

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

**FINANCIAL STATEMENTS**

**June 30, 2010**

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

**Prepared by**

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STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

FINANCIAL STATEMENTS AND SUPPLEMENTARY  
INFORMATION AS OF AND FOR THE YEAR ENDED JUNE 30, 2010

(With Independent Auditor's Reports Thereon)

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

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STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

OFFICIAL ROSTER  
June 30, 2010

Village Trustees

Elected Officials

Steve M. Lucero - Mayor  
John J. Urban - Mayor Pro-tem  
Roman J. Montoya - Trustee  
Christine A. Trujillo - Trustee  
Julie Ann M. Quintana - 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 Trustees  
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, and the budgetary comparisons for the general fund and major special revenue funds of Village of San Ysidro (Village) as of and for the year ended June 30, 2010, 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 and the budgetary comparisons for the capital project fund, debt service fund, and all nonmajor funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010, 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, 2010, 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 of the Village as of June 30, 2010, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 4 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consists of inquiries of management about methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or

provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide assurance.

My audit was conducted for the purpose of forming opinions on the basic financial statements and the combining and individual fund financial statements, and the budgetary comparisons. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information 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, 2010. Please read it in conjunction with the Village's financial statements, which begins on page 12.

### Financial Highlights

The Village of San Ysidro's total net assets decreased 1.3 percent as a result of this year's operations. Net assets of our business-type activities decreased by \$42,068, or 4.9 percent, due to depreciation. Net assets of our governmental activities increased by \$10,139, or .6 percent, due to donated real estate and slight increase in tax revenue.

During the year, the Village of San Ysidro had revenues generated in tax and other revenues, for governmental programs (before special items and transfers) that were \$426 more than the expense in comparison to last year, when revenues exceeded expense by \$111,249.

In the Village of San Ysidro's business-type activities, operating revenues increased to \$56,019 from \$52,807 and expenses decreased to \$46,148 from \$52,805 in 2009.

Total cost of all of the Village of San Ysidro's governmental programs increased by \$11,471 or 3.1 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 12 and 13) 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 14. 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. The remaining statements provide financial information about activities for which the Village acts solely as a trustee or agent for the benefit of those outside of the government.

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

Our analysis of the Village as a whole begins on page 12. 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 has been able to maintain expenses even though projected revenues were not met.

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, public works, 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 14 provides 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 15.

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)**

|   | <u>Governmental</u> |                 | <u>Business-Type</u> |               | <u>Total</u>    |                 |
|---|---------------------|-----------------|----------------------|---------------|-----------------|-----------------|
|   | <u>2010</u>         | <u>2009</u>     | <u>2010</u>          | <u>2009</u>   | <u>2010</u>     | <u>2009</u>     |
| Current and other assets                        | \$ 421              | \$ 440          | \$ 68                | \$ 69         | \$ 489          | \$ 509          |
| Capital assets                                  | <u>1,216</u>        | <u>1,180</u>    | <u>808</u>           | <u>849</u>    | <u>2,024</u>    | <u>2,029</u>    |
| Total assets                                    | <u>1,636</u>        | <u>1,620</u>    | <u>876</u>           | <u>918</u>    | <u>2,513</u>    | <u>2,538</u>    |
| Long-term debt outstanding                      |                     |                 | 51                   | 53            | 51              | 53              |
| Other liabilities                               | <u>14</u>           | <u>8</u>        | <u>8</u>             | <u>6</u>      | <u>22</u>       | <u>14</u>       |
| Total liabilities                               | <u>14</u>           | <u>8</u>        | <u>59</u>            | <u>59</u>     | <u>73</u>       | <u>67</u>       |
| Net assets                                      |                     |                 |                      |               |                 |                 |
| Invested in capital assets, net of related debt | 1,216               | 1,180           | 756                  | 795           | 1,972           | 1,975           |
| Restricted                                      | 113                 | 164             |                      |               | 113             | 164             |
| Unrestricted                                    | <u>293</u>          | <u>268</u>      | <u>61</u>            | <u>64</u>     | <u>354</u>      | <u>332</u>      |
| Total net assets                                | \$ <u>1,622</u>     | \$ <u>1,612</u> | \$ <u>817</u>        | \$ <u>859</u> | \$ <u>2,439</u> | \$ <u>2,471</u> |

The net assets of our business-type activities decreased by 4.9 percent (\$858,547 compared to \$816,479 in 2010); this decrease was generated from depreciation.

The Village received part of their \$25,000 Community Development Block grant for the implementation of a comprehensive plan.

State of New Mexico Special Appropriations were received in the amount of \$27,018 for Water System improvements.

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

|  | <u>Governmental</u> |               | <u>Business-Type</u> |                | <u>Total</u>   |              |
|--|---------------------|---------------|----------------------|----------------|----------------|--------------|
|  | <u>2010</u>         | <u>2009</u>   | <u>2010</u>          | <u>2009</u>    | <u>2010</u>    | <u>2009</u>  |
| <b>Revenues</b>  |                     |               |                      |                |                |              |
| Program revenues   |                     |               |                      |                |                |              |
| Charges for services   | \$ 18               | \$ 9          | \$ 56                | \$ 53          | \$ 74          | \$ 62        |
| State grants   | 58                  | 60            |                      |                | 58             | 60           |
| Capital grants   | 29                  | 150           |                      |                | 29             | 150          |
| Contributions  | 58                  |               |                      |                | 58             |              |
| General revenues   |                     |               |                      |                |                |              |
| Taxes levied for general                                     | 165                 | 158           |                      |                | 165            | 158          |
| Interest income  | 2                   | 4             | 1                    | 2              | 3              | 6            |
| Miscellaneous  | 5                   | 2             |                      |                | 5              | 2            |
| Total revenues   | <u>335</u>          | <u>383</u>    | <u>57</u>            | <u>55</u>      | <u>392</u>     | <u>438</u>   |
| <b>Expenses</b>  |                     |               |                      |                |                |              |
| General government   | 166                 | 105           |                      |                | 166            | 105          |
| Public safety  | 91                  | 103           |                      |                | 91             | 103          |
| Culture and recreation                                       | 10                  | 3             |                      |                | 10             | 3            |
| Highway and streets  | 8                   | 12            |                      |                | 8              | 12           |
| Depreciation   | 60                  | 54            |                      |                | 60             | 54           |
| Interest on long-term debt                                   |                     |               | 3                    | 3              | 3              | 3            |
| Water Department   |                     |               | 87                   | 80             | 87             | 80           |
| Total expenses   | <u>335</u>          | <u>277</u>    | <u>90</u>            | <u>83</u>      | <u>425</u>     | <u>360</u>   |
| Excess (deficiency) before<br>special items and<br>transfers | 0                   | 106           | (33)                 | (28)           | (33)           | 78           |
| Transfers  | <u>10</u>           | <u>5</u>      | <u>(10)</u>          | <u>(5)</u>     | <u>-</u>       | <u>-</u>     |
| Increase (decrease) in net<br>assets                         | <u>\$ 10</u>        | <u>\$ 111</u> | <u>\$ (43)</u>       | <u>\$ (33)</u> | <u>\$ (33)</u> | <u>\$ 78</u> |

During the year ended June 30, 2010, there were significant events that changed the balance of net assets. An explanation of these events are as follows:

Interest earnings - Earnings on restricted and unrestricted investments were down \$6,602.

State and Federal grants - The Village received only \$27,018 in 2010 compared to \$149,597 in 2009.

Our analysis below separately considers the operations of governmental and business-type activities.

Business-Type Activities

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

Revenues of the Village of San Ysidro's business-type activities (see Table 2) increased by \$1,967 (\$56,960 in 2010 compared to \$54,993 in 2009) and expenses increased by \$6,218. The factors driving these results include:

The San Ysidro Water Department saw its operating revenues increase by \$3,212, while operating expenses, excluding depreciation, decreased \$1,443. The Water Department paid \$8,363 to the Village of San Ysidro for reimbursed expense.

#### The Village Fund

The Village of San Ysidro had an increase of \$26,758 in the Village's General Fund. The primary reasons for the General Fund's increase mirror the governmental activities analysis highlighted on page 4. In addition, these other changes in fund balances should be noted.

Governmental Activities revenues for the Village decreased \$48,951, while total expenses decreased \$11,471. The cost of all governmental activities this year was \$367,546 compared to \$379,017 last year.

#### General Fund Budgetary Highlights

Over the course of the year, the Village Council revised the Village of San Ysidro's budget six times to prevent budget overruns. Resources available for appropriations were \$7,993 below the final budgeted amount.

#### Capital Asset and Debt Administration Capital Assets

At the end of 2010, the Village of San Ysidro had \$3,099,798 invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, and water system (see Table 3 below). This amount represents a net decrease (including additions and deductions) of \$5,836 over last year.

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

|                                | Net<br>Balance<br><u>June 30, 2009</u> | Additions/<br>Deletions | Balance<br><u>June 30, 2010</u> |
|--------------------------------|--|-------------------------|---------------------------------|
| <b>Non-Depreciable Assets:</b> |  |                         |                                 |
| Land and land improvements     | \$ <u>200,000</u>                      | \$ _____                | \$ <u>200,000</u>               |
| <b>Other Capital Assets:</b>   |  |                         |                                 |
| Infrastructure                 | 353,395                                |                         | 353,395                         |
| Water utility plant/improve.   | 1,268,109                              |                         | 1,268,109                       |
| Buildings/improvements         | 403,553                                | 55,665                  | 459,218                         |
| Furniture and other equipment  | 383,129                                |                         | 383,129                         |
| Land/park improvements         | 321,923                                |                         | 321,923                         |
| Vehicles                       | 74,655                                 | 39,369                  | 114,024                         |
| Less: Accumulated depreciation | <u>(975,563)</u>                       | <u>(100,870)</u>        | <u>(1,076,433)</u>              |
| Total other capital asset      | \$ <u>1,829,201</u>                    | \$ <u>(5,836)</u>       | \$ <u>1,823,365</u>             |

Capital Asset and Debt Administration Capital Assets

The Village purchased a public safety vehicle in the amount of \$31,673 and \$7,696 was spent on vehicle upgrades in the LEPF fund. The Village also received a donation of real estate and building which was appraised at \$55,075.

Debt

At year end, the Village had \$52,400 in outstanding debt versus \$53,400 last year - a decrease of 1.87 percent - as shown in Table 4.

**Table 4**  
**Village of San Ysidro**  
**Outstanding Debt**  
**at June 30, 2010**

|                   | <u>Governmental<br/>Activities</u> | Net<br>Business-type<br><u>Activities</u> | Total Primary<br><u>Government</u> |
|-------------------|------------------------------------|---|------------------------------------|
| USDA Revenue Bond | \$ _____                           | \$ <u>52,300</u>                          | \$ <u>52,300</u>                   |
| Totals            | \$ <u>-</u>                        | \$ <u>52,300</u>                          | \$ <u>52,300</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 2010/2011 fiscal year budget. Factors considered included decrease in revenues. Municipal revenues distributed by the State of New Mexico make up a majority of the 2011 budgeted general fund revenues.

To deal with the swing in the economy, The Village has put aside non-budgeted reserve resources. The Village has also attempted to keep expenditures to a minimum.

Community Block grant funds balance \$20,377 is expected to be received for the implementation of a Comprehensive Plan.

### 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, 2010**

| <b>ASSETS</b>   | <u>Primary Government</u>              |   | <u>Total</u>            |
|---|--|---|-------------------------|
|   | <u>Government</u><br><u>Activities</u> | <u>Business</u><br><u>Type</u><br><u>Activities</u> |                         |
| Current Assets:                                       |  |   |                         |
| Cash and cash equivalents                             | \$ 117,649                             | \$ 57,172   | \$ 174,821              |
| Restricted assets:                                    |  |   |                         |
| Cash and cash equivalents                             | <u>1,270</u>                           | <u>3,654</u>  | <u>4,924</u>            |
| Total cash (Note 3)                                   | 118,919                                | 60,826  | 179,745                 |
| Investments (Note 4)                                  | 266,307                                |   | 266,307                 |
| Receivables (net) (Note 5)                            | 12,463                                 | 7,077   | 19,540                  |
| Taxes receivable (Note 5)                             | <u>23,034</u>                          |   | <u>23,034</u>           |
| Total current assets                                  | <u>420,723</u>                         | <u>67,903</u>                                       | <u>488,626</u>          |
| Noncurrent Assets:                                    |  |   |                         |
| Land  | 195,000                                | 5,000   | 200,000                 |
| Capital assets, net of<br>depreciation (Note 12)      | <u>1,020,535</u>                       | <u>802,830</u>                                      | <u>1,823,365</u>        |
| Total noncurrent assets                               | <u>1,215,535</u>                       | <u>807,830</u>                                      | <u>2,023,365</u>        |
| <br>Total Assets                                      | <br>\$ <u>1,636,258</u>                | <br>\$ <u>875,733</u>                               | <br>\$ <u>2,511,991</u> |
| <br><b>LIABILITIES</b>                                |  |   |                         |
| Current liabilities:                                  |  |   |                         |
| Accounts payable                                      | \$ 7,630                               | \$ 1,393  | \$ 9,023                |
| Accrued liabilities                                   | 831                                    | 484   | 1,315                   |
| Due within one year (Note 6)                          | 5,185                                  | 2,423   | 7,608                   |
| Current liabilities payable<br>from restricted assets |  | <u>3,654</u>  | <u>3,654</u>            |
| Total current liabilities                             | <u>13,646</u>                          | <u>7,954</u>  | <u>21,600</u>           |
| Noncurrent liabilities:                               |  |   |                         |
| Due in more than one year (Note 6)                    |  | <u>51,300</u>                                       | <u>51,300</u>           |
| <br>Total Liabilities                                 | <br>\$ <u>13,646</u>                   | <br>\$ <u>59,254</u>                                | <br>\$ <u>72,900</u>    |
| <br><b>NET ASSETS</b>                                 |  |   |                         |
| Invested in capital assets,<br>net of related debt    | \$ 1,215,535                           | \$ 755,430  | \$ 1,970,965            |
| Restricted for:                                       |  |   |                         |
| Capital projects                                      | 1,270                                  |   | 1,270                   |
| Special   | 112,497                                |   | 112,497                 |
| Unrestricted  | <u>293,310</u>                         | <u>61,049</u>                                       | <u>354,359</u>          |
| <br>Total Net Assets                                  | <br>\$ <u>1,622,612</u>                | <br>\$ <u>816,479</u>                               | <br>\$ <u>2,439,091</u> |

See Accompanying Notes to Financial Statements

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

**STATEMENT OF ACTIVITIES - GOVERNMENT-WIDE  
June 30, 2010**

| <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                   | \$166,113         | \$                      | \$ 35,000           | \$ 86,716           | \$ (44,397)         |
| Public safety                        | 91,252            | 18,225                  | 20,600              |                     | (52,427)            |
| Culture and recreation               | 9,372             |                         | 2,500               |                     | (6,872)             |
| Highways and streets                 | 7,567             |                         |                     |                     | (7,567)             |
| Depreciation                         | <u>60,226</u>     |                         |                     |                     | <u>(60,226)</u>     |
| Total governmental activities        | <u>334,530</u>    | <u>18,225</u>           | <u>58,100</u>       | <u>86,716</u>       | <u>(171,489)</u>    |
| Business-type activities:            |                   |                         |                     |                     |                     |
| Water Department                     | 86,712            | 56,019                  |                     |                     | (30,693)            |
| Interest Expense                     | <u>2,603</u>      |                         |                     |                     | <u>(2,603)</u>      |
| Total business-type activities       | <u>89,315</u>     | <u>56,019</u>           |                     |                     | <u>(33,296)</u>     |
| Total primary government             | \$ <u>423,845</u> | \$ <u>74,244</u>        | \$ <u>58,100</u>    | \$ <u>86,716</u>    | \$ <u>(204,785)</u> |
| <br>                                 |                   |                         |                     |                     |                     |
| <b>Changes in net assets</b>         |                   |                         | <u>Government</u>   | <u>Business-</u>    | <u>Total</u>        |
| Net (expense) revenue                |                   |                         | \$ (171,489)        | \$ (33,296)         | \$ (204,785)        |
| <br>                                 |                   |                         |                     |                     |                     |
| <b>General Revenues:</b>             |                   |                         |                     |                     |                     |
| Taxes levied for general             |                   |                         | 165,609             |                     | 165,609             |
| Unrestricted investment              |                   |                         |                     |                     |                     |
| earning                              |                   |                         | 1,687               | 941                 | 2,628               |
| Miscellaneous                        |                   |                         | 4,619               |                     | 4,619               |
| Transfer - internal activities       |                   |                         | <u>9,713</u>        | <u>(9,713)</u>      | <u>-</u>            |
| Total general revenues/<br>transfers |                   |                         | <u>181,628</u>      | <u>(8,772)</u>      | <u>172,856</u>      |
| Change in net assets                 |                   |                         | 10,139              | (42,068)            | (31,929)            |
| Net assets, beginning of year        |                   |                         | <u>1,612,473</u>    | <u>858,547</u>      | <u>2,471,020</u>    |
| Net assets, end of year              |                   |                         | \$ <u>1,622,612</u> | \$ <u>816,479</u>   | \$ <u>2,439,091</u> |

See Accompanying Notes to Financial Statements

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

GOVERNMENTAL FUNDS  
BALANCE SHEET  
June 30, 2010

| <b>ASSETS</b>                            | <u>General<br/>Fund</u> | <u>Corrections</u> |
|--|-------------------------|--------------------|
| Cash and cash equivalents                | \$ 108,901              | \$ 3,103           |
| Investments                              | 162,317                 | 103,990            |
| Receivables (net)                        | 7,840                   |                    |
| Taxes receivable                         | 23,004                  |                    |
| Other current assets                     |                         |                    |
| Total Assets                             | \$ <u>302,062</u>       | \$ <u>107,093</u>  |
| <br><b>LIABILITIES AND FUND BALANCES</b> |                         |                    |
| LIABILITIES                              |                         |                    |
| Accounts payable                         | \$ 2,736                | \$                 |
| Accrued payroll                          | 831                     |                    |
| Other current liabilities                |                         |                    |
| Total Liabilities                        | <u>3,567</u>            | <u></u>            |
| FUND BALANCES                            |                         |                    |
| Unreserved, reported in:                 |                         |                    |
| General Fund                             | 298,495                 |                    |
| Special Revenue Fund                     |                         | 107,093            |
| Capital Project Fund                     |                         |                    |
| Debt Service Fund                        |                         |                    |
| Total Fund Balances                      | <u>298,495</u>          | <u>107,093</u>     |
| Total Liabilities and<br>Fund Balances   | \$ <u>302,062</u>       | \$ <u>107,093</u>  |

| <u>Capital<br/>Projects</u> | <u>Nonmajor<br/>Government<br/>Funds</u> | <u>Totals</u>     |
|-----------------------------|--|-------------------|
| \$ 1,270                    | \$ 5,645                                 | \$ 118,919        |
| 4,623                       |  | 266,307           |
|                             | 30                                       | 12,463            |
|                             |  | 23,034            |
| \$ <u>5,893</u>             | \$ <u>5,675</u>                          | \$ <u>420,723</u> |
| <br>                        |  |                   |
| \$ 4,623                    | \$ 271                                   | \$ 7,630          |
|                             |  | 831               |
| <u>4,623</u>                | <u>271</u>                               | <u>8,461</u>      |
| <br>                        |  |                   |
| 1,270                       | 5,404                                    | 298,495           |
|                             |  | 112,497           |
|                             |  | 1,270             |
| <u>1,270</u>                | <u>5,404</u>                             | <u>412,262</u>    |
| <br>                        |  |                   |
| \$ <u>5,893</u>             | \$ <u>5,675</u>                          | \$ <u>420,723</u> |

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, 2010

| <b>REVENUES</b>                          | General<br>Fund   | <u>Corrections</u> |
|--|-------------------|--------------------|
| Taxes                                    | \$165,322         | \$                 |
| Grants                                   | 35,000            |                    |
| Fines                                    | 16,225            |                    |
| Charges for services                     |                   | 2,000              |
| Contributions                            | 55,075            |                    |
| Miscellaneous                            | <u>6,306</u>      |                    |
| Total Revenues                           | <u>277,928</u>    | <u>2,000</u>       |
| <b>EXPENDITURES</b>                      |                   |                    |
| Current:                                 |                   |                    |
| General government                       | 133,770           |                    |
| Public safety                            | 77,392            | 192                |
| Culture and recreation                   |                   |                    |
| Highways and streets                     | 7,167             |                    |
| Capital outlay                           | 87,338            |                    |
| Debt service:                            |                   |                    |
| Loan payment                             | <u>          </u> | <u>          </u>  |
| Total Expenditures                       | <u>305,667</u>    | <u>192</u>         |
| Excess of Revenue<br>Over (Expenditures) | (27,739)          | 1,808              |
| OTHER FINANCING SOURCES (USES)           |                   |                    |
| Transfers in                             | 65,427            |                    |
| Transfers out                            | <u>(10,930)</u>   | <u>(30,000)</u>    |
| Total Other Financing<br>(Uses) Sources  | <u>54,497</u>     | <u>(30,000)</u>    |
| Net Change in Fund Balances              | 26,758            | (28,192)           |
| FUND BALANCE, Beginning of Year          | <u>271,737</u>    | <u>135,285</u>     |
| FUND BALANCE, End of Year                | \$ <u>298,495</u> | \$ <u>107,093</u>  |

| <u>Capital<br/>Projects</u> | <u>Nonmajor<br/>Government<br/>Funds</u> | <u>Totals</u>        |
|-----------------------------|--|----------------------|
| \$ 31,641                   | \$ 287<br>20,600                         | \$ 165,609<br>87,241 |
|                             |  | 16,225               |
|                             |  | 2,000                |
|                             | 2,500                                    | 57,575               |
|                             |  | 6,306                |
| <u>31,641</u>               | <u>23,387</u>                            | <u>334,956</u>       |
| 31,721                      |  | 165,491              |
|                             | 12,498                                   | 90,082               |
|                             | 9,372                                    | 9,372                |
| 400                         |  | 7,567                |
|                             | 7,696                                    | 95,034               |
| <u>32,121</u>               | <u>29,566</u>                            | <u>367,546</u>       |
| (480)                       | (6,179)                                  | (32,590)             |
| 1,350                       | 10,750                                   | 77,527               |
| <u>(26,884)</u>             |  | <u>(67,814)</u>      |
| <u>(25,534)</u>             | <u>10,750</u>                            | <u>9,713</u>         |
| (26,014)                    | 4,571                                    | (22,877)             |
| <u>27,284</u>               | <u>833</u>                               | <u>435,139</u>       |
| \$ <u>1,270</u>             | \$ <u>5,404</u>                          | \$ <u>412,262</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, 2010

Net Changes in Fund Balance  
Total Governmental Funds \$ (22,877)

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 | 95,034   |
| Depreciation expense      | (60,226) |

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>(1,792)</u> |
|------------------------------------|----------------|

|   |                         |
|---|-------------------------|
| Change in net assets of governmental activities | \$ <u><u>10,139</u></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, 2010**

| <b>REVENUES</b>                  | <u>Original<br/>Budget</u> | <u>Revised<br/>Budget</u> | <u>Actual</u>     | <u>Difference</u> |
|----------------------------------|----------------------------|---------------------------|-------------------|-------------------|
| Municipal taxes:                 |                            |                           |                   |                   |
| Property tax                     | \$ 13,414                  | \$ 13,414                 | \$ 16,157         | \$ 2,743          |
| Gasoline tax                     | 18,263                     | 18,263                    | 23,270            | 5,007             |
| Gross receipts taxes             | 61,269                     | 61,269                    | 58,830            | (2,439)           |
| Franchise fee                    | 3,893                      | 3,893                     | 4,984             | 1,091             |
|                                  | <u>96,839</u>              | <u>96,839</u>             | <u>103,241</u>    | <u>6,402</u>      |
| Licenses and fees                | 1,125                      | 1,125                     | 1,575             | 450               |
| Administrative fees              | <u>12,698</u>              | <u>12,698</u>             | <u>8,966</u>      | <u>(3,732)</u>    |
|                                  | <u>13,823</u>              | <u>13,823</u>             | <u>10,541</u>     | <u>(3,282)</u>    |
| State shared taxes:              |                            |                           |                   |                   |
| Auto license                     | 321                        | 321                       | 390               | 69                |
| Cigarette tax - 2 cents          | 353                        | 353                       | 572               | 219               |
| Gross receipts taxes             | 61,174                     | 61,174                    | 58,823            | (2,351)           |
|                                  | <u>61,848</u>              | <u>61,848</u>             | <u>59,785</u>     | <u>(2,063)</u>    |
| Fines and forfeits:              |                            |                           |                   |                   |
| Court fines/fees                 | <u>10,934</u>              | <u>10,934</u>             | <u>11,685</u>     | <u>751</u>        |
|                                  | <u>10,934</u>              | <u>10,934</u>             | <u>11,685</u>     | <u>751</u>        |
| Other:                           |                            |                           |                   |                   |
| Reimbursements                   |                            |                           | 2,102             | 2,102             |
| Earnings on investments          | <u>8,289</u>               | <u>8,289</u>              | <u>1,687</u>      | <u>(6,602)</u>    |
|                                  | <u>8,289</u>               | <u>8,289</u>              | <u>3,789</u>      | <u>(4,500)</u>    |
| State and federal grants:        |                            |                           |                   |                   |
| State small cities<br>assistance | <u>37,426</u>              | <u>37,426</u>             | <u>35,000</u>     | <u>(2,426)</u>    |
| Total revenues                   | \$ <u>229,159</u>          | \$ <u>229,159</u>         | \$ <u>224,041</u> | \$ <u>(5,118)</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, 2010

| <b>EXPENDITURES</b>  | Original<br><u>Budget</u> | Revised<br><u>Budget</u> | <u>Actual</u>          | <u>Difference</u>      |
|--|---------------------------|--------------------------|------------------------|------------------------|
| Executive and legislative  | \$ 24,380                 | \$ 24,980                | \$ 15,071              | \$ 9,909               |
| Financial/administrative   | 81,649                    | 83,139                   | 76,896                 | 6,243                  |
| Judicial   | 11,798                    | 11,798                   | 11,745                 | 53                     |
| Public safety  | 84,008                    | 114,008                  | 107,675                | 6,333                  |
| Maintenance  | 42,978                    | 44,028                   | 32,710                 | 11,318                 |
| Streets  | 7,600                     | 7,600                    | 6,913                  | 687                    |
| Total expenditures   | <u>252,413</u>            | <u>285,553</u>           | <u>251,010</u>         | <u>34,543</u>          |
| <br>Excess (deficiency) of revenues over expenditures                                    | <br>\$ <u>(23,254)</u>    | <br>\$ <u>(56,394)</u>   | <br>\$ <u>(26,969)</u> | <br>\$ <u>(29,425)</u> |
| <br>Budgetary notation - Cash appropriated from prior year for current year expenditures | <br>\$ <u>98,392</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, 2010

| <b>REVENUES</b>   | Original<br><u>Budget</u> | Revised<br><u>Budget</u> | <u>Actual</u>      | <u>Difference</u>  |
|---|---------------------------|--------------------------|--------------------|--------------------|
| Charges for services:   |                           |                          |                    |                    |
| Local correction fee  | \$ <u>745</u>             | \$ <u>745</u>            | \$ <u>2,000</u>    | \$ <u>1,255</u>    |
| <br><b>EXPENDITURES</b>   |                           |                          |                    |                    |
| Care of prisoners   | <u>1,000</u>              | <u>1,000</u>             | <u>192</u>         | <u>808</u>         |
|   | <u>1,000</u>              | <u>1,000</u>             | <u>192</u>         | <u>808</u>         |
| Transfer (out)  | _____                     | _____                    | (30,000)           | (30,000)           |
| Excess (deficiency) of<br>revenues over<br>expenditures                                       | \$ <u>(255)</u>           | \$ <u>(255)</u>          | \$ <u>(28,192)</u> | \$ <u>(27,937)</u> |
| Budgetary notation - Cash<br>appropriated from prior<br>year for current year<br>expenditures | \$ <u>5,834</u>           |                          |                    |                    |
| Reconciliation to GAAP -<br>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, 2010

|   | Business-Type Activities<br><u>Enterprise Funds</u> |                          |                       |
|---|---|--------------------------|-----------------------|
|   | Water<br>System                                     |                          |                       |
| <b>ASSETS</b>   | <u>Water</u>  | <u>Improvement</u>       | <u>Total</u>          |
| Current Assets:                                       |   |                          |                       |
| Cash and cash equivalents                             | \$ 23,454   | \$ 33,718                | \$ 57,172             |
| Restricted assets:                                    |   |                          |                       |
| Cash and cash equivalents                             | 3,654   | <u>          </u>        | 3,654                 |
| Total cash (Note 3)                                   | 27,108  | 33,718                   | 60,826                |
| Receivables (net)                                     | 7,077   | <u>          </u>        | 7,077                 |
| Total current assets                                  | <u>34,185</u>                                       | <u>33,718</u>            | <u>67,903</u>         |
| Noncurrent Assets:                                    |   |                          |                       |
| Land  | 5,000   |                          | 5,000                 |
| Capital assets, net of<br>depreciation (Note 12)      | 639,342   | 163,488                  | 802,830               |
| Total noncurrent assets                               | <u>644,342</u>                                      | <u>163,488</u>           | <u>807,830</u>        |
| <br>Total Assets                                      | <br>\$ <u>678,527</u>                               | <br>\$ <u>197,206</u>    | <br>\$ <u>875,733</u> |
| <br><b>LIABILITIES</b>                                |   |                          |                       |
| Current liabilities:                                  |   |                          |                       |
| Accounts payable                                      | \$ 1,393  | \$                       | \$ 1,393              |
| Accrued liabilities                                   | 484   |                          | 484                   |
| Due within one year                                   | 2,423   |                          | 2,423                 |
| Current liabilities payable<br>from Restricted Assets | 3,654   | <u>          </u>        | 3,654                 |
| Total current liabilities                             | <u>7,954</u>  |                          | <u>7,954</u>          |
| Noncurrent liabilities:                               |   |                          |                       |
| Due in more than one year                             | <u>51,300</u>                                       | <u>          </u>        | <u>51,300</u>         |
| <br>Total Liabilities                                 | <br>\$ <u>59,254</u>                                | <br>\$ <u>          </u> | <br>\$ <u>59,254</u>  |
| <br><b>NET ASSETS</b>                                 |   |                          |                       |
| Invested in capital assets,<br>net of related debt    | 591,942   | 163,488                  | 755,430               |
| Unrestricted  | <u>27,331</u>                                       | <u>33,718</u>            | <u>61,049</u>         |
| <br>Total Net Assets                                  | <br>\$ <u>619,273</u>                               | <br>\$ <u>197,206</u>    | <br>\$ <u>816,479</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, 2010

|   | Business-Type Activities<br>Enterprise Funds |                          |                          |
|---|--|--------------------------|--------------------------|
|   | Water<br>System                              |                          | Total                    |
|   | Water  | Improvement              |                          |
| Operating revenue:                        |  |                          |                          |
| Charges for services                      | \$ <u>56,019</u>                             | \$ _____                 | \$ <u>56,019</u>         |
| Operating expense:                        |  |                          |                          |
| Operating expenses                        | 46,068                                       |                          | 46,068                   |
| Depreciation                              | <u>34,441</u>                                | <u>6,203</u>             | <u>40,644</u>            |
| Total operating expense                   | <u>80,509</u>                                | <u>6,203</u>             | <u>86,712</u>            |
| Operating income                          | (24,490)                                     | (6,203)                  | (30,693)                 |
| Non-operating Revenue (Expense):          |  |                          |                          |
| Interest income                           | 275  | 666                      | 941                      |
| Interest expense                          | <u>(2,603)</u>                               | _____                    | <u>(2,603)</u>           |
| Total Non-operating Revenues<br>(Expense) | <u>(2,328)</u>                               | <u>666</u>               | <u>(1,662)</u>           |
| Income before operating<br>transfers      | (26,818)                                     | (5,537)                  | (32,355)                 |
| Transfers in (out)                        | <u>(9,713)</u>                               | _____                    | <u>(9,713)</u>           |
| Change in Net Assets                      | (36,531)                                     | (5,537)                  | (42,068)                 |
| Total Net Assets,<br>Beginning of Year    | <u>655,804</u>                               | <u>202,743</u>           | <u>858,547</u>           |
| Total Net Assets,<br>End of Year          | \$ <u><u>619,273</u></u>                     | \$ <u><u>197,206</u></u> | \$ <u><u>816,479</u></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, 2010

|   | Business-Type Activities<br>Enterprise Funds |   | <u>Total</u>     |
|---|--|---|------------------|
|   | <u>Water</u>                                 | <u>Water<br/>System<br/>Improvement</u> |                  |
| Cash Flows from Operating Activities:                       |  |   |                  |
| Receipts from customers and users                           | \$ 55,414                                    | \$                                      | \$ 55,414        |
| Payments to suppliers and employees                         | <u>(44,919)</u>                              | <u>          </u>                       | <u>(44,919)</u>  |
| Net cash provided (used)<br>operating activities            | <u>10,495</u>                                | <u>          </u>                       | <u>10,495</u>    |
| Cash flows from noncapital financing activities:            |  |   |                  |
| Principal paid on revenue bonds                             | (1,000)                                      |   | (1,000)          |
| Interest paid on revenue bonds                              | (2,603)                                      |   | (2,603)          |
| Transfers in (out)  | <u>(9,713)</u>                               | <u>          </u>                       | <u>(9,713)</u>   |
| Net cash provided (used) noncapital<br>financing activities | <u>(13,316)</u>                              | <u>          </u>                       | <u>(13,316)</u>  |
| Cash flows from investing activities:                       |  |   |                  |
| Interest on investments                                     | <u>275</u>                                   | <u>666</u>                              | <u>941</u>       |
| Net cash provided (used) investing<br>Activities            | <u>275</u>                                   | <u>666</u>                              | <u>941</u>       |
| Net increase (decrease) in cash<br>and cash equivalents     | <u>(2,546)</u>                               | <u>666</u>                              | <u>(1,880)</u>   |
| Cash and cash equivalents,<br>beginning of year             | <u>29,654</u>                                | <u>33,052</u>                           | <u>62,706</u>    |
| Cash and cash equivalents,<br>end of year                   | \$ <u>27,108</u>                             | \$ <u>33,718</u>                        | \$ <u>60,826</u> |

|   | Business-Type Activities<br>Enterprise Funds |   |                  |
|---|--|---|------------------|
|   | <u>Water</u>                                 | <u>Water<br/>System<br/>Improvement</u> | <u>Total</u>     |
| Reconciliation of operating income to<br>net cash provided (used) by<br>operating activities: |  |   |                  |
| Operating income (loss)   | \$(24,490)                                   | \$(6,203)                               | \$(30,693)       |
| Adjustments to reconcile net income<br>to net cash provided by operations:                    |  |   |                  |
| Depreciation  | 34,441                                       | 6,203                                   | 40,644           |
| (Increase) decrease in accounts<br>receivable   | (605)  |   | (605)            |
| Increase (decrease) in accounts<br>payable  | 445  |   | 445              |
| Increase (decrease) in accrued<br>expenses  | <u>704</u>                                   | <u>          </u>                       | <u>704</u>       |
| Net cash provided (used) by<br>operating activities   | \$ <u>10,495</u>                             | \$ <u>          </u>                    | \$ <u>10,495</u> |

See Accompanying Notes to Financial Statements

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

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

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, 2010

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, 2010**

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, 2010**

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, 2010

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, 2010

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 community park; (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 47 for description:

Law Enforcement Protection Fund

Rodeo Fund

Recreation Fund

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

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, 2010**

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, 2010

Note 1: Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

|                         |             |
|-------------------------|-------------|
| Buildings               | 20-50 years |
| Water and sewer system  | 30-50 years |
| Machinery and equipment | 5-10 years  |
| Improvements            | 10-40 years |
| Other infrastructure    | 10-50 years |

GASB No. 34 requires the Village to report and depreciate infrastructure assets. Prior to June 30, 2007, the Village did not have any infrastructure. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Village. Neither their historical cost nor related depreciation has historically been reported in the financial statements. In accordance with Statement No. 34, the Village has included the value of all infrastructure (using the depreciation method) into its basic financial statements.

Budgets and Budgetary Accounting

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

1. The Village Clerk-Treasurer submits to the Village Council a proposed operating budget for the fiscal year commencing July 1st. The operating budget includes proposed expenditures and the means of financing them.



STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

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, one special fund, the rodeo fund, exceeded its budget by \$3,446. The shortage was 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, 2010**

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 employees in the amount of \$6,508 have 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. Sick leave is earned at the rate of five days per year 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 three days in June was paid in July, 2010. Payroll in the amount of \$831, included in governmental activities, and \$263, in the water department, were accrued at June 30, 2010.

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, 2010

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, 2010 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, 2010

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<br/>Community<br/>Bank</u> | <u>Jemez<br/>Valley<br/>Credit<br/>Union</u> |
|--------------------------------------|-------------------------------------|--|
| Total amount on deposit              | \$ <u>129,282</u>                   | \$ <u>54,992</u>                             |
| FDIC/NCUA covered                    | <u>129,282</u>                      | <u>54,992</u>                                |
| FDIC/NCUA uncovered                  |                                     |  |
| No collateralization required        |                                     |  |
|                                      |                                     |  |
| Total deposits:                      |                                     |  |
| Category 1 - Insured with securities |                                     | \$ 184,274                                   |
| Category 2 - Uncollateralized        |                                     | -  |
| Total deposits in bank               |                                     | <u>184,274</u>                               |
| Add deposits in transit              |                                     |  |
| Less outstanding checks              |                                     | <u>(4,529)</u>                               |
|                                      |                                     |  |
| Total cash and cash equivalents      |                                     | \$ <u>179,745</u>                            |

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

Note 2: Bank Surety (continued)

Reconciliation of cash and cash equivalents with Exhibit 1:

|                                 |                   |
|---------------------------------|-------------------|
| Cash and cash equivalents       | \$ 174,821        |
| Restricted assets:              |                   |
| Cash and cash equivalents       | <u>4,924</u>      |
| Total cash and cash equivalents | \$ <u>179,745</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                        | \$ 184,274        |
| Uninsured and uncollateralized | -                 |
| Total deposits                 | \$ <u>184,274</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, 2010, \$0 of the Village's bank balance was exposed to custodial credit risk as follows:

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

The Village maintains two money market investment accounts with the State of New Mexico Treasurer Department. The cash balance at June 30, 2010, was \$266,307. (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, 2010

Note 3: Cash and Temporary Investments

| <u>Account<br/>Name/Type</u>     | <u>Account<br/>Number</u> | <u>Balance</u>    |
|----------------------------------|---------------------------|-------------------|
| First Community Bank             |                           |                   |
| General-checking                 | 1205552                   | \$ 106,590        |
| Water System-income checking     | 1205560                   | 17,610            |
| Water Bond Reserve-1995-checking | 1579517                   | 3,812             |
| COBG Account                     | 3270912                   | <u>1,270</u>      |
| Total First Community Bank       |                           | 129,282           |
|                                  |                           |                   |
| Jemez Valley Credit Union        |                           |                   |
| Savings                          | 25600                     | 25                |
| Certificate of Deposit           | 25600-84                  | 5,912             |
| Certificate of Deposit           | 25600-85                  | 33,718            |
| Certificate of Deposit           | 25600-83                  | <u>15,337</u>     |
| Total Jemez Valley Credit Union  |                           | 54,992            |
|                                  |                           |                   |
| Amounts on deposit               |                           | 184,274           |
| Deposits in transit              |                           |                   |
| Outstanding items                |                           | <u>(4,529)</u>    |
|                                  |                           |                   |
| Cash and temporary investments   |                           | \$ <u>179,745</u> |
|                                  |                           |                   |
| Summary - Note 2:                |                           |                   |
| General                          | \$ 110,171                |                   |
| Special                          | 8,748                     |                   |
| Proprietary                      | <u>60,826</u>             |                   |
| Total cash                       | \$ <u>179,745</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               | 76764112  | \$ 84,691         |
| Money Market               | 75532647  | 180,872           |
| Reserve Contingency Fund   | 755313714 | 743               |
| Reserve Contingency Fund   | 767613730 | <u>1</u>          |
| Total State of New Mexico  |           | \$ <u>266,307</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, 2010**

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

*Interest Rate Risk* - Weighted Average Maturity (WAM) for the LGIP as of June 30, 2010, was 50 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, 2010

Note 5: Accounts Receivables (continued)

| <u>Type</u>           | <u>General<br/>Fund</u> | <u>Special<br/>Revenue</u> |
|-----------------------|-------------------------|----------------------------|
| Property taxes        | \$ 237                  | \$                         |
| Gasoline taxes        | 2,412                   |                            |
| Miscellaneous taxes   | 191                     | 30                         |
| Gross receipt taxes   | 19,899                  |                            |
| Franchise fees        | 265                     |                            |
| Grant receivable-CDBG | 4,623                   |                            |
| Court fines and fees  | <u>7,840</u>            |                            |
| Total                 | \$ <u>35,467</u>        | \$ <u>30</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 \$1,838. 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<br>7-1-09 | Additions       | Payments        | Balance<br>6-30-10 | Current<br>Portion |
|---------------|-------------------|-----------------|-----------------|--------------------|--------------------|
| Comp. Absence | \$ <u>3,393</u>   | \$ <u>5,185</u> | \$ <u>3,393</u> | \$ <u>5,185</u>    | \$ <u>5,185</u>    |
|               | \$ <u>3,393</u>   | \$ <u>5,185</u> | \$ <u>3,393</u> | \$ <u>5,185</u>    | \$ <u>5,185</u>    |

Maturities over five years:

|                |                  |
|----------------|------------------|
| <u>June 30</u> | <u>Principle</u> |
| 2010           | \$ <u>5,185</u>  |



STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

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<br><u>7-1-09</u> | <u>Additions</u> | <u>Payments</u> | Balance<br><u>6-30-10</u> | Current<br><u>Portion</u> |
|---------------|--------------------------|------------------|-----------------|---------------------------|---------------------------|
| Bonds         | \$ 53,400                | \$               | \$ 1,000        | \$ 52,400                 | \$ 1,100                  |
| Comp. Absence | 979                      | <u>1,323</u>     | <u>979</u>      | <u>1,323</u>              | <u>1,323</u>              |
|               | <u>\$ 54,379</u>         | <u>\$ 1,323</u>  | <u>\$ 1,979</u> | <u>\$ 53,723</u>          | <u>\$ 2,423</u>           |

Maturities are as follows:

| <u>June 30</u> | <u>Principle</u> | <u>Interest</u>  | <u>Total</u>     |
|----------------|------------------|------------------|------------------|
| 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           | 1,300            | 2,330            | 3,630            |
| 2016-2020      | 7,300            | 10,657           | 17,957           |
| 2021-2025      | 9,500            | 8,677            | 18,177           |
| 2026-2030      | 12,000           | 6,118            | 18,118           |
| 2031-2035      | 15,100           | 2,915            | 18,015           |
| 2036           | <u>2,600</u>     | <u>127</u>       | <u>2,727</u>     |
|                | <u>\$ 52,400</u> | <u>\$ 40,715</u> | <u>\$ 93,115</u> |

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

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, 2010, were as follows:

|                   | <u>Residential</u> | <u>Nonresidential</u> |
|-------------------|--------------------|-----------------------|
| General Operating | 5%                 | 6%                    |

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 qualifying 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, 2010

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, 2010, 2009, and 2008, were \$8,811, \$7,432, and \$8,494, 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, 2010**

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<br><u>7/1/09</u> | <u>Addition</u>  | <u>Deletions</u>  | Balance<br><u>6/30/10</u> |
|--|--------------------------|------------------|-------------------|---------------------------|
| Capital Assets not<br>being depreciated: |                          |                  |                   |                           |
| Land                                     | \$ 195,000               | \$               | \$                | \$ 195,000                |
| Capital Assets being<br>depreciated:     |                          |                  |                   |                           |
| Infrastructure                           | 353,395                  |                  |                   | 353,395                   |
| Land/park improvements                   | 321,923                  |                  |                   | 321,923                   |
| Building/improvements                    | 364,414                  | 55,665           |                   | 420,079                   |
| Furniture and<br>equipment               | 342,969                  |                  |                   | 342,969                   |
| Vehicles                                 | <u>74,655</u>            | <u>39,369</u>    | <u>          </u> | <u>114,024</u>            |
| Total capital<br>assets                  | <u>1,652,356</u>         | <u>95,034</u>    | <u>          </u> | <u>1,747,390</u>          |
| Less accumulated<br>depreciation:        |                          |                  |                   |                           |
| Infrastructure                           | 16,922                   |                  | 7,541             | 24,463                    |
| Land/park improvement                    | 58,640                   |                  | 15,891            | 74,531                    |
| Building/improvements                    | 52,567                   |                  | 9,875             | 62,442                    |
| Furniture and<br>equipment               | 289,522                  |                  | 13,040            | 302,562                   |
| Vehicles                                 | <u>53,978</u>            |                  | <u>13,879</u>     | <u>67,857</u>             |
| Total accumulated<br>depreciation        | <u>471,629</u>           |                  | <u>60,226</u>     | <u>531,855</u>            |
| Net capital<br>assets                    | \$ <u>1,180,727</u>      | \$ <u>95,034</u> | \$ <u>60,226</u>  | \$ <u>1,215,535</u>       |

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

|                                      |                  |
|--------------------------------------|------------------|
| General government                   | \$ 22,915        |
| Public safety                        | 13,879           |
| Highways and streets                 | 7,541            |
| Culture and recreation               | <u>15,891</u>    |
| Total depreciation expense allocated | \$ <u>60,226</u> |

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

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

Note 12: Changes in Capital Assets (continued)

Business-Type Activities

|                                   | Balance<br>7/1/09 | Addition    | Deletions        | Balance<br>6/30/10 |
|-----------------------------------|-------------------|-------------|------------------|--------------------|
| Land                              | \$ 5,000          | \$          | \$               | \$ 5,000           |
| Water utility plant               | 498,154           |             |                  | 498,154            |
| Water system improvements         | 769,955           |             |                  | 769,955            |
| Utility meters and<br>equipment   | 40,160            |             |                  | 40,160             |
| Building improvements             | 39,139            |             |                  | 39,139             |
| Total capital assets              | <u>1,352,408</u>  |             |                  | <u>1,352,408</u>   |
| Less accumulated<br>depreciation  |                   |             |                  |                    |
| Water utility plant               | 280,401           |             | 15,196           | (295,597)          |
| Water system<br>improvements      | 202,949           |             | 22,568           | (225,517)          |
| Utility meters and<br>equipment   | 20,095            |             | 1,902            | (21,997)           |
| Building improvements             | <u>489</u>        |             | <u>978</u>       | <u>(1,467)</u>     |
| Total accumulated<br>depreciation | <u>503,934</u>    |             | <u>40,644</u>    | <u>(544,578)</u>   |
| Net capital<br>assets             | \$ <u>848,474</u> | \$ <u>-</u> | \$ <u>40,644</u> | \$ <u>807,830</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, 2010:

Governmental Funds:

| <u>Revenues</u>  | <u>General</u> |
|--|----------------|
| Total revenues per budgetary basis                     | \$ 224,041     |
| Increase (decrease) in taxes receivable                | 4,033          |
| Account activity not reflected in client reports       | 22             |
| Increase (decrease) in court fines receivable          | 3,300          |
| In kind contributions                                  | 55,075         |
| Adjustment to revenue- reimbursements from water dept. | (8,543)        |
| Total revenues per GAAP                                | <u>277,928</u> |

| <u>Expenditures</u>                              | <u>General</u>     |
|--|--------------------|
| Total expenditures per budgetary basis           | \$ 251,010         |
| In kind expenditures                             | 55,075             |
| Increase (decrease) in accounts payable          | (687)              |
| Increase (decrease) in accrued payroll and taxes | 269                |
| Total expenditures per GAAP basis                | <u>305,667</u>     |
| Net change in fund balance                       | \$ <u>(27,739)</u> |

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

Note 13: In-kind Donation

The Village received a donation of real estate and building during the year. The appraised value of the land and building was \$ 55,075 and has been recorded as a capital asset in the statement of assets and revenue in the statement of activities.

Note 14: Operating transfers

|                      | Transfers<br><u>In</u> | Transfers<br><u>Out</u> |
|----------------------|------------------------|-------------------------|
| General Fund         | \$ 65,427              | \$ 10,930               |
| Correction Fund      |                        | 30,000                  |
| Capital Project Fund | <u>1,350</u>           | <u>28,884</u>           |
| Total                | <u>66,777</u>          | <u>69,814</u>           |
| <br>Water department | <br><u>1,350</u>       | <br><u>9,713</u>        |
| <br>Nonmajor funds   | <br><u>10,750</u>      | <br>_____               |
| <br>Total            | <br>\$ <u>77,527</u>   | <br>\$ <u>77,527</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 15: Deficient Fund Balance of Individual Fund

The recreation Fund was overspent during the year and has a negative fund balance of \$75 which will be covered by the general fund.

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, 2010

|                                    | <u>LEPF</u>   | <u>Rodeo</u>    |
|------------------------------------|---------------|-----------------|
| Assets:                            |               |                 |
| Cash and cash equivalents          | \$ 172        | \$ 5,307        |
| Accounts receivable                |               |                 |
| Total assets                       | \$ <u>172</u> | \$ <u>5,307</u> |
| Liabilities and Fund Balance:      |               |                 |
| Liabilities:                       |               |                 |
| Accounts payable                   | \$ <u>-</u>   | \$ <u>-</u>     |
| Fund balance:                      |               |                 |
| Unreserved - undesignated          | <u>172</u>    | <u>5,307</u>    |
| Total fund balance                 | <u>172</u>    | <u>5,307</u>    |
| Total liabilities and fund balance | \$ <u>172</u> | \$ <u>5,307</u> |

| <u>Debt<br/>Service</u> | <u>Recreation</u> | <u>Total<br/>2010</u> |
|-------------------------|-------------------|-----------------------|
| \$ _____                | \$ 166            | \$ 5,645              |
| _____                   | 30                | 30                    |
| \$ <u>_____</u>         | \$ <u>196</u>     | \$ <u>5,675</u>       |
| <br>                    |                   |                       |
| \$ _____                | \$ 271            | \$ 271                |
| _____                   | <u>271</u>        | <u>271</u>            |
| <br>                    |                   |                       |
| _____                   | (75)              | 5,404                 |
| _____                   | <u>(75)</u>       | <u>5,404</u>          |
| <br>                    |                   |                       |
| \$ <u>_____</u>         | \$ <u>196</u>     | \$ <u>5,675</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, 2010

|  | <u>LEPF</u>          | <u>Rodeo</u>           |
|--|----------------------|------------------------|
| Revenues:  |                      |                        |
| Municipal taxes                                      | \$                   | \$                     |
| State shared taxes                                   |                      |                        |
| Charges for services                                 |                      |                        |
| Contributions  |                      | 2,500                  |
| Federal and state grants                             | <u>20,600</u>        |                        |
| Total revenues                                       | <u>20,600</u>        | <u>2,500</u>           |
| Expenditures:  |                      |                        |
| Current:   |                      |                        |
| Public safety  | 12,498               |                        |
| Highways and streets                                 |                      |                        |
| Culture recreation                                   |                      | 5,936                  |
| Interest expense                                     |                      |                        |
| Debt service   |                      |                        |
| Capital outlay                                       | <u>7,696</u>         |                        |
| Total expenditures                                   | <u>20,194</u>        | <u>5,936</u>           |
| Excess (deficiency) of<br>revenues over expenditures | 406                  | (3,436)                |
| Other financing sources and uses:                    |                      |                        |
| Transfer(to)from general fund                        |                      | 8,700                  |
| Net change in fund balance                           | 406                  | 5,264                  |
| Fund Balances:                                       |                      |                        |
| Beginning of year                                    | <u>(234)</u>         | <u>43</u>              |
| End of year  | \$ <u><u>172</u></u> | \$ <u><u>5,307</u></u> |

| <u>Debt</u><br><u>Service</u> | <u>Recreation</u> | <u>Total</u><br><u>2010</u> |
|-------------------------------|-------------------|-----------------------------|
| \$                            | \$                | \$                          |
|                               | 287               | 287                         |
|                               |                   | 2,500                       |
|                               |                   | <u>20,600</u>               |
| <u>          </u>             | <u>287</u>        | <u>23,387</u>               |
|                               |                   | 12,498                      |
|                               | 3,436             | 9,372                       |
|                               |                   | <u>7,696</u>                |
| <u>          </u>             | <u>3,436</u>      | <u>29,566</u>               |
|                               | (3,149)           | (6,179)                     |
|                               | 2,050             | 10,750                      |
|                               | (1,099)           | 4,571                       |
| \$ <u>      -</u>             | \$ <u>1,024</u>   | \$ <u>833</u>               |
| \$ <u>      -</u>             | \$ <u>(75)</u>    | \$ <u>5,404</u>             |

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
LAW ENFORCEMENT PROTECTION  
For the Year Ended June 30, 2010

| <b>REVENUES</b>   | Original<br><u>Budget</u> | Revised<br><u>Budget</u> | <u>Actual</u>   | <u>Difference</u> |
|---|---------------------------|--------------------------|-----------------|-------------------|
| State grants:   |                           |                          |                 |                   |
| State grant   | \$ 20,600                 | \$ 20,600                | \$ 20,600       | \$                |
| Other   | <u>2,500</u>              | <u>2,500</u>             | <u>        </u> | <u>(2,500)</u>    |
|   | <u>23,100</u>             | <u>23,100</u>            | <u>20,600</u>   | <u>(2,500)</u>    |
| <br><b>EXPENDITURES</b>                                 |                           |                          |                 |                   |
| Public safety:  |                           |                          |                 |                   |
| Operating expenses                                      | <u>23,100</u>             | <u>23,100</u>            | <u>20,444</u>   | <u>2,656</u>      |
| <br>Transfer Out  |                           |                          |                 |                   |
| Excess (deficiency) of<br>revenues over<br>expenditures | \$ <u>        </u>        | \$ <u>        </u>       | 156             | \$ <u>    156</u> |
| Reconciliation to GAAP -                                |                           |                          |                 |                   |
| Decrease in accounts payable                            |                           |                          | <u>250</u>      |                   |
| Net change in fund balance                              |                           |                          | \$ <u>406</u>   |                   |

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
RECREATION

For the Year Ended June 30, 2010

| <b>REVENUES</b>   | Original<br><u>Budget</u> | Revised<br><u>Budget</u> | <u>Actual</u>     | <u>Difference</u> |
|---|---------------------------|--------------------------|-------------------|-------------------|
| State shared taxes:   |                           |                          |                   |                   |
| Cigarette tax - 1 cent  | \$ 228                    | \$ 228                   | \$ 277            | \$ 49             |
| Grant   |                           |                          |                   |                   |
|   | <u>228</u>                | <u>228</u>               | <u>277</u>        | <u>49</u>         |
| <b>EXPENDITURES</b>   |                           |                          |                   |                   |
| Recreation:   |                           |                          |                   |                   |
| Operating expense   | 1,457                     | 3,507                    | 3,389             | 118               |
| Capital outlay  |                           |                          |                   |                   |
|   | <u>1,457</u>              | <u>3,507</u>             | <u>3,389</u>      | <u>118</u>        |
| Transfer  | 5,211                     | 7,261                    | 2,050             | (5,211)           |
| Excess (deficiency) of<br>revenues over<br>expenditures                                       | \$ <u>3,982</u>           | \$ <u>3,982</u>          | (1,062)           | \$ <u>(5,044)</u> |
| Budgetary notation -<br>cash appropriated from<br>prior year for current<br>year expenditures | \$ <u>1,228</u>           |                          |                   |                   |
| Reconciliation to GAAP -  |                           |                          |                   |                   |
| Increase in accounts receivable   |                           |                          | 10                |                   |
| (Increase) in accounts payable  |                           |                          | <u>(47)</u>       |                   |
| Net change in fund balance  |                           |                          | \$ <u>(1,099)</u> |                   |

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO  
BUDGETARY COMPARISON SCHEDULE  
RODEO FUND  
For the Year Ended June 30, 2010

| <b>REVENUES</b>   | Original<br><u>Budget</u> | Revised<br><u>Budget</u> | <u>Actual</u>   | <u>Difference</u> |
|---|---------------------------|--------------------------|-----------------|-------------------|
| State grant:  |                           |                          |                 |                   |
| State grant   | \$ -                      | \$ -                     | \$ -            | \$ -              |
| Other   | <u>-</u>                  | <u>-</u>                 | <u>-</u>        | <u>-</u>          |
| <br><b>EXPENDITURES</b>                                 |                           |                          |                 |                   |
| Culture/recreation                                      | <u>-</u>                  | <u>-</u>                 | <u>3,436</u>    | <u>(3,436)</u>    |
|   | <u>-</u>                  | <u>-</u>                 | <u>3,436</u>    | <u>(3,436)</u>    |
| Transfer in   | -                         | 8,700                    | 8,700           |                   |
| Excess (deficiency) of<br>revenues over<br>expenditures | \$ <u>-</u>               | \$ <u>8,700</u>          | \$ <u>5,264</u> | \$ <u>(3,436)</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, 2010

|  | Original<br><u>Budget</u> | Revised<br><u>Budget</u> | <u>Actual</u>   | <u>Difference</u> |
|--|---------------------------|--------------------------|-----------------|-------------------|
| Receipts   |                           |                          |                 |                   |
| Miscellaneous  | \$ <u>    18</u>          | \$ <u>    18</u>         | \$ _____        | \$ <u>   (18)</u> |
| Expenditures   |                           |                          |                 |                   |
| Debt service   | <u>8,665</u>              | <u>8,665</u>             | _____           | <u>8,665</u>      |
| Excess/deficiency                                      |                           |                          |                 |                   |
| Other financing sources                                |                           |                          |                 |                   |
| Transfers - in   | <u>8,665</u>              | <u>8,665</u>             | _____           | <u>(8,665)</u>    |
| Excess (deficiency) of<br>revenue over<br>expenditures | \$ <u>    18</u>          | \$ <u>    18</u>         | \$ <u>    -</u> | \$ <u>   (18)</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 make Scenic Byway improvements and professional services for water treatment 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, 2010

|  | Original<br><u>Budget</u> | Revised<br><u>Budget</u> | <u>Actual</u>      | <u>Difference</u> |
|--|---------------------------|--------------------------|--------------------|-------------------|
| Revenues   |                           |                          |                    |                   |
| Grants - state   | \$                        | \$                       | \$ 27,018          | \$                |
| Grant - federal  | 25,000                    | 25,000                   |                    | (25,000)          |
| CDBG   | 25,000                    | 25,000                   |                    | (25,000)          |
| Other  |                           |                          |                    |                   |
|  | <u>50,000</u>             | <u>50,000</u>            | <u>27,018</u>      | <u>(50,000)</u>   |
| Expenditures   |                           |                          |                    |                   |
| Utilities  |                           |                          |                    |                   |
| Infrastructure   |                           |                          |                    |                   |
| Building/equipment   |                           |                          |                    |                   |
| Other  | 60,833                    | 60,833                   | 27,498             | 60,433            |
|  | <u>60,833</u>             | <u>60,833</u>            | <u>27,498</u>      | <u>60,433</u>     |
| Transfer - in  | 10,833                    | 10,833                   | 1,350              | (8,358)           |
| Transfer - out   | <u>(29,759)</u>           | <u>(29,759)</u>          | <u>(26,884)</u>    | <u>400</u>        |
| Excess (deficiency) of<br>revenues over<br>expenditures  | \$ <u>(29,759)</u>        | \$ <u>(29,759)</u>       | \$ (26,014)        | \$ <u>2,475</u>   |
| Budgetary notation -<br>Cash appropriated<br>from prior year for<br>current year<br>expenditures | \$ <u>27,284</u>          |                          |                    |                   |
| Reconciliation to GAAP -   |                           |                          |                    |                   |
| Increase in accounts receivable  |                           |                          | 4,623              |                   |
| Increase in accounts payable   |                           |                          | <u>(4,623)</u>     |                   |
| Net change in fund balance   |                           |                          | \$ <u>(26,014)</u> |                   |

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS  
As of and for the Year Ended June 30, 2010

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, 2010

| REVENUES AND<br>OTHER SOURCES                                   | Original<br><u>Budget</u> | Revised<br><u>Budget</u> | <u>Actual</u> | <u>Difference</u>   |
|---|---------------------------|--------------------------|---------------|---------------------|
| Sales of services and fees                                      | \$ 66,492                 | \$ 66,492                | \$ 55,414     | \$ (11,078)         |
| Interest income   | 2,398                     | 2,398                    | 275           | (2,123)             |
| Appropriation   | 222,640                   | 222,640                  |               | (222,640)           |
| Other   | 673                       | 673                      |               | (673)               |
| Total revenues  | <u>292,203</u>            | <u>292,203</u>           | <u>55,689</u> | <u>(236,514)</u>    |
| <br><b>EXPENDITURES AND OTHER USES</b>                          |                           |                          |               |                     |
| Operating expenses  | 71,881                    | 74,881                   | 44,919        | 29,962              |
| Interest on bonds   | 2,603                     | 2,603                    | 2,603         |                     |
| Principal on bonds  | 1,000                     | 1,000                    | 1,000         |                     |
| Capital   | 1,250                     | 1,250                    |               | 1,250               |
| Total expenses  | <u>76,734</u>             | <u>79,734</u>            | <u>48,522</u> | <u>31,212</u>       |
| Transfer - out  | (6,312)                   | (6,312)                  | (9,893)       | (3,581)             |
| Transfer - in   | <u>          </u>         | <u>          </u>        | <u>180</u>    | <u>180</u>          |
| Excess (deficiency) of revenue over expenses                    | \$ <u>209,157</u>         | \$ <u>206,157</u>        | (2,546)       | \$ <u>(208,703)</u> |
| <br>Budgetary notation -  |                           |                          |               |                     |
| Cash appropriated from prior year for current year expenditures | \$ <u>26,051</u>          |                          |               |                     |
| <br>Reconciliation to GAAP:                                     |                           |                          |               |                     |
| Non-budgeted items:   |                           |                          |               |                     |
| Depreciation  |                           |                          |               | (34,441)            |
| Other differences:  |                           |                          |               |                     |
| Accounts receivable   |                           |                          |               | 605                 |
| Accounts payable  |                           |                          |               | (445)               |
| Accrued liabilities   |                           |                          |               | (704)               |
| Principal on debt   |                           |                          |               | <u>1,000</u>        |
| Net income (loss)   |                           |                          |               | \$ <u>(36,531)</u>  |

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

BUDGETARY COMPARISON SCHEDULE  
PROPRIETARY FUND  
WATER SYSTEM IMPROVEMENT PROJECT  
For the Year Ended June 30, 2010

| <b>REVENUES</b>                                 | Original<br><u>Budget</u> | Revised<br><u>Budget</u> | <u>Actual</u>     | <u>Difference</u> |
|---|---------------------------|--------------------------|-------------------|-------------------|
| Interest income                                 | \$                        | \$                       | \$ 666            | \$ 666            |
| CDBG Grant                                      | _____                     | _____                    | _____             | _____             |
| Total revenues                                  |                           |                          | <u>666</u>        | <u>666</u>        |
| <br><b>EXPENDITURES</b>                         |                           |                          |                   |                   |
| Operating expense                               | _____                     | _____                    | _____             | _____             |
| Total expense                                   | _____                     | _____                    | _____             | _____             |
| Transfer In                                     |                           |                          |                   |                   |
| Excess (deficiency) of<br>revenue over expenses | \$ _____                  | \$ _____                 | 666               | \$ <u>666</u>     |
| Reconciliation to GAAP:                         |                           |                          |                   |                   |
| Depreciation                                    |                           |                          | <u>(6,203)</u>    |                   |
| Net income (loss)                               |                           |                          | \$ <u>(5,537)</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 Trustees 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, 2010, and have issued my report thereon dated November 26, 2010. 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**

Management of the Village is responsible for establishing and maintaining effective 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of

deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I considered to be material weakness, as defined above. However, I identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and response that I consider to be significant deficiencies in internal control over financial reporting: 1998-1. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

#### **Compliance and other Matters**


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 or other matters that are 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 pursuant to *Government Auditing Standards* paragraphs 5.14 and 5.16 and pursuant to Section 12-6-5 NMSA 1978, which are described in the accompanying schedule of findings and responses as findings 2005-1, 2005-2, and 2006-3.

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.

  
November 26, 2012

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

SCHEDULE OF FINDINGS AND RESPONSES  
For the Year Ended June 30, 2010

**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. Five 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 significant deficiency.
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

- 2009-1 Underpayment of PERA contributions
- 2006-2 Court Action on Delinquent Accounts Receivable
- 2009-1 Underpayment of PERA contributions

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
- 2006-3 Late Audit Report

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

SCHEDULE OF FINDINGS  
For the Year Ended June 30, 2010

(1998-1) Monthly Financial Reports -  
Summary and Fund Detail

Prior Year Finding (1998-1999), not resolved and repeated in current year (2009-2010)

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. 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, 2010**

(2000-2) Segregation of Duties

Prior Year Findings (1999-2000), not resolved and repeated in the current year (2009-2010):

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, 2010

(2005-1) Personnel Payroll Records

Prior Year Findings (2004-2005), not resolved and repeated in the current year (2009-2010):

Condition:

Of thirteen 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, 2010

(2005-2) Over expenditure of Budget

Prior Year Findings (2004-2005), not resolved and repeated in the current year (2009-2010):

Condition:

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

|            |          |
|------------|----------|
| Rodeo fund | \$ 3,436 |
|------------|----------|

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:

Rodeo fund operating expense should be included in original budget to cover operating expense of rodeo fund.

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, 2010**

(2006-3) Late Audit Report

Prior Year Findings (2005-2006), not resolved and repeated in the current year (2009-2010):

Condition:

The audit report for the year ended June 30, 2010, 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, 2010. 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:

Several years ago the previous auditor was unable to complete the audit timely so the Village discontinued his services. A new auditor was chosen. There have been additional delays for audit contract approval by the Office of the State Auditor in order for the Village to catch up.

Recommendation:

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

Response:

Concur. The Village is in the process of having multiple year audit contracts approved to get caught up and be in compliance.

STATE OF NEW MEXICO  
VILLAGE OF SAN YSIDRO

June 30, 2010

Kathleen R. Lane, CPA, prepared the financial statements of the Village of San Ysidro, New Mexico, for the year ended June 30, 2010.

Exit Conference:

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

Representing the Village:

Steve M. Lucero, Mayor  
Christina R. Lucero, Clerk/Treasurer

Representing Kathleen R. Lane, P.C.:

Kathleen R. Lane, CPA