

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**FINANCIAL STATEMENTS**

**June 30, 2009**

**(With Independent Auditor's Report Thereon)**

**Prepared by**

**Kathleen R. Lane, P.C.  
Certified Public Accountant  
7520 Montgomery, NE, Building E-17  
Albuquerque, New Mexico 87109**

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

FINANCIAL STATEMENTS AND SUPPLEMENTARY  
INFORMATION AS OF AND FOR THE YEAR ENDED JUNE 30, 2009

(With Independent Auditor's Reports Thereon)

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

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June 30, 2009**

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STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

OFFICIAL ROSTER  
June 30, 2009

Village Trustees

Elected Officials

Steve M. Lucero - Mayor  
John J. Urban - Mayor Pro-tem  
Roman J. Montoya - Trustee  
Julie Ann M. Quintana - Trustee  
Julian Trujillo - Trustee  
Bernice R. Trujillo - Municipal Judge

Administration

Christina R. Lucero - Village Clerk

INDEPENDENT AUDITOR'S REPORT

Hector Balderas, State Auditor  
Steve M. Lucero, Mayor  
and Village Council  
Village of San Ysidro  
San Ysidro, New Mexico

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of San Ysidro (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. I have also 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. My responsibility is to express opinions on these financial statements based on my audit.

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


In my 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 my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons of the nonmajor governmental funds, the capital project fund, and enterprise funds for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated November 26, 2012, on my consideration of the Village of San Ysidro's internal control over financial reporting and my test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the result of my audit.

The management's discussion and analysis information on pages 3 through 8, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the basic financial statements and the combining and individual fund financial statements that collectively comprise the Village's financial statements and budgetary comparisons. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements, and in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
November 26, 2012

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the Village of San Ysidro's financial performance provides an overview of the Village's financial activities for the fiscal year ended June 30, 2009. Please read it in conjunction with the Village's financial statements, which begins on page 11.

### Financial Highlights

The Village of San Ysidro's total net assets increased 3.2 percent as a result of this year's operations. Net assets of our business-type activities decreased by \$33,447, or 3.7 percent, due to depreciation and reimbursed payroll tax expenses transferred to the general fund and net assets of our governmental activities increased by \$111,249, or 7.4 percent, due to increase in tax revenue and capital grants.

During the year, the Village of San Ysidro had expenses that were \$111,249 less than the receipts generated in tax and other revenues, including capital project monies, for governmental programs (before special items and transfers); in comparison to last year, when revenues exceeded expense by \$106,781.

In the Village of San Ysidro's business-type activities, operating revenues decreased to \$52,807 from \$57,320 and expenses decreased to \$83,097 from \$87,819 in 2008.

Total cost of all of the Village of San Ysidro's governmental programs increased by \$27,415 or 7.8 percent.

The general fund reported an increase this year of \$23,565.

### Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 11 and 12) provide information about the activities of the Village of San Ysidro as a whole and present a longer-term view of the Village's finances. Fund financial statements start on page 13. For governmental activities, these statements tell how these services were financed in the short term as well as what



remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide statements by providing information about the Village's most significant funds.

### Reporting the Village of San Ysidro as a Whole

Our analysis of the Village as a whole begins on page 11. One of the most important questions asked about the Village's finances is, "Is the Village of San Ysidro as a whole better off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Village as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Based on the current year activities, the Village is better off financially.

These two statements report the Village's net assets and changes in them. You can think of the Village's net assets - the difference between assets and liabilities - as one way to measure the Village's financial health, or financial position. Over time, increases or decreases in the Village's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Village's property tax base and the condition of the Village's roads, to assess the overall health of the Village of San Ysidro.

In the Statement of Net Assets and the Statement of Activities, we divide the Village into two kinds of activities:

Government activities - Most of the Village's basic services are reported here, including the police, fire, streets, and general administration. Gross receipts tax, property taxes, franchise fees, and state and federal grants finance most of these activities.

Business-type activities - The Village charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Village's Water Department is reported here.

## Reporting the Village's Most Significant Funds

Our analysis of the Village's major funds begins on page 13. The fund financial statements begin on page 13 and provide detailed information about the most significant funds - not the Village as a whole. Some funds are required to be established by State law and by bond covenants. However, the Village Trustees establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants received from the New Mexico Environment Department). The Village's two kinds of funds - governmental and proprietary - use different accounting approaches.

Governmental funds - Most of the Village of San Ysidro's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual account, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Village's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation on page 14.

Proprietary funds - When the Village of San Ysidro charges customers for the services it provides - whether to outside customers or to other units of the Village - these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the Village's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

## Financial Analysis of the Village as a Whole

This section will discuss and analyze significant differences. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Village's governmental and business-type activities.

**Table 1**  
**Village of San Ysidro**  
**Net Assets**  
**(In Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 440	\$ 492	\$ 69	\$ 114	\$ 509	\$ 606
Capital assets	<u>1,180</u>	<u>1,078</u>	<u>849</u>	<u>842</u>	<u>2,029</u>	<u>1,920</u>
Total assets	<u>1,620</u>	<u>1,570</u>	<u>918</u>	<u>956</u>	<u>2,538</u>	<u>2,526</u>
Long-term debt outstanding			53	54	53	54
Other liabilities	<u>8</u>	<u>69</u>	<u>6</u>	<u>10</u>	<u>14</u>	<u>79</u>
Total liabilities	<u>8</u>	<u>69</u>	<u>59</u>	<u>64</u>	<u>67</u>	<u>133</u>
Net assets						
Invested in capital assets, net of related debt	1,180	1,078	795	788	1,975	1,866
Restricted	164	177			164	177
Unrestricted	<u>268</u>	<u>246</u>	<u>64</u>	<u>104</u>	<u>332</u>	<u>350</u>
Total net assets	\$ <u>1,612</u>	\$ <u>1,501</u>	\$ <u>859</u>	\$ <u>892</u>	\$ <u>2,471</u>	\$ <u>2,393</u>

The Village net assets rose slightly between fiscal year 2008 and 2009. This was mainly due to park improvements, rodeo arena and new water department office. All net assets are either restricted as to the purpose they can be used for or invested in capital assets (building, water system and improvements).

During the year ended June 30, 2009, there was one significant event that changed the balance of governmental activities net assets. Our earning on unrestricted investments and restricted investments were down \$15,541 due to low interest rates.

The net assets of our business-type activities decreased by 3.7 percent (\$858,547 compared to \$891,994 in 2008); this decrease was generated from depreciation and reimbursed payroll tax expenses from the Water Department to the general fund in the form of transfers.

**Table 2**  
**Village of San Ysidro**  
**Changes in Net Assets**  
**(In Thousands)**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 9	\$ 20	\$ 53	\$ 57	\$ 62	\$ 77
State grants	60	62			60	62
Capital grants	150	118			150	118
General revenues						
Taxes levied for general	158	148			158	148
Interest income	4	14	2	3	6	17
Other	2	2			2	2
Total revenues	<u>383</u>	<u>364</u>	<u>55</u>	<u>60</u>	<u>438</u>	<u>424</u>
<b>Expenses</b>						
General government	105	126			105	126
Public safety	103	82			103	82
Culture and recreation	3	14			3	14
Highway and streets	12				12	-
Depreciation	54	42			54	42
Water Department			80	84	80	84
Interest on long-term debt		1	3	3	3	4
Total expenses	<u>277</u>	<u>265</u>	<u>83</u>	<u>87</u>	<u>360</u>	<u>352</u>
Excess (deficiency) before special items and transfers	106	99	(28)	(27)	78	72
Transfers	<u>5</u>	<u>8</u>	<u>(5)</u>	<u>(8)</u>		
Increase (decrease) in net assets	\$ <u>111</u>	\$ <u>107</u>	\$ <u>(33)</u>	\$ <u>(35)</u>	\$ <u>78</u>	\$ <u>72</u>

The Village's total revenues (excluding special items) increased by \$14,436, primarily due to increase in grants for rodeo and recreation fund in the amount \$31,613 received in 2009. The total cost of all programs and services was increased by \$8,558. Our analysis below separately considers the operations of governmental and business-type activities.

### Business-Type Activities

The Village charges fees to customers to help it cover the cost of maintaining the Water System. The last rate increase was in 2000. The base rate was increased by one dollar.

Revenues of the Village of San Ysidro's business-type activities (see Table 2) decreased by \$4,513 (\$52,807 in 2009 compared to \$57,320 in 2008) and expenses decreased by \$4,732.

### The Village Fund

The Village of San Ysidro had an increase of \$23,565 in the Village's General Fund. The primary reasons for the General Fund's increase mirror the governmental activities analysis highlighted on page 3. In addition, these other changes in fund balances should be noted.

Governmental Activities revenues for the Village increased \$19,913, while total expenses increased \$27,415. The cost of all governmental activities this year was \$351,602 compared to \$379,017 last year.

The Village spent \$24,524 this year on capital projects, which was reimbursed by various grants and appropriations during the year.

### General Fund Budgetary Highlights

The Village Board of Trustees revised the Village of San Ysidro's budget three times during the year. There were no amendments to the enterprise funds this year. In total, the General Fund's expenditures were \$26,457 less than budgeted. Resources available for appropriation were \$19,131 below the final budgeted amount.

### Capital Asset and Debt Administration Capital Assets

At the end of 2009, the Village of San Ysidro had \$3,004,764 invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, and water utility plant (see Table 3 below). This amount represents a net increase (including additions and deductions) of \$108,656 over last year.

**Table 3**  
**Village of San Ysidro**  
**Change in Capital Assets**

	Net Balance <u>June 30, 2008</u>	Additions/ Deletions	Balance <u>June 30, 2009</u>
<b>Non-Depreciable Assets:</b>			
Land and land improvements	\$ <u>200,000</u>	\$ _____	\$ <u>200,000</u>
<b>Other Capital Assets:</b>			
Infrastructure	347,090	6,305	353,395
Buildings/improvements	360,808	42,745	403,553
Furniture and other equipment	383,129		383,129
Vehicles	74,655		74,655
Land/Park improvements	174,914	147,009	321,923
Water utility plant/improve.	1,268,109		1,268,109
Less: Accumulated depreciation	<u>(888,160)</u>	<u>(87,403)</u>	<u>(975,563)</u>
Total other capital asset	\$ <u>1,720,545</u>	\$ <u>108,656</u>	\$ <u>1,829,201</u>

Capital Asset and Debt Administration Capital Assets

Capital improvements during the year consisted of expenditure of grant funds for the rodeo arena, park improvements and new water department office.

Debt

At year end, the Village had \$53,400 in outstanding debt versus \$54,400 last year - a decrease of 1.8 percent - as shown in Table 4.

**Table 4**  
**Village of San Ysidro**  
**Outstanding Debt**  
**at June 30, 2009**

	Governmental <u>Activities</u>	Net Business-type <u>Activities</u>	Total Primary <u>Government</u>
USDA Revenue Bond	\$ <u>-</u>	\$ <u>53,400</u>	\$ <u>53,400</u>
Totals	\$ <u>-</u>	\$ <u>53,400</u>	\$ <u>53,400</u>

Other obligations include accrued compensated absences. More detailed information about the Village's long-term liabilities is presented in Notes 1 and 6 to the financial statements.

## Economic Factors and Next Year's Budgets and Rates

The Village of San Ysidro's elected and appointed officials reviewed many factors in the preparation of the 2009/2010 fiscal year budget. Municipal revenue distributed by the State of New Mexico makes up a majority of the 2010 budgeted general fund revenues. To deal with swings in the economy, the Village has put asides non-budgeted reserve resources. The Village will also attempt to keep expenditures to a minimum.

These indicators were taken into account when adopting the General Fund budget for 2010. Amounts available for expenditures in the 2010 General Fund budget are \$252,413, in comparison with the final 2009 budget expenditures of \$218,789. Capital project expenditures in 2010 were budget at \$60,833 compared to 2009 final budget of \$391,607. There are some wage increase adjustments in the FY 2010 budget.

If these estimates are realized, the Village of San Ysidro budgetary General Fund balance is expected a slight to moderate increase by the close of 2010.

## Contacting the Village of San Ysidro Financial Management

This financial report is designed to provide a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Village Clerk at the Village Municipal Office in the Village of San Ysidro, P.O. 190, San Ysidro, New Mexico.

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**STATEMENT OF NET ASSETS - GOVERNMENT WIDE  
June 30, 2009**

<b>ASSETS</b>	<u>Primary Government</u>		<u>Total</u>
	<u>Government Activities</u>	<u>Business Type Activities</u>	
Current Assets:			
Cash and cash equivalents	\$ 132,796	\$ 59,103	\$ 191,899
Restricted assets:			
Cash and cash equivalents		<u>3,603</u>	<u>3,603</u>
Total cash (Note 3)	<u>132,796</u>	<u>62,706</u>	<u>195,502</u>
Investments (Note 4)	283,295		283,295
Receivables (net) (Note 5)	3,300	6,472	9,772
Taxes receivable (Note 5)	<u>20,209</u>		<u>20,209</u>
Total current assets	<u>439,600</u>	<u>69,178</u>	<u>508,778</u>
Noncurrent Assets:			
Land	195,000	5,000	200,000
Capital assets, net of depreciation (Note 12)	<u>985,727</u>	<u>843,474</u>	<u>1,829,201</u>
Total noncurrent assets	<u>1,180,727</u>	<u>848,474</u>	<u>2,029,201</u>
 Total Assets	 \$ <u>1,620,327</u>	 \$ <u>917,652</u>	 \$ <u>2,537,979</u>
 <b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 3,897	\$ 948	\$ 4,845
Accrued liabilities	564	175	739
Due within one year (Note 6)	3,393	1,979	5,372
Current liabilities payable from restricted assets		<u>3,603</u>	<u>3,603</u>
Total current liabilities	<u>7,854</u>	<u>6,705</u>	<u>14,559</u>
Noncurrent liabilities:			
Due in more than one year (Note 6)		<u>52,400</u>	<u>52,400</u>
 Total Liabilities	 \$ <u>7,854</u>	 \$ <u>59,105</u>	 \$ <u>66,959</u>
 <b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ 1,180,727	\$ 795,074	\$ 1,975,801
Restricted for:			
Capital projects	27,284		27,284
Special	136,118		136,118
Unrestricted	<u>268,344</u>	<u>63,473</u>	<u>331,817</u>
 Total Net Assets	 \$ <u>1,612,473</u>	 \$ <u>858,547</u>	 \$ <u>2,471,020</u>

See Accompanying Notes to Financial Statements



**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**STATEMENT OF ACTIVITIES - GOVERNMENT-WIDE  
June 30, 2009**

<u>Functions/Programs</u>	<u>Expense</u>	<u>Program Revenues</u>			<u>Net</u>
		<u>Charges</u>	<u>Operating</u>	<u>Capital</u>	<u>(Expense)</u>
		<u>for Service</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Revenue</u>
			<u>Contribution</u>	<u>Contribution</u>	
<b>Primary government:</b>					
Governmental activities					
General government	\$ 105,444	\$ 1,938	\$ 37,426	\$ 3,930	\$ (62,150)
Public safety	102,890	7,259	22,473		(73,158)
Culture and recreation	3,314			145,667	142,353
Highways and streets	11,933				(11,933)
Depreciation	54,420				(54,420)
Interest on debt	-				-
Total governmental activities	<u>278,001</u>	<u>9,197</u>	<u>59,899</u>	<u>149,597</u>	<u>(59,308)</u>
<b>Business-type activities:</b>					
Water Department	80,445	52,807			(27,638)
Interest expense	<u>2,652</u>				<u>(2,652)</u>
Total business-type activities	<u>83,097</u>	<u>52,807</u>			<u>(30,290)</u>
Total primary government	\$ <u>361,098</u>	\$ <u>62,004</u>	\$ <u>59,899</u>	\$ <u>149,597</u>	\$ <u>(89,598)</u>
<b>Changes in net assets</b>			<u>Government</u>	<u>Business-</u>	<u>Total</u>
Net (expense) revenue			\$ (59,308)	\$ (30,290)	\$ (89,598)
<b>General Revenues:</b>					
Taxes levied for general			158,490		158,490
Unrestricted investment					
earning			4,490	2,186	6,676
Miscellaneous			2,234		2,234
Transfer - internal activities			<u>5,343</u>	<u>(5,343)</u>	<u>-</u>
Total general revenues/ transfers			<u>170,557</u>	<u>(3,157)</u>	<u>167,400</u>
Change in net assets			111,249	(33,447)	77,802
Net assets, beginning of year			<u>1,501,224</u>	<u>891,994</u>	<u>2,393,218</u>
Net assets, end of year			\$ <u>1,612,473</u>	\$ <u>858,547</u>	\$ <u>2,471,020</u>

See Accompanying Notes to Financial Statements

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

GOVERNMENTAL FUNDS  
BALANCE SHEET  
June 30, 2009

<b>ASSETS</b>	<u>General Fund</u>	<u>Corrections</u>
Cash and cash equivalents	\$ 98,392	\$ 5,833
Investments	153,843	129,452
Receivables (net)	3,300	
Taxes receivable	20,189	
Other current assets		
Total Assets	\$ <u>275,724</u>	\$ <u>135,285</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 3,423	\$
Accrued payroll	564	
Other current liabilities		
Total Liabilities	<u>3,987</u>	<u>-</u>
 <b>FUND BALANCES</b>		
Unreserved, reported in:		
General Fund	271,737	
Special Revenue Fund		135,285
Capital Project Fund		
Debt Service Fund		
Total Fund Balances	<u>271,737</u>	<u>135,285</u>
 Total Liabilities and Fund Balances	 \$ <u>275,724</u>	 \$ <u>135,285</u>

<u>Capital Projects</u>	<u>Non-major Government Funds</u>	<u>Totals</u>
\$ 27,284	\$ 1,287	\$ 132,796
		283,295
	20	3,300
		20,209
\$ <u>27,284</u>	\$ <u>1,307</u>	\$ <u>439,600</u>
\$	\$ 474	\$ 3,897
		564
<hr/>	<hr/>	<hr/>
	474	4,461
		271,737
	833	136,118
27,284		27,284
<u>27,284</u>	<u>833</u>	<u>435,139</u>
\$ <u>27,284</u>	\$ <u>1,307</u>	\$ <u>439,600</u>

See Accompanying Notes to Financial Statements

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

RECONCILIATION OF GOVERNMENTAL FUND  
BALANCE SHEET TO STATEMENT OF NET ASSETS  
Year Ended June 30, 2009

Total Fund Balance - Total Governmental Fund \$ 435,139

Amounts reported for government activities in the Statement of Net Assets differs from the amounts reported in the Governmental Funds Balance Sheet because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet

Cost of assets capitalized (total)	1,652,356
Accumulated depreciation	(471,629)

Long-term liabilities, including loans payable and compensated absences, are not due and payable in the current period, and therefore, are not reported in the government fund balance sheet

Due within one year	<u>(3,393)</u>
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Net assets of governmental activities \$ 1,612,473

See Accompanying Notes to Financial Statements

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

GOVERNMENTAL FUNDS  
STATEMENT OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
Year Ended JUNE 30, 2009

<b>REVENUES</b>	General Fund	<u>Corrections</u>
Taxes	\$ 157,065	\$
Grants	37,426	
Fines	6,404	
Charges for services	1,938	855
Miscellaneous	6,126	
Total Revenues	<u>208,959</u>	<u>855</u>
 <b>EXPENDITURES</b>		
Current:		
General government	104,947	
Public safety	72,563	
Culture and recreation		
Highways and streets	11,933	
Capital outlay		
Debt service:		
Loan payment	<u>          </u>	<u>          </u>
Total Expenditures	189,443	-
Excess of Revenue Over (Expenditures)	19,516	855
 OTHER FINANCING SOURCES (USES)		
Transfers in	5,343	
Transfers out	<u>(1,294)</u>	
Total Other Financing (Uses) Sources	4,049	
Net Change in Fund Balances	23,565	855
 FUND BALANCES, Beginning of Year		
	<u>248,172</u>	<u>134,430</u>
 FUND BALANCES, End of Year		
	\$ <u>271,737</u>	\$ <u>135,285</u>

<u>Capital Projects</u>	<u>Non-major Government Funds</u>	<u>Totals</u>
\$	\$ 1,425	\$ 158,490
3,930	168,140	209,496
		6,404
		2,793
	598	6,724
3,930	170,163	383,907
		104,947
	29,340	101,903
	3,314	3,314
		11,933
9,912	147,008	156,920
9,912	179,662	379,017
(5,982)	(9,499)	4,890
	5,210	10,553
	(3,916)	(5,210)
	1,294	5,343
(5,982)	(8,205)	10,233
33,266	9,038	424,906
\$ <u>27,284</u>	\$ <u>833</u>	\$ <u>435,139</u>

See Accompanying Notes to Financial Statements

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

RECONCILIATION OF THE STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2009

Net Changes in Fund Balance	
Total Governmental Funds	\$ 10,233
 Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalized threshold. This activity is reconciled as follows:	
Cost of asset capitalized	156,920
Depreciation expense	(54,420)
 Repayment of debt principle is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the Statement of Net Assets.	
	-
Net change in compensated absences	<u>(1,484)</u>
Change in net assets of governmental activities	\$ <u>111,249</u>

See Accompanying Notes to Financial Statements

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Year Ended June 30, 2009

REVENUES	Original <u>Budget</u>	Revised <u>Budget</u>	<u>Actual</u>	<u>Difference</u>
Municipal taxes:				
Property tax	\$ 13,831	\$ 13,831	\$ 11,529	\$ (2,302)
Gasoline tax	21,806	21,806	19,350	(2,456)
Gross receipts taxes	51,739	51,739	55,826	4,087
Franchise tax	3,578	3,578	3,254	(324)
	<u>90,954</u>	<u>90,954</u>	<u>89,959</u>	<u>(995)</u>
Licenses and fees:				
Business registrations	825	825	1,595	770
Liquor licenses	200	200	-	(200)
Administrative fees	17,534	17,534	13,977	(3,557)
Impact fees	898	898	433	(465)
	<u>19,457</u>	<u>19,457</u>	<u>16,005</u>	<u>(3,452)</u>
State shared taxes:				
Auto license	490	490	345	(145)
Cigarette tax - 2 cents	546	546	349	(197)
Gross receipts taxes	51,749	51,749	55,755	4,006
	<u>52,785</u>	<u>52,785</u>	<u>56,449</u>	<u>3,664</u>
Fines and forfeits:				
Court fines/fees	6,057	6,057	5,971	(86)
	<u>6,057</u>	<u>6,057</u>	<u>5,971</u>	<u>(86)</u>
Other:				
Earnings on investments	18,608	18,608	4,515	(14,093)
	<u>18,608</u>	<u>18,608</u>	<u>4,515</u>	<u>(14,093)</u>
State and federal grants:				
State small cities assistance	41,595	41,595	37,426	(4,169)
	<u>41,595</u>	<u>41,595</u>	<u>37,426</u>	<u>(4,169)</u>
Total revenues	\$ <u>229,456</u>	\$ <u>229,456</u>	\$ <u>210,325</u>	\$ <u>(19,131)</u>

(Continued)

See Accompanying Notes to Financial Statements



STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Year Ended June 30, 2009

EXPENDITURES	Original <u>Budget</u>	Revised <u>Budget</u>	<u>Actual</u>	<u>Difference</u>
Executive and legislative	\$ 16,034	\$ 21,034	\$ 12,381	\$ 8,653
Financial/administrative	66,767	68,241	58,490	9,751
Judicial	14,037	14,037	8,458	5,579
Public safety	79,446	85,653	72,704	12,949
Maintenance	20,224	20,224	13,638	6,586
Streets	7,600	9,600	11,980	(2,380)
Total expenditures	<u>204,108</u>	<u>218,789</u>	<u>177,651</u>	<u>41,138</u>
 Excess (deficiency) of revenues over expenditures	 \$ <u>25,348</u>	 \$ <u>10,667</u>	 \$ <u>32,674</u>	 \$ <u>22,007</u>
 Budgetary notation - Cash appropriated from prior year for current year expenditures	 \$ <u>71,661</u>			

Reconciliation to GAAP Basis - Note 13

See Accompanying Notes to Financial Statements

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
CORRECTION FUND  
For the Year Ended June 30, 2009

<b>REVENUES</b>	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Difference</u>
Charges for services:				
Local correction fee	\$ <u>1,520</u>	\$ <u>1,520</u>	\$ <u>855</u>	\$ <u>(665)</u>
 <b>EXPENDITURES</b>				
Care of prisoners	<u>1,424</u>	<u>1,424</u>	<u>          </u>	<u>1,424</u>
	<u>1,424</u>	<u>1,424</u>	<u>          </u>	<u>1,424</u>
 Excess (deficiency) of revenues over expenditures	 \$ <u>    96</u>	 \$ <u>    96</u>	 \$ <u>    855</u>	 \$ <u>    759</u>
 Reconciliation to GAAP - No adjustment necessary				

See Accompanying Notes to Financial Statements

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
June 30, 2009**

<b>ASSETS</b>	Business-Type Activities <u>Enterprise Funds</u>		
	<u>Water</u>	<u>Water System Improvement</u>	<u>Total</u>
Current Assets:			
Cash and cash equivalents	\$ 26,051	\$ 33,052	\$ 59,103
Restricted assets:			
Cash and cash equivalents	<u>3,603</u>		<u>3,603</u>
Total cash (Note 3)	29,654	33,052	62,706
Receivables (net)	<u>6,472</u>		<u>6,472</u>
Total current assets	<u>36,126</u>	<u>33,052</u>	<u>69,178</u>
Noncurrent Assets:			
Land	5,000		5,000
Capital assets, net of depreciation (Note 12)	<u>673,783</u>	<u>169,691</u>	<u>843,474</u>
Total noncurrent assets	<u>678,783</u>	<u>169,691</u>	<u>848,474</u>
 Total Assets	 <u>\$ 714,909</u>	 <u>\$ 202,743</u>	 <u>\$ 917,652</u>
 <b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 948	\$	\$ 948
Accrued liabilities	175		175
Due within one year	1,979		1,979
Current liabilities payable from Restricted Assets	<u>3,603</u>		<u>3,603</u>
Total current liabilities	<u>6,705</u>		<u>6,705</u>
Noncurrent liabilities:			
Due in more than one year	<u>52,400</u>		<u>52,400</u>
 Total Liabilities	 <u>\$ 59,105</u>	 <u>\$ -</u>	 <u>\$ 59,105</u>
 <b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ 625,383	169,691	\$ 795,074
Unrestricted	<u>30,421</u>	<u>33,052</u>	<u>63,473</u>
 Total Net Assets	 <u>\$ 655,804</u>	 <u>\$ 202,743</u>	 <u>\$ 858,547</u>

See Accompanying Notes to Financial Statements

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2009

	Business-Type Activities		
	<u>Enterprise Funds</u>		
	<u>Water</u>	<u>Water System Improvement</u>	<u>Total</u>
Operating revenue:			
Charges for services	\$ <u>52,807</u>	\$ _____	\$ <u>52,807</u>
Operating expense:			
Operating expenses	47,462		47,462
Depreciation	<u>26,780</u>	<u>6,203</u>	<u>32,983</u>
Total operating expense	<u>74,242</u>	<u>6,203</u>	<u>80,445</u>
Operating income	(21,435)	(6,203)	(27,638)
Non-operating Revenue (Expense):			
Interest income	978	1,208	2,186
Interest expense	<u>(2,652)</u>	_____	<u>(2,652)</u>
Total Non-operating Revenues (Expense)	<u>(1,674)</u>	<u>1,208</u>	<u>(466)</u>
Income before operating transfers	(23,109)	(4,995)	(28,104)
Transfers in (out)	<u>(5,343)</u>	_____	<u>(5,343)</u>
Change in Net Assets	(28,452)	(4,995)	(33,447)
Total Net Assets, Beginning of Year	<u>684,256</u>	<u>207,738</u>	<u>891,994</u>
Total Net Assets, End of Year	\$ <u>655,804</u>	\$ <u>202,743</u>	\$ <u>858,547</u>

See Accompanying Notes to Financial Statements

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS  
For the Year Ended June 30, 2009

	Business-Type Activities Enterprise Funds		
	<u>Water</u>	<u>Water System Improvement</u>	<u>Total</u>
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 59,197	\$	\$ 59,197
Payments to suppliers and employees	(51,866)	_____	(51,866)
Net cash provided (used) operating activities	<u>7,331</u>	<u>-</u>	<u>7,331</u>
Cash flows from noncapital financing activities			
Principal paid on revenue bonds	(1,000)		(1,000)
Interest paid on revenue bonds	(2,652)		(2,652)
Transfers in (out)	(5,343)	_____	(5,343)
Net cash provided (used) noncapital financing activities	<u>(8,995)</u>	<u>-</u>	<u>(8,995)</u>
Cash flows from capital activities:			
Building improvements	(39,139)	_____	(39,139)
Net cash provided (used) capital activities	<u>(39,139)</u>		<u>(39,139)</u>
Cash flows from investing activities:			
Interest on investments	<u>978</u>	<u>1,208</u>	<u>2,186</u>
Net cash provided from investing activities	<u>978</u>	<u>1,208</u>	<u>2,186</u>
Net increase (decrease) in cash and cash equivalents	<u>(39,825)</u>	<u>1,208</u>	<u>(38,617)</u>
Cash and cash equivalents, beginning of year	<u>69,479</u>	<u>31,844</u>	<u>101,323</u>
Cash and cash equivalents, end of year	\$ <u>29,654</u>	\$ <u>33,052</u>	\$ <u>62,706</u>

	Business-Type Activities <u>Enterprise Funds</u>		
	<u>Water</u>	<u>Water System Improvement</u>	<u>Total</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$(21,435)	\$ (6,203)	\$ (27,638)
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation	26,780	6,203	32,983
(Increase) decrease in accounts receivable	6,384		6,384
Increase (decrease) in accounts payable	(4,599)		(4,599)
Increase (decrease) in accrued expenses	<u>201</u>	<u>          </u>	<u>201</u>
Net cash provided (used) by operating activities	\$ <u>7,331</u>	\$ <u>          </u>	\$ <u>7,331</u>

See Accompanying Notes to Financial Statements

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

Note 1: Summary of Significant Accounting Policies

The Village of San Ysidro is incorporated as a municipality in the State of New Mexico and operates under the direction of a Mayor-Council form of government. The Village provides the following services as authorized by its charter: public safety (police and fire), highway and streets, water services, culture-recreation, public improvements, planning and zoning, and general administrative services.

The accounting policies of the Village of San Ysidro conform to accounting principles generally accepted in the United States of America as applicable to governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governments Units and by the Financial Accounting Standards Board (when applicable). As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the Village has elected to apply to its proprietary activities Financial Accounting Standard Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedures issued after November 30, 1989. The following is a summary of the more significant policies.

New Accounting Standards Adopted

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

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

Note 1: Summary of Significant Accounting Policies (continued)

New Accounting Standards Adopted (continued)

For the first time, the financial statements include:

A Management Discussion and Analysis (MD&A) section providing an analysis of the Village's overall financial position and results of operations.

Financial statements prepared using full accrual accounting for all of the Village's activities, including infrastructure (roads, bridges, etc.).

A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Village has implemented the general provisions of the Statement in previous years.

Reporting Entity - Component Units

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

The basic, but not the only criteria for including a potential component unit within the reporting entity, is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.



STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

Note 1: Summary of Significant Accounting Policies (continued)

Reporting Entity - Component Units (continued)

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

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, there were no component units identified or excluded from the reporting entity.

Basic Financial Statements - Government-wide

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Village's police and fire protection, parks, correction and recreation, public safety, and general administrative services are classified as governmental activities. The Village water services are classified as business-type activities. Neither fiduciary funds nor component units that are fiduciary in nature are included in the government wide financial statements.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

Note 1: Summary of Significant Accounting Policies (continued)

Basic Financial Statements - Government-wide  
(continued)

and receivables as well as long-term debt and obligations. The Village's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Village first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions and business-type activities (police, fire, public works, etc.). The functions are also supported by general government revenues (property, sales, and use taxes, certain intergovernmental revenues, fines, permits, and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (police, public works, community, and youth services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc.).

The Village does not allocate indirect costs. An administrative service fee is charged by the General Fund to the other operating funds that is eliminated like a reimbursement (reducing the revenue and expense in the General Fund) to recover the direct costs of General Fund services provided (finance, personnel, purchasing, legal, technology management, etc.).

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

Note 1: Summary of Significant Accounting Policies (continued)

Basic Financial Statements - Government-wide  
(continued)

The government-wide focus is more on the sustainability of the Village as an entity and the change in the Village's net assets resulting from the current year's activities.

Fund Accounting

The accounts of the Village of San Ysidro are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in the individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into generic fund types and broad fund categories as follows:

Governmental Fund Types

General Fund - The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

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.

Major funds specific to the Village are:

Correction Special Revenue Fund: To account for the provision of a local correction fee collected with local fines. (NMSA 35-14-11)

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

Note 1: Summary of Significant Accounting Policies (continued)

Fund Accounting (continued)

Capital Projects Fund: To account for resources used to (a) provide for improvement to the scenic byways (b) municipal building improvements. Funding sources are state of New Mexico appropriations, CDBG funds and local sources.

Proprietary Fund Types

Proprietary (Enterprise) Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Enterprise funds are exempt from federal income tax.

Major and Nonmajor Funds

The funds are further classified as major and nonmajor as follows:

Major Funds:

General Fund	See above description.
Capital Project Fund	To account for the financing, construction, and maintenance of capital outlay.

Special Revenue Funds:

Correction	See above description.
------------	------------------------

Nonmajor Funds:

The following are nonmajor funds - see page 38 for description:

Law Enforcement Protection Fund  
Rodeo Fund  
Recreation Fund

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

Note 1: Summary of Significant Accounting Policies (continued)

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement date, regardless of the measurement focus applied.

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

The modified accrual basis of accounting is followed by the governmental fund types for financial statement purposes. Under the modified accrual basis of accounting, revenues and other governmental fund financial resource increments are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available to finance expenditures of the fiscal period. Available means collectible within the current period or within 60 days after year-end. For state shared and locally assessed taxes, available is defined as those amounts collected within sixty days of the balance sheet date.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is that principal and interest on general obligation long-term debt which is recognized when due.

Cash basis accounting is utilized in the governmental funds to assure effective budgetary control and accountability. This legally prescribed budgetary basis differs from generally accepted accounting principles in the respect that the former does not

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

Note 1: Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

allow for year-end adjustments to be included in presentation in the statement of revenues, expenditures, and changes in fund balance. This accounting principle has resulted in the following differences between revenues and expenditures detailed in the Statement of Revenues, Expenditures, and Changes in Fund Balance and the Statement of Revenue, Expenditures, Budget (Non-GAAP Basis) and Actual.

The proprietary fund is accounted for using the accrual basis of accounting. The revenues are recognized when they are earned and expenses are recognized when incurred. Billed sewer utility receivables are recorded at year-end.

Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within a year of the date acquired by the Village. Investments are stated at cost and consist of certificate of deposits and Local Government Investment Pool readily convertible to cash. The Village's practice is to limit deposits and investments to insured and collateralized demand account and certificate of deposit. Protection of the Village's cash and investments is provided by the various federal deposit insurance corporations (FDIC) as well as qualified pledged securities by the institution holding the assets. The bank surety is further explained in Note 2.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received.

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

Note 1: Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting (continued)

2. Public hearings are conducted at the Village offices to obtain taxpayer comments. The budget is legally enacted through passage of a resolution.
3. The Village is authorized to transfer budget amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Local-Government Division of the State Department of Finance and Administration.
4. Formal budgetary integration is employed as a management control device during the year for all of the governmental fund types.
5. Encumbrances are considered in budget preparation.
6. The level of classifications detail in which expenditures may not legally exceed appropriations for each budget is in fund total. Appropriations lapse at year end.
7. All budgets are adopted on a cash basis.
8. A budget has been legally adopted for all proprietary fund types and governmental fund types.

During current budget year, two special funds (see page 65) exceeded their budgets. The shortages were covered by the general fund.

Encumbrances

Encumbrance accounting is not utilized by the Village.

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

Note 1: Summary of Significant Accounting Policies (continued)  
Cash, Cash Investments and Cash Equivalents

Cash and cash investments include amounts in demand deposits as well as short-term investments. Short-term investments, consisting of certificates of deposits, are stated at cost. Interest-bearing deposits with maturities of 90 days or less are considered to be cash (equivalents) in the statement of cash flows.

Accumulated Compensated Absences

Compensated absences for the full and part-time employees in the amount of \$4,372 has been included in these financial statements. Vacation is earned after one year of employment with the Village in the amount of two weeks per year for full-time employees and one week for part-time employees. Sick leave is earned at the rate of five days per year for full time employees and 2.5 days for part-time employees after the completion of the probation period (90 days) and may cumulate up to ten days. Sick leave will not be paid at time of termination of employment for any days not taken during the time of employment with the Village.

Accrued Expense

Payroll for the last two days in June was paid in July, 2009. Payroll in the amount of \$564, included in governmental activities, and \$175, in the water department, were accrued at June 30, 2009.

Revenues in Proprietary Funds

Operating income reported in proprietary fund financial statements include revenues and expenses related to the primary continuing operations of the fund. Principle operating revenues for the proprietary funds are charges to customers for service. Principle operating expenses are the cost of providing services and include depreciation of capital assets. Other revenue and expense are classified as nonoperating in the financial statements.



STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

Note 1: Summary of Significant Accounting Policies (continued)

Restricted Resources

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

Interfund Transactions

Quasi-external transactions are accounted for as revenues or expenditures transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as a reduction or expenditure in the fund that is reimbursed. All other interfund transactions except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring and nonroutine permanent transfers or equity are reported as residual equity transfers. Interfund receivables and payables at June 30, 2009 have been eliminated from the government-wide financial statements.

Fund Equity

Reserves represent those portions of fund equity not appropriate for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

Note 2: Bank Surety

As permitted by statute, the Village's cash and cash investments during the year consisted of demand deposits and petty cash. These deposits were covered by the standard federal depository insurance and the balance collateralized at 50% in the form of securities, held by the financial institution's agent in the Village's name. Collateral is held under provisions of Section 6-10-17, NMSA, 1978. A breakdown of deposits and collateral is as follows:

	<u>First Community Bank</u>	<u>Jemez Valley Credit Union</u>
Total amount on deposit	\$ <u>153,733</u>	\$ <u>56,897</u>
FDIC/NCUA covered	<u>153,733</u>	<u>56,897</u>
FDIC/NCUA uncovered		

No additional collateralization required

Total deposits:	
Category 1 - Insured with securities	\$ 210,630
Category 2 - Uncollateralized	
Total deposits in bank	<u>210,630</u>
Add deposits in transit	423
Less outstanding checks	<u>(15,551)</u>
Total cash and cash equivalents	\$ <u>195,502</u>

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

Note 2: Bank Surety (continued)

Reconciliation of cash and cash equivalents with Exhibit 1:

Cash and cash equivalents	\$ 191,899
Restricted assets:	
Cash and cash equivalents	<u>3,603</u>
Total cash and cash equivalents	\$ <u><u>195,502</u></u>

Custodial Credit Risk - Deposits

The Village has the following depository accounts. All deposits are carried at cost plus accrued interest. The Village does not have a deposit policy.

Depository Account	
Insured	\$ 210,630
Uninsured and uncollateralized	-
Total deposits	\$ <u><u>210,630</u></u>

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

Uninsured and uncollateralized	\$ <u><u>0</u></u>
--------------------------------	--------------------

The Village maintains two money market investment accounts with the State of New Mexico Treasurer Department. The cash balance at June 30, 2009, was \$283,295. (See Note 4)

The investments held by the State Treasurer are not insured.

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

Note 3: Cash and Temporary Investments

<u>Account Name/Type</u>	<u>Account Number</u>	<u>Balance</u>
First Community Bank		
General-checking	1205552	\$ 128,198
Water System-income checking	1205560	21,741
Water Bond Reserve-1995-checking	1579517	<u>3,794</u>
Total First Community Bank		153,733
Jemez Valley Credit Union		
Savings	25600	205
Certificate of Deposit	25600-84	8,579
Certificate of Deposit	25600-85	33,052
Certificate of Deposit	25600-83	<u>15,061</u>
Total Jemez Valley Credit Union		56,897
Amounts on deposit		210,630
Deposits in transit		423
Outstanding items		<u>(15,551)</u>
Cash and temporary investments		\$ <u>195,502</u>
Summary - Note 2:		
General	\$ 98,391	
Special	34,406	
Proprietary	<u>62,705</u>	
Total cash	\$ <u>195,502</u>	

Note 4: Investment in the New Mexico Investment Pool

The Village holds the following investments in the New Mexico Investment Pool:

State of New Mexico - LGIP		
Money Market	4112	\$ 76,545
Reserve contingency fund	13736	5
Money Market	2647	202,140
Reserve contingency fund	13714	<u>4,605</u>
Total State of New Mexico		\$ <u>283,295</u>

*Credit Risk* - The LGIP is rated AAAM by Standards and Poor's.

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

Note 4: Investment in the New Mexico Investment Pool  
(continued)

*Interest Rate Risk* - Weighted Average Maturity (WAM) for the LGIP as of June 30, 2009, was 46 day average for the month.

The investments in the New Mexico Investment Pool are valued at fair value based on quoted market prices as of the valuation date. The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10.1A and E, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool Investments are monitored by the same investment committees and the same policies and procedures that apply to all other state investments.

The Local Government Investment Pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts in the fund were invested. Participation in the local government investment pool is voluntary.

Note 5: Accounts Receivables

The account receivables of the governmental fund types consist primarily of taxes collected by the collecting agency in the current year, but not remitted to the Village until after year end and judicial court fines and fees assessed in the current year but not collected.

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

Note 5: Accounts Receivables (continued)

<u>Type</u>	<u>General Fund</u>	<u>Special Revenue</u>
Property taxes	\$ 563	\$
Gasoline taxes	2,098	
Miscellaneous taxes	38	20
Gross receipt taxes	16,557	
Franchise fees	933	
Court fines and fees	3,300	
Total	\$ <u>23,489</u>	\$ <u>20</u>

The accounts receivables of the proprietary funds represent earned income from water services. Those accounts greater than 60 days old and appearing uncollectible have been provided for in an allowance for doubtful accounts in the amount of \$ 10,431. Those amounts unbilled for water services have not been estimated or recorded as the amount is insignificant.

Note 6: Long-Term Debt

Governmental Activities

General Long-Term Debt

Changes in long-term debt for the year are as follows:

	Balance <u>7-1-08</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>6-30-08</u>	Current <u>Portion</u>
Comp. Absence	\$ <u>1,909</u>	\$ <u>3,393</u>	\$ <u>1,909</u>	\$ <u>3,393</u>	\$ <u>3,393</u>
	\$ <u>1,909</u>	\$ <u>3,393</u>	\$ <u>1,909</u>	\$ <u>3,393</u>	\$ <u>3,393</u>

Maturities over five years:

<u>June 30</u>	<u>Principle</u>
2009	\$ <u>3,393</u>

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

Note 6: Long-Term Debt (continued)

Governmental Activities (continued)

General Long-Term Debt (continued)

Governmental accrued compensation absences and the notes payable will be paid by the general fund. The business-type notes payable and accrued compensation will be paid by the water department.

Business-Type Activities  
1996 Water Revenue Bonds Payable

The Village issued \$63,000 of a 4.875% revenue bond in 1997 to finance the Village's new water infiltration system. Annual payments including interest are payable June 17th of each year. This debt is included in proprietary fund balance sheet.

Changes in long-term debt for the year as follows:

	Balance <u>7-1-08</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>6-30-09</u>	Current <u>Portion</u>
Bonds	\$ 54,400	\$	\$ 1,000	\$ 53,400	\$ 1,000
Comp. Absence	778	979	778	979	979
	<u>\$ 55,178</u>	<u>\$ 979</u>	<u>\$ 1,778</u>	<u>\$ 54,379</u>	<u>\$ 1,979</u>

Maturities are as follows:

<u>June 30</u>	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 1,000	\$ 2,603	\$ 3,603
2011	1,100	2,554	3,654
2012	1,100	2,501	3,601
2013	1,200	2,447	3,647
2014	1,200	2,389	3,589
2015-2019	7,000	10,998	17,998
2020-2024	9,000	9,116	18,116
2025-2029	11,500	6,679	18,179
2030-2034	14,400	3,617	18,017
2035-2036	5,900	414	6,314
	<u>\$ 53,400</u>	<u>\$ 43,318</u>	<u>\$ 96,718</u>

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

Note 7: Property Taxes

The Village of San Ysidro receives property taxes from the Sandoval County Treasurer for operational purposes. Property taxes are assessed on January 1 of each year, except on livestock, and are payable in two equal installments on November 10th of the year in which the tax bill is prepared and April 10th of the following year. In addition, tax levies are authorized by statute to service payments due on general obligation bonds which have been authorized pursuant to state law.

The Mill Levy tax rates for the Village of San Ysidro for the year ended June 30, 2009, were as follows:

	<u>Residential</u>	<u>Nonresidential</u>
General Operating	5%	7%

These are the tax rates applied to each \$1,000 property value taxable by the Village.

Note 8: Retirement Plan

Plan Description

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



**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

Note 8: Retirement Plan (continued)

Funding Policy

Plan members are required to contribute 7% for law enforcement and 7% for all other members (range from 4% to 16.3% depending upon the division, i.e., state general, state hazardous duty, state police, municipal general, municipal police, municipal fire) of their gross salary. The Village of San Ysidro is required to contribute 10% for law enforcement and 7% for all other plan members (range from 7% to 25.72% depending upon the division) of the gross covered salary. The contribution requirements of plan members and the Village of San Ysidro are established in Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Village of San Ysidro's contributions to PERA for the years ending June 30, 2009, 2008, and 2007, were \$7,432, \$8,494, and \$7,400, respectively, equal to the amount of the required contributions for each year.

Note 9: Retiree Health Care Act

The Village has elected not to participate in the New Mexico Retiree Health Care Act.

Note 10: Risk Management

The Village is exposed to various risks for loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, and natural disasters for which the Village carries insurance with the New Mexico Self Insurer's Fund for a shared premium cost. The Village established a limited risk management program for general and auto liability, workman's compensation, employer's liability, and property. Premiums are paid by the General, Fire, and Water Funds.

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

Note 11: Contingent Liabilities

There is no provision for contingent liabilities in the Village's financial statements.

Note 12: Changes in Capital Assets

Governmental Activities

	Balance <u>7/1/08</u>	<u>Addition</u>	<u>Deletions</u>	Balance <u>6/30/09</u>
Capital Assets not being depreciated:				
Land	\$ 195,000	\$	\$	\$ 195,000
Capital Assets being depreciated:				
Infrastructure	347,090	6,305		353,395
Land/park improvements	174,914	147,009		321,923
Building/improvements	360,808	3,606		364,414
Furniture and equipment	342,969			342,969
Vehicles	<u>74,655</u>			<u>74,655</u>
Total capital assets	<u>1,495,436</u>	<u>156,920</u>		<u>1,652,356</u>
Less accumulated depreciation:				
Infrastructure	(9,460)	(7,462)		(16,922)
Land/park improvement	(46,845)	(11,795)		(58,640)
Building/improvements	(42,784)	(9,785)		(52,569)
Furniture and equipment	(274,084)	(15,436)		(289,520)
Vehicles	<u>(44,036)</u>	<u>(9,942)</u>		<u>(53,978)</u>
Total accumulated depreciation	<u>(417,209)</u>	<u>(54,420)</u>		<u>(471,629)</u>
Net capital assets	\$ <u>1,078,227</u>	\$ <u>102,500</u>	\$ _____	\$ <u>1,180,727</u>

Depreciation expense was allocated to the functional expense categories based on the assets assigned:

General government	\$ 13,944
Public safety	12,917
Highways and streets	7,462
Culture and recreation	<u>20,097</u>
Total depreciation expense allocated	\$ <u>54,420</u>

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

Note 12: Changes in Capital Assets (continued)

Business-Type Activities

	Balance 7/1/08	Addition	Deletions	Balance 6/30/09
Land	\$ 5,000	\$	\$	\$ 5,000
Water utility plant	498,154			498,154
Water system improvements	769,955			769,955
Utility meters and equipment	40,160			40,160
Building improvements		39,139		39,139
Total capital assets	<u>1,313,269</u>	<u>39,139</u>		<u>1,352,408</u>
Less accumulated depreciation				
Water utility plant	(272,853)	(7,548)		(280,401)
Water system improvements	(180,381)	(22,568)		(202,949)
Utility meters and equipment	(17,717)	(2,378)		(20,095)
Building improvements		(489)		(489)
Total accumulated depreciation	<u>(470,951)</u>	<u>(32,983)</u>		<u>(503,934)</u>
Net capital assets	<u>\$ 842,318</u>	<u>\$ 6,156</u>	<u>\$</u>	<u>\$ 848,474</u>

Note 13: Reconciliation of Budgetary Basis to GAAP Basis

The following is an explanation of differences between budgetary basis and GAAP basis for the general fund for the year ended June 30, 2009:

**Governmental Funds:**

<u>Revenues</u>	<u>General</u>
Total revenues per budgetary basis	\$ 210,325
Increase (decrease) in taxes receivable	10,960
Transfers in from water department	(5,343)
Adjustment to revenue not reflected on report	<u>(6,983)</u>

Total revenues per GAAP \$ 208,959

<u>Expenditures</u>	<u>General</u>
Total expenditures per budgetary basis	\$ 177,651
Increase (decrease) in accounts payable	(1,680)
Increase (decrease) in accrued payroll and taxes	19
Write off bad debt-uncollectible citations	15,056
Reclassification of expenditures	<u>(1,603)</u>

Total expenditures per GAAP basis \$ 189,443

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

Note 14: Deficient Fund Balance of Individual Fund

The LEPF was overspent during the year and has a negative fund balance of \$ 234 which will be covered by the general fund.

Note 15: Operating transfers

	Transfers In	Transfers Out
General Fund	\$ <u>5,343</u>	\$ <u>1,294</u>
Total	<u>5,343</u>	<u>1,294</u>
 Water department	 _____	 <u>5,343</u>
 Nonmajor funds	 <u>5,210</u>	 <u>3,916</u>
 Total	 \$ <u><u>10,553</u></u>	 \$ <u><u>10,553</u></u>

Transfers are used to (a) move revenues from the fund that statues or budget requires to collect them to the fund that statues or budget requires to expend them and (b) to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

Note 16: Evaluation of Subsequent Events

The Village has evaluated subsequent events through November 26, 2012, the date which the financial statements were available to be issued.

**REQUIRED SUPPLEMENTAL INFORMATION**

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

SPECIAL REVENUE FUNDS

To account for those activities which resources are to be used for specific purposes.

Law Enforcement Protection Fund (LEPF)

To account for the proceeds of a state grant provided for the purchase and repair of equipment as well as specialized training of police personnel. (NMSA 29-13-7)

Recreation Fund

To account for the operations of certain recreational activities in the Village. Financing is provided by gross receipts tax. (NMSA 7-12-1 and 15)

Youth Rodeo Fund

To account for the operation of equestrian and livestock educational activities in the Village. (Village Resolution)

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

COMBINING BALANCE SHEET - NONMAJOR FUNDS  
SPECIAL REVENUE FUNDS

June 30, 2009

	<u>LEPF</u>	<u>Rodeo</u>
Assets:		
Cash and cash equivalents	\$ 16	\$ 43
Accounts receivable		
Total assets	\$ <u>16</u>	\$ <u>43</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ <u>250</u>	\$ <u>-</u>
	<u>250</u>	<u>-</u>
Fund balance:		
Unreserved - undesignated	<u>(234)</u>	<u>43</u>
Total fund balance	<u>(234)</u>	<u>43</u>
Total liabilities and fund balance	\$ <u>16</u>	\$ <u>43</u>

<u>Debt</u> <u>Service</u>	<u>Recreation</u>	<u>Total</u> <u>2009</u>
\$ -	\$ 1,228	\$ 1,287
	20	20
\$ <u>-</u>	\$ <u>1,248</u>	\$ <u>1,307</u>
\$ _____	\$ <u>224</u>	\$ <u>474</u>
_____	<u>224</u>	<u>474</u>
_____	<u>1,024</u>	<u>833</u>
_____	<u>1,024</u>	<u>833</u>
\$ <u>-</u>	\$ <u>1,248</u>	\$ <u>1,307</u>



STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE - NONMAJOR FUND  
SPECIAL REVENUE FUNDS  
For the Year Ended June 30, 2009

	<u>LEPF</u>	<u>Rodeo</u>
Revenues:		
Municipal taxes	\$	\$
State shared taxes		
Charges for services		
Other		598
Federal and state grants	<u>22,473</u>	<u>100,667</u>
Total revenues	<u>22,473</u>	<u>101,265</u>
Expenditures:		
Current:		
Public safety	29,340	
Highways and streets		
Culture recreation		769
Interest expense		
Debt service		
Capital outlay		<u>96,537</u>
Total expenditures	<u>29,340</u>	<u>97,306</u>
Excess (deficiency) of revenues over expenditures	(6,867)	3,959
Other financing sources and uses:		
Transfer(to)from general fund	-	(3,916)
Net change in fund balance	(6,867)	43
Fund Balances:		
Beginning of year	<u>6,633</u>	-
End of year	\$ <u><u>(234)</u></u>	\$ <u><u>43</u></u>

<u>Debt Service</u>	<u>Recreation</u>	<u>Total 2009</u>
\$	\$	\$
	1,425	1,425
		598
_____	<u>45,000</u>	<u>168,140</u>
_____	<u>46,425</u>	<u>170,163</u>
		29,340
		-
	2,545	3,314
		-
_____	<u>50,471</u>	<u>147,008</u>
_____	<u>53,016</u>	<u>179,662</u>
-	(6,591)	(9,499)
	5,210	1,294
	(1,381)	(8,205)
-	<u>2,405</u>	<u>9,038</u>
\$ _____	\$ <u><u>1,024</u></u>	\$ <u><u>833</u></u>

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
LAW ENFORCEMENT PROTECTION  
For the Year Ended June 30, 2009

<b>REVENUES</b>	Original <u>Budget</u>	Revised <u>Budget</u>	<u>Actual</u>	<u>Difference</u>
State grants:				
State grant	\$ 20,600	\$ 20,600	\$ 22,473	\$ 1,873
Other				
	<u>20,600</u>	<u>20,600</u>	<u>22,473</u>	<u>1,873</u>
 <b>EXPENDITURES</b>				
Public safety:				
Operating expenses	<u>27,232</u>	<u>27,232</u>	<u>29,340</u>	(2,108)
	27,232	27,232	29,340	(2,108)
Transfer Out	-		-	
Excess (deficiency) of revenues over expenditures	\$ <u>(6,632)</u>	\$ <u>(6,632)</u>	\$ <u>(6,867)</u>	\$ <u>(235)</u>
Reconciliation to GAAP - No adjustment required				
Budgetary notation - Cash appropriated from prior year for current year expenditures	\$ <u>6,633</u>			

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
RECREATION

For the Year Ended June 30, 2009

<b>REVENUES</b>	Original <u>Budget</u>	Revised <u>Budget</u>	<u>Actual</u>	<u>Difference</u>
State shared taxes:				
Cigarette tax - 1 cent	\$ 274	\$ 274	\$ 1,421	\$ 1,147
Grant	<u>97,226</u>	<u>97,226</u>	<u>95,100</u>	<u>(2,126)</u>
	<u>97,500</u>	<u>97,500</u>	<u>96,521</u>	<u>(979)</u>
<b>EXPENDITURES</b>				
Recreation:				
Operating expense	99,187	99,187	2,106	97,081
Capital outlay			<u>100,897</u>	<u>(100,897)</u>
	<u>99,187</u>	<u>99,187</u>	<u>103,003</u>	<u>(3,816)</u>
Transfer			5,210	5,210
Excess (deficiency) of revenues over expenditures	\$ <u>(1,687)</u>	\$ <u>(1,687)</u>	(1,272)	\$ <u>(415)</u>
Budgetary notation - cash appropriated from prior year for current year expenditures	\$ <u>2,500</u>			
Reconciliation to GAAP -				
(Decrease) in accounts receivable			(50,096)	
Decrease in accounts payable			<u>49,987</u>	
Net change in fund balance			\$ <u>(1,381)</u>	

**STATE OF NEW MEXICO**  
**VILLAGE OF SAN YSIDRO**  
**BUDGETARY COMPARISON SCHEDULE**  
**RODEO FUND**  
**For the Year Ended June 30, 2009**

<b>REVENUES</b>	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Difference</u>
State grant:				
State grant	\$ 100,667	\$ 100,667	\$ 88,667	\$ (12,000)
Other	<u>12,000</u>	<u>12,000</u>	<u>12,598</u>	<u>598</u>
	<u>112,667</u>	<u>112,667</u>	<u>101,265</u>	<u>(11,402)</u>
 <b>EXPENDITURES</b>				
 Culture/recreation	<u>100,667</u>	<u>104,583</u>	<u>97,306</u>	<u>7,277</u>
	<u>100,667</u>	<u>104,583</u>	<u>97,306</u>	<u>7,277</u>
 Transfer in/out	-	-	(3,916)	(3,916)
 Excess (deficiency) of revenues over expenditures	\$ <u>12,000</u>	\$ <u>8,084</u>	\$ <u>43</u>	\$ <u>(8,041)</u>
 Reconciliation to GAAP - No adjustment required				

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

DEBT SERVICE FUND

To account for the obligations of the Village and payment of those obligations.

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
For the Year Ended June 30, 2009

	Original <u>Budget</u>	Revised <u>Budget</u>	<u>Actual</u>	<u>Difference</u>
Receipts				
Miscellaneous	\$ <u>    34</u>	\$ <u>    34</u>	\$ <u>    -</u>	\$ <u>    -</u>
Expenditures				
Debt service	<u>8,714</u>	<u>8,714</u>	<u>    -</u>	<u>    -</u>
Excess/deficiency	(8,680)	(8,680)	-	-
Other financing sources				
Transfers - in	<u>8,714</u>	<u>8,714</u>	<u>    -</u>	<u>    -</u>
Excess (deficiency) of revenue over expenditures	\$ <u>    34</u>	\$ <u>    34</u>	\$ <u>    -</u>	\$ <u>    -</u>

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO  
CAPITAL PROJECTS FUND**

To account for funds which are used to fund capital outlay in the government funds within the Village.

Capital Projects - To account for resources to a) make improvements to Village office; and b) complete Scenic By-way project. Funding sources are State of NM appropriations, DOT grants and local sources.



**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**BUDGETARY COMPARISON SCHEDULE  
CAPITAL PROJECTS FUND  
For the Year Ended June 30, 2009**

	Original <u>Budget</u>	Revised <u>Budget</u>	<u>Actual</u>	<u>Difference</u>
Revenues				
Grants - state	\$ 251,601	\$ 251,601	\$ 28,961	\$ (222,640)
Grant - federal	107,250	107,250		(107,250)
CDBG	25,000	25,000		(25,000)
Other				
	<u>383,851</u>	<u>383,851</u>	<u>28,961</u>	<u>(354,890)</u>
Expenditures				
Utilities	329,890	329,890		329,890
Infrastructure	5,256	5,256	6,306	(1,050)
Building/equipment	28,961	28,961	18,218	10,743
Other	27,500	27,500		27,500
	<u>391,607</u>	<u>391,607</u>	<u>24,524</u>	<u>367,083</u>
Transfer in	2,500	2,500		(2,500)
out	<u>(20,065)</u>	<u>(20,065)</u>	<u>          </u>	<u>20,065</u>
Excess (deficiency) of revenues over expenditures	\$ <u>(25,321)</u>	\$ <u>(25,321)</u>	4,437	\$ <u>29,758</u>
Budgetary notation - Cash appropriated from prior year for current year expenditures	\$ <u>22,847</u>			
Reconciliation to GAAP -				
(Decrease) in accounts receivable			(25,031)	
Decrease in accounts payable			<u>14,612</u>	
Net change in fund balance				\$ <u>(5,982)</u>

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS  
As of and for the Year Ended June 30, 2009

PROPRIETARY (ENTERPRISE) FUNDS

To account for those services provided to the residents of the Village on a user-charge basis.

Water Fund

To account for the provision of water services to residents of the Village.

Water System Improvement Project

To account for the provision of water tank, new meter equipment, water mains and fire hydrants for residents of the Village.

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

BUDGETARY COMPARISON SCHEDULE  
PROPRIETARY FUND  
WATER UTILITY  
For the Year Ended June 30, 2009

REVENUES AND OTHER SOURCES	Original <u>Budget</u>	Revised <u>Budget</u>	<u>Actual</u>	<u>Difference</u>
Sales of services and fees	\$ 56,847	\$ 63,847	\$ 59,191	\$ (4,656)
Interest income			978	978
Total revenues	<u>56,847</u>	<u>63,847</u>	<u>60,169</u>	<u>(3,678)</u>
 <b>EXPENDITURES AND OTHER USES</b>				
Operating expenses	53,049	55,049	51,860	3,189
Interest on bonds			2,652	(2,652)
Principal on bonds			1,000	(1,000)
Capital	<u>43,000</u>	<u>43,000</u>	<u>39,139</u>	<u>3,861</u>
Total expenses	<u>96,049</u>	<u>98,049</u>	<u>94,651</u>	<u>3,398</u>
Transfer out	(11,214)	(11,214)	(5,343)	5,871
Transfer in	<u>17,000</u>	<u>17,000</u>	<u>-</u>	<u>(17,000)</u>
Excess (deficiency) of revenue over expenses	\$ <u>(33,416)</u>	\$ <u>(28,416)</u>	(39,825)	\$ <u>(11,409)</u>
 Budgetary notation -				
Cash appropriated from prior year for current year expenditures	\$ <u>65,786</u>			
 Reconciliation to GAAP:				
Nonbudgeted items:				
Depreciation			(26,780)	
Other differences:				
Accounts receivable			(6,384)	
Accounts payable			4,599	
Accrued liabilities			(201)	
Capital outlay			39,139	
Principal on debt			<u>1,000</u>	
Net income (loss)			\$ <u>(28,452)</u>	

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

BUDGETARY COMPARISON SCHEDULE  
PROPRIETARY FUND  
WATER SYSTEM IMPROVEMENT PROJECT  
For the Year Ended June 30, 2009

<b>REVENUES</b>	Original <u>Budget</u>	Revised <u>Budget</u>	<u>Actual</u>	<u>Difference</u>
Interest income	\$	\$	\$ 1,208	\$ 1,208
CDBG Grant	_____	_____	_____	_____
Total revenues			<u>1,208</u>	<u>1,208</u>
 <b>EXPENDITURES</b>				
Operating expense	_____	_____	_____	_____
Total expense	_____	_____	<u>-</u>	_____
 Transfer In				
Excess (deficiency) of revenue over expenses	\$ <u>-</u>	\$ <u>-</u>	1,208	\$ <u>1,208</u>
 Reconciliation to GAAP:				
Depreciation			(6,203)	
Net income (loss)			\$ <u>(4,995)</u>	

**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,  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Hector Balderas, State Auditor,  
Steve M. Lucero, Mayor, and Members  
of the Village Council for the  
Village of San Ysidro, New Mexico

I 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 and the major special revenue funds, and the combining and individual funds presented as supplemental information of the state of New Mexico of the Village of San Ysidro (Village), as of June 30, 2009, and have issued my report thereon dated November 26, 2012. I have conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable 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 my audit, I considered Village's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my 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, I do not express an opinion on the effectiveness of Village's internal control over financial reporting.

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

over financial reporting that I consider to be significant deficiencies.

A *control deficiency* exists when the design or operations 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 affect Village'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 Village's financial statements that is more than inconsequential will not be prevented or detected by Village's internal control. I considered the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting: 98-1, 00-2, 06-2 and 06-3.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that result 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.

My 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 internal control that might be significant deficiencies or material weaknesses. However, of the reportable conditions described above, I consider the following item to be a material weakness: 98-1.

#### Compliance

As part of obtaining reasonable assurance about whether the Village of San Ysidro's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and responses.

I noted certain matters that are required to be reported under *Government Auditing Standards* January 2009 Revision paragraphs 5.14 and 5.16 and Section 12-6-5 NMSA 1978, which are described in the accompanying schedule of findings and responses as findings 05-1, 05-2, 06-3 and 09-1.

The Village's responses to the findings identified in my audit are described in the accompanying schedule of findings and responses. I did not audit the Village's response and, accordingly, I express no opinion on it.

This report is intended solely for the information and use of the Village Trustees of the Village of San Ysidro, the Office of the State Auditor, the New Mexico Legislature, and the State of New Mexico's Department of Finance and Administration and is not intended to be and should not be used by anyone other than these specified parties.

*Karl Loe CRP, C.*  
November 26, 2012

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

SCHEDULE OF FINDINGS AND RESPONSES  
For the Year Ended June 30, 2009

**SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

1. The auditor's report expresses an unqualified opinion on the financial statements of the Village of San Ysidro.
2. Seven reportable conditions disclosed during the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. One of the conditions is reported as a material weakness.
3. No instances of noncompliance material to the financial statement of the Village of San Ysidro were disclosed during the audit.
4. These financial statements have been prepared by the auditor, Kathleen R. Lane, CPA. However, the contents of these financial statements remain the responsibility of the Village.

Federal Awards

5. There were no federal grants awarded to the Village in the current year.

Prior Year Findings, Resolved

- 2006-1 Water Department Billing Report for July 2009 Not Available  
2008-1 Unauthorized use of Village equipment

Prior Year Findings, Not Resolved and Repeated

- 1998-1 Monthly Financial Reports-Summary and Detail  
2000-2 Segregation of duties  
2005-1 Personnel Payroll Records  
2005-2 Over expenditure of Budget  
2006-2 Court Action on Delinquent Accounts Receivable  
2006-3 Late Audit Report

Current Year Finding

- 2009-1 Underpayment of PERA contributions



STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

SCHEDULE OF FINDINGS  
For the Year Ended June 30, 2009

(98-1) Monthly Financial Reports -  
Summary and Fund Detail

Prior Year Finding (1998-1999), not resolved and repeated in current year (2008-2009)

Condition:

The supporting Excel spreadsheets prepared to support the totals reported on the monthly financial report did not agree with the quarterly DFA report.

Criteria:

Good internal accounting control practice dictates a clear audit trail should exist from cash receipts and disbursements reported to the total spreadsheet. Each fund's beginning cash balance should be corrected to the prior year audited balance, plus receipts, less disbursement should equal ending cash balances.

Effect:

The audit trail was not clear and incomplete.

Cause:

The detail spreadsheets did agree with total cash receipts and disbursements but did not agree with the quarterly reports sent to DFA.

Recommendation:

Due to the small staff, it would help to have another person review the numbers on the report to correct any mathematical errors. The Village Clerk should take additional time and attend additional training to complete the financial reports. Use of computer accounting programs and spreadsheets will aid in the preparation and accuracy of reports.

Response:

The Village Clerk has been working with her DFA analyst to correct the above problems. The Clerk now has a better understanding of the reports. The Clerk attends workshops to aid in the Village financial reporting and will be utilizing the Village accounting program much further.

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO  
SCHEDULE OF FINDINGS  
For the Year Ended June 30, 2009**

(00-2) Segregation of Duties

Prior Year Findings (1999-2000), not resolved and repeated in the current year:

Condition:

Due to the small office size, segregation of duties is not available. The Village Clerk records receipts and disbursement, reconciles the accounts and prepares financial reports.

Criteria:

The person who has custody of assets should not also be responsible for recording and reconciling the reports.

Effect:

Since there is not anyone else involved in the accounting process errors can occur and be undetected.

Cause:

The Village is a small community.

Recommendation:

Due to lack of segregation of duties and the small community, I recommend a board trustee review and sign off on monthly cash disbursements and bank reconciliation. If feasible, I would recommend that the Clerk-Treasurer not prepare bank reconciliations.

Response:

The Mayor and Council review reports at every regular monthly meeting and ask questions. The Mayor feels they have good oversight of the financial accounting.

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

SCHEDULE OF FINDINGS  
For the Year Ended June 30, 2009

(05-1) Personnel Payroll Records

Prior Year Findings (2004-2005), not resolved and repeated in the current year:

Condition:

Of ten employee personnel/payroll files tested, the following were noted:

- a. Forms I-9 were not completed properly for all but five employees.

Criteria:

For those persons hired after 1986, a properly completed Form I-9 is required by law.

Effect:

Personnel files are not as complete as they should be.

Cause:

Village staff did not follow the instructions for the proper completion of the form.

Recommendation:

Copies of completed Forms I-9 (for those hired after 1986) are required by law.

Response:

Concur. These forms will be reviewed for correction.

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**SCHEDULE OF FINDINGS  
For the Year Ended June 30, 2009**

(05-2) Over expenditure of Budget

Prior Year Findings (2004-2005), not resolved and repeated in the current year:

Condition:

The following Funds had expenditures in excess of the budgeted amount:

Law enforcement protection	\$ 2,108
Recreation	\$ 3,816

Criteria:

Per state statute (NMSA 6-6-6), the approved budget for a local public body is binding upon all officials and governing authorities, and no governing authority or official shall allow or approve claims in excess thereof.

Effect:

The budget was not followed and the Village is in violation of statute.

Cause:

Expenditures for the Recreation Fund was not budgeted. Expenses in LEPF were over-spent by \$2,108.

Recommendation:

A Budget Adjustment Request near year end can adjust the budget. All fund expenditures should be monitored for budgetary limits.

Response:

Concur.

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

**SCHEDULE OF FINDINGS  
For the Year Ended June 30, 2009**

(06-2) Court Action on Delinquent Accounts Receivable

Prior Year Findings (2005-2006), not resolved and repeated in the current year:

Condition:

At June 30, 2009, the Municipal Court outstanding fines have many old outstanding fines. Record keeping has improved over previous year. The Marshall has continued to review the outstanding fines and made a recommendation to write off uncollectible amounts.

Criteria:

Good internal accounting control practice dictates that collection actions should be taken when payment is overdue.

Effect:

If no action is taken, older accounts will never be paid.

Cause:

The court has limited staff and manual record keeping instead of a computerized system.

Recommendations:

One course of action is to enact bench warrants for failure to pay. These will then show up on a driver's license history at renewal time. Processing of a certain number of these accounts per month should be considered. A computerized citation system would improve record keeping.

Response:

The Village of San Ysidro has contracted with the National Recovery Agency to collect outstanding fines. Additionally the Village has purchased and implemented a management program (Sleuth Software) to tract/record citations.

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

SCHEDULE OF FINDINGS  
For the Year Ended June 30, 2009

(06-3) Late Audit Report

Prior Year Findings (2005-2006), not resolved and repeated in the current year:

Condition:

The audit report for the year ended June 30, 2009, was not submitted by the deadline set by the Office of the State Auditor. It was sent to the State Auditor Office on November 30, 2012.

Criteria:

Per Section 2.2.2.9 NMAC (State Auditor Rule), the deadline for submission of this report was November 30, 2009. Also per this rule, a finding is required to be written in the event of a late report.

Effect:

The Village was not in compliance with this rule.

Cause:

The Village got behind in audit reporting due to previous auditor, who was replaced in 2010. Audit contract for the 2009 audit was approved August 28, 2012.

Recommendation:

The State Auditor Rule for report deadline should be followed in the future.

Response:

Concur.

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

June 30, 2009  
SCHEDULE OF FINDINGS  
For the Year Ended June 30, 2009

(09-1) Underpayment of PERA Contributions

Current Year Finding (2008-2009):

Condition:

The PERA reports submitted to PERA for two pay periods were incorrect.

Criteria:

PERA withholding and contributions should be timely and accurately remitted.

Effect:

The Village was not in compliance with PERA contributions.

Cause:

The reports submitted were incorrect but the money deducted from employee's check was correct. Check stubs and reports do not match.

Recommendation:

Village needs to prepare and submit an amended report and contribution for the omitted wages.

Response:

The Village will amend the PERA reports and submit as soon as possible.

**STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO**

June 30, 2009

Kathleen R. Lane, CPA, prepared the financial statements of the Village of San Ysidro, New Mexico, for the year ended June 30, 2009.

Exit Conference:

An exit conference was held November 26, 2012, at the Village office.

Representing the Village:

Steve M. Lucero, Mayor  
Christina R. Lucero, Village Clerk

Representing Kathleen R. Lane, P.C.:

Kathleen R. Lane, CPA