accumulated depreciation	<u>290,642</u>	<u>22,253</u>	<u>-</u>	<u>312,895</u>
Business-type activities capital assets, net	<u>\$ 136,273</u>	<u>\$ (22,253)</u>	<u>\$ -</u>	<u>\$ 114,020</u>

**Solid Waste**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Equipment	\$ 62,943	\$ -	\$ (7,900)	\$ 55,043
Assets at historical cost	<u>62,943</u>	<u>-</u>	<u>(7,900)</u>	<u>55,043</u>
Less accumulated depreciation				
Equipment	<u>53,854</u>	<u>5,068</u>	<u>(7,900)</u>	<u>51,022</u>
Total accumulated depreciation	<u>53,854</u>	<u>5,068</u>	<u>(7,900)</u>	<u>51,022</u>
Business-type activities capital assets, net	<u>\$ 9,089</u>	<u>\$ (5,068)</u>	<u>\$ -</u>	<u>\$ 4,021</u>

**5. LONG TERM DEBT**

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

	<u>Balance 6/30/08</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 06/30/09</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Notes payable	\$ 337,810	\$ -	\$ 41,214	\$ 296,596	\$ 43,783
Total notes payable	<u>337,810</u>	<u>-</u>	<u>41,214</u>	<u>296,596</u>	<u>43,783</u>
Other liabilities					
Compensated absences	<u>5,578</u>	<u>1,243</u>	<u>4,335</u>	<u>2,486</u>	<u>-</u>
Total other liabilities	<u>5,578</u>	<u>1,243</u>	<u>4,335</u>	<u>2,486</u>	<u>-</u>
Total	<u>\$ 343,388</u>	<u>\$ 1,243</u>	<u>\$ 45,549</u>	<u>\$ 299,082</u>	<u>\$ 43,783</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, 2009, including interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 3,508	\$ 44	\$ 3,552
2011	3,517	35	3,552
2012	3,525	27	3,552
2013	3,534	18	3,552
2014	<u>3,542</u>	<u>9</u>	<u>3,551</u>
	<u>\$ 17,626</u>	<u>\$ 133</u>	<u>\$ 17,759</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, 2009, including interest payments are as follows:

	<u>Principal</u>		<u>Interest</u>		<u>Total</u>
2010	\$ 5,021	\$	63	\$	5,084
2011	5,034		51		5,085
2012	5,046		38		5,084
2013	5,059		25		5,084
2014	4,953		13		4,966
	<u>\$ 25,113</u>	\$	<u>190</u>	\$	<u>25,303</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, 2009, including interest payments are as follows:

	<u>Principal</u>		<u>Interest</u>		<u>Total</u>
2010	\$ 6,683	\$	17	\$	6,700
	<u>\$ 6,683</u>	\$	<u>17</u>	\$	<u>6,700</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, 2009, including interest payments are as follows:

	<u>Principal</u>		<u>Interest</u>		<u>Total</u>
2010	\$ 27,685	\$	7,692	\$	35,377
2011	28,483		6,896		35,379
2012	29,320		6,061		35,381
2013	30,200		5,183		35,383
2014	31,123		4,262		35,385
Thereafter	98,593		2,191		100,784
	<u>\$ 245,404</u>	\$	<u>32,285</u>	\$	<u>277,689</u>

**Proprietary Funds**

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

	<u>Balance 6/30/08</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 06/30/09</u>	<u>Amounts Due Within One Year</u>
Business-type activities					
Bonds payable	\$ 84,949	\$ -	\$ 4,500	\$ 80,449	\$ 3,500
Compensated absences	<u>4,752</u>	<u>5,559</u>	<u>3,691</u>	<u>6,620</u>	<u>-</u>
Long-term	<u>\$ 89,701</u>	<u>\$ 5,559</u>	<u>\$ 8,191</u>	<u>\$ 87,069</u>	<u>\$ 3,500</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, 2009, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 3,500	\$ 9	\$ 3,509
	<u>\$ 3,500</u>	<u>\$ 9</u>	<u>\$ 3,509</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, 2009, including interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	10,949	760	11,709
	<u>\$ 76,949</u>	<u>\$ 79,050</u>	<u>\$ 155,999</u>

**6. PROPERTY TAXES**

Quay 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 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.

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, 2009 employer contributions were \$7,771.

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, 2009, were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Accounts receivable	\$ -	\$ 10,906
Gross receipts taxes	29,703	-
	<u>\$ 29,703</u>	<u>\$ 10,906</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, 2009 consisted of transfers out from the general fund for capital outlay in the capital projects fund and were as follows:

<u>Transfers out</u>	<u>Transfers In</u>
	<u>Capital Projects</u>
General Fund	\$ 10,000
	<u>\$ 10,000</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, 2009. 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 as 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 statutes 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, EXPENDITURES AND CHANGES IN CASH BALANCES  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
State grant	\$ 456,095	\$ 456,095	\$ 572,465	\$ 116,370
Total revenues	<u>456,095</u>	<u>456,095</u>	<u>572,465</u>	<u>116,370</u>
<b>EXPENDITURES</b>				
Public works				
Capital outlay	<u>456,095</u>	<u>456,095</u>	<u>572,465</u>	<u>(116,370)</u>
Total expenditures	<u>456,095</u>	<u>456,095</u>	<u>572,465</u>	<u>(116,370)</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 independent auditors' report and accompanying notes to financial statements.

**SUPPLEMENTAL INFORMATION RELATED  
TO NON MAJOR FUNDS**

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

**COMBINING BALANCE SHEET BY FUND TYPE  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2009**

	<b>Special Revenue Funds</b>	<b>Capital Project Funds</b>	<b>Total</b>
<b>ASSETS</b>			
Cash on deposits	\$ 61,944	\$ 127,621	\$ 189,565
Total assets	<u>\$ 61,944</u>	<u>\$ 127,621</u>	<u>\$ 189,565</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 239	\$ -	\$ 239
Total liabilities	239	-	239
<b>FUND BALANCE</b>			
Unreserved			
Designated for subsequent year's expenditures	-	127,621	127,621
Special Revenues	<u>61,705</u>	<u>-</u>	<u>61,705</u>
Total fund balance	<u>61,705</u>	<u>127,621</u>	<u>189,326</u>
Total liabilities and fund balance	<u>\$ 61,944</u>	<u>\$ 127,621</u>	<u>\$ 189,565</u>

See independent auditors' report and accompanying notes to financial statements.

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE BY FUND TYPE  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2009**

	<b>Special Revenue Funds</b>	<b>Capital Project Funds</b>	<b>Total</b>
<b>REVENUES</b>			
Gross receipts taxes	\$ 123	\$ -	\$ 123
Other taxes	351	-	351
Grants	53,702	374,939	428,641
Charges for services	5,615	-	5,615
Dues and contributions	4,640	-	4,640
Interest income	178	-	178
Other income	2,550	-	2,550
<b>Total revenues</b>	<b>67,159</b>	<b>374,939</b>	<b>442,098</b>
<b>EXPENDITURES</b>			
Current:			
Public safety	17,449	-	17,449
Public works	7,270	1,298	8,568
Culture and recreation	23,384	-	23,384
Capital outlay	17,587	256,020	273,607
Debt Service:			
Principal	5,814	-	5,814
<b>Total expenditures</b>	<b>71,504</b>	<b>257,318</b>	<b>328,822</b>
Excess (deficiency) revenues over expenditures	(4,345)	117,621	113,276
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	-	10,000	10,000
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>10,000</b>	<b>10,000</b>
Net change in fund balance	(4,345)	127,621	123,276
Fund balance beginning of year	66,050	-	66,050
Fund balance end of year	<u>\$ 61,705</u>	<u>\$ 127,621</u>	<u>\$ 189,326</u>

See independent auditors' report and accompanying notes to financial statements.

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

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCES -  
BUDGET AND ACTUAL ON BUDGETARY BASIS  
SPECIAL REVENUE FUNDS  
GOVERNMENTAL FUNDS TYPES - NON-MAJOR  
JUNE 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Gross receipts taxes	\$ 50	\$ 50	\$ 2,146	\$ 2,096
Other taxes	800	-	351	351
Grants	80,917	80,917	53,702	(27,215)
Charges for services	-	-	5,615	5,615
Dues and contributions	3,868	3,868	4,640	772
Interest income	230	230	177	(53)
Other income	<u>2,550</u>	<u>-</u>	<u>2,550</u>	<u>2,550</u>
Total revenues	88,415	85,065	69,181	(15,884)
<b>EXPENDITURES</b>				
Public safety	32,883	32,883	17,448	15,435
Public works	7,870	7,870	7,078	792
Culture and recreation	49,232	49,232	20,320	28,912
Capital outlay	7,200	7,200	20,843	(13,643)
Debt service - principal	5,814	5,814	5,814	-
Debt service - interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>102,999</u>	<u>102,999</u>	<u>71,503</u>	<u>31,496</u>
Excess (deficiency) of revenues over expenditures	(14,584)	(17,934)	(2,322)	15,612
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	-	-	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures	\$ (14,584)	\$ (17,934)	\$ (2,322)	\$ 15,612
Cash balance, beginning of year	<u>64,266</u>	<u>64,266</u>	<u>64,266</u>	<u>-</u>
Cash balance, end of year	<u>\$ 49,682</u>	<u>\$ 46,332</u>	<u>\$ 61,944</u>	<u>\$ 15,612</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
Excess (deficiency) of revenues over cash expenditures			\$ (2,322)	
Revenue accruals			(2,023)	
Expenditure accruals			<u>-</u>	
Excess (deficiency) of revenues over expenditures - GAAP Basis			<u>\$ (4,345)</u>	

See independent auditors' report and accompanying notes to financial statements.

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

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCES -  
BUDGET AND ACTUAL ON BASIS  
CAPITAL PROJECTS FUNDS  
GOVERNMENTAL FUNDS TYPES - NON-MAJOR  
JUNE 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Dues and contributions	\$ 500,000	\$ 500,000	\$ 374,939	\$ (125,061)
Total revenues	500,000	500,000	374,939	(125,061)
<b>EXPENDITURES</b>				
Capital outlay	505,000	505,000	256,020	248,980
Miscellaneous	5,000	5,000	1,298	3,702
Total expenditures	510,000	510,000	257,318	252,682
Excess (deficiency) of revenues over expenditures	(10,000)	(10,000)	117,621	127,621
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	-	10,000	10,000
Total other financing sources (uses)	-	-	10,000	10,000
Excess (deficiency) of revenues and other sources over expenditures	(10,000)	(10,000)	127,621	137,621
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ (10,000)	\$ (10,000)	\$ 127,621	\$ 137,621
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
Excess (deficiency) of revenues over cash expenditures			\$ 127,621	
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues over expenditures - GAAP Basis			<u>\$ 127,621</u>	

See independent auditors' report and accompanying notes to financial statements.



## VILLAGE OF SAN JON, NEW MEXICO

### Description of Non-Major 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, 2009

	Fire/EMS	EMS Ambulance	Law Enforcement	Cemetery	Recreation	Senior Citizens	Veterans Memorial	Quay County Gaming Authority	Total
<b>ASSETS</b>									
Cash and cash equivalents	\$ 4,693	\$ -	\$ -	\$ 17,262	\$ 1,716	\$ 175	\$ 5,053	\$ 33,045	\$ 61,944
Due from grantor	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 4,693</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,262</u>	<u>\$ 1,716</u>	<u>\$ 175</u>	<u>\$ 5,053</u>	<u>\$ 33,045</u>	<u>\$ 61,944</u>
<b>LIABILITIES AND FUND BALANCE</b>									
Liabilities:									
Accounts payable	-	-	-	51	109	79	-	-	239
Accrued salaries	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	51	109	79	-	-	239
Fund balance:									
Unreserved	4,693	-	-	17,211	1,607	96	5,053	33,045	61,705
Total fund balance	<u>4,693</u>	<u>-</u>	<u>-</u>	<u>17,211</u>	<u>1,607</u>	<u>96</u>	<u>5,053</u>	<u>33,045</u>	<u>61,705</u>
Total liabilities and fund balance	<u>\$ 4,693</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,262</u>	<u>\$ 1,716</u>	<u>\$ 175</u>	<u>\$ 5,053</u>	<u>\$ 33,045</u>	<u>\$ 61,944</u>

See independent auditors' report and 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, 2009

	Fire/EMS	EMS Ambulance	Law Enforcement	Cemetery	Recreation	Senior Citizens	Veterans Memorial	Quay County Gaming Authority	Total
<b>REVENUES</b>									
Gross receipts tax	\$ -	\$ -	\$ -	\$ -	\$ 123	\$ -	\$ -	\$ -	\$ 123
Other taxes	-	-	-	-	351	-	-	-	351
Grants	15,137	-	20,739	-	-	17,826	-	-	53,702
Dues and contributions	-	-	-	2,961	1,364	-	315	-	4,640
Charges for services	-	-	-	5,615	-	-	-	-	5,615
Interest income	-	-	-	125	1	-	52	-	178
Joint power agreement	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	2,550	-	-	-	2,550
Total revenues	<u>15,137</u>	<u>-</u>	<u>20,739</u>	<u>8,701</u>	<u>4,389</u>	<u>17,826</u>	<u>367</u>	<u>-</u>	<u>67,159</u>
<b>EXPENDITURES</b>									
Public safety	10,444	-	7,005	-	-	-	-	-	17,449
Public works	-	-	-	7,270	-	-	-	-	7,270
Culture and recreation	-	-	-	-	3,439	19,945	-	-	23,384
Capital outlay	-	-	15,434	-	-	-	2,153	-	17,587
Debt Service									
Principal	-	-	5,814	-	-	-	-	-	5,814
Interest	-	-	-	-	-	-	-	-	-
Total expenditures	<u>10,444</u>	<u>-</u>	<u>28,253</u>	<u>7,270</u>	<u>3,439</u>	<u>19,945</u>	<u>2,153</u>	<u>-</u>	<u>71,504</u>
Excess (deficiency) of revenues over expenditures	<u>4,693</u>	<u>-</u>	<u>(7,514)</u>	<u>1,431</u>	<u>950</u>	<u>(2,119)</u>	<u>(1,786)</u>	<u>-</u>	<u>(4,345)</u>
Other financing sources (uses)									
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	4,693	-	(7,514)	1,431	950	(2,119)	(1,786)	-	(4,345)
Fund balance, beginning of year	-	-	7,514	15,780	657	2,215	6,839	33,045	66,050
Fund balance, end of year	<u>\$ 4,693</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,211</u>	<u>\$ 1,607</u>	<u>\$ 96</u>	<u>\$ 5,053</u>	<u>\$ 33,045</u>	<u>\$ 61,705</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
VILLAGE OF SAN JON

**FIRE/EMS FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCES  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
State grant	\$ 15,137	\$ 15,137	\$ 15,137	\$ -
Total revenues	<u>15,137</u>	<u>15,137</u>	<u>15,137</u>	<u>-</u>
<b>EXPENDITURES</b>				
Public safety				
Contract services	354	354	354	-
Maintenance	1,081	1,081	1,081	-
Mileage	2,353	2,353	2,353	-
Miscellaneous	6,069	6,069	6,069	-
Supplies	<u>587</u>	<u>587</u>	<u>587</u>	<u>-</u>
Total expenditures	<u>10,444</u>	<u>10,444</u>	<u>10,444</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>4,693</u>	<u>4,693</u>	<u>4,693</u>	<u>-</u>
Cash balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash balance, end of year	<u>\$ 4,693</u>	<u>\$ 4,693</u>	<u>\$ 4,693</u>	<u>\$ 0</u>

**Reconciliation of Budgetary Basis to GAAP Basis**

Excess (deficiency) of revenues over expenditures - Cash Basis	\$ 4,693
Revenue accruals	0
Expenditure accruals	<u>0</u>
Excess (deficiency) of revenues over expenditures - GAAP Basis	<u>\$ 4,693</u>

See independent auditors' report and accompanying notes to financial statements.

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

**LAW ENFORCEMENT PROTECTION FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCES  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Grants	\$ 20,739	\$ 20,739	\$ 20,739	\$ -
Total revenues	<u>20,739</u>	<u>20,739</u>	<u>20,739</u>	<u>-</u>
<b>EXPENDITURES</b>				
Public safety				
Capital outlay	15,359	15,359	15,434	75
Maintenance	1,950	1,950	2,175	225
Travel	4,830	4,830	4,830	-
Training	300	300	-	(300)
Debt service				
Principal	<u>5,814</u>	<u>5,814</u>	<u>5,814</u>	<u>-</u>
Total expenditures	<u>28,253</u>	<u>28,253</u>	<u>28,253</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(7,514)</u>	<u>(7,514)</u>	<u>(7,514)</u>	<u>-</u>
Cash balance, beginning of year	<u>7,514</u>	<u>7,514</u>	<u>7,514</u>	<u>-</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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 independent auditors' report and accompanying notes to financial statements.

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

**CEMETERY  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCES  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Services	\$ 5,615	\$ 5,615	\$ 5,615	\$ -
Dues and contributions	2,950	2,950	2,961	11
Interest	110	110	125	15
Total revenues	<u>8,675</u>	<u>8,675</u>	<u>8,701</u>	<u>26</u>
<b>EXPENDITURES</b>				
Public works				
Contract services	230	230	174	56
Insurance	190	190	158	32
Maintenance	6,200	6,200	5,563	637
Miscellaneous	200	200	359	(159)
Supplies	600	600	570	30
Travel	450	450	446	4
Total expenditures	<u>7,870</u>	<u>7,870</u>	<u>7,270</u>	<u>600</u>
Excess (deficiency) of revenues over expenditures	<u>805</u>	<u>805</u>	<u>1,431</u>	<u>626</u>
Cash balance, beginning of year	<u>15,831</u>	<u>15,831</u>	<u>15,831</u>	<u>-</u>
Cash balance, end of year	<u>\$ 16,636</u>	<u>\$ 16,636</u>	<u>\$ 17,262</u>	<u>\$ 626</u>

**Reconciliation of Budgetary Basis to GAAP Basis**

Excess (deficiency) of revenues over expenditures - Cash Basis	\$ 1,431
Revenue accruals	-
Expenditure accruals	-
Excess (deficiency) of revenues over expenditures - GAAP Basis	<u>\$ 1,431</u>

See independent auditors' report and accompanying notes to financial statements.

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

**RECREATION**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCES  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Cigarette taxes	\$ 800	\$ 800	\$ 351	\$ (449)
Rental receipts	2,550	2,550	2,550	-
Contributions and donations	618	618	1,364	746
Interest	20	20	1	(19)
Gross receipts tax	50	50	123	73
Total revenues	<u>4,038</u>	<u>4,038</u>	<u>4,389</u>	<u>351</u>
<b>EXPENDITURES</b>				
Culture and recreation				
Contract services	70	70	123	(53)
Insurance	750	750	568	182
Maintenance	450	450	259	191
Supplies	150	150	-	150
Utilities	2,500	2,500	2,489	11
Total expenditures	<u>3,920</u>	<u>3,920</u>	<u>3,439</u>	<u>481</u>
Excess (deficiency) of revenues over expenditures	<u>118</u>	<u>118</u>	<u>950</u>	<u>832</u>
Cash balance, beginning of year	<u>766</u>	<u>766</u>	<u>766</u>	<u>-</u>
Cash balance, end of year	<u>\$ 884</u>	<u>\$ 884</u>	<u>\$ 1,716</u>	<u>\$ 832</u>

**Reconciliation of Budgetary Basis to GAAP Basis**

Excess (deficiency) of revenues over expenditures - Cash Basis	\$ 950
Revenue accruals	-
Expenditure accruals	-
Excess (deficiency) of revenues over expenditures - GAAP Basis	<u>\$ 950</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
VILLAGE OF SAN JON

SENIOR CITIZENS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCES  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
State grant	\$ 45,041	\$ 45,041	\$ 20,041	\$ (25,000)
Total revenues	45,041	45,041	20,041	(25,000)
<b>EXPENDITURES</b>				
Culture and recreation				
Benefits	431	431	464	(33)
Capital outlay	27,824	27,824	3,256	24,568
Contract services	5,180	5,180	4,954	226
Insurance	771	771	771	-
Maintenance	999	999	116	883
Miscellaneous	138	138	181	(43)
Salaries	5,921	5,921	5,904	17
Supplies	187	187	223	(36)
Telephone	408	408	408	-
Travel	250	250	256	(6)
Utilities	3,203	3,203	3,604	(401)
Total expenditures	45,312	45,312	20,137	25,175
Excess (deficiency) of revenues over expenditures	(271)	(271)	(96)	175
Other financing sources (uses)				
Transfers in/out	-	-	-	-
Total other sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	(271)	(271)	(96)	175
Cash balance, beginning of year	271	271	271	-
Cash balance, end of year	\$ -	\$ -	\$ 175	\$ 175

**Reconciliation of Budgetary Basis to GAAP Basis**

Excess (deficiency) of revenues over expenditures - Cash Basis	\$ (96)
Revenue accruals	(2,215)
Expenditure accruals	192
Excess (deficiency) of revenues over expenditures - GAAP Basis	<u>\$ (2,119)</u>

See independent auditors' report and accompanying notes to financial statements.



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

**VETERANS MEMORIAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCES  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Interest	100	100	52	(48)
Dues and contributions	<u>300</u>	<u>300</u>	<u>315</u>	<u>15</u>
Total revenues	<u>400</u>	<u>400</u>	<u>367</u>	<u>(33)</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>7,200</u>	<u>7,200</u>	<u>2,153</u>	<u>5,047</u>
Total expenditures	<u>7,200</u>	<u>7,200</u>	<u>2,153</u>	<u>5,047</u>
Excess (deficiency) of revenues over expenditures	<u>(6,800)</u>	<u>(6,800)</u>	<u>(1,786)</u>	<u>5,014</u>
Cash balance, beginning of year	<u>6,839</u>	<u>6,839</u>	<u>6,839</u>	<u>-</u>
Cash balance, end of year	<u>\$ 39</u>	<u>\$ 39</u>	<u>\$ 5,053</u>	<u>\$ 5,014</u>

**Reconciliation of Budgetary Basis to GAAP Basis**

Excess (deficiency) of revenues over expenditures - Cash Basis	\$ (1,786)
Revenue accruals	-
Expenditure accruals	-
Excess (deficiency) of revenues over expenditures - GAAP Basis	<u>\$ (1,786)</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
 VILLAGE OF SAN JON

QUAY COUNTY GAMING AUTHORITY  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCES  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Interest	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
<b>EXPENDITURES</b>				
Contract services	-	-	-	-
Miscellaneous	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Cash balance, beginning of year	33,045	33,045	33,045	-
Cash balance, end of year	<u>\$ 33,045</u>	<u>\$ 33,045</u>	<u>\$ 33,045</u>	<u>\$ -</u>

**Reconciliation of Budgetary Basis to GAAP Basis**

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

See independent auditors' report and accompanying notes to financial statements.

## **CAPITAL PROJECTS FUND**

**SPECIAL APPROPRIATION PROJECT FUND** - To account for resources received from the New Mexico State Legislature, Special Appropriations Project, Laws of 2008, Chapter 92, to be used for the planning design, construction, purchasing of a fire truck and facility in San Jon.

STATE OF NEW MEXICO  
VILLAGE OF SAN JON

COMBINING BALANCE SHEET  
NON-MAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2009

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	<b>Special Appropriation Project Fund</b>
ASSETS	
Cash on deposits	\$ <u>127,621</u>
Total assets	\$ <u>127,621</u>
FUND BALANCE	
Unreserved	
Designated for subsequent year's expenditures	\$ <u>127,621</u>
Total fund balance	<u>127,621</u>
Total liabilities and fund balance	<u>\$ 127,621</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
VILLAGE OF SAN JON

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NON-MAJOR CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2009

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	<b>Special Appropriation Project Fund</b>
REVENUES	
Grants	\$ 374,939
Total revenues	374,939
EXPENDITURES	
Public works	1,298
Capital projects	<u>256,020</u>
Total expenditures	<u>257,318</u>
Excess (deficiency) of revenues over expenditures	117,621
OTHER FINANCING SOURCES (USES):	
Operating transfers in	<u>10,000</u>
Total other financing source (uses)	<u>10,000</u>
Net change in fund balance	127,621
Fund balance, beginning of year	<u>0</u>
Fund balance, end of year	<u>\$ 127,621</u>

See independent auditors' report and accompanying notes to financial statements.

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCES -  
BUDGET AND ACTUAL ON BUDGETARY BASIS  
NON-MAJOR CAPITAL PROJECTS FUND - SPECIAL APPROPRIATION PROJECT FUND  
YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Grants	\$ 500,000	\$ 500,000	\$ 374,939	\$ (125,061)
Total revenues	500,000	500,000	374,939	(125,061)
<b>EXPENDITURES</b>				
Capital outlay	505,000	505,000	256,020	248,980
Miscellaneous	5,000	5,000	1,298	3,702
Total expenditures	510,000	510,000	257,318	252,682
Excess (deficiency) of revenues over expenditures	(10,000)	(10,000)	117,621	127,621
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	10,000	10,000
Total other financing sources	-	-	10,000	10,000
Excess (deficiency) of revenues and other sources over expenditures	\$ (10,000)	\$ (10,000)	\$ 127,621	\$ 137,621
Cash balance, beginning of year	\$ -	\$ -	\$ -	\$ -
Cash balance, end of year	\$ (10,000)	\$ (10,000)	\$ 127,621	\$ 137,621
Reconciliation of Budgetary Basis to GAAP Basis:				
Excess (deficiency) of revenues over cash expenditures			\$ 127,621	
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues over expenditures - GAAP Basis			<u>\$ 127,621</u>	

See independent auditors' report and accompanying notes to financial statements.

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

**ENTERPRISE FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009**

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**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, EXPENDITURES, AND CHANGES IN CASH BALANCES  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Sales and service	\$ 61,074	\$ 61,074	\$ 49,255	\$ (11,819)
Connection fees	1,150	1,150	1,603	453
Governmental gross receipts tax	12,465	12,465	12,452	(13)
Penalties	900	900	916	16
Grants	2,500	2,500	2,029	(471)
Interest	120	120	106	(14)
Miscellaneous	500	500	362	(138)
Total revenues	<u>78,709</u>	<u>78,709</u>	<u>66,723</u>	<u>(11,986)</u>
<b>EXPENDITURES</b>				
Benefits	6,786	6,786	5,870	916
Capital outlay	-	-	-	-
Contract services	21,660	21,660	14,828	6,832
Insurance	1,800	1,800	1,739	61
Maintenance	3,050	3,050	2,057	993
Miscellaneous	1,415	1,415	1,168	247
Salaries	23,816	23,816	20,829	2,987
Supplies	1,350	1,350	1,022	328
Telephone	400	400	341	59
Travel	1,600	1,600	1,011	589
Utilities	10,885	10,885	6,330	4,555
Debt Service				
Principal	3,500	3,500	3,500	-
Interest	2	2	18	(16)
Total expenditures	<u>76,264</u>	<u>76,264</u>	<u>58,713</u>	<u>17,551</u>
Excess (deficiency) of revenues over expenditures	<u>2,445</u>	<u>2,445</u>	<u>8,010</u>	<u>5,565</u>
Cash balance, beginning of year	<u>13,307</u>	<u>13,307</u>	<u>13,307</u>	<u>-</u>
Cash balance, end of year	<u>\$ 15,752</u>	<u>\$ 15,752</u>	<u>\$ 21,317</u>	<u>\$ 5,565</u>

(Continued)



STATE OF NEW MEXICO  
VILLAGE OF SAN JON

PROPRIETARY FUND - WATER  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCES  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009

---

**Reconciliation of Budgetary Basis to GAAP Basis**

Excess (deficiency) of revenues over expenditures - Cash Basis	\$ 8,010
Net changes in accounts receivable	5,292
Net changes in compensated absences	1,364
Depreciation	<u>(49,626)</u>
Excess (deficiency) of revenues over expenditures - GAAP Basis	<u>\$ (34,960)</u>

(Concluded)

See independent auditors' report and accompanying notes to financial statements.

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

**PROPRIETARY FUND - WASTE WATER  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCES  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Sales and service	\$ 31,716	\$ 31,716	\$ 24,400	\$ (7,316)
Interest	10	10	13	3
Penalties	500	500	455	(45)
Gross receipts tax	1,200	1,200	1,105	(95)
Total revenues	<u>33,426</u>	<u>33,426</u>	<u>25,973</u>	<u>(7,453)</u>
<b>EXPENDITURES</b>				
Benefits	3,188	3,188	3,171	17
Capital outlay	1,000	1,000	-	1,000
Contract services	3,677	3,677	3,082	595
Insurance	500	500	482	18
Maintenance	1,550	1,550	1,002	548
Miscellaneous	983	983	1,206	(223)
Salaries	13,848	13,848	12,442	1,406
Supplies	1,350	1,350	786	564
Telephone	300	300	341	(41)
Travel	1,200	1,200	1,008	192
Utilities	2,250	2,250	1,890	360
Total expenditures	<u>29,846</u>	<u>29,846</u>	<u>25,410</u>	<u>4,436</u>
Excess (deficiency) of revenues over expenditures	<u>3,580</u>	<u>3,580</u>	<u>563</u>	<u>(3,017)</u>
Cash balance, beginning of year	<u>12,544</u>	<u>12,544</u>	<u>12,544</u>	<u>-</u>
Cash balance, end of year	<u>\$ 16,124</u>	<u>\$ 16,124</u>	<u>\$ 13,107</u>	<u>\$ (3,017)</u>

(Continued)

STATE OF NEW MEXICO  
VILLAGE OF SAN JON

PROPRIETARY FUND - WASTE WATER  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCES  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009

---

**Reconciliation of Budgetary Basis to GAAP Basis**

Excess (deficiency) of revenues over expenditures - Cash Basis	\$ 563
Net changes in accounts receivables	(134)
Net changes in compensated absences	1,138
Depreciation	<u>(22,253)</u>
Excess (deficiency) of revenues over expenditures - GAAP Basis	<u>\$ (20,686)</u>

(Concluded)

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
VILLAGE OF SAN JON

PROPRIETARY FUND - SOLID WASTE  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCES  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Sales and service	\$ 38,100	\$ 38,100	\$ 37,335	\$ (765)
Interest	1,400	1,400	503	(897)
Penalties	4,000	4,000	4,694	694
Gross receipts tax	11,365	11,365	11,617	252
Total revenues	54,865	54,865	54,149	(716)
<b>EXPENDITURES</b>				
Benefits	2,584	2,584	2,205	379
Contract services	37,600	37,600	35,080	2,520
Insurance	1,610	1,610	1,075	535
Maintenance	1,230	1,230	791	439
Miscellaneous	1,075	1,075	1,004	71
Salaries	8,184	8,184	8,193	(9)
Supplies	500	500	220	280
Telephone	315	315	321	(6)
Travel	1,100	1,100	947	153
Total expenditures	54,198	54,198	49,836	4,362
Excess (deficiency) of revenues over expenditures	667	667	4,313	3,646
Cash balance, beginning of year	27,938	27,938	27,938	-
Cash balance, end of year	\$ 28,605	\$ 28,605	\$ 32,251	\$ 3,646

(Continued)

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

**PROPRIETARY FUND - SOLID WASTE  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCES  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009**

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**Reconciliation of Budgetary Basis to GAAP Basis**

Excess (deficiency) of revenues over expenditures - Cash Basis	\$ 4,313
Net changes in accounts receivable	1,121
Net changes in accounts payable	(1,218)
Net changes in compensated absences	130
Depreciation	<u>(5,068)</u>
Excess (deficiency) of revenues over expenditures - GAAP Basis	<u>\$ (722)</u>

(Concluded)

See independent auditors' report and accompanying notes to financial statements.



WHITE+  
SAMANIEGO+  
CAMPBELL, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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**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, 2009, and have issued our report thereon dated October 16, 2009. 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.

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. We consider the deficiency described in the accompanying schedule of findings and responses, IC 09-01, to be significant deficiencies in internal control over financial reporting.

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. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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.

A handwritten signature in blue ink that reads "White & Samaniego & Campbell, LLP". The signature is written in a cursive, flowing style.

El Paso, Texas  
October 16, 2009

**VILLAGE OF SAN JON  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2009**

**Late Audit Report (IC 09-01)**

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<b>CONDITION</b>	The audit report was submitted to the State Auditor by the required deadline, however, adjustments were required.
<b>CRITERIA</b>	Municipality audits are required, and all necessary changes to be made, by submitted to the State Auditor by December 1. This is a requirement of the State Auditors Office Rule 2.2.2.9A(1)(C)
<b>CAUSE</b>	The audit report was submitted to the State Auditor's Office by December 1, but had revisions from the State Auditor's Office.
<b>EFFECT</b>	State Auditor regulations have not been adhered to. Also, the users of the financial statements such as legislators, creditors, bondholders, State and Federal grantors, etc., do not have timely audit reports and financial statements for their review. Late audit reports could have an effect on State and Federal funding.
<b>RECOMMENDATION</b>	The Village should work closely with its auditor to make sure that audit reports are submitted in advance of the required deadline in the event that there are revisions required by the State Auditor.
<b>RESPONSE</b>	The Village will work closely with its auditor to make sure audit reports are submitted in advance of the required deadline.



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

**FINANCIAL STATEMENT PREPARATION  
FOR THE YEAR ENDED JUNE 30, 2009**

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The financial statements of the Village of San Jon as of, and for the year ended, June 30, 2009 were prepared by White + Samaniego + Campbell, LLP, with the aid of responsible Village personnel. Official responsible personnel agree that the presentations are made with their knowledge and agreement.

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

**EXIT CONFERENCE  
FOR THE YEAR ENDED JUNE 30, 2009**

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An exit conference was conducted October 16, 2009 in a closed meeting of the Village of San Jon pursuant to Section 12-6-5 NMSA, 1978 with the following individuals in attendance:

Village of San Jon

Sherry Ford  
Cynthia Lee  
Toni Emillio

Member  
Deputy Clerk  
Accountant

White + Samaniego + Campbell, LLP

Roxie Samaniego  
Marilyn Williams

Partner In-Charge  
Auditor

**VILLAGE OF SAN JON**

**CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2009**

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Audit Finding	Corrective Action Plan	Person Responsible	Completion Date
IC 09-01	The Village should work closely with its auditor to make sure that audit reports are submitted in advance of the required deadline in the event that there are revisions required by the State Auditor.	Toni Emilio, Accountant	June 30, 2010