

**STATE AUDITOR
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**STATE OF NEW MEXICO
CITY OF BELEN**

**AUDITED FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2007
With Independent Auditors' Reports**



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**HINKLE & LANDERS, PC
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS**



OFFICE OF THE STATE AUDITOR

Hector H. Balderas

August 13, 2008

SAO Ref. No. 6012

The Honorable Ronnie M. Torres, Mayor
City of Belen
100 S Main Street
Belen, NM 87002-3636

SUBJECT: Audit Report—City of Belen—2006-2007 Fiscal Year—Prepared by Hinkle & Landers, PC

Your agency audit report was received by the Office of the State Auditor (Office) on April 1, 2008. The State Auditor examination of the audit report required by Section 12-6-14 (D), NMSA 1978, has been completed. This letter is the authorization to make the final payment to the independent public accountant (IPA) who contracted to perform the agency's financial and compliance audit. In accordance with the Section 2 (B) of the audit contract, the IPA will deliver the specified number of copies of the audit to the agency.

As per your written request, this office is waiving the ten (10) day waiting period and is making the report public record immediately. The audit report will be:

- released by the Office of the State Auditor to the Legislative Finance Committee, and the Department of Finance and Administration; and
- presented by the agency to a quorum of the agency's governing authority at a public meeting, for approval, per Section 2.2.2.10.J.(3)(d) of 2.2.2 NMAC *Requirements for Contracting and Conducting Audits of Agencies*.

The independent public accountant's findings and comments are included in the audit report on pages 88 - 93. It is ultimately the responsibility of the governing authority of the agency to take corrective action on all findings and comments.

HECTOR H. BALDERAS
STATE AUDITOR

cc: Legislative Finance Committee
Department of Finance and Administration-
Local Government Division
Hinkle & Landers, PC

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CITY OF BELEN
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STATE OF NEW MEXICO
CITY OF BELEN
OFFICIAL ROSTER
AS OF JUNE 30, 2007

Elected Officials

Ronnie Torres

Mayor

David Lopez

Mayor Pro Tem

Jeff Trembly

Councilor

Rudy Jaramillo

Councilor

Terese Ulivarri

Councilor

Administrative Officials

Sally Garley

City Manager

Mildred Garley

Finance Officer

Hinkle & Landers, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

3500-C Comanche NE
Albuquerque, New Mexico 87107
Tele (505) 883-8788
Fax (505) 883-8797

INDEPENDENT AUDITORS' REPORT

Mr. Hector M. Balderas, State Auditor
And
The Mayor and City Council
City of Belen, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the respective budgetary comparisons of the general and major special revenue of the City of Belen, (City) as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. We have also audited each of the City's non-major governmental funds and respective budgetary comparisons for the major capital project fund, non-major governmental funds and the enterprise funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Belen, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund, the Infrastructure Gross Receipts Tax 1/8% Fund, the Infrastructure Gross Receipts Tax 1/2% Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non major governmental fund and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital project fund, non major governmental funds and enterprise funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The City has not presented a Management's Discussion and Analysis in the current year's report. that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 18, 2008, on our consideration of City of Belen, internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Belen's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of the City of Belen. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated in all material respects, in relation to the financial statements taken as a whole.

Hinkle & Landers, P.C.

Hinkle & Landers, P.C.
March 18, 2008

STATE OF NEW MEXICO
CITY OF BELEN
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2007

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 3,346,588	750,096	4,096,684
Receivable, net	1,299,255	488,980	1,788,235
Total current assets	<u>4,645,843</u>	<u>1,239,076</u>	<u>5,884,919</u>
Non-current assets			
Restricted cash	359,821	115,666	475,487
Capital assets:			
Capital assets not being depreciated	10,595,000	2,753,979	13,348,979
Other capital assets, net of accum. depreciation	23,644,821	17,018,489	40,663,310
Total non-current assets	<u>34,599,642</u>	<u>19,888,134</u>	<u>54,487,776</u>
Total assets	<u>\$ 39,245,485</u>	<u>21,127,210</u>	<u>60,372,695</u>
Liabilities			
Current liabilities			
Accounts payable	\$ 376,385	93,768	470,153
Accrued payroll liabilities	96,337	20,967	117,304
Deposits held for others	-	115,666	115,666
Compensated absences	182,547	52,258	234,805
Accrued interest payable	-	85,195	85,195
Bonds and notes payable - current portion	952,581	97,349	1,049,930
Landfill post-closure liability - current portion	-	29,463	29,463
Total current liabilities	<u>1,607,850</u>	<u>494,666</u>	<u>2,102,516</u>
Long-term liabilities			
Bonds and notes payable - less current portion	12,664,286	2,187,784	14,852,070
Landfill post-closure liability	-	589,275	589,275
Total long-term liabilities	<u>12,664,286</u>	<u>2,777,059</u>	<u>15,441,345</u>
Total liabilities	<u>14,272,136</u>	<u>3,271,725</u>	<u>17,543,861</u>
Net Assets			
Invested in capital assets, net of related debt	20,622,954	17,487,335	38,110,289
Restricted for:			
Debt service	360,876	-	360,876
Unrestricted	3,989,519	368,150	4,357,669
Total net assets	<u>24,973,349</u>	<u>17,855,485</u>	<u>42,828,834</u>
Total liabilities and net assets	<u>\$ 39,245,485</u>	<u>21,127,210</u>	<u>60,372,695</u>

See accompanying notes to the financial statements

STATE OF NEW MEXICO
CITY OF BELEN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

Functions / Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
General government	\$ 2,549,801	141,689	903,891	(1,215,610)	-	(1,215,610)
Public safety	2,528,952	419,058	287,980	(1,757,916)	-	(1,757,916)
Highways and streets	3,686,628	-	1,058,046	(2,628,582)	-	(2,628,582)
Health and welfare	170,398	-	-	(170,398)	-	(170,398)
Culture and recreation	1,102,686	10,268	841,748	(250,670)	-	(250,670)
Interest on long-term debt	566,506	-	-	(566,506)	-	(566,506)
Total Governmental Activities	10,604,971	571,015	3,091,665	(6,589,682)	-	(6,589,682)
Business-Type Activities						
Water	1,314,266	-	-	-	(111,594)	(111,594)
Solid waste	1,214,204	-	-	-	(136,391)	(136,391)
Wastewater	1,176,712	-	163,149	-	(165,097)	(165,097)
Interest on long-term debt	78,806	-	-	-	(78,806)	(78,806)
Total Business-Type Activities	3,783,988	-	163,149	-	(491,888)	(491,888)
Total all activities	\$ 14,388,959	571,015	3,254,814	(6,589,682)	(491,888)	(7,081,570)
General revenues:						
Property taxes				654,107	-	654,107
Gross receipt taxes				5,804,216	273,514	6,077,730
Franchise taxes				161,052	-	161,052
Motor vehicle taxes				43,133	-	43,133
Cigarette taxes				22,009	-	22,009
Lodgers' taxes				70,890	-	70,890
Unrestricted investment earnings				197,322	23,564	220,886
Loss on disposition of capital assets				(31,699)	(7,068)	(38,767)
Miscellaneous				537,967	-	537,967
Transfers				50,304	(50,304)	-
Total general revenues and transfers				7,509,301	239,706	7,749,007
Change in net assets				919,619	(252,182)	667,437
Net assets - beginning of year				24,610,877	18,184,725	42,795,602
Restatement				(557,147)	(77,058)	(634,205)
Net assets - beginning, restated				24,053,730	18,107,667	42,161,397
Net assets - end of year				24,973,349	17,855,485	42,828,834

See accompanying notes to the financial statements

STATE OF NEW MEXICO
CITY OF BELEN
BALANCE SHEET - GOVERNMENTAL FUNDS
AS OF JUNE 30, 2007

	Major funds					Other Governmental Funds	Total Governmental Funds
	1101 General	Special Revenue Funds		Capital Projects	1801 Becker Street Project		
		1205 Infrastructure 1/8% GRT	1207 Infrastructure 1/2% GRT				
ASSETS							
Cash on deposit	\$ 845,283	1,467,597	19,055	217,020		797,629	3,346,584
Restricted cash	-	-	-	-		359,821	359,821
Accounts receivable	1,013,701	84,054	168,296	-		33,204	1,299,255
Total assets	<u>\$ 1,858,984</u>	<u>1,551,651</u>	<u>187,351</u>	<u>217,020</u>		<u>1,190,654</u>	<u>5,005,660</u>
LIABILITIES							
Accounts payable	\$ 61,793	-	5,585	-		309,006	376,384
Accrued payroll liabilities	93,807	-	-	-		2,530	96,337
Deferred revenue	156,804	-	-	-		-	156,804
Total liabilities	<u>312,404</u>	<u>-</u>	<u>5,585</u>	<u>-</u>		<u>311,536</u>	<u>629,525</u>
FUND BALANCE							
Reserved for:							
Debt service	-	-	-	-		359,821	359,821
Unreserved reported in:							
General fund	1,546,580	-	-	-		-	1,546,580
Debt service	-	-	-	-		285,105	285,105
Special revenue funds	-	1,551,651	181,766	-		277,240	2,010,657
Capital projects funds	-	-	-	217,020		(43,048)	173,972
Total fund balance	<u>1,546,580</u>	<u>1,551,651</u>	<u>181,766</u>	<u>217,020</u>		<u>879,118</u>	<u>4,376,135</u>
Total liabilities and fund balance	<u>\$ 1,858,984</u>	<u>1,551,651</u>	<u>187,351</u>	<u>217,020</u>		<u>1,190,654</u>	<u>5,005,660</u>

See accompanying notes to the financial statements

STATE OF NEW MEXICO
CITY OF BELEN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
AS OF JUNE 30, 2007

Total fund balances - governmental funds \$ 4,376,135

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

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

These assets consist of:

Property, furniture, fixtures, and equipment	68,694,203	
Accumulated depreciation	(34,454,382)	
Total capital assets	<u>34,239,821</u>	34,239,821

Liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds

Bonds and notes payable and compensated absences - current portion	(1,135,128)	
Bonds and notes payable and compensated absences - non-current portion	(12,664,286)	
	<u>(13,799,414)</u>	(13,799,414)

Deferred revenue that was recognized as revenue in the government-wide statements 156,804

Rounding		3
Net assets of governmental activities		\$ 24,973,349

See accompanying notes to the financial statements

STATE OF NEW MEXICO
CITY OF BELEN
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR YEAR ENDED JUNE 30, 2007

	Major Funds					Total Governmental Funds	
	1101 General	Special Revenue		Capital Projects			Other Governmental Funds
		1205 Infrastructure 1/8 % GRT	1207 Infrastructure 1/2 % GRT	1801 Becker Street Project	1801 Becker Street Project		
Revenues							
Taxes	\$ 4,748,712	515,707	1,032,566	-	365,611	6,662,596	
Charges for services	288,611	-	-	-	-	288,611	
Local sources	396,955	-	-	-	89,297	486,252	
State sources	307,682	-	-	473,500	1,830,963	2,612,145	
Federal sources	525,090	25,000	35,000	-	890,006	1,475,096	
Earnings from investments	21,012	136,879	-	-	78,590	236,481	
Miscellaneous	9,997	-	-	-	-	9,997	
Total revenues	<u>6,298,059</u>	<u>677,586</u>	<u>1,067,566</u>	<u>473,500</u>	<u>3,254,467</u>	<u>11,771,178</u>	
Expenditures							
Current:							
General government	2,316,127	-	-	-	75,637	2,391,764	
Public safety	2,403,140	-	-	-	152,535	2,555,675	
Highways and streets	934,470	401,809	147,089	-	233,666	1,717,034	
Health & welfare	-	-	35,000	-	141,046	176,046	
Culture and recreation	946,112	-	-	-	54,827	1,000,939	
Capital outlay	236,749	801,807	166,281	1,644,695	2,468,716	5,318,248	
Debt service:							
Principal	-	-	-	-	876,772	876,772	
Interest	-	-	-	-	536,360	536,360	
Other operating expenses	-	-	-	-	17,245	17,245	
Total expenditures	<u>6,836,598</u>	<u>1,203,616</u>	<u>348,370</u>	<u>1,644,695</u>	<u>4,556,804</u>	<u>14,590,083</u>	
Excess (deficiency) of revenues over expenditures	<u>(538,539)</u>	<u>(526,030)</u>	<u>719,196</u>	<u>(1,171,195)</u>	<u>(1,302,337)</u>	<u>(2,818,905)</u>	
Other Financing Sources (uses)							
Proceeds from long-term capital related debt	-	-	-	-	179,532	179,532	
Operating transfers in	324,681	129,248	345,848	1,388,215	1,594,958	3,782,950	
Operating transfers out	(488,748)	(1,901,759)	(1,061,936)	-	(280,203)	(3,732,646)	
Total other financing sources and uses	<u>(164,067)</u>	<u>(1,772,511)</u>	<u>(716,088)</u>	<u>1,388,215</u>	<u>1,494,287</u>	<u>229,836</u>	
Net change in fund balances	<u>(702,606)</u>	<u>(2,298,541)</u>	<u>3,108</u>	<u>217,020</u>	<u>191,950</u>	<u>(2,589,069)</u>	
Fund balance - beginning of year	2,249,186	3,850,192	178,658	-	687,168	6,965,204	
Fund balance - end of year	<u>\$ 1,546,580</u>	<u>1,551,651</u>	<u>181,766</u>	<u>217,020</u>	<u>879,118</u>	<u>4,376,135</u>	

See accompanying notes to the financial statements

STATE OF NEW MEXICO
CITY OF BELEN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

Net change in fund balances-total governmental funds \$ (2,589,069)

Amounts reported to governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense, in the current period, these amounts are:

Capital outlay	5,318,248	
General government expenditures included as capital outlay in the financial statements	(16,822)	
Depreciation expense	<u>(2,451,587)</u>	
Excess of capital outlay expenses over depreciation		2,849,839
Deletions of capital assets - loss on disposition of capital assets		(31,699)

These are not considered "available" revenues in the governmental funds until received.

Change in amount deferred revenue on fund statements.		43,880
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Principal payments of long term debt and leases and are reported as expenditures in governmental funds. However, in the statement of activities, those principal payments are recorded as reductions to the short term and long term obligation, in the current period, these amounts are:

Principal payments		851,973
New capital lease not on balance sheet		(179,532)

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in compensated absences		<u>(25,773)</u>
Change in net assets of governmental activities		<u>\$ 919,619</u>

See accompanying notes to the financial statements

STATE OF NEW MEXICO
CITY OF BELEN
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON GAAP BUDGETARY BASIS)
1011 - GENERAL FUND
YEAR ENDED JUNE 30, 2007

	Initial Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Municipal taxes	\$ 2,225,563	2,287,461	2,261,627	(25,834)
Licenses and permits	104,510	125,124	79,012	(46,112)
State shared taxes	2,545,631	2,646,724	2,849,403	202,679
Charges for services	227,290	227,290	223,168	(4,122)
Fines and forfeits	109,859	109,859	188,212	78,353
Grants	351,588	413,128	47,996	(365,132)
Investment income	4,000	21,012	21,012	-
Other	220,122	388,061	259,171	(128,890)
Total revenues	<u>5,788,563</u>	<u>6,218,659</u>	<u>5,929,601</u>	<u>(289,058)</u>
Expenditures				
General government	2,094,938	2,293,219	2,293,219	-
Public safety	2,391,443	2,459,256	2,420,835	38,421
Culture and recreation	958,812	958,812	958,312	500
Public works	551,733	556,484	556,484	-
Capital outlay	224,834	224,834	203,124	21,710
Total expenditures	<u>6,221,760</u>	<u>6,492,605</u>	<u>6,431,974</u>	<u>60,631</u>
Excess (deficiency) of revenues over expenditures	<u>(433,197)</u>	<u>(273,946)</u>	<u>(502,373)</u>	<u>(228,427)</u>
Other Financing Sources (uses)				
Operating transfers in	198,600	663,600	324,681	(338,919)
Operating transfers out	(98,714)	(106,510)	(488,748)	(382,238)
Total other financing sources (uses)	<u>99,886</u>	<u>557,090</u>	<u>(164,067)</u>	<u>(721,157)</u>
Excess (deficiency) of revenues, and Other financing sources over (under) expenditures and other financing (uses) \$	<u>(333,311)</u>	<u>283,144</u>	<u>(666,440)</u>	<u>(949,584)</u>
Cash balance, beginning of year	\$ <u>1,578,108</u>		<u>1,578,108</u>	

See accompanying notes to the financial statements

STATE OF NEW MEXICO
CITY OF BELEN
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE - 1205 INFRASTRUCTURE GRT 1/8%
YEAR ENDED JUNE 30, 2007

	<u>Initial Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
State shared taxes	\$ 500,274	657,762	520,883	(136,879)
Interest	-	-	136,879	136,879
Total revenues	<u>500,274</u>	<u>657,762</u>	<u>657,762</u>	<u>-</u>
Expenditures:				
Current:				
General government	171,000	376,809	376,809	-
Non-current:				
Capital outlay	-	-	801,807	(801,807)
Total expenditures	<u>171,000</u>	<u>376,809</u>	<u>1,178,616</u>	<u>(801,807)</u>
Other financing uses:				
Operating transfer in	-	-	129,248	129,248
Operating transfer out	(413,539)	(513,544)	(1,901,759)	(1,388,215)
Total other financing uses	<u>(413,539)</u>	<u>(513,544)</u>	<u>(1,772,511)</u>	<u>(1,258,967)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (84,265)</u>	<u>(232,591)</u>	<u>(2,293,365)</u>	<u>(2,060,774)</u>
Cash balance, beginning of year	<u>\$ 3,760,962</u>	<u>3,760,962</u>	<u>3,760,962</u>	

See accompanying notes to the financial statements

STATE OF NEW MEXICO
CITY OF BELEN
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE - 1207 INFRASTRUCTURE GRT 1/2%
YEAR ENDED JUNE 30, 2007

	Initial Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Gross Receipts Tax	\$ 1,001,663	1,042,929	1,042,929	-
Total revenues	<u>1,001,663</u>	<u>1,042,929</u>	<u>1,042,929</u>	<u>-</u>
Expenditures:				
Current:				
Highways and streets	50,000	141,505	141,505	-
Non-current:				
Capital outlay	-	166,280	166,280	-
Total expenditures	<u>50,000</u>	<u>307,785</u>	<u>307,785</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures				
Other financing (sources) uses:				
Operating transfers in	-	-	345,848	345,848
Operating transfers out	<u>(876,806)</u>	<u>(1,001,812)</u>	<u>(1,061,936)</u>	<u>(60,124)</u>
Total other financing uses	<u>(876,806)</u>	<u>(1,001,812)</u>	<u>(716,088)</u>	<u>285,724</u>
Excess (deficiency) of revenues, and Other financing sources over (under) expenditures and other financing (uses)				
	<u>\$ 74,857</u>	<u>(266,668)</u>	<u>19,056</u>	<u>285,724</u>
Cash balance, beginning of year	<u>\$ -</u>	<u>303,735</u>	<u>303,735</u>	

See accompanying notes to the financial statements

STATE OF NEW MEXICO
CITY OF BELEN
BALANCE SHEET
PROPRIETARY FUNDS
AS OF JUNE 30, 2007

	Major Funds			Total
	2602,2603 2605 Water	2604 Solid Waste	2601,2606 2607,2608 Wastewater	
Assets				
Current assets				
Cash and cash equivalents	\$ 345,674	130,226	274,196	750,096
Receivables, net	195,072	166,851	127,057	488,980
Due from other funds	-	-	-	-
Total current assets	<u>540,746</u>	<u>297,077</u>	<u>401,253</u>	<u>1,239,076</u>
Non-current assets				
Restricted cash	115,666	-	-	115,666
Capital assets, net	5,965,913	19,493	13,787,062	19,772,468
Total noncurrent assets	<u>6,081,579</u>	<u>19,493</u>	<u>13,787,062</u>	<u>19,888,134</u>
Total assets	<u>\$ 6,622,325</u>	<u>316,570</u>	<u>14,188,315</u>	<u>21,127,210</u>
Liabilities				
Current liabilities				
Accounts payable	\$ -	85,648	8,120	93,768
Accrued payroll liabilities	12,459	2,265	6,243	20,967
Due to other funds	-	-	-	-
Deposits held for others	115,666	-	-	115,666
Accrued interest payable	85,195	-	-	85,195
Revenue bonds payable - current portion	68,749	28,600	-	97,349
Compensated absences payable-current portion	31,049	6,439	14,770	52,258
Landfill post-closure liability - current portion	-	29,463	-	29,463
Total current liabilities	<u>313,118</u>	<u>152,415</u>	<u>29,133</u>	<u>494,666</u>
Non-current liabilities				
Revenue bonds payable (less current portion)	1,694,184	493,600	-	2,187,784
Landfill post-closure liability	-	589,275	-	589,275
Total non-current liabilities	<u>1,694,184</u>	<u>1,082,875</u>	<u>-</u>	<u>2,777,059</u>
Total liabilities	<u>2,007,302</u>	<u>1,235,290</u>	<u>29,133</u>	<u>3,271,725</u>
Net Assets				
Invested in capital assets, net of related debt	4,202,980	(502,707)	13,787,062	17,487,335
Unrestricted	412,043	(416,013)	372,120	368,150
Total net assets	<u>4,615,023</u>	<u>(918,720)</u>	<u>14,159,182</u>	<u>17,855,485</u>
Total liabilities and net assets	<u>\$ 6,622,325</u>	<u>316,570</u>	<u>14,188,315</u>	<u>21,127,210</u>

See accompanying notes to the financial statements

STATE OF NEW MEXICO
CITY OF BELEN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Major Funds			Total
	2602,2603 2605 Water	2604 Solid Waste	2601,2606 2607,2608 Wastewater	
Operating revenues				
Sales and services	\$ 1,165,910	1,073,363	831,851	3,071,124
Miscellaneous revenue	36,762	4,450	16,615	57,827
Total operating revenues	<u>1,202,672</u>	<u>1,077,813</u>	<u>848,466</u>	<u>3,128,951</u>
Operating expenses				
General and administrative	861,390	93,269	241,651	1,196,310
Fuel and power	125,592	9,014	110,252	244,858
Other operating expenses	148,407	1,104,490	252,674	1,505,571
Depreciation	178,877	7,431	572,135	758,443
Total operating expenses	<u>1,314,266</u>	<u>1,214,204</u>	<u>1,176,712</u>	<u>3,705,182</u>
Operating income (loss)	<u>(111,594)</u>	<u>(136,391)</u>	<u>(328,246)</u>	<u>(576,231)</u>
Non-operating revenues and expenses:				
Gross receipts tax	144,387	128,927	200	273,514
Federal grants	-	-	14,699	14,699
State grants	-	-	148,450	148,450
Loss on disposition of assets	-	-	(7,068)	(7,068)
Interest income	12,823	4,018	6,723	23,564
Interest and loan expense	(78,806)	-	-	(78,806)
Total non-operating revenues and expenses	<u>78,404</u>	<u>132,945</u>	<u>163,004</u>	<u>374,353</u>
Income before transfers	<u>(33,190)</u>	<u>(3,446)</u>	<u>(165,242)</u>	<u>(201,878)</u>
Operating transfers in (out)				
Transfers in	360,143	-	38,690	398,833
Transfers out	(251,705)	-	(197,432)	(449,137)
Net operating transfers	<u>108,438</u>	<u>-</u>	<u>(158,742)</u>	<u>(50,304)</u>
Change in net assets	<u>75,248</u>	<u>(3,446)</u>	<u>(323,984)</u>	<u>(252,182)</u>
Net assets - beginning of year	4,791,628	(917,085)	14,310,182	18,184,725
Restatement	(251,853)	1,811	172,984	(77,058)
Net assets - beginning, restated	<u>4,539,775</u>	<u>(915,274)</u>	<u>14,483,166</u>	<u>18,107,667</u>
Total net assets - end of year	<u>\$ 4,615,023</u>	<u>(918,720)</u>	<u>14,159,182</u>	<u>17,855,485</u>

See accompanying notes to the financial statements

STATE OF NEW MEXICO
CITY OF BELEN
STATEMENT OF CASH FLOWS PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Major Funds				
	2602,2603	2604	2601,2606	2607,2608	Total
	Water	Solid Waste	Wastewater		
Cash Flows From Operating Activities					
Receipts from customers and users	\$ 1,183,821	1,059,637	838,291		3,081,749
Payments to suppliers	(463,509)	(1,057,318)	(362,976)		(1,883,803)
Payments to employees	(669,352)	(92,750)	(242,648)		(1,004,750)
Net cash provided (used) by operating activities	<u>50,960</u>	<u>(90,431)</u>	<u>232,667</u>		<u>193,196</u>
Cash Flows From Non-Capital Financing Activities					
Cash collections from meter deposits, net	3,193	-	-		3,193
Receipts from state taxes	144,387	128,927	200		273,514
Receipts from state/federal grants	-	-	163,149		163,149
Operating transfers from other funds	135,388	-	14,535		149,923
Operating transfers to other funds	(26,950)	-	(173,277)		(200,227)
Net cash provided (used) from non-capital financing activities	<u>256,018</u>	<u>128,927</u>	<u>4,607</u>		<u>389,552</u>
Cash Flows From Capital And Related Financing Activities					
Purchases/adjustment of capital assets	(38,949)	-	(133,035)		(171,984)
Interest paid on capital debt	(78,806)	-	-		(78,806)
Principal paid on notes and bonds payable	(103,461)	(26,480)	-		(129,941)
Net cash provided (used) from related financing activities	<u>(221,216)</u>	<u>(26,480)</u>	<u>(133,035)</u>		<u>(380,731)</u>
Cash Flows From Investing Activities					
Investment income	12,823	4,018	6,722		23,563
Net cash provided by investing activities	<u>12,823</u>	<u>4,018</u>	<u>6,722</u>		<u>23,563</u>
Net increase (decrease) in cash	98,585	16,034	110,961		225,580
Cash and cash equivalents, beginning of year	362,755	114,192	163,235		640,182
Cash and cash equivalents, end of year	<u>\$ 461,340</u>	<u>130,226</u>	<u>274,196</u>		<u>865,762</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities					
Operating income (loss)	\$ (111,594)	(136,391)	(328,246)		(576,231)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	178,877	7,431	572,135		758,443
(Increase) decrease in receivables	(18,851)	(18,176)	(10,175)		(47,202)
Increase (decrease) in accounts payable and accrued expenses	2,528	56,705	(1,047)		58,186
Net cash provided (used) by operating activities	<u>\$ 50,960</u>	<u>(90,431)</u>	<u>232,667</u>		<u>193,196</u>

See accompanying notes to the financial statements

STATE OF NEW MEXICO
CITY OF BELEN
NOTES TO FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2007

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Belen (City) was incorporated in 1918. The City operates under a mayor-council form of government and provides the following services: public safety (police, emergency and fire), public works (highways and streets), community services (culture and recreation), judicial, development, legal, engineering and general administrative services.

The summary of significant accounting policies of the City of Belen is presented to assist in the understanding of the City's financial statements. The financial statements and notes are the representation of the City of Belen's management who is responsible for their integrity and objectivity. The financial statements of the City of Belen have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to government units. The City applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued after November 30, 1989, unless the pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The more significant of the City's accounting policies are described below.

A. Reporting Entity

In evaluating how to define the City 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 GAAP. The basis but not the only criterion for including a potential component unit with the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluation potential component units is the scope of public service. Application of this criterion involves considering whether the activity is conducted within the geographic boundaries of the City 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 City is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no component units included in the reporting entity.

B. Basis of Presentation

Government-Wide Financial Statements

The Government-Wide financial statements include the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets and the Statement of Activities report information on all of the non-fiduciary activities of The City. The effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Program revenues include 1) charges to customers or applicants for services, 2) Operating grants and contributions and 3) capital grants and contributions. Program revenues included

STATE OF NEW MEXICO
CITY OF BELEN
NOTES TO FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2007

in the Statement of Activities reduce the cost of the function to be financed from general revenues. Items not properly identified as program revenues are reported instead as general revenues.

The City reports all direct expenses by program in the Statement of Activities. Direct expenses are those clearly identifiable with a function. Depreciation expense is specifically identified by program and is included in the direct expense to each program.

Fund Financial Statements

The City uses funds to report on its financial position and the result of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked money (special revenue funds), and the acquisition of construction of general capital assets (capital projects fund). The general fund is used to account for all activities of the general government not accounted for in other funds.

Proprietary funds are used to account for business activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government as the utility fund, which account for the providing of water, wastewater, and sewer services to the residents of the City.

Fiduciary funds (trust and agency funds) are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Trust and agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. There were no fiduciary funds during the year ended June 30, 2007.

Separate financial statements are provided for governmental funds, the proprietary fund, and fiduciary funds. In accordance with the provisions of GASB Statement No. 34, the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and the enterprise fund are reported as separate columns in the fund financial statements.

Major individual governmental funds are reported as separate columns in the fund financial statements. The City reports the following major funds:

Governmental Funds

General Fund

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

Infrastructure Gross Receipts Tax 1/8% – Special Revenue Fund

To account for receipt of gross receipt taxes, created by the City ordinances. The proceeds are to be used for acquisition, construction, operations and maintenance of solid waste, wastewater facilities, streets, sewer

STATE OF NEW MEXICO
CITY OF BELEN
NOTES TO FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2007

systems and related facilities.

Infrastructure Gross Receipts Tax Fund ½% – Special Revenue Fund

To account for receipt of gross receipts taxes created by the City ordinances. The proceeds are to be used for acquisition, construction, operations and maintenance of wastewater facilities, streets, sewer systems and related facilities, and also to pay municipal Gross Receipts Tax Bond Series 1997 and 1998.

Becker Avenue Enhancement Project – Capital Project Fund

To account for grants and loan proceeds used to improve the City's infrastructure.

Proprietary Funds

Management considers all funds to be major funds. The funds are as follows:

Water Fund, Solid Waste Fund, Wastewater Fund To account for the operation, maintenance, and development of the City public water system, solid waste system and wastewater system.

C. Measurement Focus, Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Basis of accounting refers to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year they are billed. Property taxes receivable are recognized in the government-wide statements net of estimated refunds and uncollectible amounts in the period the taxes are levied, even if not available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Amounts reported in the funds as inter fund receivables or payables have been eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

The City also reports deferred revenues on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when The City has a legal claim to the resources, the liability for deferred revenues is removed from the combined balance sheet and revenue is recognized.

All governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. Under the modified accrual basis, revenues are recognized as soon as they are *both measurable and available*. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay for liabilities of the current period.

STATE OF NEW MEXICO
CITY OF BELEN
NOTES TO FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2007

For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when payment is due.

Those revenues susceptible to accrual are property taxes, franchise taxes, licenses, interest income and investment income. Sales and use taxes are classified as derived tax revenues and are recognized when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All other revenues such as fines and permits are not susceptible to accrual because generally they are not measurable until received in cash. All revenues received from funding sources are considered non-reverting.

Proprietary funds are accounted for using a flow of economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of the fund are included on the balance sheet. Under the accrual basis, revenues are recorded when earned and expenses when the related fund liabilities are incurred. The City distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the wastewater, solid waste and water funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Inventories of expendable goods and supplies are not considered as they are nominal in amount.

D. Budgets and Budgetary Accounting

The original reporting budget is coordinated and prepared by the City Manager and staff. The budget is brought before the City Council for approval. The approved budget is then presented to the State of New Mexico, Department of Finance and Administration for approval. Amendments to the budget, including operating transfers, must follow the same process as the original budget. Adjustments and other amendments made to the original budget have been included in the budgetary comparison statements of this report. The Department of Finance and Administration exercises budget control at the fund level. The budgets of all individual funds may not be legally over expended. All appropriations lapse at year-end.

Budgets and amendments to the budgets for all governmental funds are adopted in a legally permissible manner. The budgets presented in the financial statements are considered to be adopted on a basis inconsistent with accounting principles generally accepted in the United States of America (GAAP). Budgetary comparisons presented for these funds are on a non-GAAP (cash) budgetary basis.

E. Inter Fund Balances and Activity

During the course of current operations and in prior years, cash advance transactions occurred between individual funds. These receivables and payables are classified as "Internal Balances" on the balance sheet.

STATE OF NEW MEXICO
CITY OF BELEN
NOTES TO FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2007

F. Restricted Cash and Cash Equivalents

Restricted cash consists of cash held by The City for the enterprise fund customer meter deposits and reserves required for the enterprise debt covenants.

G. Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

All capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are valued at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value some of the water rights reported in the general fund and in the government-wide statements.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. Purchases and donations for assets over \$5,000 are capitalized.

GASB 37 does not require construction period interest be capitalized from debt related to construction in progress for governmental funds. Any construction period interest is capitalized from debt related to construction in progress in the proprietary funds when applicable.

The City includes software and library books in the capital assets and depreciates the software and library books as applicable. Software includes computer software that has been developed for internal use.

The range of estimated useful lives by type of asset is as follows:

Land	Unlimited
Buildings	40
Building improvements	40
Public domain infrastructure	40
System infrastructure	20-30
Office equipment	10
Vehicles	10
Library books	5
Heavy equipment	10

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

STATE OF NEW MEXICO
CITY OF BELEN
NOTES TO FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2007

H. Compensated Absences

Vested or accumulated vacation and compensated leave that is expected to be liquidated with expendable available financial resources are reported as expenditure. No liability is recorded for non-vesting accumulated rights to receive sick pay benefits.

City employees accrue sick leave at the rate of ten hours per month. They earn vacation leave at the rate of ten hours per month. Employees with ten and twenty year-service receive additional five and ten vacation days per year respectively. The maximum accrual of vacation leave is 240 hours. A liability for these amounts is reported in the governmental funds only if they have matured, for example as a result of employee resignations and retirements.

In the governmental fund financial statements, the City does not report any compensated absences as a liability. Compensated absences expenditures are reported as they are used from expendable available financial resources, while the proprietary funds report the liability as it incurs. The government-wide statements report compensated absences as a long-term debt.

I. Long Term Obligations

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable, notes payable and accrued compensated absences. Long-term obligations are reported in the Government-wide financial statements as long-term debt if it is due in one year or more and as current portion of debt if due in one year or less.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

J. Equity Classifications

Government-wide Statements

Net assets on the Statement of Net Assets include the following:

- a. Invested in capital assets- net of related debt – Is the component of net assets that reports the difference between capital assets and both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.
- b. Restricted net assets– Consist of net assets with constraints placed on the use by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation or federal law.
- c. Unrestricted net assets – Include all other net assets that do not meet the definition of “restricted” or

STATE OF NEW MEXICO
CITY OF BELEN
NOTES TO FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2007

“invested in capital assets, net of related debt.”

The City’s policy is to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

K. Inter Fund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reduction of expenditures/expenses fund that is reimbursed. All other interfund transactions, except quasi-external transaction and reimbursements are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as equity transfers. All inter-fund activities between governmental funds and fiduciary funds, if any, remain as interfund balances on the government-wide Statement of Net Assets.

L. Property Taxes

Property taxes are collected by the Valencia County Treasurer and remitted to The City monthly. Delinquent property taxes payable to the Valencia County Treasurer are not recognized until actually collected and remitted by the Valencia County Treasurer to The City. Property taxes are payable to the County Treasurer in two equal installments due on November 10th of each year in which the tax bill was prepared and mailed on April 10th of the following year. Pursuant to Section 7-38-46, NMSA 1978, property taxes are delinquent if not paid within thirty days after the date on which they are due. Taxes on real property may be collected by selling the real property on which the taxes are delinquent.

M. Pension Plan

Substantially all of the full-time employees of The City participate in a defined benefit contributory retirement plan through Public Employees Retirement Act (PERA) of the State of New Mexico, a cost sharing multiple employer-public employee retirement system.

N. Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees; and natural disasters. The City carries commercial insurance for these risks of loss, including employee health and accident insurance.

O. Cash Flows

For purposes of the statement of cash flows, the City considers all highly liquid investments and restricted cash assets to be cash equivalents.

STATE OF NEW MEXICO
CITY OF BELEN
NOTES TO FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2007

P. Estimates

The preparation of financial statements in conformity with accounting standards generally accepted in the United States of America requires management to make assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ.

2. CASH

Cash includes cash in banks with various financial institutions. As of June 30, 2007, the amount of cash reported on the financial statements differs from the amount on deposit with the various institutions because of transaction in transit and outstanding checks. The locations and amounts deposited at each of the financial institutions are as follows:

<u>Depository</u>	<u>Account Name</u>	<u>Account Type</u>	<u>Bank Balance</u>	<u>Reconciled Balance</u>
Wells Fargo Bank	General Checking	Checking	956,480	709,762
Wells Fargo Bank	Matin Luther King	Checking	326	326
Wells Fargo Bank	Fire Pumper	Savings	200,667	200,667
Total Wells Fargo			<u>1,157,473</u>	<u>910,755</u>
First Community Bank	Capital Investment	Checking	105,953	105,953
First Community Bank	Capital infrastructure	Money market	99,817	99,817
First Community Bank	W&S Revenue Bond Reserve	Checking	10,000	10,000
First Community Bank	Payroll account	Checking	120,043	10,711
First Community Bank	Rec'd Westside	Money market	-	97,032
First Community Bank	Recreation Capital/Stage	Savings	22,855	22,855
First Community Bank	Utility account	Checking	142,564	(15,025)
First Community Bank	Utility Capital investment	Money market	7,472	7,472
First Community Bank	Wtr/Wste Wtr Rehab	Money market	140,491	140,491
First Community Bank	Water rights	Money market	135,186	135,186
Total First Community Bank			<u>784,381</u>	<u>614,492</u>

STATE OF NEW MEXICO
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For The Fiscal Year Ended June 30, 2007

Depository	Account Name	Account Type	Bank Balance	Reconciled Balance
My Bank	GO Bonds	Money market	6,793	6,793
My Bank	Meter Deposits	Savings	102,034	102,034
My Bank	Gen 1/12th Inv	Savings	590	590
My Bank	Airport Investment Fund	Checking	27,477	27,477
My Bank	W&S Rev Bond Reserve	Money market	-	-
My Bank	Capital Investment/WW	Money market	140,803	140,803
My Bank	Solid Waste Closure	Money market	117,508	117,508
My Bank	W&S Improvement	Checking	504	504
Total My Bank			<u>395,709</u>	<u>395,709</u>
Bank of Albuquerque	2005 Revenue Bond Issue	Demand deposit and CD	377,452	377,452
Bank of Albuquerque	Gas Tax Revenue Bond	CD	156,000	156,000
Total Bank of Albuquerque			<u>533,452</u>	<u>533,452</u>
Bank of Albuquerque-Trust Sces	NMFA Fire Truck Interest Acct	Money market	4,931	4,931
Bank of Albuquerque-Trust Sces	NMFA Fire Truck Reserve Acct	Money market	26,766	26,766
Bank of Albuquerque-Trust Sces	NMFA Reinken Interest acct	Money market	1,463,456	1,463,456
Bank of Albuquerque-Trust Sces	NMFA Reinken Reserve acct	Money market	332,600	332,600
Bank of Albuquerque-Trust Sces	NMFA Wtr/WW Interest Acct	Money market	9,084	9,084
Bank of Albuquerque-Trust Sces	NMFA Wtr/WW Reserve Acct	Money market	102,827	102,827
			<u>1,939,664</u>	<u>1,939,664</u>
Bank of NY-Western Trust	GRT 1997 Debt Service	Money market	96	96
Bank of NY-Western Trust	Sales Rev. Bonds Reserves	Money market	456	456
Total Bank of NY			<u>552</u>	<u>552</u>
New Mexico Finance Authority	Fire Truck payment account	Loan	10,617	10,617
New Mexico Finance Authority	Reinken payment account	Loan	116,544	116,544
New Mexico Finance Authority	Wtr/WW payment account	Loan	50,086	50,086
Total NMFA			<u>177,247</u>	<u>177,247</u>
		Petty Cash	100	100
		Petty Cash	200	200
			<u>300</u>	<u>300</u>
	Total cash per the City		4,988,778	4,572,171
	Reconciling items		(416,607)	-
	Total cash per the F/S		<u><u>4,572,171</u></u>	<u><u>4,572,171</u></u>

STATE OF NEW MEXICO
CITY OF BELEN
NOTES TO FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2007

3. DEPOSITORY COLLATERAL

In accordance with Section 6-10-17 NMSA 1978 Compilation, deposits of public money are required to be collateralized. Pledged collateral is required in an aggregate value equal to one half of the amount of uninsured public money in each account during the fiscal year.

Securities which are obligations of the State of New Mexico, its agencies, institutions, counties, or municipalities or other subdivisions are accepted as security at par value; all other securities are accepted as security at market value. No security is required for the deposit of public money that is insured by the Federal Deposit Insurance Corporation, or the National Credit Union Share Insurance Fund.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy is to collateralize one half of the uninsured public money in each account. As of June 30, 2007, the City's bank balances of \$4,572,171 were exposed to custodial risk as follows:

Uninsured and uncollateralized	\$ 460,573
Uninsured and collateral held by pledging bank's trust department, not in the City's name	<u>2,410,442</u>
Total	<u>\$ 2,871,015</u>

The following schedule shows the risk categories for the various bank deposits for the City of Belen-By bank:

Deposits in Wells Fargo Bank New Mexico

Demand deposits	\$ 1,157,473
Less FDIC insurance	<u>(200,000)</u>
Total uninsured public funds	<u>957,473</u>
50% collateral requirements	<u>\$ 478,737</u>

Pledged security held in bank's name at Custodian - Well Fargo Bank, Minn-Mpls

Security Description	Maturity Date	Fair Market Value	Security Interest Rate
Federal Reserve Bank CUSIP 31371MNG8	01/01/2036	\$ 299,957	6%
Federal Reserve Bank CUSIP 31408H2Z7	05/01/2036	274,309	6%
Federal Reserve Bank CUSIP 36202DUJ8	09/20/2032	43,596	6%
Federal Reserve Bank CUSIP 36202DVN8	12/20/2032	<u>61,509</u>	6%
Total collateral		<u>\$ 679,371</u>	
Over collateralized		<u>\$ 200,634</u>	

**STATE OF NEW MEXICO
CITY OF BELEN
NOTES TO FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2007**

Deposits in First Community Bank

Demand deposits	\$ 784,381
Less FDIC insurance	<u>(122,855)</u>
Total uninsured public funds	<u>661,526</u>
50% collateral requirements	<u>\$ 330,763</u>

Pledged security held in bank's name at Custodian - First Community Bank, Albuquerque, NM

Security Description	Maturity Date	Fair Market Value	Security Interest Rate
FHLB3133MTQB7	11/15/07	\$ 49,657	3.50%
FHCB31131TMT5	06/12/08	39,311	3.38%
FHLB3133X0LJ6	08/15/08	34,418	3.75%
FHLB3133X2BZ7	11/14/08	48,944	3.63%
FHLB31339YEL2	12/30/08	24,230	3.05%
FHLB3133X8CS9	08/14/09	97,428	3.88%
FNMA31391LW43	05/01/12	150,265	6.00%
FHR31395AUY9	12/15/23	34,802	5.00%
Total collateral		<u>\$ 479,055</u>	
Over collateralized		<u>\$ 148,292</u>	

Deposits in My Bank

Demand deposits	\$ 395,709
Less FDIC insurance	<u>(127,981)</u>
Total uninsured public funds	<u>267,728</u>
50% collateral requirements	<u>\$ 133,864</u>

Pledged security held in bank's name at Custodian - Texas Independent Bankers Bank, Dallas

Security Description	Maturity Date	Fair Market Value
FHLB31339YVV1	07/21/08	\$ 195,986
FHLB31339YVV1	07/21/08	97,993
FHLB31339YVV1	07/21/08	25,498
FHLB3133X96S4	10/26/07	49,645
FHLB3133X96S4	10/26/07	24,822
FHLB3133X96S4	10/26/07	24,822
FHLB3133X96S4	10/26/07	49,645
Total collateral		<u>468,411</u>
Over collateralized		<u>\$ 334,547</u>

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For The Fiscal Year Ended June 30, 2007

Deposits in Bank of Albuquerque

Demand deposits	\$ 195,716
CD deposits	337,736
	<u>533,452</u>
Less FDIC Insurance	<u>(200,000)</u>
Total uninsured public funds	<u>333,452</u>
50% collateral requirements	<u>\$ 166,726</u>

Pledged security held in bank's name at Custodian - Federal home Loan Bank, Dallas, Texas

Security Description	Maturity Date	Fair Market Value	Security Interest Rate
FHLB31296MZE2	08/01/2033	\$ 510,688	5%
Total collateral		<u>\$ 510,688</u>	
Over collateralized		<u>\$ 343,962</u>	

The funds held by the New Mexico Finance Authority on behalf of the City of Belen are \$1,939,664. Cash with New Mexico Finance Authority is held by the State Treasurer. Please see the State Treasurer's annual report for the GASB 40 Disclosure of the investments held by the New Mexico Finance Authority. That report may be obtained by writing the New Mexico State Treasurer's Office, P. O. Box 608, Santa Fe, NM 87504-0608.

All amounts deposited with the State Treasurer are in one financial institution.

The New Mexico State Treasurer monitors the collateral for deposits held by it for the other state entities, which would include the investment account of the New Mexico Finance Authority. The Office of the State Treasurer has its own separate annual independent audit in which the collateral pledged to secure deposits is disclosed. There is not custodial credit risk at the City level since the cash amount is under the contract of the New Mexico State Treasurer.

Interest Rate Risk: The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The LGIP portfolio's weighted average maturity (WAM) is a key determinant of the tolerance of a fund's investment to rising interest rates. The LGIP's portfolio's weighted average maturity (WAM) was New MexiGROW LGIP 18-day WAM 7 day yield 5.24%.

Credit Risk: State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices. As of June 30, 2007, the City's investment in the New MexiGROW Local Government Investment Pool (LGIP) was rated AAAM by Standard & Poor's.

STATE OF NEW MEXICO
CITY OF BELEN
NOTES TO FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2007

4. RECEIVABLES

Receivables at June 30, 2007 consist of the following:

	Governmental Activities	Business-type Activities	Total
Receivables:			
Property taxes	\$ 178,278	-	178,278
Gross receipts tax	917,091	21,014	938,105
Lodgers tax	6,366	-	6,366
Franchise tax	47,483	-	47,483
Grants	150,037	-	150,037
Customer accounts	-	479,220	479,220
Gross receivables	<u>1,299,255</u>	<u>500,234</u>	<u>1,799,489</u>
Less allowance for uncollectibles	<u>-</u>	<u>(11,254)</u>	<u>(11,254)</u>
Net receivables	<u>\$ 1,299,255</u>	<u>488,980</u>	<u>1,788,235</u>

An allowance for uncollectible accounts is maintained for business-type activity accounts that are deemed uncollectible.

5. CAPITAL ASSETS

The following is a summary of changes in the capital assets for governmental activities during the fiscal year ended June 30:

Governmental activities:	2006	Additions	Deletions	Adjustments	2007
Capital assets not being depreciated:					
Land	\$ 5,434,617	-	-	-	5,434,617
Construction in progress	411,409	4,748,974	-	-	5,160,383
Other capital assets:					
Buildings	11,861,630	-	-	-	11,861,630
Machinery and equipment	2,079,452	198,847	(58,879)	54,573	2,273,993
Furniture and fixtures	127,614	7,336	-	30	134,980
Vehicles	1,169,761	346,269	(130,472)	(69,323)	1,316,235
Infrastructure	42,643,381	-	-	(131,016)	42,512,365
Total capital assets	<u>63,727,864</u>	<u>5,301,426</u>	<u>(189,351)</u>	<u>(145,736)</u>	<u>68,694,203</u>
Less accumulated depreciation for:					
Buildings	(7,212,015)	(266,541)	-	2	(7,478,554)
Machinery and equipment	(1,667,664)	(75,346)	58,879	(52,310)	(1,736,441)
Furniture and fixtures	(98,818)	(4,587)	-	86	(103,319)
Vehicles	(647,686)	(102,069)	98,773	28,094	(622,888)
Infrastructure	(22,554,663)	(2,003,044)	-	44,527	(24,513,180)
	<u>(32,180,846)</u>	<u>(2,451,587)</u>	<u>157,652</u>	<u>20,399</u>	<u>(34,454,382)</u>
Capital assets, net	<u>\$ 31,547,018</u>	<u>2,849,839</u>	<u>(31,699)</u>	<u>(125,337)</u>	<u>34,239,821</u>

**STATE OF NEW MEXICO
CITY OF BELEN
NOTES TO FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2007**

The following is a summary of changes in the capital assets for the enterprise funds for the year ended June 30:

Business-type activities:	2006	Additions	Deletions	Reclass- ification	Adjustments	2007
Capital assets not being depreciated:						
Water rights	\$ 2,671,819	-	-	(70,954)	-	2,600,865
Construction in progress	4,957,800	75,095	-	(4,957,800)	7,066	82,161
	<u>7,629,619</u>	<u>75,095</u>	<u>-</u>	<u>(5,028,754)</u>	<u>7,066</u>	<u>2,683,026</u>
Other capital assets:						
Wastewater system	5,123,438	-	-	-	102,162	5,225,600
Buildings	14,050,794	24,688	-	(6,627,335)	(224,749)	7,223,398
Machinery and equipment	1,114,870	6,269	-	-	10,232	1,131,371
Furniture and fixtures	48,365	5,381	-	-	-	53,746
Vehicles	223,475	60,551	(45,600)	-	9,000	247,426
Infrastructure	6,026,815	-	-	11,656,089	-	17,682,904
Other capital assets, net	<u>26,587,757</u>	<u>96,889</u>	<u>(45,600)</u>	<u>5,028,754</u>	<u>(103,355)</u>	<u>31,564,445</u>
Total capital assets	<u>34,217,376</u>	<u>171,984</u>	<u>(45,600)</u>	<u>-</u>	<u>(96,289)</u>	<u>34,247,471</u>
Less accumulated depreciation for:						
Wastewater system	(3,824,967)	(174,187)	-	2,942,144	-	(1,057,010)
Buildings	(5,193,947)	(180,345)	-	528,788	(175,989)	(5,021,493)
Machinery and equipment	(1,211,182)	(29,014)	-	-	195,220	(1,044,976)
Furniture and fixtures	(37,969)	(2,019)	-	-	-	(39,988)
Vehicles	(175,898)	(18,654)	38,532	-	-	(156,020)
Infrastructure	(3,330,359)	(354,225)	-	(3,470,932)	-	(7,155,516)
	<u>(13,774,322)</u>	<u>(758,444)</u>	<u>38,532</u>	<u>-</u>	<u>19,231</u>	<u>(14,475,003)</u>
Capital assets, net	<u>\$ 20,443,054</u>	<u>(586,460)</u>	<u>(7,068)</u>	<u>-</u>	<u>(77,058)</u>	<u>19,772,468</u>

The adjustments made to capital assets were primarily brought about by keeping better track of construction in progress and adjusting beginning year balances in other capital asset categories.

Reclassifications were for completed construction in progress projects.

Depreciation is calculated on the straight-line method over the estimated useful lives of the assets.

Although depreciation is not funded, it must be considered in order to properly reflect the results of operations and the replacement of the depreciated assets. Depreciation is charged to governmental and business-type activities as follows:

Governmental Activities	Depreciation expense
General government	\$ 144,561
Public safety	124,559
Public works	2,051,369
Cultural and recreation	131,098
Total	<u>\$ 2,451,587</u>

STATE OF NEW MEXICO
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For The Fiscal Year Ended June 30, 2007

Business-type Activities	Depreciation expense
Water	\$ 178,878
Solid Waste	7,431
Wastewater	572,135
Total \$	758,444

6. LONG-TERM DEBT

The following is a summary of all bond, note payable and compensated absences transactions of the City for the year ended June 30:

	2006	Additions	Reductions	Adjustments	2007	Due Within One Year
Governmental funds debt						
Notes payable	\$ 9,037,498	-	(401,628)	431,810	9,067,680	431,705
Bonds payable	4,820,000	-	(445,000)	-	4,375,000	455,000
Capital lease	-	179,532	(5,345)		174,187	32,938
Compensated absences	156,774	182,547	(156,774)	-	182,547	182,547
\$	14,014,272	362,079	(1,008,805)	431,810	13,799,356	1,102,190

	2006	Additions	Reductions	2007	Due Within One Year
Business-type funds debt					
Notes payable	\$ 740,074	-	(35,941)	704,133	38,349
Bonds payable	1,675,000	-	(94,000)	1,581,000	59,000
Compensated absences	51,929	52,258	(51,929)	52,258	52,258
\$	2,467,003	52,258	(181,870)	2,337,391	149,607

Prior year compensated absences have been liquidated by the general fund.

An adjustment was made to correct a note liability from a prior year.

STATE OF NEW MEXICO
CITY OF BELEN
NOTES TO FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2007

Debt service requirements at June 30, 2007 were as follows:

Governmental Activities

Year Ended June 30	Revenue Bonds		New Mexico Finance Authority	
	Principal	Interest	Principal	Interest
2008	\$ 455,000	191,020	234,101	259,332
2009	475,000	169,090	244,074	249,385
2010	500,000	146,140	254,718	238,764
2011	515,000	122,110	266,052	227,464
2012	345,000	99,655	233,923	215,423
2013-2017	2,085,000	249,840	1,347,462	899,705
2018-2022	-	-	1,495,701	530,715
2023-2026	-	-	1,197,112	158,689
Total	\$ 4,375,000	977,855	5,273,143	2,779,477

Year Ending June 30	New Mexico Environmental Department Loan		Capital Lease	
	Principal	Interest	Principal	Interest
2008	\$ 197,604	80,207	32,938	7,324
2009	201,727	76,084	34,486	5,776
2010	205,938	71,873	36,106	4,156
2011	210,239	67,572	37,802	2,460
2012	214,632	63,179	32,855	697
2013-2017	1,142,396	246,663	-	-
2018-2022	1,267,137	121,922	-	-
2023-2026	354,864	13,386	-	-
Total	\$ 3,794,537	740,886	174,187	20,413

**STATE OF NEW MEXICO
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NOTES TO FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2007**

Business-type activities

Year Ending June 30	Water System Improvement		New Mexico Finance Authority	
	Revenue Bonds		Principal	Interest
	Principal	Interest		
2008	59,000	73,565	28,600	24,900
2009	25,000	71,175	28,160	23,834
2010	26,000	70,956	29,920	22,863
2011	28,000	69,079	29,480	21,595
2012	29,000	67,714	31,680	19,890
2013-2017	169,000	315,754	189,200	67,704
2018-2022	213,000	270,563	185,160	19,556
2023-2027	271,000	213,330	-	-
2028-2032	345,000	140,156	-	-
2033-2037	416,000	48,019	-	-
Total	<u>1,581,000</u>	<u>1,340,311</u>	<u>522,200</u>	<u>200,342</u>

Year Ending June 30	San Juan-Chama Note Payable	
	Principal	Interest
	2008	9,749
2009	10,046	5,245
2010	10,352	4,939
2011	10,668	4,623
2012	10,993	4,298
2013-2017	60,193	16,262
2018-2022	69,932	6,517
Total	<u>\$ 181,933</u>	<u>47,426</u>

The adjustment to notes payable was for a note that was dated and recorded in the current year although the proceeds for the note were received before the end of the prior fiscal year.

7. WASTEWATER TREATMENT PLANT

The City, in its efforts to improve upon and make necessary operation improvements to the wastewater treatment plant in order to bring the City into compliance with federal standards as monitored by State and Federal regulatory agencies, has initiated steps to obligate the City for significant future costs. By virtue of Ordinance No. 1997-08, the City has authorized loan commitments up to \$4,049,684 to be obtained from the New Mexico Environment Department. The purpose of the loan is to acquire, construct, modify and otherwise improve the wastewater facilities of the City's Joint Water and Sewer systems. The City has pledged any available surplus net revenues of the ¼ Infrastructure Gross Receipts tax. The yearly interest rate approximates 4%. Repayment of the loan would not exceed a term of twenty years. The balance of the loan at June 30, 2007 was \$3,362,727.

STATE OF NEW MEXICO
CITY OF BELEN
NOTES TO FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2007

8. WATER RIGHTS

In 1990, the City entered into an agreement with the United States Department of the Interior – Bureau of Reclamation- securing 500 acre-feet of water rights from the San Juan Chama Water Project. The agreement requires the City to reimburse the project for a pro rata share of construction costs and annual operating costs. The fixed construction costs required annual payments of \$16,044 until 2003 and then of \$15,291 extending through 2022.

9. BUDGETARY BASIS OF ACCOUNTING

The Combined Statement of Revenues and Expenditures- Budget and Actual (NON-GAAP Basis)-All Governmental Fund Types reflects actual results of operations on the budgetary basis of accounting (cash basis).

The major differences between the budgetary and GAAP basis are that:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when susceptible to accrual (GAAP).

Adjustments necessary to convert the result of operation at June 30, 2007 from the budget basis to the GAAP basis are shown below:

RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS

	MAJOR GOVERNMENTAL FUNDS				MAJOR ENTERPRISE FUNDS		
	General	Infra- structure 1/8%GRT	Infra- structure 1/2%GRT	Becker Avenue Project	Water	Solid Waste	Waste- water
Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses (budgetary basis)	\$ (666,440)	(2,293,365)	19,056	217,020	142,131	113,881	153,584
Adjustments:							
To adjust applicable revenue accruals and deferrals							
Receivables	6,461	(5,176)	(10,363)	-	(34,794)	(79,671)	(17,911)
To adjust applicable expenditures and accruals and payments							
Payables and accrued expenses	(42,627)	-	(5,585)	-	(32,089)	(37,656)	(459,657)
Excess of revenues and other financing sources over expenditures and other financing uses (GAAP basis)	\$ <u>(702,606)</u>	<u>(2,298,541)</u>	<u>3,108</u>	<u>217,020</u>	<u>75,248</u>	<u>(3,446)</u>	<u>(323,984)</u>

STATE OF NEW MEXICO
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NOTES TO FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2007

10. CENTRAL SOLID WASTE AUTHORITY

The City has entered into a Joint Powers Agreement with the Village of Los Lunas to form the Central Solid Waste Authority (CSWA). The purpose of the CSWA is to enable the parties involved to more fully comply with New Mexico Solid Waste Act and to provide for the disposition of solid waste by establishing modern facilities for recycling, disposition and transportation of solid waste. The CSWA will be funded by the respective parties pro rata based on population of the covered localities. In August 1996, the City authorized the execution of and delivery of a loan agreement between the City and the New Mexico Finance Authority.

The Village of Los Lunas, New Mexico is the fiscal agent and can provide separate financial statements for the activity of the CSWA.

11. LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations have required the City to close its landfill site and stop accepting waste and to cover the landfill and perform certain maintenance and monitoring functions at the site for thirty years after closure. The City has estimated the liability for closure and post-closure care and recognized the liability in the Enterprise Fund's Combined Statement of Net Assets, on present estimates, the City expects the estimated total current cost of the landfill closure and post-closure to be \$618,738, which is based on the amount that would be paid if all equipment and services required to close, monitor and maintain the landfill were acquired as of June 30, 2007. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, information, or changes in landfill laws and regulations.

12. RETIREE HEALTH CARE ACT CONTRIBUTIONS

The Retiree Health Care Act (ACT) (Chapter 10, Article 7C NMSA 1978) provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The Retiree Health Care Authority is the administrator for the plan. The purpose is to provide eligible retirees, their spouses, dependents, and surviving spouses as well as dependents with health insurance consisting of a plan or optional plans of benefits that can be purchased by funds flowing into the Retiree Health Care Fund and by co-payments or the out-of-pocket payments of eligible retirees.

Monies flow to the Retiree Health Care Fund on a pay-as-you-go basis eligible employers and eligible retirees. Eligible employers consist of institutions of higher education, school districts, or other entities participating in the Public School Insurance Authority, state agencies, state courts, magistrate courts, municipalities or counties which are affiliated under or covered by the Educational Retirement Act, Public Employees Retirement Act, Volunteer Firefighters Act, Judicial Retirement Act or the Magistrate Retirement Act.

Eligible retirees are: (1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the Retiree Health Care Act on the person's behalf (unless the person retires before July 1, 1995), in which case the time period required for employee and employer contributions becomes the time between July 1, 1990 and the date of retirement; or (2) retirees defined by the Act who retired prior to July 1, 1990, and former legislators who served at least two years.

Each participating employer makes contributions to the fund in the amount of 1.3 percent of each participating employee's salary. Each participating employee contributes to the fund an employee

STATE OF NEW MEXICO
CITY OF BELEN
NOTES TO FINANCIAL STATEMENTS
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contribution equal to .65 percent of the employee's annual salary. Each participating retiree pays a monthly premium equal to one-half of one percent of the employee's annual salary. Each participating retiree pays monthly premium for the basic single plan and an additional participation fee of five dollars (\$5.00) if the eligible participant retired prior to July 1, 1990 and made no contributions to the plan.

Contributions from participating employers and participating employees become the property of the Retiree Health Fund and are not refundable under any circumstances, including termination of employment or termination of the participating employer's operation or participation in the Retiree Health Care Act. The employer, employee, and retiree contributions are remitted to the Retiree Health Care Authority on a monthly basis.

The Retiree Health Care Authority issues a separate, publicly available audited financial report that includes post employment benefit expenditures of premiums and claims paid participant contributions (employer, employee and retiree) and net expenditures for the fiscal year. The report also includes the approximate number of retirees participating in the plan. That report may be obtained by writing to the Retiree Health Care Authority, 4308 Carlisle Blvd. NE, Suite 104, Albuquerque, New Mexico 87107.

For the fiscal year ended June 30, 2007, the City remitted \$35,968 in employer contributions and \$17,984 in employee contributions to the Retiree Health Care Authority.

The Retiree Health Care Authority is implementing GASB 43 in FY07. As part of the State of New Mexico, all agencies will need to implement GASB 45 in FY08. The existence of the new GASB 45 standard and its expected impact is unknown.

13. RETIREMENT PLAN

Plan Description. Substantially all of The City's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Ch 10, Article 11 NMSA 978). 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 PERA-P.O. Box 2123, Santa Fe, NM 87504.

Funding Policy. Plan members are required to contribute a percentage (ranges from 15.65% for regular members 16.2% for fire department members to 16.3% for police) of their gross salary. The City is required to contribute 11.65% for regular employees, 18.5% for police personnel, and 21.25% for fire department members of the gross covered salary. The contribution requirements of plan members and the City of Belen are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the Legislature. The City's contributions to PERA for the years ending June 30, 2007, 2006 and 2005 were \$593,096, \$501,658, and \$348,777 respectively, equal to the amount of the required contributions for each year.

14 CONTINGENCIES

At June 30, 2007 the City was involved in a pending litigation. An estimate of a potential loss from this litigation as of June 30, 2007 cannot be made.

**STATE OF NEW MEXICO
CITY OF BELEN
NOTES TO FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2007**

15. DEFICIT FUND BALANCE

The following funds had a deficit fund balance at June 30, 2007.

Proprietary Fund 2604 – Solid Waste (\$918,720)
Library Renovation Fund 1217 (\$122,318)

Management anticipates future resources in excess of anticipated expenditures in amounts sufficient to eliminate this negative balance.

16. INTERFUND RECEIVABLES AND PAYABLES

The City has no interfund receivables and payables between its funds at year end June 30, 2007

The purposes of the interfund balances during the year are to account for various accounts payable and receivables during the course of ordinary operations due between the funds. All interfund balances, when outstanding, are expected to be repaid within a year of the government's year end.

17. INTERFUND TRANSFERS

Transfers and payments within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects, namely street projects. All transfers made during the year were considered routine and were consistent with the general characteristics of The City's transfers.

The following schedule details the net inter fund transfers made by the City during the year ended June 30, 2007

	General	Infra- structure 1/8%GRT	Infra- structure 1/2%GRT	Becker Street Project	Water	Waste- water	Other Governmental Funds	Total Transfers Out
General	\$ -	-	345,848	-	-	-	142,900	488,748
Infra 1/8%GRT	155,000	129,248	-	1,388,215	-	-	229,296	1,901,759
Infra 1/2%GRT	90,751	-	-	-	-	-	971,185	1,061,936
Water	-	-	-	-	75,868	32,447	143,390	251,705
Solid Waste	-	-	-	-	-	-	-	-
Wastewater	50,490	-	-	-	59,520	6,243	81,179	197,432
Other Governmental Funds	28,440	-	-	-	224,755	-	27,008	280,203
Total Transfers In	\$ 324,681	129,248	345,848	1,388,215	360,143	38,690	1,594,958	4,181,783

Transfers are primarily used to move funds from:

- The proprietary funds to the general fund for salaries and wages and related costs of personnel.
- The general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.
- The proprietary funds to the debt service fund for debt service.

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CITY OF BELEN
NOTES TO FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2007

18. JOINT POWER AGREEMENTS

Valencia County:	
Participants	Valencia County and City of Belen
Responsible party for operations	Valencia County
Description	Provide for the holding of impounded animals at Valencia County Animal Control Center
Beginning and ending dates of agreement	7/1/02- Open
Total estimated amount of project and portion applicable to agency	Valencia County provides facilities for \$4,848
Amount agency contributed in current fiscal year	NA Service provided
Audit responsibility	Valencia county
Name of government agency where revenues and expenditures are reported	DFA
Village of Los Lunas	Village of Los Lunas, City of Belen, Village of Bosque farms, County of Socorro, and City of Socorro
Participants	
Responsible party for operations	Village of Los Lunas
Description	Form a Bi-County, regional solid waste disposal authority in order to fully comply with the Solid Waste Act, to provide for disposition of solid waste by establishing modern, and, where possible, state of art, facilities for recycling, disposition and transportation of solid waste, to provide for the general protection of the health, welfare and safety of the public and to provide staff, management assistance, planning and facilities therefore
Beginning and ending dates of agreement	4/4/95- Indefinite
Total estimated amount of project and portion applicable to the City	Based proportionately upon respective percentages of the population (Belen 11%, Valencia Co. 49%, Bosque Farms 6%, Los Lunas 10%, Socorro County 9%, Socorro City 13%, Magdalena 2%.
Amount agency contributed in current fiscal year	NA Service provided
Audit responsibility	Valencia county
Name of government agency where revenues and expenditures are reported	DFA
Valencia County:	
Participants	Valencia County and City of Belen
Responsible party for operations	Valencia County
Description	Housing of prisoners at the Valencia County

STATE OF NEW MEXICO
CITY OF BELEN
NOTES TO FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2007

Beginning and ending dates of agreement	Detention Center 12/15/04-12/15/09-Renewable each year for an additional year up to five years.
Total estimated amount of project and portion applicable to agency	Valencia County provides facilities and charges the City of Belen \$61.17 per day, per detainee.
Amount agency contributed in current fiscal year	NA Service provided
Audit responsibility	Valencia county
Name of government agency where revenues And expenditures are reported	DFA

19. RESTATEMENT

The following restatements were made for the fiscal year ended June 30, 2007.

<u>Description</u>	<u>Fund</u>	<u>Reason</u>	<u>Amount</u>
Government Wide Statements			
Governmental Activities		Correct errors in CIP from prior years	\$ (125,337)
Governmental Activities		Correct note liability from prior year	(431,810)
Amount of prior period adjustment shown for governmental activities			<u>\$ (557,147)</u>
Water	2602	Correct errors in CIP from prior years	\$ (251,853)
Solid Waste	2604	Correct errors in CIP from prior years	1,811
Wastewater	2601	Correct errors in CIP from prior years	172,984
Total Enterprise funds and Business - type funds			<u>\$ (77,058)</u>

See Note 5 for explanation of capital assets adjustments and Note 6 for note payable adjustment.



SUPPLEMENTAL INFORMATION



NON-MAJOR SPECIAL REVENUE FUNDS

Parks and Recreation Fund

To account for revenues collected from taxes on cigarettes sold within the City boundaries pursuant to the Cigarette Tax Act, NMSA 7-12-1 and 7-12-15, and miscellaneous revenue received from taxpayers for special uses or tournaments, etc. Expenditures from this fund may be used for recreational facilities and salaries of employees necessary for the operation of such facilities.

Fire Protection Fund

To account for State revenues received pursuant to the Fire Protection Fund Law, NMSA 59A-53-1. Expenditures from this fund may be used for the purchase, constructions, operating, and maintenance of fire stations, except for the station's water supply system; fire apparatus and equipment; the payment of insurance premiums on the above; and for insurance premiums for injuries or death of firefighters.

Emergency Medical Services Fund

To account for State revenues received pursuant to the Emergency Medical Services Fund Act, NMSA 24-10A. Expenditures from this fund may be used for the establishment of emergency medical services; to acquire emergency medical services vehicles, equipment supplies; and for training and licensing of local emergency management services personnel.

Jail (Correction) Fund

To account for fines collected by the City Courts and designated to be used for the operation and maintenance of City jail. Authority is Section 35-15-12, NMSA.

Law Enforcement Fund

To account for funds allotted by the Law Enforcement Protection Fund, Section 29-13-5, NMSA 1978, to "enhanced the efficiency and effectiveness of law enforcement service."

Lodgers' Tax Fund

To account for revenues collected from occupancy taxes levied within the City boundaries pursuant to NMSA 3-38-15. Also, funds received from a cooperative advertising grant from the New Mexico Department of Tourism. Expenditures from this fund may be used for acquiring, constructing, improving, establishing, and operating convention, exposition or entertainment facilities; equipping and furnishing such facilities; acquiring or obtaining an interest such facilities; or advertising, publicizing, and promoting such facilities.

Payroll Fund

To account for payroll funds received and disbursed for the City.

Retired Senior Volunteer Project Fund (RSVP)

To account for grants received from the State Agency on Aging and Federal government under the Domestic Volunteer Service Act of 1983, as amended, Title II, to provide a variety of opportunities for retired persons to serve their community through significant volunteer service (Public Law 93-113).

State Highway – Section 5311

To account for grants received from the State Department of Transportation and Federal government under the Domestic Volunteer Service Act of 1983, as amended, Title II, to provide for the transportation of retired persons (Public Law 93-113).

Harvey House Fund

To account for an appropriation from the Lodgers' Tax Fund to help maintain and renovate the local historical museum.

Street Paving Revolving Account Fund

To account for revenues received from the levy of a tax per gallon of gasoline purchased within the City boundaries, pursuant to the County and Municipal Gasoline Tax Act, NMSA 7-21-1. Also, for several state grants from the New Mexico State Highway Department, for surfacing and improving various streets. Expenditures from this fund may be used for bridge and road projects on transit routes; for purchasing, maintaining or operating transit facilities; for operating a transit authority; for operating a vehicle emissions inspection program; or for road, street or highway construction, repair and maintenance on transit routes.

Martin Luther King Fund

To account for a State grant for cultural event in relation to the Martin Luther King holiday.

Evidence

To account for unclaimed evidence funds pending litigation needed to be secured.

JAG Grant Fund

To account for grant from the Department of Justice for police department expenditures.

STATE OF NEW MEXICO
CITY OF BELEN
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
AS OF JUNE 30, 2007

	1201 Harvey House	1202 Parks & Recreation	1203 Fire Protection	1204 EMS Rescue	1209 Jail (Correction)	1210 State Highway Section 5311	1211 Evidence
Assets							
Cash on deposit	\$ -	38,547	200,694	-	-	-	17,592
Accounts receivable	-	-	-	-	-	-	-
Due to (from) other funds	-	-	-	-	-	-	-
Total assets	\$ -	<u>38,547</u>	<u>200,694</u>	-	-	-	<u>17,592</u>
Liabilities							
Cash overdraft	\$ -	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-	-
Accrued expenses	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Deferred revenues	-	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	-	-
Fund Balance:							
Unreserved: Designated	-	38,547	200,694	-	-	-	17,592
for subsequent year's expenditures	-	38,547	200,694	-	-	-	17,592
Total fund balance	-	<u>38,547</u>	<u>200,694</u>	-	-	-	<u>17,592</u>
Total liabilities and fund balance	\$ -	<u>38,547</u>	<u>200,694</u>	-	-	-	<u>17,592</u>

See accompanying notes to the financial statements

STATE OF NEW MEXICO
CITY OF BELEN
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET--Cont'd
AS OF JUNE 30, 2007

	1212	1213	1215	1401	3801	4908	4909	Total
	Law	JAG	Lodgers'	Martin	RSVP	Payroll	Street	
	Enforcement	Grant	Tax	Luther King		Fund	Paving Rev.	
Assets								
Cash on deposit	\$ -	4,858	-	326	-	10,711	676	273,404
Accounts receivable	-	-	6,366	-	-	-	-	6,366
Due to (from) other funds	-	-	-	-	-	-	-	-
Total assets	\$ -	4,858	6,366	326	-	10,711	676	279,770
Liabilities								
Accrued expenses	-	-	-	-	-	2,530	-	2,530
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	2,530	-	2,530
Fund Balance:								
Unreserved: Designated								
for subsequent year's expenditures	-	4,858	6,366	326	-	8,181	676	277,240
Total fund balance	-	4,858	6,366	326	-	8,181	676	277,240
Total liabilities and fund balance	\$ -	4,858	6,366	326	-	10,711	676	279,770

See accompanying notes to the financial statements

STATE OF NEW MEXICO
CITY OF BELEN

NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2007

	1201 Harvey House	1202 Parks & Recreation	1203 Fire Protection	1204 EMS Rescue	1209 Jail (Correction)	1210 State Highway Section 5311	1211 Evidence
Revenues							
Taxes	-	10,290	-	-	63,998	-	-
Local sources	-	70,729	-	-	-	1,358	-
State sources	-	-	287,980	9,184	-	-	-
Federal sources	-	-	-	-	-	17,043	-
Earnings from investments	-	183	667	-	-	-	37,664
Total revenues	-	81,202	288,647	9,184	63,998	18,401	37,664
Expenditures							
Current:							
General government	622	-	-	-	-	-	-
Public safety	-	-	42,716	10,248	89,561	-	8,385
Highways and streets	-	-	-	-	-	28,509	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	54,827	-	-	-	-	-
Capital outlay	-	-	-	-	-	7,942	11,687
Total expenditures	622	54,827	42,716	10,248	89,561	36,451	20,072
Excess (deficiency) of revenues over expenditures	(622)	26,375	245,931	(1,064)	(25,563)	(18,050)	17,592
Other financing sources (uses)							
Proceeds from long-term capital related debt							
Transfers in	622	-	-	-	-	-	-
Transfers out	-	(10,000)	(45,237)	1,064	33,563	18,050	-
Total other financing sources (uses)	622	(10,000)	(45,237)	1,064	25,563	18,050	-
Net change in fund balance	-	16,375	200,694	-	-	-	17,592
Fund balance - beginning of year	-	22,172	-	-	-	-	-
Fund balance - end of year	-	38,547	200,694	-	-	-	17,592

See accompanying notes to the financial statements

STATE OF NEW MEXICO
CITY OF BELEN
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-Cont'd
FOR THE YEAR ENDED JUNE 30, 2007

	1212	1213	1215	1401	3801	4908	4909	Total
	Law Enforcement	JAG Grant	Lodgers' Tax	Martin Luther King	RSVP	Payroll Fund	Street Paving Rev.	
Revenues								
Taxes	\$ -	-	70,890	-	-	-	220,433	365,611
Local sources	-	-	-	-	17,210	-	-	89,297
State sources	30,200	-	-	214	9,052	-	111,654	448,284
Federal sources	-	6,858	-	-	31,072	-	-	54,973
Earnings from investments	-	-	-	-	400	1,616	495	41,025
Total revenues	<u>30,200</u>	<u>6,858</u>	<u>70,890</u>	<u>214</u>	<u>57,734</u>	<u>1,616</u>	<u>332,582</u>	<u>999,190</u>
Expenditures								
Current:								
General government	4,099	-	70,077	789	-	50	-	75,637
Public safety	1,625	-	-	-	-	-	-	152,535
Highways and Streets	-	2,000	-	-	-	-	203,157	233,666
Health & Welfare	-	-	-	-	141,046	-	-	141,046
Culture and recreation	-	-	-	-	-	-	-	54,827
Non-current:								
Capital outlay	24,514	-	-	-	-	-	122,101	166,244
Total expenditures	<u>30,238</u>	<u>2,000</u>	<u>70,077</u>	<u>789</u>	<u>141,046</u>	<u>50</u>	<u>325,258</u>	<u>823,955</u>
Excess (deficiency) of revenues over expenditures	(38)	4,858	813	(575)	(83,312)	1,566	7,324	175,235
Other financing sources (uses)								
Proceeds from long-term capital related debt	-	-	-	-	-	-	179,532	179,532
Transfers in	38	-	28,931	250	81,607	-	-	164,125
Transfers out	-	-	(30,600)	-	-	-	(186,180)	(280,017)
Total other financing sources (uses)	<u>38</u>	<u>-</u>	<u>(1,669)</u>	<u>250</u>	<u>81,607</u>	<u>-</u>	<u>(6,648)</u>	<u>63,640</u>
Net change in fund balance	-	4,858	(856)	(325)	(1,705)	1,566	676	238,875
Fund balance - beginning of year	-	-	7,222	651	1,705	6,615	-	38,365
Fund balance - end of year	<u>-</u>	<u>4,858</u>	<u>6,366</u>	<u>326</u>	<u>-</u>	<u>8,181</u>	<u>676</u>	<u>277,240</u>

See accompanying notes to the financial statements

STATE OF NEW MEXICO
CITY OF BELEN
NON-MAJOR SPECIAL REVENUE FUND -
1201 HARVEY HOUSE
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2007

	Initial Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Rental fees	\$ -	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
Culture and recreation	12,000	12,000	622	11,378
Total expenditures	<u>12,000</u>	<u>12,000</u>	<u>622</u>	<u>11,378</u>
Other financing sources:				
Operating transfer in	12,000	12,000	622	11,378
Total other financing uses	<u>12,000</u>	<u>12,000</u>	<u>622</u>	<u>11,378</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>22,756</u>

Reconciliation of Budgetary Basis to GAAP Basis Financial Statements

Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses (budgetary basis)	\$ -
Adjustments:	
To adjust applicable revenue accruals and deferrals:	
Receivables	-
To adjust applicable expenditures and accruals and payments:	
Payables and accrued expenses	-
Excess of revenues and other financing sources over expenditures and other financing uses (GAAP basis)	<u>\$ -</u>

See accompanying notes to financial statements

STATE OF NEW MEXICO
CITY OF BELEN
NON-MAJOR SPECIAL REVENUE FUND - 1202 PARKS & RECREATION
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2007

	Initial Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State shared taxes	\$ 9,000	9,000	10,290	1,290
Interest	200	200	183	(17)
Other	47,000	72,002	70,729	(1,273)
Total revenues	<u>56,200</u>	<u>81,202</u>	<u>81,202</u>	<u>-</u>
Expenditures:				
Current:				
Culture and Recreation	35,800	54,827	54,827	-
Total expenditures	<u>35,800</u>	<u>54,827</u>	<u>54,827</u>	<u>-</u>
Other financing uses:				
Operating transfers in	-	-	-	-
Operating transfers out	(10,000)	(10,000)	(10,000)	-
Total other financing uses	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ <u>10,400</u>	<u>16,375</u>	<u>16,375</u>	<u>-</u>

Reconciliation of Budgetary Basis to GAAP Basis Financial Statements

Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses (budgetary basis)	\$ 16,375
Adjustments:	
To adjust applicable revenue accruals and deferrals:	
Receivables	-
To adjust applicable expenditures and accruals and payments:	
Payables and accrued expenses	-
Excess of revenues and other financing sources over expenditures and other financing uses (GAAP basis)	\$ <u>16,375</u>

See accompanying notes to financial statements

STATE OF NEW MEXICO
CITY OF BELEN
NON-MAJOR SPECIAL REVENUE FUND - 1203 FIRE PROTECTION
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2007

	Initial Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Donation	\$ -	200,000	200,000	-
State Fire Allotment	84,279	87,980	87,980	-
Interest	-	667	667	-
Total revenues	<u>84,279</u>	<u>288,647</u>	<u>288,647</u>	<u>-</u>
Expenditures:				
Current:				
Public safety	40,106	42,716	42,716	-
Total expenditures	<u>40,106</u>	<u>42,716</u>	<u>42,716</u>	<u>-</u>
Other financing uses:				
Operating transfer in	-	-	-	-
Operating transfer out	(44,173)	(44,173)	(45,237)	(1,064)
Total other financing uses	<u>(44,173)</u>	<u>(44,173)</u>	<u>(45,237)</u>	<u>(1,064)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ -	<u>201,758</u>	<u>200,694</u>	<u>(1,064)</u>

Reconciliation of Budgetary Basis to GAAP Basis Financial Statements

Excess (deficiency) of revenue and other financing sources
over expenditures and other financing uses (budgetary basis) \$ 200,694

Adjustments:

To adjust applicable revenue accruals and deferrals:

Receivables -

To adjust applicable expenditures and accruals and payments:

Payables and accrued expenses -

Excess of revenues and other financing sources over
expenditures and other financing uses (GAAP basis) \$ 200,694

See accompanying notes to the financial statements

STATE OF NEW MEXICO
CITY OF BELEN
NON-MAJOR SPECIAL REVENUE FUND -
1204 EMS RESCUE
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-MAJOR BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2007

	Initial Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State grants	\$ 9,178	9,184	9,184	-
Total revenues	<u>9,178</u>	<u>9,184</u>	<u>9,184</u>	<u>-</u>
Expenditures:				
Current:				
Public safety	9,178	10,248	10,248	-
Total expenditures	<u>9,178</u>	<u>10,248</u>	<u>10,248</u>	<u>-</u>
Other financing (sources) uses:				
Operating transfers in	-	1,064	1,064	-
Operating transfers out	-	-	-	-
Total other financing uses	<u>-</u>	<u>1,064</u>	<u>1,064</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Reconciliation of Budgetary Basis to GAAP Basis Financial Statements

Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses (budgetary basis)	\$ -
Adjustments:	
To adjust applicable revenue accruals and deferrals:	
Receivables	-
To adjust applicable expenditures and accruals and payments:	
Payables and accrued expenses	-
Excess of revenues and other financing sources over expenditures and other financing uses (GAAP basis)	<u>\$ -</u>

See accompanying notes to the financial statements

STATE OF NEW MEXICO
CITY OF BELEN
NON-MAJOR SPECIAL REVENUE FUND -
1209 JAIL (CORRECTIONS)
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2007

	Initial Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Fines and forfeits	\$ 61,400	63,998	63,998	-
Other	-	-	-	-
Total revenues	<u>61,400</u>	<u>63,998</u>	<u>63,998</u>	<u>-</u>
Expenditures:				
Current:				
Public safety	<u>68,000</u>	<u>89,561</u>	<u>89,561</u>	-
Total expenditures	<u>68,000</u>	<u>89,561</u>	<u>89,561</u>	-
Other financing (sources) uses:				
Operating transfers in	-	-	33,563	33,563
Operating transfers out	<u>(8,000)</u>	<u>(8,000)</u>	<u>(8,000)</u>	-
Total other financing uses	<u>(8,000)</u>	<u>(8,000)</u>	<u>25,563</u>	<u>33,563</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ <u>(14,600)</u>	<u>(33,563)</u>	<u>-</u>	<u>33,563</u>
Cash balance, beginning of year	\$ <u>33,563</u>	<u>33,563</u>		

Reconciliation of Budgetary Basis to GAAP Basis Financial Statements

Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses (budgetary basis)	\$ -
Adjustments:	
To adjust applicable revenue accruals and deferrals:	
Receivables	-
To adjust applicable expenditures and accruals and payments:	
Payables and accrued expenses	-
Excess of revenues and other financing sources over expenditures and other financing uses (GAAP basis)	\$ <u>-</u>

See accompanying notes to the financial statements

STATE OF NEW MEXICO
CITY OF BELEN
NON-MAJOR SPECIAL REVENUE FUND -
1210 STATE HIGHWAY SECTION 5311
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2007

	Initial Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State grant	\$ 44,872	44,872	17,043	(27,829)
Other	1,500	1,500	1,358	(142)
Total revenues	<u>46,372</u>	<u>46,372</u>	<u>18,401</u>	<u>(27,971)</u>
Expenditures:				
Current:				
Highways and streets	34,265	34,265	28,509	5,756
Non-current:				
Capital outlay	38,900	38,900	7,942	30,958
Total expenditures	<u>73,165</u>	<u>73,165</u>	<u>36,451</u>	<u>36,714</u>
Other financing sources:				
Operating transfer in	24,364	24,364	18,050	(6,314)
Operating transfer out	-	-	-	-
Total other financing sources	<u>24,364</u>	<u>24,364</u>	<u>18,050</u>	<u>(6,314)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ <u>(2,429)</u>	<u>(2,429)</u>	<u>-</u>	<u>2,429</u>
Cash balance, beginning of year	\$ <u>2,429</u>	<u>2,429</u>		
Reconciliation of Budgetary Basis to GAAP Basis Financial Statements				
Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses (budgetary basis)			\$ -	
Adjustments:				
To adjust applicable revenue accruals and deferrals:				
Receivables			-	
To adjust applicable expenditures and accruals and payments:				
Payables and accrued expenses			-	
Excess of revenues and other financing sources over expenditures and other financing uses (GAAP basis)			<u>\$ -</u>	

See accompanying notes to the financial statements

STATE OF NEW MEXICO
CITY OF BELEN
NON-MAJOR SPECIAL REVENUE FUND -
1211 EVIDENCE
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2007

	<u>Initial Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
Fines and forfeits	\$ 500	4,492	4,492	-
Other	-	33,172	33,172	-
Total revenues	<u>500</u>	<u>37,664</u>	<u>37,664</u>	<u>-</u>
Expenditures:				
Current:				
Public safety	-	20,072	20,072	-
Total expenditures	<u>-</u>	<u>20,072</u>	<u>20,072</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ <u>500</u>	<u>17,592</u>	<u>17,592</u>	<u>-</u>

Reconciliation of Budgetary Basis to GAAP Basis Financial Statements

Excess (deficiency) of revenue and other financing sources
over expenditures and other financing uses (budgetary basis) \$ 17,592

Adjustments:

To adjust applicable revenue accruals and deferrals:

Receivables -

To adjust applicable expenditures and accruals and payments:

Payables and accrued expenses -

Excess of revenues and other financing sources over
expenditures and other financing uses (GAAP basis) \$ 17,592

See accompanying notes to the financial statements

STATE OF NEW MEXICO
CITY OF BELEN
NON-MAJOR SPECIAL REVENUE FUND -
1212 LAW ENFORCEMENT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2007

	Initial Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State grant	\$ 30,200	30,200	30,200	-
Total revenues	30,200	30,200	30,200	-
Expenditures:				
Current:				
Public safety	4,000	5,724	5,724	-
Non-current:				
Capital outlay	26,200	24,514	24,514	-
Total expenditures	30,200	30,238	30,238	-
Other financing sources:				
Operating transfer in	-	-	38	38
Operating transfer out	-	-	-	-
Total other financing sources	-	-	38	38
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses				
\$	-	(38)	-	-
Cash balance, beginning of year	\$	38		

Reconciliation of Budgetary Basis to GAAP Basis Financial Statements

Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses (budgetary basis)	\$	-
Adjustments:		
To adjust applicable revenue accruals and deferrals:		
Receivables		-
To adjust applicable expenditures and accruals and payments:		
Payables and accrued expenses		-
Excess of revenues and other financing sources over expenditures and other financing uses (GAAP basis)	\$	-

See accompanying notes to the financial statements

STATE OF NEW MEXICO
CITY OF BELEN
NON-MAJOR SPECIAL REVENUE FUND -
1213 JAG GRANT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2007

	<u>Initial Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	6,858	6,858	-
Total revenues	<u>-</u>	<u>6,858</u>	<u>6,858</u>	<u>-</u>
Expenditures:				
Current:				
General government	-	2,000	2,000	-
Total expenditures	<u>-</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Other financing uses:				
Operating transfers in	-	-	-	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ <u>-</u>	<u>4,858</u>	<u>4,858</u>	<u>-</u>

Reconciliation of Budgetary Basis to GAAP Basis Financial Statements

Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses (budgetary basis)	\$	4,858
Adjustments:		
To adjust applicable revenue accruals and deferrals:		
Receivables		-
To adjust applicable expenditures and accruals and payments:		
Payables and accrued expenses		-
Excess of revenues and other financing sources over expenditures and other financing uses (GAAP basis)	\$	<u>4,858</u>

See accompanying notes to financial statements

STATE OF NEW MEXICO
CITY OF BELEN
NON-MAJOR SPECIAL REVENUE FUND -
1215 LODGERS' TAX
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2007

	<u>Initial Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
Lodgers' taxes	\$ 80,000	80,000	64,524	(15,476)
Other	5,000	5,000	-	(5,000)
Total revenues	<u>85,000</u>	<u>85,000</u>	<u>64,524</u>	<u>(20,476)</u>
Expenditures:				
Current:				
General government	35,625	75,652	70,077	5,575
Total expenditures	<u>35,625</u>	<u>75,652</u>	<u>70,077</u>	<u>5,575</u>
Other financing uses:				
Operating transfers in	-	-	28,931	28,931
Operating transfers out	(42,600)	(42,600)	(30,600)	12,000
Total other financing uses	<u>(42,600)</u>	<u>(42,600)</u>	<u>(1,669)</u>	<u>40,931</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ <u>6,775</u>	<u>(33,252)</u>	<u>(7,222)</u>	<u>26,030</u>
Cash balance, beginning of year		<u>54,363</u>	<u>54,363</u>	

Reconciliation of Budgetary Basis to GAAP Basis Financial Statements

Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses (budgetary basis)	\$ (7,222)
Adjustments:	
To adjust applicable revenue accruals and deferrals:	
Receivables	6,366
To adjust applicable expenditures and accruals and payments:	
Payables and accrued expenses	-
Excess of revenues and other financing sources over expenditures and other financing uses (GAAP basis)	\$ <u>(856)</u>

See accompanying notes to financial statements

STATE OF NEW MEXICO
CITY OF BELEN
NON-MAJOR SPECIAL REVENUE FUND -
1401 MARTIN LUTHER KING
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2007

	Initial Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 500	500	214	(286)
Other	-	-	-	-
Total revenues	<u>500</u>	<u>500</u>	<u>214</u>	<u>(286)</u>
Expenditures:				
Current:				
General government	1,000	1,000	789	211
Total expenditures	<u>1,000</u>	<u>1,000</u>	<u>789</u>	<u>211</u>
Other financing sources:				
Operating transfer in	500	500	250	(250)
Total other financing sources	<u>500</u>	<u>500</u>	<u>250</u>	<u>(250)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ -	-	<u>(325)</u>	<u>(325)</u>
Cash balance, beginning of year			<u>651</u>	

Reconciliation of Budgetary Basis to GAAP Basis Financial Statements

Excess (deficiency) of revenue and other financing sources
over expenditures and other financing uses (budgetary basis) \$ (325)

Adjustments:

To adjust applicable revenue accruals and deferrals:

Receivables

-

To adjust applicable expenditures and accruals and payments:

Payables and accrued expenses

-

Excess of revenues and other financing sources over
expenditures and other financing uses (GAAP basis) \$ (325)

See accompanying notes to financial statements

STATE OF NEW MEXICO
CITY OF BELEN
NON-MAJOR SPECIAL REVENUE FUND -
3801 R.S.V.P.
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2007

	<u>Initial Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
Federal grant	\$ 40,064	40,064	31,072	(8,992)
State sources	14,678	14,678	9,052	(5,626)
Other	17,800	17,800	17,610	(190)
Total revenues	<u>72,542</u>	<u>72,542</u>	<u>57,734</u>	<u>(14,808)</u>
Expenditures:				
Current:				
Health & welfare	147,214	147,214	141,046	6,168
Total expenditures	<u>147,214</u>	<u>147,214</u>	<u>141,046</u>	<u>6,168</u>
Other financing sources:				
Operating transfer in	73,850	81,608	81,607	(1)
Total other financing sources	<u>73,850</u>	<u>81,608</u>	<u>81,607</u>	<u>(1)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ <u>(822)</u>	<u>6,936</u>	<u>(1,705)</u>	<u>(8,641)</u>
Cash balance, beginning of year	\$ <u>822</u>		<u>1,705</u>	

Reconciliation of Budgetary Basis to GAAP Basis Financial Statements

Excess (deficiency) of revenue and other financing sources
over expenditures and other financing uses (budgetary basis) \$ (1,705)

Adjustments:

To adjust applicable revenue accruals and deferrals:

Receivables -

To adjust applicable expenditures and accruals and payments:

Payables and accrued expenses -

Excess of revenues and other financing sources over
expenditures and other financing uses (GAAP basis) \$ (1,705)

See accompanying notes to the financial statements

STATE OF NEW MEXICO
CITY OF BELEN
NON-MAJOR SPECIAL REVENUE FUND -
4908 PAYROLL FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2007

	Initial Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Earnings from investments	\$ -	2,580	1,616	(964)
Total revenues	-	2,580	1,616	(964)
Expenditures:				
Current:				
General government	-	50	50	-
Total expenditures	-	50	50	-
Other financing sources:				
Operating transfer in	-	-	-	-
Total other financing uses	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ -	2,530	1,566	(964)

Reconciliation of Budgetary Basis to GAAP Basis Financial Statements

Excess (deficiency) of revenue and other financing sources
over expenditures and other financing uses (budgetary basis) \$ 1,566

Adjustments:

To adjust applicable revenue accruals and deferrals:

Receivables

-

To adjust applicable expenditures and accruals and payments:

Payables and accrued expenses

-

Excess of revenues and other financing sources over
expenditures and other financing uses (GAAP basis)

\$ 1,566

See accompanying notes to financial statements

STATE OF NEW MEXICO
CITY OF BELEN
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
4909 SPECIAL REVENUE - STREET PAVING REVOLVING
YEAR ENDED JUNE 30, 2007

	Initial Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Gas taxes	\$ 282,891	282,891	220,433	(62,458)
Highway Co-op	111,654	111,654	111,654	-
State DOT-MAP	-	-	-	-
Other	-	-	495	495
Total revenues	394,545	394,545	332,582	(61,963)
Expenditures:				
Current:				
Highways and streets	25,000	25,000	23,625	1,375
Non current:				
Capital outlay	166,846	166,846	122,101	44,745
Total expenditures	191,846	191,846	145,726	46,120
Other financing (sources) uses:				
Operating transfer in	-	-	-	-
Operating transfer out	(186,175)	(186,180)	(186,180)	-
Total other financing uses	(186,175)	(186,180)	(186,180)	-
Excess (deficiency) of revenues, and Other financing sources over (under) expenditures and other financing	\$ 16,524	16,519	676	(15,843)
 Reconciliation of Budgetary Basis to GAAP Basis Financial Statements				
Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses (budgetary basis)			\$ 676	
Adjustments:				
To adjust applicable revenue accruals and deferrals:				
Receivables			-	
To adjust applicable expenditures and accruals and payments:				
Payables and accrued expenses			-	
Excess of revenues and other financing sources over expenditures and other financing uses (GAAP basis)			\$ 676	

See accompanying notes to the financial statements

STATE OF NEW MEXICO
CITY OF BELEN
MAJOR CAPITAL PROJECTS - 1801 BECKER AVENUE ENHANCEMENT PROJECT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2007

	<u>Initial Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 505,000	505,000	473,500	(31,500)
Total revenues	<u>505,000</u>	<u>505,000</u>	<u>473,500</u>	<u>(31,500)</u>
Expenditures:				
Current:				
Highways and streets	-	-	-	-
Non-current:				
Capital outlay	2,324,515	2,324,515	1,644,695	679,820
Total expenditures	<u>2,324,515</u>	<u>2,324,515</u>	<u>1,644,695</u>	<u>679,820</u>
Excess (deficiency) of revenues over expenditures	(1,819,515)	(1,819,515)	(1,171,195)	648,320
Other financing (sources) uses:				
Operating transfer in	1,819,515	1,819,515	1,388,215	(431,300)
Operating transfer out	-	-	-	-
Total other financing uses	<u>1,819,515</u>	<u>1,819,515</u>	<u>1,388,215</u>	<u>(431,300)</u>
Excess (deficiency) of revenues, and Other financing sources over (under) expenditures and other financing (uses) \$	<u>-</u>	<u>-</u>	<u>217,020</u>	<u>217,020</u>
Reconciliation of Budgetary Basis to GAAP Basis Financial Statements				
Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses (budgetary basis)			\$ 217,020	
Adjustments:				
To adjust applicable revenue accruals and deferrals:				
Receivables			-	
To adjust applicable expenditures and accruals and payments:				
Payables and accrued expenses			-	
Excess of revenues and other financing sources over expenditures and other financing uses (GAAP basis)			<u>\$ 217,020</u>	

NON-MAJOR CAPITAL PROJECT FUNDS

Airport Improvements

To account for a grant from the FAA through the NMSH&TD for the renovation of the City's airport facility.

C.D.B.G.

To account for a Federal C.D.B.G. grant for the purpose of providing extensions and roadway improvements to Gonzales Road. Authority is Title I of the Housing and Community Development Act and 1974 Public Law 93-383.

Multi-Purpose Recreation Park

To account for an appropriation for the State Legislature, Special Appropriations Project, Law of 1999, for the costs of planning, designing, equipping, and constructing a multiple sports and outdoor recreational complex.

Library Renovation

To account for appropriation from the state legislature and funding from the New Mexico Finance Authority for the renovation of the City's library.

STATE OF NEW MEXICO
CITY OF BELEN
NON-MAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
AS OF JUNE 30, 2007

	1206 Multi- Purpose	1214 Airport Improvements	1217 Library Renovation	4913 C.D.B.G. 2004	Total
Assets					
Cash on deposit	\$ 58,189	20,628	159,799	504	239,120
Receivables	-	26,838	-	-	26,838
Total assets	<u>\$ 58,189</u>	<u>47,466</u>	<u>159,799</u>	<u>504</u>	<u>265,958</u>
Liabilities					
Accounts payable	\$ -	26,889	282,117	-	309,006
Total liabilities	<u>-</u>	<u>26,889</u>	<u>282,117</u>	<u>-</u>	<u>309,006</u>
Fund Balance:					
Unreserved: Designated for subsequent year's expenditures	58,189	20,577	(122,318)	504	(43,048)
Total fund balance	<u>58,189</u>	<u>20,577</u>	<u>(122,318)</u>	<u>504</u>	<u>(43,048)</u>
Total liabilities and fund balances:	<u>\$ 58,189</u>	<u>47,466</u>	<u>159,799</u>	<u>504</u>	<u>265,958</u>

See accompanying notes to the financial statements

STATE OF NEW MEXICO
CITY OF BELEN
NON-MAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
AS OF JUNE 30, 2007

	1206 Multi- Purpose	1214 Airport Project	1217 Library Renovation	4913 C.D.B.G. 2004	Total
Revenues					
State grants	\$ 455,849	85,082	841,748	-	1,382,679
Federal grants	-	835,033	-	-	835,033
Other	-	-	600	-	600
Total revenues	<u>455,849</u>	<u>920,115</u>	<u>842,348</u>	<u>-</u>	<u>2,218,312</u>
Expenditures					
Non-current:					
Capital outlay	397,660	940,146	964,666	-	2,302,472
Total expenditures	<u>397,660</u>	<u>940,146</u>	<u>964,666</u>	<u>-</u>	<u>2,302,472</u>
Excess (deficiency) of revenues over expenditures	58,189	(20,031)	(122,318)	-	(84,160)
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	(186)	-	-	-	(186)
Total other financing sources (uses)	<u>(186)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(186)</u>
Net change in fund balance	58,003	(20,031)	(122,318)	-	(84,346)
Fund balance - beginning of the year	186	40,608	-	504	41,298
Fund balance - end of year	<u>\$ 58,189</u>	<u>20,577</u>	<u>(122,318)</u>	<u>504</u>	<u>(43,048)</u>

See accompanying notes to the financial statements

STATE OF NEW MEXICO
CITY OF BELEN
NON-MAJOR CAPITAL PROJECTS FUND - 1206 MULTI-PURPOSE REC'N PARK
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2007

	Initial Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 2,250,000	2,334,730	455,849	(1,878,881)
Total revenues	<u>2,250,000</u>	<u>2,334,730</u>	<u>455,849</u>	<u>(1,878,881)</u>
Expenditures:				
Non-current:				
Capital outlay	2,250,000	2,250,000	397,660	1,852,340
Total expenditures	<u>2,250,000</u>	<u>2,250,000</u>	<u>397,660</u>	<u>1,852,340</u>
Other financing sources (uses):				
Operating transfer in	-	-	-	-
Operating transfer out	-	(186)	(186)	-
Total other financing uses	<u>-</u>	<u>(186)</u>	<u>(186)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ <u>-</u>	<u>84,730</u>	<u>58,003</u>	<u>(26,541)</u>

Reconciliation of Budgetary Basis to GAAP Basis Financial Statements

Excess (deficiency) of revenue and other financing sources
over expenditures and other financing uses (budgetary basis) \$ 58,003

Adjustments:

To adjust applicable revenue accruals and deferrals:

Receivables -

To adjust applicable expenditures and accruals and payments:

Payables and accrued expenses -

Excess of revenues and other financing sources over
expenditures and other financing uses (GAAP basis) \$ 58,003

See accompanying notes to the financial statements

STATE OF NEW MEXICO
CITY OF BELEN
NON-MAJOR CAPITAL PROJECTS FUND - 1214 AIRPORT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2007

	Initial Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Local sources	\$ 37,549	37,549	-	(37,549)
State sources	37,549	93,602	85,082	(8,520)
Federal sources	1,470,451	1,470,451	835,033	(635,418)
Total revenues	1,545,549	1,601,602	920,115	(681,487)
Expenditures:				
Non-current:				
Capital outlay	1,482,728	1,506,778	913,257	593,521
Total expenditures	1,482,728	1,506,778	913,257	593,521
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ 62,821	94,824	6,858	(87,966)

Reconciliation of Budgetary Basis to GAAP Basis Financial Statements

Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses (budgetary basis)	\$ 6,858
Adjustments:	
To adjust applicable revenue accruals and deferrals:	
Receivables	-
To adjust applicable expenditures and accruals and payments:	
Payables and accrued expenses	(26,889)
Excess of revenues and other financing sources over expenditures and other financing uses (GAAP basis)	\$ (20,031)

See accompanying notes to the financial statements

STATE OF NEW MEXICO
CITY OF BELEN
NON-MAJOR CAPITAL PROJECTS FUND - 1217 LIBRARY RENOVATION
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2007

	<u>Initial Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
State sources	\$ 1,405,250	1,405,250	841,748	(563,502)
Other	-	600	600	-
Total revenues	<u>1,405,250</u>	<u>1,405,850</u>	<u>842,348</u>	<u>(563,502)</u>
Expenditures:				
Non-current:				
Capital outlay	1,405,250	1,455,312	682,549	772,763
Total expenditures	<u>1,405,250</u>	<u>1,455,312</u>	<u>682,549</u>	<u>772,763</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ -	(49,462)	159,799	209,261
Cash balance, beginning of year	\$	<u>49,462</u>		

Reconciliation of Budgetary Basis to GAAP Basis Financial Statements

Excess (deficiency) of revenue and other financing sources
over expenditures and other financing uses (budgetary basis) \$ 159,799

Adjustments:

To adjust applicable revenue accruals and deferrals:

Receivables

-

To adjust applicable expenditures and accruals and payments:

Payables and accrued expenses

(282,117)

Excess of revenues and other financing sources over
expenditures and other financing uses (GAAP basis)

\$ (122,318)

See accompanying notes to the financial statements

STATE OF NEW MEXICO
CITY OF BELEN
NON-MAJOR CAPITAL PROJECTS FUND - 4913 CDBG PROJECT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2007

	Initial Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
CDBG grant	\$ 250,000	250,000	-	(250,000)
Total revenues	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>(250,000)</u>
Expenditures:				
Non-current:				
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing (sources) uses:				
Operating transfer in	-	-	-	-
Operating transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 250,000</u>	<u>250,000</u>	<u>-</u>	<u>(250,000)</u>

Reconciliation of Budgetary Basis to GAAP Basis Financial Statements

Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses (budgetary basis)	\$ -
Adjustments:	
To adjust applicable revenue accruals and deferrals:	
Receivables	-
To adjust applicable expenditures and accruals and payments:	
Payables and accrued expenses	-
Excess of revenues and other financing sources over expenditures and other financing uses (GAAP basis)	<u>\$ -</u>

See accompanying notes to the financial statements

NON-MAJOR DEBT SERVICE FUNDS

Debt Service Fund (4904)

To account for the resources accumulated and payments made for the principal and interest on general long-term debt for governmental funds.

Gas Tax Revenue Bond (4905)

To provide funds for defraying the cost of refunding, paying, discharging and liquidating the City's outstanding lease purchase agreement with First Capital Group, Inc. and acquiring, repairing, and otherwise improving municipal building and land.

GRT Revenue Bond (4906)

To provide funds for defraying the cost of refinancing the outstanding City of Belen Gross Receipts Tax Revenue Bonds, series 1997 and City of Belen Gross Receipts Tax Revenue Bonds, Series 1998.

STATE OF NEW MEXICO
CITY OF BELEN
NON-MAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
AS OF JUNE 30, 2007

	4904 Debt Service	4905 Gas Tax Rev. Bond	4906 GRF Rev. Bond	Total
Assets				
Cash on deposit	\$ 285,004	5	96	285,105
Cash reserved	359,365	-	456	359,821
Total assets	<u>\$ 644,369</u>	<u>5</u>	<u>552</u>	<u>644,926</u>
Liabilities				
Accounts payable	\$ -	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:				
Reserved	359,365	-	456	359,821
Unreserved: Designated for subsequent year's expenditures	<u>285,004</u>	<u>5</u>	<u>96</u>	<u>285,105</u>
Total fund balance	<u>644,369</u>	<u>5</u>	<u>552</u>	<u>644,926</u>
Total liabilities and fund balance	<u>\$ 644,369</u>	<u>5</u>	<u>552</u>	<u>644,926</u>

See accompanying notes to the financial statements

STATE OF NEW MEXICO
CITY OF BELEN
NON-MAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
AS OF JUNE 30, 2007

	4904 Debt Service	4905 Gas Tax Rev. Bond	4906 GRT Rev. Bond	Total
Revenues				
Earnings from investments	\$ 36,927	-	38	36,965
Total revenues	<u>36,927</u>	<u>-</u>	<u>38</u>	<u>36,965</u>
Expenditures				
Current:				
Other operating expenses	14,245	-	3,000	17,245
Non-current:				
Debt service:				
Principal	431,772	145,000	300,000	876,772
Loan interest payment	325,705	41,175	169,480	536,360
Debt issuance costs	-	-	-	-
Total expenditures	<u>771,722</u>	<u>186,175</u>	<u>472,480</u>	<u>1,430,377</u>
Excess (deficiency) of revenues over expenditures	(734,795)	(186,175)	(472,442)	(1,393,412)
Other financing sources (uses)				
Transfers in	772,173	186,180	472,480	1,430,833
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>772,173</u>	<u>186,180</u>	<u>472,480</u>	<u>1,430,833</u>
Net change in fund balance	37,378	5	38	37,421
Fund balance - beginning of the year	606,991	-	514	607,505
Fund balance - end of year	<u>\$ 644,369</u>	<u>5</u>	<u>552</u>	<u>644,926</u>

See accompanying notes to the financial statements

STATE OF NEW MEXICO
CITY OF BELEN
MAJOR DEBT SERVICE FUND - 4904 DEBT SERVICE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2007

	Initial Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Gross receipts tax 1/2	\$ -	-	-	-
Interest income	-	-	-	-
Earnings from investments	-	-	36,927	36,927
Local sources	-	-	-	-
	<u>-</u>	<u>-</u>	<u>36,927</u>	<u>36,927</u>
Expenditures:				
Current:				
General and administrative	13,745	14,245	14,245	-
Other	-	-	-	-
Non-current:				
Principal	431,772	431,772	431,772	-
Interest	339,160	339,160	325,705	13,455
Total expenditures	<u>784,677</u>	<u>785,177</u>	<u>771,722</u>	<u>13,455</u>
Other financing sources:				
Operating transfer in	784,678	784,678	772,173	(12,505)
Operating transfer out	-	-	-	-
Total other financing sources	<u>784,678</u>	<u>784,678</u>	<u>772,173</u>	<u>(12,505)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 1</u>	<u>(499)</u>	<u>37,378</u>	<u>37,877</u>
Cash balance, beginning of year	\$	<u>606,991</u>		

Reconciliation of Budgetary Basis to GAAP Basis Financial Statements

Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses (budgetary basis)	\$ 37,378
Adjustments:	
To adjust applicable revenue accruals and deferrals:	
Receivables	-
To adjust applicable expenditures and accruals and payments:	
Payables and accrued expenses	-
Excess of revenues and other financing sources over expenditures and other financing uses (GAAP basis)	<u>\$ 37,378</u>

See accompanying notes to the financial statements

STATE OF NEW MEXICO
CITY OF BELEN
NON-MAJOR DEBT SERVICE FUND - 4905 GAS TAX REVENUE BOND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2007

	<u>Initial Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:				
Non-current:				
Loan principal payment	145,000	145,000	145,000	-
Loan interest payment	41,175	41,175	41,175	-
Total expenditures	<u>186,175</u>	<u>186,175</u>	<u>186,175</u>	<u>-</u>
Other financing sources (uses)				
Transfers in	186,175	186,175	186,180	5
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>186,175</u>	<u>186,175</u>	<u>186,180</u>	<u>5</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ <u>-</u>	<u>-</u>	<u>5</u>	<u>5</u>

Reconciliation of Budgetary Basis to GAAP Basis Financial Statements

Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses (budgetary basis)	\$	5
Adjustments:		
To adjust applicable revenue accruals and deferrals:		
Receivables		-
To adjust applicable expenditures and accruals and payments:		
Payables and accrued expenses		-
Excess of revenues and other financing sources over expenditures and other financing uses (GAAP basis)	\$	<u>5</u>

See accompanying notes to the financial statements

STATE OF NEW MEXICO
CITY OF BELEN
NON-MAJOR DEBT SERVICE FUND - 4906 GRT REVENUE BOND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2007

	Initial Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Debt service income	\$ -	38	38	-
Total revenues	-	38	38	-
Expenditures:				
Current:				
Other operating expenses	4,000	4,000	3,000	1,000
Non-current:				
Principal	305,000	300,000	300,000	-
Interest	90,840	169,480	169,480	-
Total expenditures	399,840	473,480	472,480	1,000
Other financing sources (uses)				
Transfers in	399,840	472,480	472,480	-
Transfers out	-	-	-	-
Total other financing sources (uses)	399,840	472,480	472,480	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ -	(962)	38	1,000
Cash balance, beginning of year	\$	12,828		

Reconciliation of Budgetary Basis to GAAP Basis Financial Statements

Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses (budgetary basis)	\$	38	
Adjustments:			
To adjust applicable revenue accruals and deferrals:			
Receivables		-	
To adjust applicable expenditures and accruals and payments:			
Payables and accrued expenses		-	
Excess of revenues and other financing sources over expenditures and other financing uses (GAAP basis)	\$	38	

See accompanying notes to the financial statements

ENTERPRISE FUND DEPARTMENTS

Water Department (Funds 2602,2603,2605)

To account for the operations of the City's water department and meter deposits.

Solid Waste Department (Fund 2604)

To account for the City's landfill closure costs and cost of solid waste disposal.

Wastewater Department (Funds 2601,2606,2607,2608)

To account for the sewer department.

STATE OF NEW MEXICO
CITY OF BELEN
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (GAAP BUDGETARY BASIS)
2601 WASTEWATER DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 2007

	Initial Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Sales and services	\$ 636,672	831,705	831,851	146
State sources	-	18,891	18,891	-
Miscellaneous revenue	-	16,165	16,165	-
Total operating revenues	<u>636,672</u>	<u>866,761</u>	<u>866,907</u>	<u>146</u>
Expenditures				
Operating:				
General and administrative	669,606	669,606	625,881	43,725
Non-operating:				
Capital Outlay	<u>34,550</u>	<u>34,550</u>	-	34,550
Total operating expenses	<u>704,156</u>	<u>704,156</u>	<u>625,881</u>	<u>78,275</u>
Other financing sources (uses)				
Gross receipts tax	-	-	200	200
Interest	-	-	4,071	4,071
Transfers in	-	-	38,690	38,690
Transfers out	<u>(59,525)</u>	<u>(179,520)</u>	<u>(197,432)</u>	<u>(17,912)</u>
Total other financing sources (uses)	<u>(59,525)</u>	<u>(179,520)</u>	<u>(154,471)</u>	<u>25,049</u>
Excess (deficiency) of revenues and other and other financing sources over (under) expenditures and other financing uses	<u>(127,009)</u>	<u>(16,915)</u>	<u>86,555</u>	<u>103,470</u>
Cash balance, beginning of year	<u>\$ 163,235</u>	<u>163,235</u>		

See accompanying notes to the financial statements

STATE OF NEW MEXICO
CITY OF BELEN
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (GAAP BUDGETARY BASIS)
2602 WATER DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 2007

	Initial Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Sales and services	\$ 1,091,436	1,218,946	1,200,969	(17,977)
Miscellaneous revenue	3,000	3,000	1,862	(1,138)
Total operating revenues	<u>1,094,436</u>	<u>1,221,946</u>	<u>1,202,831</u>	<u>(19,115)</u>
Expenditures				
Operating:				
General and administrative	1,157,576	1,144,625	1,124,726	19,899
Non-operating:				
Capital outlay	50,500	63,451	63,451	-
Total operating expenses	<u>1,208,076</u>	<u>1,208,076</u>	<u>1,188,177</u>	<u>19,899</u>
Other financing sources (uses)				
Gross receipts tax	119,765	119,765	144,386	24,621
Interest	5,000	5,000	8,195	3,195
Transfers in	-	-	224,755	224,755
Transfers out	(76,025)	(195,868)	(251,705)	(55,837)
Total other financing sources (uses)	<u>\$ 48,740</u>	<u>(71,103)</u>	<u>125,631</u>	<u>196,734</u>
Excess (deficiency) of revenues and other and other financing sources over (under) expenditures and other financing uses	<u>\$ (64,900)</u>	<u>(57,233)</u>	<u>140,285</u>	<u>197,518</u>
Cash balance, beginning of year	<u>\$ 250,282</u>	<u>250,282</u>		

See accompanying notes to the financial statements

CITY OF BELEN
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (GAAP BUDGETARY BASIS)
2603 METER DEPOSITS
FOR THE YEAR ENDED JUNE 30, 2007

	Initial Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Deposits	\$ -	-	-	-
Total operating revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Operating:				
General and administrative	-	-	-	-
Non-operating:				
Capital outlay	-	-	-	-
Total operating expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Gross receipts tax	-	-	-	-
Interest	-	1,735	1,735	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>\$ -</u>	<u>1,735</u>	<u>1,735</u>	<u>-</u>
Excess (deficiency) of revenues and other and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>1,735</u>	<u>1,735</u>	<u>-</u>

See accompanying notes to the financial statements

STATE OF NEW MEXICO
CITY OF BELEN
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (GAAP BUDGETARY BASIS)
2604 SOLID WASTE DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 2007

	Initial Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Sales and services	\$ 1,078,842	1,155,758	1,151,740	(4,018)
Miscellaneous revenue	3,000	4,450	4,450	-
Total operating revenues	<u>1,081,842</u>	<u>1,160,208</u>	<u>1,156,190</u>	<u>(4,018)</u>
Expenditures				
Operating:				
General and administrative	91,655	92,750	92,750	-
Other operating expenses	1,059,800	1,058,705	1,043,175	15,530
Capital outlay	60,000	60,000	40,623	19,377
Total operating expenses	<u>1,151,455</u>	<u>1,151,455</u>	<u>1,176,548</u>	<u>34,907</u>
Other financing sources (uses)				
Gross receipts tax	125,068	130,221	130,221	-
Interest	-	-	4,018	4,018
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>125,068</u>	<u>130,221</u>	<u>134,239</u>	<u>4,018</u>
Excess (deficiency) of revenues and other and other financing sources over (under) expenditures and other financing uses	<u>55,455</u>	<u>138,974</u>	<u>113,881</u>	<u>34,907</u>

See accompanying notes to the financial statements

STATE OF NEW MEXICO
CITY OF BELEN
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (GAAP BUDGETARY BASIS)
2605 JOINT UTILITY DEBT SERVICE
FOR THE YEAR ENDED JUNE 30, 2007

	Initial Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Local sources	\$ 33,000	37,528	34,634	(2,894)
Total operating revenues	<u>33,000</u>	<u>37,528</u>	<u>34,634</u>	<u>(2,894)</u>
Expenditures				
Non-operating:				
Principal payments	74,000	74,000	94,000	(20,000)
Interest payments	76,791	76,791	78,806	(2,015)
Total operating expenses	<u>150,791</u>	<u>150,791</u>	<u>172,806</u>	<u>(22,015)</u>
Other financing sources (uses)				
Gross receipts tax	-	-	-	-
Interest	-	-	2,895	2,895
Transfers in	135,550	135,550	135,388	(162)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>135,550</u>	<u>135,550</u>	<u>138,283</u>	<u>2,733</u>
Excess (deficiency) of revenues and other and other financing sources over (under) expenditures and other financing uses	<u>17,759</u>	<u>22,287</u>	<u>111</u>	<u>(22,176)</u>

See accompanying notes to the financial statements

STATE OF NEW MEXICO
CITY OF BELEN
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (GAAP BUDGETARY BASIS)
2606 ENVIRONMENT DEPARTMENT LOAN
FOR THE YEAR ENDED JUNE 30, 2007

	Initial Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
State sources	\$ -	-	-	-
Total operating revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Non-operating:				
Principal payments	-	-	-	-
Interest payments	-	-	-	-
Total operating expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Gross receipts tax	-	-	-	-
Interest	-	440	440	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>440</u>	<u>440</u>	<u>-</u>
Excess (deficiency) of revenues and other and other financing sources over (under) expenditures and other financing uses	<u>-</u>	<u>440</u>	<u>440</u>	<u>-</u>

See accompanying notes to the financial statements

STATE OF NEW MEXICO
CITY OF BELEN
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (GAAP BUDGETARY BASIS)
2607 WASTEWATER COLLECTION SYSTEM IMPROVEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

	Initial Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Federal sources	\$ -	78,627	78,627	-
State sources	-	1,382	1,382	-
Miscellaneous revenue	-	450	450	-
Total operating revenues	<u>-</u>	<u>80,459</u>	<u>80,459</u>	<u>-</u>
Expenditures				
Non-operating:				
Capital Outlay	53,126	53,126	16,081	37,045
Total operating expenses	<u>53,126</u>	<u>53,126</u>	<u>16,081</u>	<u>37,045</u>
Other financing sources (uses)				
Gross receipts tax	-	-	-	-
Interest	-	2,211	2,211	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>2,211</u>	<u>2,211</u>	<u>-</u>
Excess (deficiency) of revenues and other and other financing sources over (under) expenditures and other financing uses	<u>(53,126)</u>	<u>29,544</u>	<u>66,589</u>	<u>37,045</u>
Cash balance, beginning of year	\$ <u>67,659</u>			

See accompanying notes to the financial statements

STATE OF NEW MEXICO
CITY OF BELEN
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (GAAP BUDGETARY BASIS)
2608 WATER WELL #4
FOR THE YEAR ENDED JUNE 30, 2007

	Initial Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
State sources	\$ 797,140	797,140	82,160	(714,980)
Local sources	150,000	150,000	-	(150,000)
Miscellaneous revenue	-	-	-	-
Total operating revenues	<u>947,140</u>	<u>947,140</u>	<u>82,160</u>	<u>(864,980)</u>
Expenditures				
Non-operating:				
Capital Outlay	1,453,131	1,453,131	82,160	1,370,971
Total operating expenses	<u>1,453,131</u>	<u>1,453,131</u>	<u>82,160</u>	<u>1,370,971</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other and other financing sources over (under) expenditures and other financing uses	<u>(505,991)</u>	<u>(505,991)</u>	<u>-</u>	<u>505,991</u>
Cash balance, beginning of year	<u>\$ 505,991</u>	<u>505,991</u>		

See accompanying notes to the financial statements

STATE OF NEW MEXICO
CITY OF BELEN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

Federal Grantor/Pass Through Grantor/Program Title	CFDA Number	Grant/Pass- Through #	Federal Expenditures
Major Programs:			
Department of Transportation (FAA) Belen Airfield Improvements	20.106	3-35-0006-07-2006	\$ 835,033
Department of Homeland Security (DHS) Hazard Mitigation Grant	97.039	1659-NM	539,696
Total major program			<u>1,374,729</u>
Non-Major Programs:			
U.S. Department of Health and Human Services Passed through the NM Department Area agency on Aging Retired and Senior Volunteer Program	94.002	02SRWNM005	40,064
U.S. Department of Transportation Pass through NM Department of Transportation Section 5311	20.509	M00498	16,038
U.S. Department of Homeland Security (FEMA) Pass through NM Emergency Management	85.554	2006-EM-E6-0015-VALE	29,415
U.S. Environment Protection Agency Pass through NM Environment Department Wastewater Phase I	66.606	STAG XP-976702-01	2,211
Wastewater Phase II	66.606	STAG XP-96637801-0	12,488
U.S. Department of Transportation Pass through NM Department of Transportation Operation Seat Belt	20.602	05-OP-RF-007	8,550
Operation DWI	20.601	05-AL-64-007	6,300
Total non-major programs			<u>115,066</u>
Total Expenditures of Federal Awards			<u>\$ 1,489,795</u>

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Accounting

The Schedule of Expenditures of Federal Awards was prepared using the modified accrual method of accounting. This is the same basis as was used to prepare the financial statements.

2. Non-Cash Assistance

The City did not receive any federal awards in the form of non-cash assistance during the year.

3. Subrecipients

The City did not provide any federal awards to subrecipients during the year.

See accompanying notes to the financial statements

OTHER REPORTS



Hinkle & Landers, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

3500-C Comanche NE
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*.

Mr. Hector M. Balderas,
New Mexico State Auditor
and
Honorable Mayor and Council
City of Belen
Belen, New Mexico

We have audited the financial statements of the governmental activities, the business type activities, each major fund, the aggregate remaining fund information which comprise the basic financial statements, the budgetary comparisons for the general fund, major special revenue funds, and the combining and individual funds presented as supplemental information of the City of Belen as of and for the year ended June 30, 2007, and have issued our report thereon dated March 18, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

by the City of Belen's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting, 04-07, 05-01, 07-02.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also deficiencies described above is a material weakness. However, of the significant deficiencies described above, we consider items-04-07, 05-01, 07-02 to be material weaknesses.

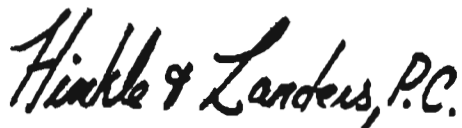
Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Belen's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 01-04 and 07-01.

We noted certain matters that are required to be reported under *Government Auditing Standards* January 2007 Revision paragraphs 5.14 and 5.16, and Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as findings 01-04.

The agency's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

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



Hinkle & Landers, P.C.
March 18, 2008

Hinkle & Landers, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Mr. Hector M. Balderas
New Mexico State Auditor
and
Honorable Mayor and Council
City of Belen
Belen, New Mexico

Compliance

We have audited the compliance of City of Belen, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal programs for the year ended June 30, 2007. The City of Belen's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questions costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal program is the responsibility of City of Belen's management. Our responsibility is to express an opinion on City of Belen's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Belen's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Belen's compliance with those requirements.

In our opinion, the City of Belen complied in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the City of Belen is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Belen's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance, and accordingly we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Hinkle & Landers, P.C.

Hinkle & Landers, P.C.
March 18, 2008

STATE OF NEW MEXICO
CITY OF BELEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2007

SECTION I - SUMMARY OF AUDITORS' RESULTS

Identification of major program as noted below:
Financial Statements

Type of auditors' report issued Unqualified

Internal Control over financial reporting:

Material weaknesses identified? X Yes ___ No

Significant deficiencies identified that are
not considered to be material weaknesses? X Yes ___ No

Non-compliance material to financial statements noted? X Yes ___ No

Federal Awards

Internal Control

Material weaknesses identified? ___ Yes X No

Significant deficiencies identified that are
not considered to be material weaknesses? Yes X no

Type of auditors' report issued on major programs Unqualified

Any audit findings disclosed that are required to be
reported in accordance with section 510(a) of Circular A-133? ___ Yes X No

CFDA Numbers	Name of Federal Programs	Funding Source
Funding Source		
20.106	* Airport Improvements	U.S. Department of Transportation (FAA)
97.039	* Hazard Mitigation Grant	U.S. Department of Homeland Security

Dollar threshold use to distinguish between
A and B programs: \$300,000

Auditee qualified as low-risk auditee? ___ Yes X No

*Major Program

STATE OF NEW MEXICO
CITY OF BELEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2007

SECTION II AND III- FINANCIAL STATEMENTS AND FEDERAL AWARD FINDINGS

<u>Finding</u>	<u>Status of Current and Prior Year Findings</u>	<u>Financial Statement Finding</u>	<u>Federal Awards Finding</u>
01-04 LATE AUDIT REPORT	Modified	yes	no
04-03 LACK OF CONSISTENCY IN THE ACCOUNT CODING	Resolved	yes	no
04-07 CASH BALANCES	Repeated	yes	no
04-17 CAPITAL ASSETS ANNUAL INVENTORY	Resolved	yes	no
05-01 MONITORING OF CASH AND DEBT SERVICE FOR LANDFILL	Repeated	yes	no
05-04 TRAVEL FORM SIGNATURES	Repeated	yes	no
05-09 WIRE TRANSFERS OUT OF BANK ACCOUNTS	Resolved	yes	no
07-01 ACTUAL EXPENDITURES EXCEED BUDGET EXPENDITURES	Current	yes	no
07-02 CONTROLS OVER MAINTAINING THE GENERAL LEDGER	Current	yes	no
07-03 CONSTRUCTION IN PROGRESS	Current	yes	no

01-04 LATE AUDIT REPORT-Modified

Statement of Condition:

The annual financial and compliance audit for the year ending June 30, 2007 was not conducted within the time limit imposed by the State of New Mexico guidelines or requirement for the Conducting of Audits. The Office of the State Auditor received this audit report on April 1, 2008.

Criteria:

The requirements set forth in the New Mexico State Auditors' Rule 2 NMAC 2.2 require that the financial and compliance audit be conducted and completed within five months of the City's fiscal year end which was December 1, 2007. The report was not submitted until April 1, 2008.

Effect:

The financial and compliance audit is a statute requirement. Failure to have a completed audit by the stipulated date may jeopardize the City's eligibility for funding from the State Legislature and Federal agencies.

Cause:

During the course of the audit, the auditor found federal award amounts that had not been listed by the City and were subject to single audit procedures. The information that the auditor required was not provided until after the December 1 deadline.

Recommendation:

The auditor and auditee must coordinate the timing of the audit in the future to meet the December 1 deadline.

Management Response:

The City of Belen has made every attempt to provide the auditors with any information that has been requested. Failure to provide information is not intentional but may be an oversight or lack of communication. Also, if a federal grant was not in the "schedule of grant awards" did not necessarily mean that it was not in the financial documents. This was discussed with the auditor and all have agreed to coordinate and follow a time schedule to meet the required deadline.

STATE OF NEW MEXICO
CITY OF BELEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2007

04-07 CASH BALANCES – Modified

Statement of Condition:

The cash balances at the fund level were incorrect, and audit adjustments were required, although the overall cash balance was not correct. Also, the overall cash in the general ledger exceeded the reconciled bank balance and petty cash by \$368,752 due to incorrect cash allocations. Auditors made adjustments to correct cash.

Criteria:

The cash balances with consideration to the outstanding checks and deposits should reconcile to the bank statement at the fund level.

Effect:

The cash balances are not accurate at the fund level and were overstated before adjustments.

Cause:

Adjustments made by Caselle (City of Belen's software company) were not reviewed before being posted by the responsible staff.

Recommendation:

The City should review all the adjustments before being posted to make sure that the balances would be correct after the adjustments.

Management Response:

When the City obtained Caselle software, the staff reconciled every bank account just like they are doing today. However, in the course of the years the postings in the Payroll Account were changed to reflect liabilities instead of expenses. Since then it has "thrown off" the balances. Several attempts have been made to correct this through Caselle and current and previous auditors but to no avail. Our suggestion is to key in entries through the expense line items instead of liabilities. Caselle has a new update and the City hopes that it will enhance the software enough to rectify this problem.

05-01 MONITORING OF CASH AND DEBT SERVICE FOR LANDFILL

Statement of Condition:

The City is involved in a joint powers agreement with the Village of Los Lunas that provides for the disposition of solid waste in compliance with the New Mexico Solid Waste Act. The Village of Los Lunas is the fiscal agent for the joint powers agreement.

The City of Belen does not receive periodic statements from the Village of Los Lunas regarding their debt service nor their cash balances. Therefore, there is a lack of monitoring and proper recording of the debt service transactions and there is no cash reconciliation taking place.

Criteria:

Good accounting procedures require the implementation of sufficient internal controls such as reconciliations and monitoring of transactions and balances of cash and debt that are handled by a fiscal agent.

STATE OF NEW MEXICO
CITY OF BELEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2007

Effect:

The City is not properly recording and monitoring its cash and debt service transactions/balances held by the Village of Los Lunas and the City's liabilities may be understated.

Cause:

The may not have considered it necessary.

Recommendation:

The City should require the Village of Los Lunas to send them periodic statements of the transactions taking place in the joint venture so the City can reconcile and monitor the activity of its cash and debt service to the statements.

Management response:

The staff has aggressively contacted the Village of Los Lunas and requested statements from them. We have received very few. This item will be followed up through the City Manager.

05-04 TRAVEL FORM SIGNATURES, SUPPORT AND PAYMENTS

Statement of Condition:

Out of ten travel vouchers tested, there was one instance in which the travel form was not signed by the supervisor or recipient, one instance were the receipts could not be located and travel to Seattle although not listed a special rate area was paid at the higher rate.

Criteria:

Per DFA Rule 95-1 "Per Diem and Mileage Act" Travel should be properly approved and authorized, supporting receipts submitted and proper rates paid in accordance with approved guidelines.

Effect:

The City is not in compliance with DFA Rule 95-1. The City may be paying unallowable costs.

Cause:

The City is not following the guidelines for per diem and mileage Act.

Recommendation:

The City should make sure that a travel forms are properly signed by both the recipient and the supervisor, require submission of receipts and pay proper approved rates.

Management response:

The staff makes every attempt to make sure that all required documents are attached to the reimbursements as well as executed.

STATE OF NEW MEXICO
CITY OF BELEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2007

07-01 ACTUAL EXPENDITURES EXCEED BUDGET EXPENDITURES

Statement of Condition:

Actual expenditures exceeded budgeted expenditures within a category for in the following funds for the following amounts:

Special Revenue Fund—Infrastructure GRT 1/8 (Fund 1205) in the expenditure category:
General government: Capital outlay. (\$801,807)

Proprietary Fund-Joint Utility Debt Service in the expenditure categories:

Non-operating: Principal payments (\$20,000) and Interest payments (\$2,015)

Criteria:

In accordance with the State Auditor Rule 2.2.2.10 “Appropriations to Agencies” The budgetary comparison presented in the financial statements must be at least at the same appropriation level as the approved budget to demonstrate compliance with legal requirements. If actual expenditures exceed budgeted expenditures at the legal level of budgetary compliance, that fact must be reported in a finding. If budgeted expenditures exceed budgeted revenues (after prior-year cash balance and any applicable federal receivables required to balance the budget), that fact must also be reported in a finding. If the agency budgets cash or fund balance that did not exist at the beginning of the fiscal year, a finding should be reported.

Effect:

Budgetary controls are circumvented and Department of Finance and Administration regulations are violated.

Cause:

It appears to be lack of monitoring of the City’s departments for possible budget overruns.

Recommendation:

Management should review the financial statements periodically for possible overruns and request appropriate budgetary increases before expenditures exceed budget.

Management Response:

The staff will make every attempt to review the financials for any overruns with their designated department head. Any over expenditure will require a budget adjustment.

07-02 CONTROLS OVER MAINTAINING THE GENERAL LEDGER AND AUDIT REPORT

Statement of Condition

During our audit we made several adjustments to the City’s books that the new SAS 112 requires to report as a finding.

Criteria

Statement of Auditing Standards (SAS) 112 was implemented as of December 15, 2006. Some of the key underlying concepts of this standard follow. Also since significant adjustments to the financials were

STATE OF NEW MEXICO
CITY OF BELEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2007

made it calls into question whether the City staff has the qualifications and training to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements.

- The auditor cannot be part of a client's internal control. Becoming part of a client's internal control impairs the auditor's independence.
- What the auditor does is independent of the client's internal control over financial reporting. Therefore, the auditor cannot be a compensating control for the client.
- A system of internal control over the financial reporting does not stop at the general ledger; rather it includes controls over the preparation of the financial statements.

Recording these adjustments is considered a significant process that the client needs to maintain.

Effect

Because these adjustments were made by the auditor and not by the City, it results in an internal control weakness in maintaining the general ledger and would extend to the audit report.

Cause

The implementation of SAS 112, which requires the auditor to reconsider the design and processes needed to be implemented and executed by the auditee and carry them forward to the financial statements is the cause of this finding as in previous years these adjustments would not be considered a cause for a finding.

Recommendation

We recommend that the City make adjustments to their general ledger in a timely manner. Asking for technical advice from the auditor or from someone else when these adjustments are needed is not considered a control deficiency as long as the staff of the City makes the adjustment and understands how and why the adjustments were made and also demonstrate the qualifications and training to present the financial statements according to generally accepted accounting principles..

Management Response:

Management plans to work with the auditors to determine the necessary adjustments to record in the City's financial records.

07-03 CONSTRUCTION IN PROGRESS

Statement of Condition:

The City is not recording construction in progress in its schedule of capital assets. The City provided only a typewritten list with amounts that did not match construction in progress expenditures in the different funds. The total amount of construction in progress at June 30, 2007 was \$5,242,543. The auditor made the appropriate adjustments.

Criteria:

GASB 34 requires government entities to present all capital assets including construction in progress in its government-wide financial statements.

STATE OF NEW MEXICO
CITY OF BELEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2007

Effect:

The City has not recorded its construction in progress expenditures in its schedule of capital assets for the current fiscal year. The City's capital assets may be understated.

Cause:

The City may not have considered it necessary.

Recommendation:

The City should keep accurate records of its construction in progress and record the amounts in its fixed asset schedules at the correct amounts.

Management response:

Management plans to work with the auditors to determine necessary steps for recording construction in progress in its schedule of capital assets.

STATE OF NEW MEXICO
CITY OF BELEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2007

FINANCIAL STATEMENT PREPARATION

The financial statements were primarily prepared from the original books and records of the City as of June 30, 2007 by Hinkle & Landers, PC. The City is responsible for the financial statements contained herein.

EXIT CONFERENCE

An exit conference was held at the City on March 18, 2008 in a closed meeting to preserve the confidentiality of the information in the audit report. Attending the meeting were the following:

City of Belen Officials

Mr. Ronnie Torres	Mayor
Ms. Sally Garley	City Manager
Ms. Mildred Garley	Finance Officer

Hinkle & Landers PC Officials

Farley Vener, CPA, CFE