

**Accounting & Consulting Group, LLP**

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Certified Public Accountants

**STATE OF NEW MEXICO  
CITY OF BELEN  
ANNUAL FINANCIAL REPORT  
JUNE 30, 2010**



**STATE OF NEW MEXICO**  
**CITY OF BELEN**  
**ANNUAL FINANCIAL REPORT**  
**JUNE 30, 2010**

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## **INTRODUCTORY SECTION**

**STATE OF NEW MEXICO**

City of Belen  
Table of Contents  
June 30, 2010

	<u>Exhibit</u>	<u>Page</u>
<b>INTRODUCTORY SECTION</b>		
Table of Contents		4-5
Official Roster		6
<b>FINANCIAL SECTION</b>		
Independent Auditors' Report		8-9
<b>BASIC FINANCIAL STATEMENTS</b>		
Government-wide Financial Statements		
Statement of Net Assets	A-1	12-13
Statement of Activities	A-2	14-15
Fund Financial Statements		
Balance Sheet – Governmental Funds	B-1	16
Reconciliation of the Balance Sheet to the Statement of Net Assets		17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	B-2	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities		19
Statement of Revenues, Expenditures and Changes in Fund Balance Budget (GAAP Basis) and Actual – Major Governmental Funds:		
General Fund	C-1	21
Statement of Net Assets-Proprietary Funds	D-1	22-23
Statement of Revenues, Expenses, and Changes in Fund Net Assets-Proprietary Funds	D-2	24-25
Statement of Cash Flows –Proprietary Funds	D-3	26-27
NOTES TO FINANCIAL STATEMENTS		28-53
<b>SUPPLEMENTARY INFORMATION</b>		
Nonmajor Fund Descriptions	<u>Statement</u>	56-59
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES		
Combining Balance Sheet – Nonmajor Governmental Funds	A-1	60-65
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	A-2	66-71
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Nonmajor Governmental Funds:		
Parks and Recreation Special Revenue Fund	B-1	72
Fire Protection Special Revenue Fund	B-2	73
EMS Rescue Special Revenue Fund	B-3	74
1/8% GRT Infrastructure Special Revenue Fund	B-4	75
1/2% GRT Infrastructure Special Revenue Fund	B-5	76
Department of Justice Special Revenue Fund	B-6	77
Jail Special Revenue Fund	B-7	78
NM DOT Section 5311 Special Revenue Fund	B-8	79
Evidence Special Revenue Fund	B-9	80
Law Enforcement Special Revenue Fund	B-10	81
Confiscated Fund Special Revenue Fund	B-11	82
Lodger's Tax Special Revenue Fund	B-12	83
Martin Luther King Special Revenue Fund	B-13	84

STATE OF NEW MEXICO

City of Belen

Table of Contents

June 30, 2010

	<u>Statement/Schedule</u>	<u>Page</u>
Construction GIS Infra Special Revenue Fund	B-14	85
Clean Energy Grant Special Revenue Fund	B-15	86
RSVP Special Revenue Fund	B-16	87
Street Paving Revolving Special Revenue Fund	B-17	88
2008 GRT Revenue Bonds Special Revenue Fund	B-18	89
2008 GRT Revenue Bonds Debt Service Fund	B-19	90
Debt Service Fund	B-20	91
Gasoline Tax Revenue Bonds Debt Service Fund	B-21	92
2005 GRT Revenue Bonds Debt Service Fund	B-22	93
Multi-Purpose Park Capital Projects Fund	B-23	94
Alexander Airport Capital Projects Fund	B-24	95
Becker Avenue Capital Projects Fund	B-25	96
Camino Del Llano Capital Projects Fund	B-26	97
Christopher Road Capital Projects Fund	B-27	98
I-25 Improvements Capital Projects Fund	B-28	99
CDBG W&S Capital Projects Fund	B-29	100
Westside Booster Station Capital Projects Fund	B-30	101
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual –Proprietary Funds		
Wastewater Fund	B-31	102
Water Fund	B-32	103
Solid Waste Fund	B-33	105
<b>SUPPORTING SCHEDULES</b>		
Schedule of Deposit and Investment Accounts	I	108
Schedule of Collateral Pledged By Depository for Public Funds	II	109
<b>COMPLIANCE SECTION</b>		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performance in Accordance with <i>Government Auditing Standards</i>		112-113
<b>FEDERAL FINANCIAL ASSISTANCE</b>		
Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133		116-117
Schedule of Expenditures of Federal Awards	III	118-119
Schedule of Findings and Questioned Costs	IV	120-127
<b>OTHER DISCLOSURES</b>	V	128

**STATE OF NEW MEXICO**

City of Belen

Official Roster

June 30, 2010

<u>Name</u>	<u>City Council</u>	<u>Title</u>
Rudy Jaramillo		Mayor
Wayne Gallegos		Mayor Pro-Tem
Mary T. Aragon		Councilor
Jerah R. Cordova		Councilor
Lorenzo Carrillo		Councilor
	<u>Administration</u>	
Kathy Savilla		Municipal Judge
Mary Lucy Baca		Interim City Manager
Michael P. Steininger		Finance Director
Norman McDonald		City Attorney

**FINANCIAL SECTION**





**Accounting & Consulting Group, LLP**  
Certified Public Accountants

## **Independent Auditors' Report**

Hector Balderas  
New Mexico State Auditor  
The U.S. Office of Management and Budget and  
The City Council  
City of Belen  
Belen, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the budgetary comparison for the general fund and the aggregate remaining fund information of the City of Belen, New Mexico (the "City"), as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City's nonmajor governmental funds, and the respective budgetary comparisons for the camino del llano capital projects fund, the proprietary funds, and nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010 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.

Except as discussed in the following paragraph, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 a reasonable basis for our opinions.

The City's June 30, 2009 cash balances allocated at the individual fund level did not reconcile with the control cash account for either the governmental funds or the proprietary funds. As a result, there was no effective way to determine whether the cash balances at the fund level were materially correct. Because of the inadequacy of accounting records for the years prior to fiscal year 2010, we were unable to form an opinion regarding the amounts included in the current fiscal year's statement of revenues, expenditures and changes in fund balances within the general fund.

In our opinion, except for the effects of not being able to determine the opening cash balances at the fund level and the effect this has on the statement of revenues, expenditures and fund balances in the general fund, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2010 and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the City as of June 30, 2010, and the respective changes in financial position thereof, and the budgetary comparisons for the camino del llano capital projects fund, the proprietary funds, and the remaining nonmajor governmental funds presented as supplementary information for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2010 on our consideration of the City's internal control over financial reporting and on 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City'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 the U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The accompanying financial information listed as supporting Schedules I through II in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and the combining and individual fund statements and budgetary comparisons listed above and, in our opinion, are fairly stated in all material respects, in relation to the basic financial statements and the combining and individual fund statements and budgetary comparisons taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP  
Albuquerque, New Mexico  
November 22, 2010

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**BASIC  
FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**

City of Belen

Statement of Net Assets

June 30, 2010

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 208,989	\$ 675,876	\$ 884,865
Investments	4,141,253	105,991	4,247,244
Receivables:			
Property taxes	28,793	-	28,793
Other taxes	923,250	19,129	942,379
Customer	-	389,347	389,347
Other	195,697	337,820	533,517
Internal balances	(558,281)	558,281	-
Total current assets	<u>4,939,701</u>	<u>2,086,444</u>	<u>7,026,145</u>
Noncurrent assets			
Restricted cash and cash equivalents	648,768	106,961	755,729
Restricted investments	432,000	-	432,000
Bond issuance costs, net of accumulated amortization of \$7,280	100,458	-	100,458
Bond discounts, net of accumulated amortization of \$10,269	141,710	-	141,710
Capital assets	81,809,004	36,959,863	118,768,867
Less: accumulated depreciation	<u>(42,708,133)</u>	<u>(16,555,532)</u>	<u>(59,263,665)</u>
Total noncurrent assets	<u>40,423,807</u>	<u>20,511,292</u>	<u>60,935,099</u>
Total assets	<u>\$ 45,363,508</u>	<u>\$ 22,597,736</u>	<u>\$ 67,961,244</u>

The accompanying notes are an integral part of these financial statements

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Liabilities</b>			
Current liabilities			
Accounts payable	\$ 1,194,877	\$ 403,882	\$ 1,598,759
Meter deposits	-	102,917	102,917
Accrued payroll	79,299	14,987	94,286
Accrued compensated absences	71,067	26,017	97,084
Accrued interest	118,211	74,018	192,229
Current portion of long-term debt	1,057,355	38,352	1,095,707
Total current liabilities	2,520,809	660,173	3,180,982
Noncurrent liabilities			
Accrued compensated absences	113,622	25,709	139,331
Accrued landfill closure costs	-	593,497	593,497
Bonds payable	9,620,000	1,389,000	11,009,000
Loans and capital leases payable	7,317,606	151,786	7,469,392
Total noncurrent liabilities	17,051,228	2,159,992	19,211,220
Total liabilities	19,572,037	2,820,165	22,392,202
<b>Net Assets</b>			
Invested in capital assets, net of related debt	21,105,910	18,825,193	39,931,103
Restricted for:			
Debt service	992,716	-	992,716
Special revenue	1,164,223	-	1,164,223
Unrestricted	2,528,622	952,378	3,481,000
Total net assets	25,791,471	19,777,571	45,569,042
Total liabilities and net assets	\$ 45,363,508	\$ 22,597,736	\$ 67,961,244

**STATE OF NEW MEXICO**  
City of Belen  
Statement of Activities  
For the Year Ended June 30, 2010

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities:</b>				
General government	\$ 2,671,653	\$ 337,648	\$ 455,437	\$ -
Public safety	2,766,576	89	208,882	-
Public works	3,317,329	13,311	57,736	1,630,094
Culture and recreation	1,314,475	16,445	-	14,112
Health and welfare	311,612	-	65,540	-
Interest on long-term debt	580,816	-	-	-
<i>Total governmental activities</i>	<u>10,962,461</u>	<u>367,493</u>	<u>787,595</u>	<u>1,644,206</u>
<b>Business-type Activities:</b>				
Wastewater	1,111,070	905,435	-	853,277
Water	1,335,203	1,285,542	-	99,723
Solid waste	1,121,170	1,150,812	-	-
Interest on long-term debt	67,258	-	-	-
<i>Total business-type activities</i>	<u>3,634,701</u>	<u>3,341,789</u>	<u>-</u>	<u>953,000</u>
<i>Total primary government</i>	<u>\$ 14,597,162</u>	<u>\$ 3,709,282</u>	<u>\$ 787,595</u>	<u>\$ 2,597,206</u>
<b>General Revenues:</b>				
Taxes:				
Property taxes, levied for general purposes				
Gross receipts taxes				
Gasoline and motor vehicle taxes				
Other taxes				
Interest income				
Miscellaneous income				
Loss on sale of capital assets				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets, beginning				
Net assets, ending				

The accompanying notes are an integral part of these financial statements

**Net (Expense) Revenue and Changes in Net Assets**

Governmental Activities	Business-Type Activities	Total
\$ (1,878,568)	\$ -	\$ (1,878,568)
(2,557,605)	-	(2,557,605)
(1,616,188)	-	(1,616,188)
(1,283,918)	-	(1,283,918)
(246,072)	-	(246,072)
(580,816)	-	(580,816)
<u>(8,163,167)</u>	<u>-</u>	<u>(8,163,167)</u>
-	647,642	647,642
-	50,062	50,062
-	29,642	29,642
-	<u>(67,258)</u>	<u>(67,258)</u>
<u>-</u>	<u>660,088</u>	<u>660,088</u>
<u>(8,163,167)</u>	<u>660,088</u>	<u>(7,503,079)</u>
487,064	-	487,064
5,387,346	271,305	5,658,651
212,104	-	212,104
266,214	-	266,214
177,487	5,384	182,871
160,027	1,951	161,978
(22,667)	(149)	(22,816)
786,534	<u>(786,534)</u>	<u>-</u>
<u>7,454,109</u>	<u>(508,043)</u>	<u>6,946,066</u>
(709,058)	152,045	(557,013)
<u>26,500,529</u>	<u>19,625,526</u>	<u>46,126,055</u>
<u>\$ 25,791,471</u>	<u>\$ 19,777,571</u>	<u>\$ 45,569,042</u>



STATE OF NEW MEXICO

City of Belen  
Balance Sheet  
Governmental Funds  
June 30, 2010

	General Fund	Camino Del Llano Capital Projects Fund	Other Governmental Funds	Total
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ 857,757	\$ 857,757
Investments	3,590,478	-	982,775	4,573,253
Receivables:				
Property taxes	28,793	-	-	28,793
Other taxes	740,664	-	182,586	923,250
Other	31,120	85,247	79,330	195,697
<i>Total assets</i>	<u>\$ 4,391,055</u>	<u>\$ 85,247</u>	<u>\$ 2,102,448</u>	<u>\$ 6,578,750</u>
<i>Liabilities</i>				
Accounts payable	\$ 278,035	\$ 502,754	\$ 414,088	\$ 1,194,877
Accrued payroll	76,598	-	2,701	79,299
Due to other funds	558,281	-	-	558,281
<i>Total liabilities</i>	<u>912,914</u>	<u>502,754</u>	<u>416,789</u>	<u>1,832,457</u>
<i>Fund balances</i>				
Reserved for:				
Future debt service payments	-	-	1,110,927	1,110,927
Unreserved, reported in:				
General fund	3,478,141	-	-	3,478,141
Special revenue funds	-	-	917,660	917,660
Capital projects funds	-	(417,507)	(342,928)	(760,435)
<i>Total fund balances</i>	<u>3,478,141</u>	<u>(417,507)</u>	<u>1,685,659</u>	<u>4,746,293</u>
<i>Total liabilities and fund balances</i>	<u>\$ 4,391,055</u>	<u>\$ 85,247</u>	<u>\$ 2,102,448</u>	<u>\$ 6,578,750</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

City of Belen

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Assets

June 30, 2010

Exhibit B-1

Page 2 of 2

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund balances - total governmental funds	\$ 4,746,293
The City has unamortized bond issuance costs and discounts. Bond issuance costs and discounts are not a current financial resource and, therefore, are not reported in the funds:	
Bond issuance costs	100,458
Bond discounts	141,710
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	39,100,871
Interest on long-term debt is not accrued in the fund financial statements unless it is due and payable:	
Accrued interest	(118,211)
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued compensated absences	(184,689)
Bonds payable	(10,160,000)
Loans payable	(7,687,300)
Capital leases payable	(147,661)
Total net assets of governmental activities	<u>\$ 25,791,471</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
City of Belen  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2010

Exhibit B-2  
Page 1 of 2

	General Fund	Camino Del Llano Capital Projects Fund	Other Governmental Funds	Total
<i>Revenues</i>				
Taxes				
Property	\$ 606,405	\$ -	\$ -	\$ 606,405
Gross receipts	4,036,136	-	1,351,210	5,387,346
Gasoline and motor vehicle taxes	35,779	-	176,325	212,104
Other	216,652	-	49,562	266,214
Intergovernmental income				
Federal operating grants	150,999	-	195,105	346,104
Federal capital grants	-	858,336	610,985	1,469,321
State operating grants	247,431	-	194,060	441,491
State capital grants	-	-	174,885	174,885
Charges for services	89,327	-	29,756	119,083
Licenses and fees	161,062	-	87,348	248,410
Interest income	112,173	-	65,314	177,487
Miscellaneous	94,986	-	65,041	160,027
<i>Total revenues</i>	<u>5,750,950</u>	<u>858,336</u>	<u>2,999,591</u>	<u>9,608,877</u>
<i>Expenditures</i>				
Current				
General government	2,273,224	-	57,030	2,330,254
Public safety	2,383,206	-	218,759	2,601,965
Public works	956,207	-	84,528	1,040,735
Culture and recreation	626,611	-	36,895	663,506
Health and welfare	33,656	-	238,103	271,759
Capital outlay	192,534	2,148,698	1,353,225	3,694,457
Debt service				
Principal	18,897	-	1,421,964	1,440,861
Interest	3,291	-	811,325	814,616
<i>Total expenditures</i>	<u>6,487,626</u>	<u>2,148,698</u>	<u>4,221,829</u>	<u>12,858,153</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(736,676)</u>	<u>(1,290,362)</u>	<u>(1,222,238)</u>	<u>(3,249,276)</u>
<i>Other financing sources (uses)</i>				
Proceeds from sale of capital assets	9,434	-	-	9,434
Transfers in	1,373,019	740,420	3,701,495	5,814,934
Transfers out	(3,039,727)	-	(1,988,673)	(5,028,400)
<i>Total other financing sources (uses)</i>	<u>(1,657,274)</u>	<u>740,420</u>	<u>1,712,822</u>	<u>795,968</u>
<i>Net change in fund balances</i>	(2,393,950)	(549,942)	490,584	(2,453,308)
<i>Fund balances - beginning of year</i>	<u>5,872,091</u>	<u>132,435</u>	<u>1,195,075</u>	<u>7,199,601</u>
<i>Fund balances - end of year</i>	<u>\$ 3,478,141</u>	<u>\$ (417,507)</u>	<u>\$ 1,685,659</u>	<u>\$ 4,746,293</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**

City of Belen

Governmental Funds

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, 2010

Exhibit B-2

Page 2 of 2

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds	\$ (2,453,308)
--	----------------

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital expenditures recorded in capital outlay	3,694,457
Depreciation expense	(3,253,972)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:

Change in deferred revenue related to property taxes receivable	(119,341)
Book value of capital assets disposed	(32,101)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Decrease in accrued compensated absences	14,290
Decrease in accrued interest	10,585

The issuance of long-term debt (e.g. bonds, loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Amortization of bond issuance costs and discounts	(10,529)
Principal payments on bonds payable	855,000
Principal payments on loans payable	502,877
Principal payments on capital leases payable	82,984
	82,984

Change in net assets of governmental activities	\$ (709,058)
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The accompanying notes are an integral part of these financial statements

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## STATE OF NEW MEXICO

Exhibit C-1

City of Belen

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (GAAP Basis) and Actual  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ 574,652	\$ 574,652	\$ 606,405	\$ 31,753
Gross receipts	3,898,573	3,898,573	4,036,136	137,563
Gas and motor vehicle	52,153	52,153	35,779	(16,374)
Other	293,782	293,782	216,652	(77,130)
Intergovernmental income				
Federal operating grants	175,218	175,218	150,999	(24,219)
Federal capital grants	-	-	-	-
State operating grants	212,494	218,484	247,431	28,947
State capital grants	-	-	-	-
Charges for services	294,556	294,556	89,327	(205,229)
Licenses and fees	233,500	242,310	161,062	(81,248)
Interest income	7,000	7,000	112,173	105,173
Miscellaneous	104,000	103,000	94,986	(8,014)
<i>Total revenues</i>	<u>5,845,928</u>	<u>5,859,728</u>	<u>5,750,950</u>	<u>(108,778)</u>
<i>Expenditures</i>				
Current				
General government	2,505,468	2,504,668	2,273,224	231,444
Public safety	2,729,966	2,678,035	2,383,206	294,829
Public works	1,005,235	996,735	956,207	40,528
Culture and recreation	768,833	777,858	626,611	151,247
Health and welfare	48,138	48,938	33,656	15,282
Capital outlay	40,825	28,800	192,534	(163,734)
Debt service				
Principal	17,980	17,980	18,897	(917)
Interest	-	-	3,291	(3,291)
<i>Total expenditures</i>	<u>7,116,445</u>	<u>7,053,014</u>	<u>6,487,626</u>	<u>565,388</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,270,517)</u>	<u>(1,193,286)</u>	<u>(736,676)</u>	<u>456,610</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	1,035,020	4,658,783	-	(4,658,783)
Proceeds from sale of capital assets	-	-	9,434	9,434
Transfers in	235,497	425,000	1,373,019	948,019
Transfers out	-	(3,890,497)	(3,039,727)	850,770
<i>Total other financing sources (uses)</i>	<u>1,270,517</u>	<u>1,193,286</u>	<u>(1,657,274)</u>	<u>(2,850,560)</u>
<i>Net change in fund balance</i>	-	-	(2,393,950)	(2,393,950)
<i>Fund balances - beginning of year</i>	-	-	5,872,091	5,872,091
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,478,141</u>	<u>\$ 3,478,141</u>

**STATE OF NEW MEXICO**

City of Belen  
Statement of Net Assets  
Proprietary Funds  
June 30, 2010

	<u>Wastewater</u>	<u>Water</u>	<u>Solid Waste</u>
<i>Assets</i>			
<i>Current assets</i>			
Cash and cash equivalents	\$ -	\$ 342,677	\$ 333,199
Investments	-	105,991	-
Receivables:			
Other taxes	-	-	19,129
Customer	90,470	182,448	116,429
Other	337,290	530	-
Interfund receivable	450,938	107,343	-
<i>Total current assets</i>	<u>878,698</u>	<u>738,989</u>	<u>468,757</u>
<i>Noncurrent assets</i>			
Restricted cash and cash equivalents	-	106,961	-
Capital assets	26,437,172	10,342,830	179,861
Less: accumulated depreciation	(11,603,354)	(4,864,561)	(87,617)
<i>Total noncurrent assets</i>	<u>14,833,818</u>	<u>5,585,230</u>	<u>92,244</u>
<i>Total assets</i>	<u>\$ 15,712,516</u>	<u>\$ 6,324,219</u>	<u>\$ 561,001</u>
<i>Liabilities and net assets</i>			
<i>Liabilities</i>			
<i>Current liabilities</i>			
Accounts payable	\$ 129,406	\$ 62,487	\$ 211,989
Meter deposits payable	-	102,917	-
Accrued payroll	4,792	10,195	-
Accrued compensated absences	7,280	18,737	-
Accrued interest payable	-	74,018	-
Current portion of long-term debt	-	38,352	-
<i>Total current liabilities</i>	<u>141,478</u>	<u>306,706</u>	<u>211,989</u>
<i>Noncurrent liabilities</i>			
Accrued compensated absences	6,240	19,469	-
Accrued landfill closure costs	-	-	593,497
Bonds payable	-	1,389,000	-
Loans and capital leases payable	-	151,786	-
<i>Total noncurrent liabilities</i>	<u>6,240</u>	<u>1,560,255</u>	<u>593,497</u>
<i>Total liabilities</i>	<u>147,718</u>	<u>1,866,961</u>	<u>805,486</u>
<i>Net assets</i>			
Invested in capital assets, net of related debt	14,833,818	3,899,131	92,244
Unrestricted	730,980	558,127	(336,729)
<i>Total net assets</i>	<u>15,564,798</u>	<u>4,457,258</u>	<u>(244,485)</u>
<i>Total liabilities and net assets</i>	<u>\$ 15,712,516</u>	<u>\$ 6,324,219</u>	<u>\$ 561,001</u>

The accompanying notes are an integral part of these financial statements

<u>Total</u>	
\$	675,876
	105,991
	19,129
	389,347
	337,820
	558,281
	<u>2,086,444</u>
	106,961
	36,959,863
	(16,555,532)
	<u>20,511,292</u>
\$	<u><u>22,597,736</u></u>

\$	403,882
	102,917
	14,987
	26,017
	74,018
	38,352
	<u>660,173</u>
	25,709
	593,497
	1,389,000
	151,786
	<u>2,159,992</u>
	<u>2,820,165</u>
	18,825,193
	952,378
	<u>19,777,571</u>
\$	<u><u>22,597,736</u></u>



**STATE OF NEW MEXICO**  
City of Belen  
Statement of Revenues, Expenses and Changes in Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2010

	<u>Wastewater</u>	<u>Water</u>	<u>Solid Waste</u>
<i>Operating revenues:</i>			
Charges for services	\$ 905,435	\$ 1,285,542	\$ 1,150,812
<i>Total operating revenues</i>	<u>905,435</u>	<u>1,285,542</u>	<u>1,150,812</u>
<i>Operating expenses:</i>			
Depreciation	582,100	185,896	11,629
Personnel services	274,987	532,929	60,139
Utilities	111,477	163,475	4,407
Contractual services	6,043	131,309	980,732
Supplies	56,325	186,596	1,579
Maintenance and materials	36,405	50,235	2,610
Gross receipts taxes	43,733	63,746	57,028
Other costs	-	21,017	3,046
<i>Total operating expenses</i>	<u>1,111,070</u>	<u>1,335,203</u>	<u>1,121,170</u>
<i>Operating income (loss)</i>	<u>(205,635)</u>	<u>(49,661)</u>	<u>29,642</u>
<i>Non-operating revenues (expenses):</i>			
Gross receipts taxes	50	159,071	112,184
Interest expense	-	(67,258)	-
Interest income	598	4,025	761
Loss on the sale of capital assets	(149)	-	-
Miscellaneous income	-	1,951	-
<i>Total non-operating revenues (expenses)</i>	<u>499</u>	<u>97,789</u>	<u>112,945</u>
<i>Income (loss) before contributions and transfers</i>	<u>(205,136)</u>	<u>48,128</u>	<u>142,587</u>
Government contributions	853,277	99,723	-
Transfers in	150,834	86,203	-
Transfers out	(679,363)	(216,211)	(127,997)
<i>Change in net assets</i>	119,612	17,843	14,590
<i>Net assets, beginning of year</i>	<u>15,445,186</u>	<u>4,439,415</u>	<u>(259,075)</u>
<i>Net assets, end of year</i>	<u>\$ 15,564,798</u>	<u>\$ 4,457,258</u>	<u>\$ (244,485)</u>

The accompanying notes are an integral part of these financial statements

<u>Total</u>
<u>\$ 3,341,789</u>
<u>3,341,789</u>
779,625
868,055
279,359
1,118,084
244,500
89,250
164,507
<u>24,063</u>
<u>3,567,443</u>
<u>(225,654)</u>
271,305
(67,258)
5,384
(149)
<u>1,951</u>
<u>211,233</u>
<u>(14,421)</u>
953,000
237,037
<u>(1,023,571)</u>
152,045
<u>19,625,526</u>
<u><u>\$ 19,777,571</u></u>

**STATE OF NEW MEXICO**  
City of Belen  
Statement of Cash Flows - Proprietary Funds  
For the Year Ended June 30, 2010

	<u>Wastewater</u>	<u>Water</u>	<u>Solid Waste</u>
<i>Cash flows from operating activities:</i>			
Cash received from user charges	\$ 995,048	\$ 1,268,331	\$ 1,142,073
Cash payments to employees for services	(273,538)	(530,502)	(64,857)
Cash payments to suppliers for goods and services	(533,067)	(605,192)	(988,959)
<i>Net cash provided by for operating activities</i>	<u>188,443</u>	<u>132,637</u>	<u>88,257</u>
<i>Cash flows from noncapital financing activities:</i>			
Gross receipts tax revenues	50	159,071	112,184
Miscellaneous income	-	1,951	-
Payments for noncurrent accrued compensated absences	(1,536)	10,558	(10,530)
Internal balances	(450,938)	(107,343)	-
Transfers	(528,529)	(130,008)	(127,997)
<i>Net cash provided (used) by noncapital financing activities:</i>	<u>(980,953)</u>	<u>(65,771)</u>	<u>(26,343)</u>
<i>Cash flows from capital and related financing activities:</i>			
Government contributions	853,277	99,723	-
Interest paid	-	(68,831)	-
Principal payments	-	(46,046)	-
Acquisition of capital assets	(331,776)	(51,790)	-
<i>Net cash provided (used) by capital and related financing activities:</i>	<u>521,501</u>	<u>(66,944)</u>	<u>-</u>
<i>Cash flows from investing activities:</i>			
Interest on investments	598	4,025	761
<i>Net cash provided by investing activities</i>	<u>598</u>	<u>4,025</u>	<u>761</u>
<i>Net (decrease) increase in cash and cash equivalents</i>	(270,411)	3,947	62,675
<i>Cash, cash equivalents and investments - beginning of year</i>	<u>270,411</u>	<u>551,682</u>	<u>270,524</u>
<i>Cash, cash equivalents and investments - end of year</i>	<u>\$ -</u>	<u>\$ 555,629</u>	<u>\$ 333,199</u>
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</i>			
Operating income (loss)	\$ (205,635)	\$ (49,661)	\$ 29,642
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:			
Depreciation	582,100	185,896	11,629
Changes in assets and liabilities			
Receivables	89,613	(17,211)	(8,739)
Accounts payable	(279,084)	36,231	60,443
Accrued payroll expenses	316	(1,827)	(1,323)
Current accrued compensated absences	1,133	4,254	(3,395)
Meter deposits	-	(25,045)	-
<i>Net cash provided (used) by operating activities</i>	<u>\$ 188,443</u>	<u>\$ 132,637</u>	<u>\$ 88,257</u>

The accompanying notes are an integral part of these financial statements

	<u>Total</u>
\$	3,405,452
	(868,897)
	<u>(2,127,218)</u>
	<u>409,337</u>

	271,305
	1,951
	(1,508)
	(558,281)
	<u>(786,534)</u>
	<u>(1,073,067)</u>

	953,000
	(68,831)
	(46,046)
	<u>(383,566)</u>
	<u>454,557</u>

	<u>5,384</u>
	<u>5,384</u>
	(203,789)
	<u>1,092,617</u>
\$	<u>888,828</u>

\$	(225,654)
	779,625
	63,663
	(182,410)
	(2,834)
	1,992
	<u>(25,045)</u>
\$	<u>409,337</u>

**STATE OF NEW MEXICO**  
City of Belen  
Notes to Financial Statements  
June 30, 2010

**NOTE 1. 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 as authorized by its charter: public safety (police and fire), highways and streets, public utilities (wastewater, water and solid waste), health and social services, culture-recreation, public improvements, housing, planning and zoning, and general administrative services.

The City is a body politic and corporate under the name and form of government selected by its qualified electors. The City may:

1. Sue or be sued;
2. Enter into contracts and leases;
3. Acquire and hold property, both real and personal;
4. Have common seal, which may be altered at pleasure;
5. Exercise such other privileges that are incident to corporations of like character or degree that are not inconsistent with the laws of New Mexico;
6. Protect generally the property of its municipality and its inhabitants;
7. Preserve peace and order within the municipality; and
8. Establish rates for services provided by municipal utilities and revenue-producing projects, including amounts which the governing body determines to be reasonable in the operation of similar facilities.

This summary of significant accounting policies of the City is presented to assist in the understanding of City's financial statements. The financial statements and notes are the representation of City's management who is responsible for their integrity and objectivity.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The government-wide and the proprietary funds financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures issued after November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Governments also have the option of following subsequent private sector guidance for their government-wide financial statements and enterprise funds, subject to the same limitation. The City has elected not to follow the subsequent private sector guidance. The more significant of the City's accounting policies are described below.

**A. Financial Reporting Entity**

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB No.'s 14 and 39. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

**STATE OF NEW MEXICO**  
City of Belen  
Notes to Financial Statements  
June 30, 2010

**NOTE 1. Summary of Significant Accounting Policies (continued)**

**A. *Financial Reporting Entity (continued)***

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

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

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the City does not have any component units required to be reported under GASB Statements No. 14 and No. 39.

**B. *Government-wide and fund financial statements***

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Net Assets and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

**STATE OF NEW MEXICO**  
City of Belen  
Notes to Financial Statements  
June 30, 2010

**NOTE 1. Summary of Significant Accounting Policies (continued)**

***B. Government-wide and fund financial statements (continued)***

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

***C. Measurement focus, basis of accounting, and financial statement presentation***

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes, net of estimated refunds, are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues, except for property taxes, to be available if they are collected within 90 days of the end of the current fiscal 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 and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period, subject to the availability criterion. Sales and use taxes are classified as derived tax revenues and are recognized as revenue 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, subject to the availability criterion. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

**STATE OF NEW MEXICO**  
City of Belen  
Notes to Financial Statements  
June 30, 2010

**NOTE 1. Summary of Significant Accounting Policies (continued)**

**C. Measurement focus, basis of accounting, and financial statement presentation (continued)**

The City reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Camino Del Llano Capital Projects Fund* accounts for a federal grant received from the Corp. of Engineers that will be used to Camino Del Llano Road Project. Authorization is by City Council.

The City reports its proprietary funds as major funds. Proprietary funds include:

The *Wastewater Fund* accounts for fees generated from charges for the operation of water treatment facilities.

The *Water Fund* accounts for fees generated from charges for the distribution of water.

The *Solid Waste Fund* accounts for fees generated from charges for trash collection.

Additionally, the government reports the following fund types:

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

The *Debt Service Funds* account for the services of general long-term debt not being financed by proprietary or nonexpendable trust funds.

The *Capital Projects Funds* account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported in the Statement of Activities.

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the City's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the City's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for fees and use of City facilities, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources such as small cities assistance to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.



**STATE OF NEW MEXICO**  
City of Belen  
Notes to Financial Statements  
June 30, 2010

**NOTE 1. Summary of Significant Accounting Policies (continued)**

**C. *Measurement focus, basis of accounting, and financial statement presentation (continued)***

The City reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The City does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenue of the City's enterprise fund is charges for services for the City's utilities. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

**D. *Assets, Liabilities and Net Assets or Equity***

**Deposits and Investments:** The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

Investments for the City are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

**Receivables and Payables:** Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources in the event they are not received within 60 days of year end..

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In the government-wide and governmental fund financial statements, delinquent property taxes are recorded when levied. Property taxes are considered to be 100% collectible.

**STATE OF NEW MEXICO**  
City of Belen  
Notes to Financial Statements  
June 30, 2010

**NOTE 1. Summary of Significant Accounting Policies (continued)**

***D. Assets, Liabilities and Net Assets or Equity (continued)***

Property taxes are levied on November 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments by December 10th and May 10th. Property taxes uncollected after December 10<sup>th</sup> and May 10<sup>th</sup> are considered delinquent and the City may assess penalties and interest. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent. Property taxes are collected by Valencia County and remitted monthly to the City.

**Restricted Assets:** Restricted assets consist of those funds expendable for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be used.

**Capital Assets:** Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1980) are included as part of the governmental capital assets reported in the government-wide statements. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Library books and periodicals are estimated to have a useful life of less than one year or are under the capitalization threshold and are expensed when purchased.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense capitalized by the City during the current fiscal year was \$0. No interest was included as part of the cost of capital assets under construction.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Machinery and equipment	10
Furniture and fixtures	10
Vehicles	10
Infrastructure	20-40
Wastewater system	20-30

**STATE OF NEW MEXICO**  
City of Belen  
Notes to Financial Statements  
June 30, 2010

**NOTE 1. Summary of Significant Accounting Policies (continued)**

**D. Assets, Liabilities and Net Assets or Equity (continued)**

**Deferred Revenues:** Accounting principles generally accepted in the United States of America require that grant revenue (voluntary nonexchange transactions) be recognized as revenue in the government-wide financial statements when all eligibility requirements have been met and recognized as revenue in the governmental fund financial statements based on the same factors subject to the availability criterion. Amounts received from reimbursement basis grants are recorded as deferred revenue in the governmental fund financial statements when received more than 90 days after year end and amounts received after 60 days after year end for property taxes.

**Compensated Absences:** City employees accrue sick leave at the rate of 15 days per year. The maximum amount of accrual of sick leave is 1040 hours per calendar year. Employees are only paid sick leave when they have met the requirements for retirement and are not paid if they are dismissed or resigned prior to meeting those requirements. Accordingly, no liability is recorded for non-vesting accumulated rights to receive sick pay benefits.

They earn vacation leave at various rates depending on the employee's length of service. Employees with less than 10 years, between 10 and 20 years and more than 20 years accrue 15, 20 and 25 days per year, respectively. The maximum accrual of vacation leave is 240 hours per calendar year.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental or proprietary fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net assets.

**Long-term Obligations:** In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method or straight-line method, if the difference is inconsequential.

**Net Assets or Fund Equity:** In the fund financial statements, governmental funds report reservations of fund balance that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Equity is classified as net assets and displayed in three components:

- a. Net assets invested in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted Net Assets: Consist of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted Net assets: All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**STATE OF NEW MEXICO**  
City of Belen  
Notes to Financial Statements  
June 30, 2010

**NOTE 1. Summary of Significant Accounting Policies (continued)**

**D. Assets, Liabilities and Net Assets or Equity (continued)**

**Net Assets or Fund Equity (continued)**

**Interfund Transactions:** Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates in the City's financial statements include the allowance for uncollectible accounts in the enterprise funds and depreciation on capital assets.

**NOTE 2. Stewardship, Compliance and Accountability**

*Budgetary Information*

Annual budgets of the City are prepared prior to June 1 and must be approved by resolution of the City Council Members, and submitted to the Department of Finance and Administration for State approval. Once the budget has been formally approved, any amendments must also be approved by the City Council Members and the Department of Finance and Administration. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget in total by fund.

These budgets are prepared on the GAAP basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

**STATE OF NEW MEXICO**  
City of Belen  
Notes to Financial Statements  
June 30, 2010

**NOTE 2. Stewardship, Compliance and Accountability (continued)**

*Budgetary Information (continued)*

The budgetary information presented in these financial statements has been properly amended by City Council in accordance with the above procedures. These amendments resulted in the following changes:

	Excess (deficiency) of revenues over expenditures or <u>Changes in Net Assets</u>	
	Original Budget	Final Budget
Budgeted Funds:		
General Fund	\$(1,270,517)	\$(1,193,286)
Camion Del Llano	\$(3,924,553)	\$(3,924,553)
Nonmajor Governmental Funds	\$ (523,317)	\$ (632,636)
Wastewater	\$ 1,153,324	\$ 718,626
Water	\$ 755,597	\$ (24,473)
Solid Waste	\$ (212,871)	\$ (246,892)

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual presents comparisons of the legally adopted budget with actual data on a budgetary basis.

**NOTE 3. Deposits and Investments**

State statutes authorize the investment of City funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. The City is not aware of any invested funds that did not meet the State investment requirements as of June 30, 2010.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the City. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

**STATE OF NEW MEXICO**  
City of Belen  
Notes to Financial Statements  
June 30, 2010

**NOTE 3. Deposits and Investments (continued)**

*Custodial Credit Risk – Deposits* 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 does not have a deposit policy for custodial credit risk, other than following state statutes as set forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2010, \$4,835,592 of the City’s deposits of \$5,783,888 was exposed to custodial credit risk.

	Wells Fargo Bank	My Bank	First Community Bank	Bank of Albuquerque	Total
Amount of deposits	\$ 888,348	\$ 102,858	\$ 4,560,682	\$ 232,000	\$ 5,783,888
FDIC Coverage	(250,000)	(102,858)	(363,438)	(232,000)	(948,296)
Total uninsured public funds	<u>638,348</u>	<u>-</u>	<u>4,197,244</u>	<u>-</u>	<u>4,835,592</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City's name	<u>638,348</u>	<u>-</u>	<u>4,197,244</u>	<u>-</u>	<u>4,835,592</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (50% of uninsured funds)	\$ 319,174	\$ -	\$ 2,098,622	\$ -	\$ 2,417,796
Pledged Collateral	<u>2,843,608</u>	<u>126,647</u>	<u>4,531,555</u>	<u>583,183</u>	<u>8,084,993</u>
Over (Under) collateralized	<u>\$ 2,524,434</u>	<u>\$ 126,647</u>	<u>\$ 2,432,933</u>	<u>\$ 583,183</u>	<u>\$ 5,667,197</u>

The collateral pledged is listed on Schedule II in this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

**Investments**

The City’s investments at June 30, 2010 include the following:

<u>Investments</u>	<u>Rating</u>	<u>Maturity</u>	<u>Fair Value</u>
U.S. Treasury Money Market Mutual Funds *	AAA	>365 Days	\$ 432,509
New Mexico State Treasurer Debt Service *	AAA	>365 Days	216,259
			<u>\$ 648,768</u>

\*Restricted cash and cash equivalents per exhibit A-1

*Interest Rate Risk – Investments.* The City does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

*Concentration of Credit Risk – Investments.* For an investment, concentration credit risk is when any one issuer is 5% or more of the investment portfolio of the City. The investment in the U.S Treasury Money Market Mutual Funds represents 67% and the investment in the New Mexico State Treasurer Debt Service is 33% of the investment portfolio, respectively. Since the City only purchases investments with the highest credit rating, the additional concentration is not viewed to be an additional risk by the City. The City’s policy related to concentration of credit risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

**STATE OF NEW MEXICO**  
City of Belen  
Notes to Financial Statements  
June 30, 2010

**NOTE 3. Deposits and Investments (continued)**

The City utilizes pooled accounts for some of their programs and funds. Negative cash balances in individual funds that were part of the pooled accounts were reclassified as due to/from accounts in the combining balance sheets as of June 30, 2010. The following individual funds had negative cash balances as of June 30, 2010:

1101                      General Fund    \$ 558,281

Reconciliation to the Statement of Net Assets:

Cash and cash equivalents per Exhibit A-1	\$ 884,865
Restricted cash and cash equivalents per Exhibit A-1	755,729
Certificates of deposit (maturity > 3 months)	4,679,244
Plus outstanding checks and other reconciling items	112,818
Less: U.S. Treasury Money Market Mutual Funds	(432,509)
Less: New Mexico State Treasurer Debt Service	<u>(216,259)</u>
 Bank balance of deposits	 <u><u>\$ 5,783,888</u></u>

**NOTE 4. Receivables**

Receivables as of June 30, 2010, are as follows:

Governmental Activities:	General	Camino Del Llano Capital Projects Fund	Total Nonmajor Funds	Total
Property taxes receivable	\$ 28,793	\$ -	\$ -	\$ 28,793
Other taxes receivable:				
Gross receipts	707,083	-	149,723	856,806
Gasoline and motor vehicle	3,676	-	32,863	36,539
Franchise tax	29,905	-	-	29,905
Other receivables:				
Intergovernmental:				
Federal grants	-	85,247	27,952	113,199
State grants	25,732	-	19,535	45,267
Interest income	2,543	-	31,843	34,386
Miscellaneous	2,845	-	-	2,845
Total receivables	<u>\$ 800,577</u>	<u>\$ 85,247</u>	<u>\$ 261,916</u>	<u>\$1,147,740</u>

Receivables for governmental activities are considered to be 100% collectible.

**STATE OF NEW MEXICO**  
City of Belen  
Notes to Financial Statements  
June 30, 2010

**NOTE 4. Receivables (continued)**

Business-type Activities:	<u>Wastewater</u>	<u>Water</u>	<u>Solid Waste</u>	<u>Total</u>
Customer receivables	\$ 95,591	\$ 188,753	\$ 123,019	\$ 407,363
Other receivables:				
Gross receipts	-	-	19,129	19,129
Federal grants	337,290	-	-	337,290
Interest income	-	530	-	530
Total gross receivables	<u>432,881</u>	<u>189,283</u>	<u>142,148</u>	<u>764,312</u>
Less: allowance for doubtful accounts	<u>(5,121)</u>	<u>(6,305)</u>	<u>(6,590)</u>	<u>(18,016)</u>
Total net receivables	<u><u>\$ 427,760</u></u>	<u><u>\$ 182,978</u></u>	<u><u>\$ 135,558</u></u>	<u><u>\$ 746,296</u></u>

**NOTE 5. Interfund Receivables, Payables, and Transfers**

The City records temporary interfund receivables and payables to enable the funds to operate until grant monies are received.

The composition of interfund balances during the year ended June 30, 2010 is as follows:

Wastewater	General Fund	\$ 450,938
Water	General Fund	<u>107,343</u>
		<u><u>\$ 558,281</u></u>

Net operating transfers, made to close out funds and to supplement other funding sources in the normal course of operations, were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Wastewater	\$ 610,709
General Fund	Water	36,972
General Fund	1/8% GRT Infrastructure	131,396
General Fund	Solid Waste	127,997
General Fund	Water	179,239
General Fund	CDBG W&S	14,484
General Fund	Becker Avenue	256,405
General Fund	Christopher Road	15,699
General Fund	Department of Justice	118
Multi-Purpose Park	General Fund	16,766
Jail	General Fund	13,541
Subtotal		<u><u>\$ 1,403,326</u></u>



**STATE OF NEW MEXICO**  
City of Belen  
Notes to Financial Statements  
June 30, 2010

**NOTE 5. Interfund Receivables, Payables, and Transfers**

Subtotal		\$ 1,403,326
NM DOT Section 5311	General Fund	20,846
Alexander Airport	General Fund	111,221
Becker Avenue	1/2% GRT Infrastructure	82,712
Water	Wastewater	68,654
Water	General Fund	63
	2008 GRT Revenue Bonds Special	
Water	Revenue Fund	17,486
Wastewater	General Fund	150,834
RSVP	General Fund	37,231
Debt Service	Fire Protection	54,031
Debt Service	1/8% GRT Infrastructure	339,012
Debt Service	1/2% GRT Infrastructure	388,488
Gasoline Tax Revenue Bonds	General Fund	113,566
Gasoline Tax Revenue Bonds	1/2% GRT Infrastructure	119,934
Gasoline Tax Revenue Bonds	Street Paving Revolving	132,348
2005 GRT Revenue Bonds	General Fund	467,686
2005 GRT Revenue Bonds	1/2% GRT Infrastructure	429,758
Camino Del Llano	General Fund	740,420
2008 GRT Revenue Bonds Special		
Revenue Fund	General Fund	1,196,643
2008 GRT Revenue Bonds Special		
Revenue Fund	2008 GRT Revenue Bonds	6,802
Westside Booster Station	General Fund	<u>170,910</u>
		<u><u>\$ 6,051,971</u></u>

**STATE OF NEW MEXICO**  
City of Belen  
Notes to Financial Statements  
June 30, 2010

**NOTE 6. Capital Assets**

A summary of capital assets and changes occurring during the year ended June 30, 2010. Land and construction in progress are not subject to depreciation.

<b>Governmental activities:</b>	<b>Balance June 30, 2009</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2010</b>
Capital assets, not depreciated:				
Land	\$ 8,013,250	\$ 619,387	\$ -	\$ 8,632,637
Construction in progress	1,794,007	2,850,590	890,439	3,754,158
<b>Total capital assets, not depreciated</b>	<b>9,807,257</b>	<b>3,469,977</b>	<b>890,439</b>	<b>12,386,795</b>
Capital assets, depreciated:				
Buildings and improvements	17,268,906	86,554	-	17,355,460
Machinery and equipment	2,442,778	921,691	-	3,364,469
Furniture and fixtures	548,926	25,169	-	574,095
Vehicles	1,769,006	81,505	286,755	1,563,756
Infrastructure	46,564,429	-	-	46,564,429
<b>Total capital assets, depreciated</b>	<b>68,594,045</b>	<b>1,114,919</b>	<b>286,755</b>	<b>69,422,209</b>
Less accumulated depreciation:				
Buildings and improvements	(8,365,779)	(808,062)	-	(9,173,841)
Machinery and equipment	(1,821,807)	(114,989)	-	(1,936,796)
Furniture and fixtures	(142,317)	(47,961)	-	64,376
Vehicles	(807,052)	(142,164)	(254,654)	(949,216)
Infrastructure	(28,571,860)	(2,140,796)	-	(30,712,656)
<b>Total accumulated depreciation</b>	<b>(39,708,815)</b>	<b>(3,253,972)</b>	<b>(254,654)</b>	<b>(42,708,133)</b>
<b>Net book value</b>	<b>\$ 38,692,487</b>	<b>\$ 1,330,924</b>	<b>\$ 922,540</b>	<b>\$ 39,100,871</b>

Depreciation expense for the year ended June 30, 2010 was charged to governmental activities as follows:

General government	\$ 123,523
Public safety	155,645
Public works	2,281,923
Culture and recreation	651,590
Health and welfare	41,291
	<b>\$ 3,253,972</b>

**STATE OF NEW MEXICO**  
City of Belen  
Notes to Financial Statements  
June 30, 2010

**NOTE 6. Capital Assets (continued)**

<b>Business-type activities:</b>	<b>Balance June 30, 2009</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2010</b>
Capital assets, not depreciated:				
Water rights	\$ 2,600,865	\$ -	\$ -	\$ 2,600,865
Construction in progress	1,309,507	383,565	128,663	1,564,409
<b>Total capital assets, not depreciated</b>	<b>3,910,372</b>	<b>383,565</b>	<b>128,663</b>	<b>4,165,274</b>
Capital assets, depreciated:				
Wastewater system	5,225,600	-	-	5,225,600
Buildings	7,288,778	-	-	7,288,778
Machinery and equipment	1,027,500	-	-	1,027,500
Furniture and fixtures	49,571	-	-	49,571
Vehicles	316,753	-	83,034	233,719
Infrastructure	18,840,758	128,663	-	18,969,421
<b>Total capital assets, depreciated</b>	<b>32,748,960</b>	<b>128,663</b>	<b>83,034</b>	<b>32,794,589</b>
Less accumulated depreciation:				
Wastewater system	(1,405,384)	(174,188)	-	(1,579,572)
Buildings	(5,392,464)	(188,196)	-	(5,580,660)
Machinery and equipment	(958,210)	(12,938)	-	(971,148)
Furniture and fixtures	(40,497)	(2,343)	-	(42,840)
Vehicles	(197,636)	(20,457)	(82,885)	(135,208)
Infrastructure	(7,864,601)	(381,503)	-	(8,246,104)
<b>Total accumulated depreciation</b>	<b>(15,858,792)</b>	<b>(779,625)</b>	<b>(82,885)</b>	<b>(16,555,532)</b>
<b>Net book value</b>	<b>\$ 20,800,540</b>	<b>\$ (267,397)</b>	<b>\$ 128,812</b>	<b>\$ 20,404,331</b>

Depreciation expense for the year ended June 30, 2010 was charged to business-type activities as follows:

Wastewater	\$ 582,100
Water	185,896
Solid waste	11,629
	<u>\$ 779,625</u>

**STATE OF NEW MEXICO**  
City of Belen  
Notes to Financial Statements  
June 30, 2010

**NOTE 7. Long-term Debt**

**Governmental Activities:**

During the year ended June 30, 2010, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

	Balance June 30, 2009	Additions	Retirements	Balance June 30, 2010	Due Within One Year
Revenue Bonds	\$ 11,015,000	\$ -	\$ 855,000	\$ 10,160,000	\$ 540,000
NMFA and NMED Loans	8,190,177	-	502,877	7,687,300	434,070
Capital Leases	230,645	-	82,984	147,661	83,285
Compensated Absences	200,697	55,059	71,067	184,689	71,067
<b>Total Long-Term Debt</b>	<b>\$ 19,636,519</b>	<b>\$ 55,059</b>	<b>\$ 1,511,928</b>	<b>\$ 18,179,650</b>	<b>\$ 1,128,422</b>

**Revenue Bonds**

At June 30, 2010, the City had two revenue bonds outstanding. For the Series 1998 Gasoline Tax Revenue Bonds, the City pledged revenues from the General and Municipal Road Gasoline Tax Revenues. For the Series 2005 and 2008 Gross Receipts Tax Revenue Bonds, the City pledged revenues from the State-Shared Gross Receipts Tax revenues. The revenue bonds are as follows:

Description	Date of Issue	Due Date	Interest Rate	Original Amount of Issue	Balance June 30, 2010
Series 2005 Gross Receipts Tax	7/26/2005	6/1/2017	3.80-4.50%	\$ 4,320,000	\$ 2,770,000
Series 2008 Gross Receipts Tax	10/2/2008	6/1/2033	3.50-5.125%	7,570,000	7,390,000
<b>Total Revenue Bonds</b>					<b>\$10,160,000</b>

The annual requirements to amortize the revenue bonds as of June 30, 2010, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2011	\$ 540,000	\$ 467,823	\$ 1,007,823
2012	545,000	438,368	983,368
2013	595,000	415,843	1,010,843
2014	620,000	390,643	1,010,643
2015	650,000	364,355	1,014,355
2016-2020	2,155,000	1,474,963	3,629,963
2021-2025	1,580,000	911,784	2,491,784
2026-2030	2,005,000	684,031	2,689,031
2031-2035	1,470,000	152,656	1,622,656
	<b>\$ 10,160,000</b>	<b>\$ 5,300,466</b>	<b>\$ 15,460,466</b>

**STATE OF NEW MEXICO**  
City of Belen  
Notes to Financial Statements  
June 30, 2010

**NOTE 7. Long-term Debt (continued)**

**NMFA and NMED Loans**

The City entered into several loan agreements with the New Mexico Finance Authority, wherein the City pledged revenue derived from New Mexico Fire Protection Allotments and State-Shared Gross Receipts Taxes. This revenue is subject to intercept agreements. The City has also entered into two loan agreements with the New Mexico Environment Department, wherein the City pledged revenue derived from State-Shared Gross Receipts Taxes and net water and sewer system to cover debt service. The various NMFA and NMED Loans are as follows:

Description	Date of Issue	Due Date	Interest Rate	Original Amount of Issue	Balance June 30, 2010
NMFA Wastewater Project	1/5/2001	5/1/2020	4.30-5.49%	\$ 1,329,231	\$ 840,097
NMFA Reinken Road & Main St.	11/7/2001	5/1/2026	2.60-5.07%	4,779,793	3,657,934
NMED CWSRF	12/30/2003	12/30/2022	2.00%	4,049,684	2,810,599
NMED RIP 2005-06	7/13/2005	7/13/2025	3.00%	448,503	378,670
Total NMFA and NMED Loans					<u>\$ 7,687,300</u>

The annual requirements to amortize the NMFA and NMED Loans as of June 30, 2010, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2011	\$ 434,070	\$ 243,380	\$ 677,450
2012	448,555	230,583	679,138
2013	463,854	219,062	682,916
2014	479,994	206,939	686,933
2015	497,027	194,186	691,213
2016-2020	2,774,834	755,517	3,530,351
2021-2025	2,237,409	336,007	2,573,416
2026-2030	351,557	16,792	368,349
	<u>\$ 7,687,300</u>	<u>\$ 2,202,466</u>	<u>\$ 9,889,766</u>

**STATE OF NEW MEXICO**  
City of Belen  
Notes to Financial Statements  
June 30, 2010

**NOTE 7. Long-term Debt (continued)**

**Capital Leases**

The City leases vehicles and other equipment under various capital leases. The economic substance of the leases is that the City is financing the acquisition of the assets through the leases and, accordingly, they are recorded as City assets and liabilities. The obligations under capital leases have been recorded in the accompanying financial statements at the present value of future minimum lease payments, discounted at interest rates as stated in the individual contracts. The capital leases are as follows:

Description	Date of Issue	Due Date	Interest Rate	Original Amount of Issue	Balance June 30, 2010
Loader/Backhoe	10/20/2006	12/15/2012	4.64%	\$ 65,862	\$ 19,097
Street Sweeper	1/19/2007	3/1/2012	4.47%	179,532	70,529
4 Police Vehicles	1/25/2009	5/20/2012	6.89%	126,052	58,035
Total Capital Leases					<u>\$ 147,661</u>

The annual requirements to amortize the capital leases as of June 30, 2010, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2011	\$ 83,285	\$ 7,393	\$ 90,678
2012	64,376	2,926	67,302
	<u>\$ 147,661</u>	<u>\$ 10,319</u>	<u>\$ 157,980</u>

In prior years, the general and debt service funds have typically been used to liquidate long-term liabilities other than debt associated with capital leases and compensated absences.

**Proprietary Funds**

The proprietary funds have incurred various forms of debt which were used for the purposes of constructing, expanding, repairing and making improvements to its property, plant and equipment. The following schedule shows the changes to its various forms of debt during the fiscal year ended June 30, 2010:

	Balance June 30, 2009	Additions	Retirements	Balance June 30, 2010	Due Within One Year
Revenue Bonds	\$ 1,453,000	\$ -	\$ 36,000	\$ 1,417,000	\$ 28,000
Loans and Notes	172,184	-	10,046	162,138	10,352
Compensated Absences	51,242	26,501	26,017	51,726	26,017
Total Long-Term Debt	<u>\$ 1,676,426</u>	<u>\$ 26,501</u>	<u>\$ 72,063</u>	<u>\$ 1,630,864</u>	<u>\$ 64,369</u>

**STATE OF NEW MEXICO**  
City of Belen  
Notes to Financial Statements  
June 30, 2010

**NOTE 7. Long-term Debt (continued)**

**Revenue Bonds**

At June 30, 2010, the City had two revenue bonds outstanding. For the Series 1996 and 1997 Water and Sewer System Revenue Bonds, the City pledged revenues derived from the net operations of the City's water and sewer systems. The revenue bonds are as follows:

Description	Date of Issue	Due Date	Interest Rate	Original Amount of Issue	Balance June 30, 2010
Series 1996 Water/Sewer	6/18/1996	7/1/2036	4.875%	\$ 1,135,000	\$ 946,000
Series 1997 Water/Sewer	2/14/1997	7/1/2036	4.875%	554,000	471,000
Total Revenue Bonds					<u>\$ 1,417,000</u>

The annual requirements to amortize the revenue bonds as of June 30, 2010, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2011	\$ 28,000	\$ 69,079	\$ 97,079
2012	29,000	67,714	96,714
2013	31,000	66,300	97,300
2014	32,000	64,789	96,789
2015	34,000	63,229	97,229
2016-2020	194,000	289,916	483,916
2021-2025	245,000	237,851	482,851
2026-2030	315,000	171,600	486,600
2031-2035	396,000	87,312	483,312
2036-2040	113,000	6,825	119,825
	<u>\$ 1,417,000</u>	<u>\$ 1,124,615</u>	<u>\$ 2,541,615</u>

**San Juan-Chama Project Loan**

In 1990, the City entered into an loan 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. The San Juan-Chama Project Loan is as follows:

Description	Date of Issue	Due Date	Interest Rate	Original Amount of Issue	Balance June 30, 2010
San Juan-Chama Project	1/1/1989	1/1/2022	3.05%	\$ 331,030	<u>\$ 162,138</u>

**STATE OF NEW MEXICO**  
City of Belen  
Notes to Financial Statements  
June 30, 2010

**NOTE 7. Long-term Debt (continued)**

The annual requirement to amortize San Juan-Chama Project Loan as of June 30, 2010, including interest payments, is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2011	\$ 10,352	\$ 4,939	\$ 15,291
2012	10,668	4,623	15,291
2013	10,993	4,298	15,291
2014	11,327	3,964	15,291
2015	11,672	3,619	15,291
2016-2020	63,917	12,538	76,455
2021-2025	43,209	2,658	45,867
	<u>\$ 162,138</u>	<u>\$ 36,639</u>	<u>\$ 198,777</u>

**NOTE 8. Other Required Individual Fund Disclosures**

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

**A.** Deficit fund balance of individual funds. The deficit fund balances as of June 30, 2010 were as follows:

**Governmental Funds:**

Camino Del Llano	\$ 417,507
Jail	8,881
Multi-Purpose Park	82,706
Becker Avenue	97,339
Christopher Road	62,642
I-25 Improvements	95,176
Westside Booster Station	5,065
Total	<u>\$ 769,336</u>

**Proprietary Funds:**

Solid Waste Fund	<u>\$ 244,485</u>
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**B.** Excess of expenditures over appropriations. Budgetary authority is at the fund level. The following funds exceeded approved budgetary authority for the year ended June 30, 2010:

**Governmental Funds:**

Fire Protection	\$ 7,272
1/2% GRT Infrastructure	12,170
Evidence	4,716
Street Paving Revolving	3,355
2008 GRT Revenue Bonds Special Revenue Fund	17,526



**STATE OF NEW MEXICO**  
City of Belen  
Notes to Financial Statements  
June 30, 2010

**NOTE 8. Other Required Individual Fund Disclosures (continued)**

Due to recent changes in the interpretation of NMAC 2.2.210 (P and O), the Office of the State Auditor has identified the following funds as exceeding its approved budgetary authority:

**Governmental Funds:**

Jail	\$ 8,881
Multi-Purpose Park	82,706
Becker Avenue	97,339
Camino Del Llano	417,507
Christopher Road	62,642
I-25 Improvement	95,176

- C. Designated cash appropriations in excess of available balances. The following funds were authorized cash appropriations in excess of available balances for the year ended June 30, 2010:

**Governmental Funds:**

NM DOT Section 5331	\$ 41,885
2008 GRT Revenue Bonds Special Revenue Fund	56,500
2008 GRT Revenue Bonds Debt Service Fund	198
Gasoline Tax Revenue Bond	179,575
2005 GRT Revenue Bonds	500
Alexander Airport	163,070
CDBG W&S	14,196
Westside Booster Station	171,076

**NOTE 9. PERA Pension Plan**

*Plan Description.* Substantially all of the City of Belen’s full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978.) The Public Employee Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing, multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, survivor benefits, and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, P. O. Box 2123, Santa Fe, New Mexico 87504-2123. The report is also available on PERA’s website at [www.pera.state.nm.us](http://www.pera.state.nm.us).

*Funding Policy.* Municipal general member coverage plan 4 members are required to contribute 15.65% of their gross salary. The City is required to contribute 11.65% of the covered salary for “municipal general member coverage plan 4” members. Municipal police coverage plan 5 members are required to contribute 16.30% of their gross salary. The City is required to contribute 18.50% of the covered salary for “municipal police coverage plan 5” members. Municipal fire member coverage plan 5 members are required to contribute 16.20% of their gross salary. The City is required to contribute 21.25% of the covered salary for “municipal fire member coverage plan 5” members. The contribution requirements of plan members and the City are established in State statute 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 fiscal years ending June 30, 2010, 2009 and 2008 were \$697,477, \$716,498, and \$648,108.

**STATE OF NEW MEXICO**  
City of Belen  
Notes to Financial Statements  
June 30, 2010

**NOTE 10. Post-Employment Benefits – Retiree Health Care Plan**

*Plan Description.* The City contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

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 RHCA plan on the person’s behalf unless that person retires before the employer’s RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer’s effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

*Funding Policy.* The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer’s RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us).

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2010, the statute required each participating employer to contribute 1.3% of each participating employee’s annual salary; each participating employee was required to contribute .65% of their salary. In the fiscal years ending June 30, 2011 through June 30, 2013 the contribution rates for employees and employers will rise as follows:

For employees who are not members of an enhanced retirement plan the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY11	1.666%	.833%
FY12	1.834%	.917%
FY13	2.000%	1.000%

For employees who are members of an enhanced retirement (state police and adult correctional officer coverage plan 1; municipal police member coverage plans 3, 4, and 5; municipal fire member coverage plan 3, 4 and 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act [10-12B-1 NMSA 1978]) the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY11	2.084%	1.042%
FY12	2.292%	1.146%
FY13	2.500%	1.250%

**STATE OF NEW MEXICO**  
City of Belen  
Notes to Financial Statements  
June 30, 2010

**NOTE 10. Post-Employment Benefits – Retiree Health Care Plan (continued)**

Also, employers joining the program after 1/1/98 are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature. The City’s contribution to the RHCA for the years ended June 30, 2010, 2009, and 2008 were \$39,965, \$40,904, and \$36,045, respectively, which equal the required contribution for each year.

**NOTE 11. Federal and State Grants**

In the normal course of operations, the City receives grant funds from various federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

**NOTE 12. Landfill Closure and Post Closure Care Costs**

The City reports a liability for post closure care costs in connection with its closed and inactive landfill. The City did not use the landfill for the year ending June 30, 2010. There were no changes in estimates during the current period and the total landfill closure liability remains at \$593,497. The City has no other responsibility for landfill activity.

As outlined in 20 NMAC 9.1 502.B, post closure maintenance activities will continue for a period of 30 years after original closure of the landfill. Inspection and maintenance reports will be compiled by the City of Belen and submitted to the NMED in the annual monitoring reports. Periodically, the City will obtain an updated Closure and Post Closure Care plan in which the estimated liability has the potential to change due to inflation or deflation, technology, or applicable laws or regulations.

**NOTE 13. Construction and Other Significant Commitments**

The City has committed to pay for several construction contracts that were not completed at June 30, 2010 in the amount of \$1,728,620 as follows:

Project Description	Contract Amount Remaining	Contractor
Wastewater Phase II	\$ 730,382	TLC
Camino Del Llano	933,848	TLC
Arsenic POU	11,210	TLC
AWOS	16,991	Molzen-Corbin
Becker Phase III	36,189	Molzen-Corbin
	<u>\$ 1,728,620</u>	

**NOTE 14. Restricted Net Assets**

The government-wide statement of net assets reports \$2,152,764 of restricted net assets, all of which is restricted by enabling legislation. See pages 56 to 59 for descriptions of the related restrictions for special revenue, debt service and capital projects funds.

**STATE OF NEW MEXICO**  
City of Belen  
Notes to Financial Statements  
June 30, 2010

**NOTE 15. Utility Revenues Pledged**

The City of Belen has pledged future revenues from the water and sewer system, net of operation and maintenance expenses and the distributions to the City of state-shared gross receipts tax revenues from the New Mexico Taxation and Revenue Department to repay \$4,049,684 to the New Mexico Environment Department for the NMED CWSRF loan, issued in 2003. The loan is payable solely from utility customer net revenues and state-shared gross receipts tax revenues and is payable through December 2022. The pledged revenues shall be in an amount sufficient to pay principal and interest amounts due under the loan agreement, payable from and constituting a lien upon the pledged revenues. The total principal and interest remaining to be paid on the loan is \$2,810,599 and \$409,051, respectively. Principal and interest paid for the current year and total customer net revenues were \$247,666 and \$(61,177), respectively.

The City of Belen has pledged future revenues from the water and sewer system, net of operation and maintenance expenses, to repay \$1,135,000 of Series 1996 Water/Sewer Revenue Bonds, issued in 1996. The bonds are payable solely from utility customer net revenues and are payable through July 2036. The pledged revenues for the fiscal year immediately preceding the date of the issuance of such additional parity lien obligations shall have been sufficient to pay an amount representing at least 120% of the combined average annual principal and interest coming due in any subsequent fiscal year on the then outstanding bonds, other outstanding obligations payable from and constituting a lien on the net revenues of the system on a parity with the lien thereon of the bonds and the parity lien bonds or other parity lien obligations proposed to be issued. The total principal and interest remaining to be paid on the bonds is \$946,000 and \$740,513, respectively. Principal and interest paid for the current year and total customer net revenues were \$74,607 and \$(61,177), respectively.

The City of Belen has pledged future revenues from the water and sewer system, net of operation and maintenance expenses, to repay \$554,000 of Series 1997 Water/Sewer Revenue Bonds, issued in 1997. The bonds are payable solely from utility customer net revenues and are payable through July 2036. The pledged revenues for the fiscal year immediately preceding the date of the issuance of such additional parity lien obligations shall have been sufficient to pay an amount representing at least 120% of the combined average annual principal and interest coming due in any subsequent fiscal year on the then outstanding bonds, other outstanding obligations payable from and constituting a lien on the net revenues of the system on a parity with the lien thereon of the bonds and the parity lien bonds or other parity lien obligations proposed to be issued. The total principal and interest remaining to be paid on the bonds is \$471,000 and \$384,102, respectively. Principal and interest paid for the current year and total customer net revenues were \$29,961 and \$(61,177), respectively.

**NOTE 16. Risk Management**

The City is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of property, errors and omissions and natural disasters. The City purchases private insurance to manage these risks.

The City has not filed any claims for which the settlement amount exceeded the insurance coverage during the past three years. However, should a claim be filed against the City which exceeds the insurance coverage, the City would be responsible for a loss in excess of the coverage amounts.

At June 30, 2010, no unpaid claims have been filed which exceed the policy limits and to the best of management's knowledge and belief all known and unknown claims will be covered by insurance.

**STATE OF NEW MEXICO**  
City of Belen  
Notes to Financial Statements  
June 30, 2010

**NOTE 17. Joint Powers Agreements and Memorandums of Understanding**

**Central Solid Waste Authority**

Participants	Village of Los Lunas City of Belen Village of Bosque Farms County of Socorro City of Socorro
Responsible party	Central Solid Waste Authority
Description	Form a Bi-County, regional solid waste disposal authority in order to fully comply with the Solid Waste Act, provide for disposition of solid waste by establishing modern, and, where possible, state of the 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
Term of agreement	1995 to Indefinite
Amount of project	Unknown
City contributions	Unknown
Audit responsibility	Central Solid Waste Authority

**Wildland Fire Protection and Suppression**

Participants	Energy, Minerals and Natural Resources Department, Forestry Division City of Belen
Responsible party	Energy, Minerals and Natural Resources Department, Forestry Division City of Belen
Description	Mutual wildland fire protection and suppression and management assistance and cooperation
Term of agreement	2006 to 2011
Amount of project	Unknown
City contributions	Unknown
Audit responsibility	Energy, Minerals and Natural Resources Department, Forestry Division City of Belen

**STATE OF NEW MEXICO**  
City of Belen  
Notes to Financial Statements  
June 30, 2010

**NOTE 17. Joint Powers Agreements and Memorandums of Understanding (continued)**

**Medical Director for EMS Services**

Participants	Valencia County City of Belen
Responsible party	Valencia County
Description	Valencia County to provide medical direction as necessary for the fire medical rescue services of the City of Belen Fire Department
Term of agreement	7/1/07 to Indefinite
Amount of project	Unknown
City contributions	Unknown
Audit responsibility	Valencia County City of Belen

**Valencia County Detention Center**

Participants	Valencia County City of Belen
Responsible party	Valencia County
Description	Housing of prisoners at the Valencia County Detention Center
Term of agreement	1/29/08 to Indefinite
Amount of project	Unknown
City contributions	Unknown
Audit responsibility	Valencia County

**NOTE 18. Subsequent Events**

The date to which events occurring after June 30, 2010, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is November 22, 2010 which is the date on which the financial statements were available to be issued.

The City on August 18, 2010 entered into a loan agreement with the U.S. Department of Agriculture for the purchase of fire trucks. The loan was for \$427,000 and matures on August 18, 2020. The interest rate of the loan is 4.00%.

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**SUPPLEMENTARY INFORMATION**



**STATE OF NEW MEXICO**  
City of Belen  
Nonmajor Governmental Funds  
June 30, 2010

**Special Revenue Funds**

Parks and Recreation

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

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, construction, operation 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.

EMS Rescue

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 and equipment supplies; and for training and licensing of local emergency management services personnel.

1/8% GRT Infrastructure

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

1/2% GRT Infrastructure

To account for receipt of gross receipts taxes created by 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 Revenue Bond Series 1997 and 1998.

Department of Justice

To account for a grant received from the Department of Justice which was awarded to the Belen Police Department as part of the 2007 Justice Assistance Grant Program for the Synthetic Drug (Meth) Trafficking Reduction Program. Authorization is by City Council.

Jail

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

NM DOT 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).

Evidence

To account for unclaimed evidence funds pending litigation and needing to be secured. Authorization is by City Council.

**STATE OF NEW MEXICO**  
City of Belen  
Nonmajor Governmental Funds  
June 30, 2010

**Special Revenue Funds (continued)**

Law Enforcement

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

Confiscated Fund

To account for the seizure and forfeiture of property used or intended to be used in the commission of a crime.

Lodger’s Tax

To account for revenues collected from occupancy taxes levied within the City boundaries pursuant to NMSA 3-38-15. Also, to account for 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 in such facilities; or advertising, publicizing, and promoting such facilities.

Martin Luther King

To account for a State grant for cultural events in relation to the Martin Luther King holiday. Authorization is by City Council.

Construction GIS Infra

To account for a grant for the purchase of a GIS program, equipment and training. Authorization is by City Council.

Clean Energy Grant

To account for a clean energy grant received for the installation of solar dishes that will aid the City in reducing their electricity costs in the future. Authorization is by City Council.

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).

Street Paving Revolving

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, to account for revenues received 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.

2008 GRT Revenue Bonds

To accounts for the proceeds from the issuance of Series 2008 Gross Receipts Tax Revenue Bonds that will be used to fund various projects within the City. Authorization is by City Council.

**STATE OF NEW MEXICO**  
City of Belen  
Nonmajor Governmental Funds  
June 30, 2010

**Debt Service Funds**

2008 GRT Revenue Bonds

To account for the payments made for the principal and interest on the City's Series 2008 Gross Receipts Tax Revenue Bonds. Authorization is by City Council.

Debt Service Fund

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

Gasoline Tax Revenue Bonds

To account for the resources accumulated and payments made for the principal and interest on the City's Series 1998 Gasoline Tax Revenue Bonds. Authorization is by City Council.

2005 GRT Revenue Bonds

To provide funds for defraying the cost of refinancing the outstanding City of Belen Series 1997 and 1998 Gross Receipts Tax Revenue Bonds. Authorization is by City Council.

**STATE OF NEW MEXICO**  
City of Belen  
Nonmajor Governmental Funds  
June 30, 2010

**Capital Projects Funds**

Multi-Purpose Park

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

Alexander Airport

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

Becker Avenue

To account for grants and loan proceeds to improve the City's infrastructure. Authorization is by City Council.

Christopher Road

To account for grants received to improve the City's infrastructure. Authorization is by City Council.

I-25 Improvements

To account for a grant received to make improvements to Exit 195 on Interstate I-25. Authorization is by City Council.

CDBG W&S

To account for a Federal C.D.B.G. Grant received 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.

Westside Booster Station

To account for a grant received for the purpose of replacing and upgrading the lift stations on the west side of the City. Authorization is by City Council.

**STATE OF NEW MEXICO**  
City of Belen  
Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2010

	Special Revenue			
	Parks and Recreation	Fire Protection	EMS Rescue	1/8% GRT Infrastructure
<i>Assets</i>				
Cash and cash equivalents	\$ 93,120	\$ 5,744	\$ 791	\$ -
Investments	-	-	-	-
Receivables:				
Other taxes	-	-	-	58,073
Other	-	-	-	-
<i>Total assets</i>	\$ 93,120	\$ 5,744	\$ 791	\$ 58,073
<i>Liabilities</i>				
Accounts payable	\$ 1,975	\$ 3,751	\$ 791	\$ -
Accrued payroll	-	-	-	-
<i>Total liabilities</i>	1,975	3,751	791	-
<i>Fund balances</i>				
Reserved for:				
Future debt service payments	-	-	-	-
Unreserved				
Special revenue	91,145	1,993	-	58,073
Capital projects	-	-	-	-
<i>Total fund balances</i>	91,145	1,993	-	58,073
<i>Total liabilities and fund balances</i>	\$ 93,120	\$ 5,744	\$ 791	\$ 58,073

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>1/2% GRT Infrastructure</u>	<u>Department of Justice</u>	<u>Jail</u>	<u>NM DOT Section 5311</u>	<u>Evidence</u>	<u>Law Enforcement</u>
\$ -	\$ 3,340	\$ 11,129	\$ 2,164	\$ 31,596	\$ -
-	-	-	-	-	-
91,650	-	-	-	-	-
-	-	-	19,535	-	-
<u>\$ 91,650</u>	<u>\$ 3,340</u>	<u>\$ 11,129</u>	<u>\$ 21,699</u>	<u>\$ 31,596</u>	<u>\$ -</u>
\$ -	\$ 1,762	\$ 20,010	\$ 2,164	\$ -	\$ -
-	-	-	-	-	-
-	<u>1,762</u>	<u>20,010</u>	<u>2,164</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
91,650	1,578	(8,881)	19,535	31,596	-
-	-	-	-	-	-
<u>91,650</u>	<u>1,578</u>	<u>(8,881)</u>	<u>19,535</u>	<u>31,596</u>	<u>-</u>
<u>\$ 91,650</u>	<u>\$ 3,340</u>	<u>\$ 11,129</u>	<u>\$ 21,699</u>	<u>\$ 31,596</u>	<u>\$ -</u>

**STATE OF NEW MEXICO**  
City of Belen  
Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2010

	Special Revenue			
	Confiscated Fund	Lodger's Tax	Martin Luther King	Construction GIS Infra
<i>Assets</i>				
Cash and cash equivalents	\$ 3,716	\$ 42,413	\$ 1,451	\$ 1,937
Investments	-	-	-	-
Receivables:				
Other taxes	-	-	-	-
Other	-	-	-	-
<i>Total assets</i>	\$ 3,716	\$ 42,413	\$ 1,451	\$ 1,937
<i>Liabilities</i>				
Accounts payable	\$ -	\$ 3,461	\$ -	\$ 1,020
Accrued payroll	-	-	-	-
<i>Total liabilities</i>	-	3,461	-	1,020
<i>Fund balances</i>				
Reserved for:				
Future debt service payments	-	-	-	-
Unreserved				
Special revenue	3,716	38,952	1,451	917
Capital projects	-	-	-	-
<i>Total fund balances</i>	3,716	38,952	1,451	917
<i>Total liabilities and fund balances</i>	\$ 3,716	\$ 42,413	\$ 1,451	\$ 1,937

The accompanying notes are an integral part of these financial statements

Special Revenue				Debt Service	
Clean Energy Grant	RSVP	Street Paving Revolving	2008 GRT Revenue Bonds	2008 GRT Revenue Bonds	Debt Service
\$ 2,286	\$ 2,592	\$ 6,710	\$ -	\$ -	\$ 648,768
-	-	-	550,775	-	-
-	-	32,863	-	-	-
-	7,585	-	1,684	-	-
<u>\$ 2,286</u>	<u>\$ 10,177</u>	<u>\$ 39,573</u>	<u>\$ 552,459</u>	<u>\$ -</u>	<u>\$ 648,768</u>
\$ 1,673	\$ 7,476	\$ 6,710	\$ -	\$ -	\$ -
-	2,701	-	-	-	-
<u>1,673</u>	<u>10,177</u>	<u>6,710</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	648,768
613	-	32,863	552,459	-	-
-	-	-	-	-	-
<u>613</u>	<u>-</u>	<u>32,863</u>	<u>552,459</u>	<u>-</u>	<u>648,768</u>
<u>\$ 2,286</u>	<u>\$ 10,177</u>	<u>\$ 39,573</u>	<u>\$ 552,459</u>	<u>\$ -</u>	<u>\$ 648,768</u>



**STATE OF NEW MEXICO**  
City of Belen  
Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2010

	Debt Service		Capital Projects	
	Gasoline Tax Revenue Bonds	2005 GRT Revenue Bonds	Multi-Purpose Park	Alexander Airport
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	432,000	-	-
Receivables:				
Other taxes	-	-	-	-
Other	-	30,159	-	20,367
<i>Total assets</i>	\$ -	\$ 462,159	\$ -	\$ 20,367
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ 82,706	\$ 20,367
Accrued payroll	-	-	-	-
<i>Total liabilities</i>	-	-	82,706	20,367
<i>Fund balances</i>				
Reserved for:				
Future debt service payments	-	462,159	-	-
Unreserved				
Special revenue	-	-	-	-
Capital projects	-	-	(82,706)	-
<i>Total fund balances</i>	-	462,159	(82,706)	-
<i>Total liabilities and fund balances</i>	\$ -	\$ 462,159	\$ -	\$ 20,367

The accompanying notes are an integral part of these financial statements

Capital Projects

Becker Avenue	Christopher Road	I-25 Improvements	CDBG W&S	Westside Booster Station	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 857,757
-	-	-	-	-	982,775
-	-	-	-	-	182,586
-	-	-	-	-	79,330
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,102,448</u>
\$ 97,339	\$ 62,642	\$ 95,176	\$ -	\$ 5,065	\$ 414,088
-	-	-	-	-	2,701
<u>97,339</u>	<u>62,642</u>	<u>95,176</u>	<u>-</u>	<u>5,065</u>	<u>416,789</u>
-	-	-	-	-	1,110,927
-	-	-	-	-	917,660
(97,339)	(62,642)	(95,176)	-	(5,065)	(342,928)
<u>(97,339)</u>	<u>(62,642)</u>	<u>(95,176)</u>	<u>-</u>	<u>(5,065)</u>	<u>1,685,659</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,102,448</u>

**STATE OF NEW MEXICO**  
City of Belen  
Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended June 30, 2010

	Special Revenue			
	Parks and Recreation	Fire Protection	EMS Rescue	1/8% GRT Infrastructure
<i>Revenues</i>				
Taxes				
Gross receipts	\$ -	\$ -	\$ -	\$ 491,904
Gasoline and motor vehicle taxes	-	-	-	-
Other	6,903	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	141,314	-	-
State capital grants	-	-	-	-
Charges for services	16,445	-	-	-
Licenses and fees	21,831	-	-	-
Interest income	-	-	-	-
Miscellaneous	36,215	-	-	-
<i>Total revenues</i>	<u>81,394</u>	<u>141,314</u>	<u>-</u>	<u>491,904</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	84,078	-	-
Public works	-	-	-	-
Culture and recreation	36,895	-	-	-
Health and welfare	-	-	9,850	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>36,895</u>	<u>84,078</u>	<u>9,850</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>44,499</u>	<u>57,236</u>	<u>(9,850)</u>	<u>491,904</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	(54,031)	-	(470,408)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(54,031)</u>	<u>-</u>	<u>(470,408)</u>
<i>Net change in fund balances</i>	44,499	3,205	(9,850)	21,496
<i>Fund balances - beginning of year</i>	<u>46,646</u>	<u>(1,212)</u>	<u>9,850</u>	<u>36,577</u>
<i>Fund balances - end of year</i>	<u>\$ 91,145</u>	<u>\$ 1,993</u>	<u>\$ -</u>	<u>\$ 58,073</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>1/2% GRT Infrastructure</u>	<u>Department of Justice</u>	<u>Jail</u>	<u>NM DOT Section 5311</u>	<u>Evidence</u>	<u>Law Enforcement</u>
\$ 859,306	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	36,768	-	57,736	-	-
-	-	-	-	-	-
-	-	-	-	-	30,800
-	-	-	-	-	-
-	-	-	13,311	-	-
-	-	65,517	-	-	-
-	-	-	-	-	-
-	-	-	-	5,269	-
<u>859,306</u>	<u>36,768</u>	<u>65,517</u>	<u>71,047</u>	<u>5,269</u>	<u>30,800</u>
-	-	-	-	-	-
-	46,706	82,259	-	5,716	-
12,170	-	-	72,358	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	30,800
<u>12,170</u>	<u>46,706</u>	<u>82,259</u>	<u>72,358</u>	<u>5,716</u>	<u>30,800</u>
<u>847,136</u>	<u>(9,938)</u>	<u>(16,742)</u>	<u>(1,311)</u>	<u>(447)</u>	<u>-</u>
-	-	13,541	20,846	-	-
(1,020,892)	(118)	-	-	-	-
<u>(1,020,892)</u>	<u>(118)</u>	<u>13,541</u>	<u>20,846</u>	<u>-</u>	<u>-</u>
(173,756)	(10,056)	(3,201)	19,535	(447)	-
<u>265,406</u>	<u>11,634</u>	<u>(5,680)</u>	<u>-</u>	<u>32,043</u>	<u>-</u>
<u>\$ 91,650</u>	<u>\$ 1,578</u>	<u>\$ (8,881)</u>	<u>\$ 19,535</u>	<u>\$ 31,596</u>	<u>\$ -</u>

**STATE OF NEW MEXICO**  
City of Belen  
Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended June 30, 2010

	Special Revenue			
	Confiscated Fund	Lodger's Tax	Martin Luther King	Construction GIS Infra
<i>Revenues</i>				
Taxes				
Gross receipts	\$ -	\$ -	\$ -	\$ -
Gasoline and motor vehicle taxes	-	-	-	-
Other	-	42,659	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	1,200	1,324
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	3,716	-	-	-
<i>Total revenues</i>	3,716	42,659	1,200	1,324
<i>Expenditures</i>				
Current				
General government	-	23,623	1,325	520
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	23,623	1,325	520
<i>Excess (deficiency) of revenues over expenditures</i>	3,716	19,036	(125)	804
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	3,716	19,036	(125)	804
<i>Fund balances - beginning of year</i>	-	19,916	1,576	113
<i>Fund balances - end of year</i>	\$ 3,716	\$ 38,952	\$ 1,451	\$ 917

The accompanying notes are an integral part of these financial statements

Special Revenue				Debt Service	
Clean Energy Grant	RSVP	Street Paving Revolving	2008 GRT Revenue Bonds	2008 GRT Revenue Bonds	Debt Service
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	176,325	-	-	-
-	-	-	-	-	-
-	100,601	-	-	-	-
-	-	-	-	-	-
4,000	15,422	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,698	-	38,596
-	135	-	-	-	-
<u>4,000</u>	<u>116,158</u>	<u>176,325</u>	<u>1,698</u>	<u>-</u>	<u>38,596</u>
-	-	-	18,500	-	11,987
-	-	-	-	-	-
-	-	-	-	-	-
69,762	158,491	-	-	-	-
-	-	-	37,528	-	-
-	-	33,288	180,000	-	502,876
-	-	10,329	352,011	-	298,907
<u>69,762</u>	<u>158,491</u>	<u>43,617</u>	<u>588,039</u>	<u>-</u>	<u>813,770</u>
<u>(65,762)</u>	<u>(42,333)</u>	<u>132,708</u>	<u>(586,341)</u>	<u>-</u>	<u>(775,174)</u>
-	37,231	-	1,203,445	-	781,531
-	-	(132,348)	(17,486)	(6,802)	-
<u>-</u>	<u>37,231</u>	<u>(132,348)</u>	<u>1,185,959</u>	<u>(6,802)</u>	<u>781,531</u>
(65,762)	(5,102)	360	599,618	(6,802)	6,357
<u>66,375</u>	<u>5,102</u>	<u>32,503</u>	<u>(47,159)</u>	<u>6,802</u>	<u>642,411</u>
<u>\$ 613</u>	<u>\$ -</u>	<u>\$ 32,863</u>	<u>\$ 552,459</u>	<u>\$ -</u>	<u>\$ 648,768</u>

**STATE OF NEW MEXICO**  
City of Belen  
Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended June 30, 2010

	Debt Service		Capital Projects	
	Gasoline Tax Revenue Bonds	2005 GRT Revenue Bonds	Multi-Purpose Park	Alexander Airport
<i>Revenues</i>				
Taxes				
Gross receipts	\$ -	\$ -	\$ -	\$ -
Gasoline and motor vehicle taxes	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	12,446	204,792
State operating grants	-	-	-	-
State capital grants	-	-	1,666	15,595
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	25,020	-	-
Miscellaneous	-	-	-	19,706
<i>Total revenues</i>	-	25,020	14,112	240,093
<i>Expenditures</i>				
Current				
General government	575	500	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	171,582	223,244
Debt service				
Principal	345,000	330,000	-	-
Interest	20,273	129,805	-	-
<i>Total expenditures</i>	365,848	460,305	171,582	223,244
<i>Excess (deficiency) of revenues over expenditures</i>	(365,848)	(435,285)	(157,470)	16,849
<i>Other financing sources (uses)</i>				
Transfers in	365,848	897,444	16,766	111,221
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	365,848	897,444	16,766	111,221
<i>Net change in fund balances</i>	-	462,159	(140,704)	128,070
<i>Fund balances - beginning of year</i>	-	-	57,998	(128,070)
<i>Fund balances - end of year</i>	\$ -	\$ 462,159	\$ (82,706)	\$ -

The accompanying notes are an integral part of these financial statements

Capital Projects

Becker Avenue	Christopher Road	I-25 Improvements	CDBG W&S	Westside Booster Station	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,351,210
-	-	-	-	-	176,325
-	-	-	-	-	49,562
-	-	-	-	-	195,105
380,067	-	-	13,680	-	610,985
-	-	-	-	-	194,060
-	-	-	-	157,624	174,885
-	-	-	-	-	29,756
-	-	-	-	-	87,348
-	-	-	-	-	65,314
-	-	-	-	-	65,041
<u>380,067</u>	<u>-</u>	<u>-</u>	<u>13,680</u>	<u>157,624</u>	<u>2,999,591</u>
-	-	-	-	-	57,030
-	-	-	-	-	218,759
-	-	-	-	-	84,528
-	-	-	-	-	36,895
-	-	-	-	-	238,103
437,530	62,642	95,176	-	325,523	1,353,225
-	-	-	-	-	1,421,964
-	-	-	-	-	811,325
<u>437,530</u>	<u>62,642</u>	<u>95,176</u>	<u>-</u>	<u>325,523</u>	<u>4,221,829</u>
<u>(57,463)</u>	<u>(62,642)</u>	<u>(95,176)</u>	<u>13,680</u>	<u>(167,899)</u>	<u>(1,222,238)</u>
82,712	-	-	-	170,910	3,701,495
(256,405)	(15,699)	-	(14,484)	-	(1,988,673)
<u>(173,693)</u>	<u>(15,699)</u>	<u>-</u>	<u>(14,484)</u>	<u>170,910</u>	<u>1,712,822</u>
(231,156)	(78,341)	(95,176)	(804)	3,011	490,584
<u>133,817</u>	<u>15,699</u>	<u>-</u>	<u>804</u>	<u>(8,076)</u>	<u>1,195,075</u>
<u>\$ (97,339)</u>	<u>\$ (62,642)</u>	<u>\$ (95,176)</u>	<u>\$ -</u>	<u>\$ (5,065)</u>	<u>\$ 1,685,659</u>



**STATE OF NEW MEXICO**

Statement B- 1

City of Belen

Parks and Recreation Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variations
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
<i>Taxes</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	9,000	9,000	6,903	(2,097)
<i>Intergovernmental income</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	13,000	13,000	16,445	3,445
Licenses and fees	25,000	25,200	21,831	(3,369)
Interest income	200	200	-	(200)
Miscellaneous	15,000	15,000	36,215	21,215
<i>Total revenues</i>	<u>62,200</u>	<u>62,400</u>	<u>81,394</u>	<u>18,994</u>
<i>Expenditures</i>				
<i>Current</i>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	42,900	42,900	36,895	6,005
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt service</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>42,900</u>	<u>42,900</u>	<u>36,895</u>	<u>6,005</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>19,300</u>	<u>19,500</u>	<u>44,499</u>	<u>24,999</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(4,300)	(4,500)	-	4,500
Transfers in	-	-	-	-
Transfers out	(15,000)	(15,000)	-	15,000
<i>Total other financing sources (uses)</i>	<u>(19,300)</u>	<u>(19,500)</u>	<u>-</u>	<u>19,500</u>
<i>Net change in fund balance</i>	-	-	44,499	44,499
<i>Fund balance - beginning of year</i>	-	-	46,646	46,646
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,145</u>	<u>\$ 91,145</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

City of Belen  
 Fire Protection Special Revenue Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget (GAAP Basis) and Actual  
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variations
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	91,990	140,990	141,314	324
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>91,990</u>	<u>140,990</u>	<u>141,314</u>	<u>324</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	47,806	76,806	84,078	(7,272)
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>47,806</u>	<u>76,806</u>	<u>84,078</u>	<u>(7,272)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>44,184</u>	<u>64,184</u>	<u>57,236</u>	<u>(6,948)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(44,184)	(64,184)	(54,031)	10,153
<i>Total other financing sources (uses)</i>	<u>(44,184)</u>	<u>(64,184)</u>	<u>(54,031)</u>	<u>10,153</u>
<i>Net change in fund balance</i>	-	-	3,205	3,205
<i>Fund balance - beginning of year</i>	-	-	(1,212)	(1,212)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,993</u>	<u>\$ 1,993</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

City of Belen  
 EMS Rescue Special Revenue Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget (GAAP Basis) and Actual  
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (GAAP Basis)	Variations Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	9,657	9,850	-	(9,850)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>9,657</u>	<u>9,850</u>	<u>-</u>	<u>(9,850)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	9,850	9,850	9,850	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>9,850</u>	<u>9,850</u>	<u>9,850</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(193)</u>	<u>-</u>	<u>(9,850)</u>	<u>(9,850)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	193	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>193</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(9,850)	(9,850)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>9,850</u>	<u>9,850</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**

City of Belen

1/8% GRT Infrastructure Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
<i>Taxes</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	493,490	493,490	491,904	(1,586)
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental income</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>493,490</u>	<u>493,490</u>	<u>491,904</u>	<u>(1,586)</u>
<i>Expenditures</i>				
<i>Current</i>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt service</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>493,490</u>	<u>493,490</u>	<u>491,904</u>	<u>(1,586)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(6,967)	(6,967)	-	6,967
Transfers in	-	-	-	-
Transfers out	(486,523)	(486,523)	(470,408)	16,115
<i>Total other financing sources (uses)</i>	<u>(493,490)</u>	<u>(493,490)</u>	<u>(470,408)</u>	<u>23,082</u>
<i>Net change in fund balance</i>	-	-	21,496	21,496
<i>Fund balance - beginning of year</i>	-	-	36,577	36,577
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,073</u>	<u>\$ 58,073</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**

City of Belen

1/2% GRT Infrastructure Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (GAAP Basis)	Variations Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	986,980	986,980	859,306	(127,674)
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>986,980</u>	<u>986,980</u>	<u>859,306</u>	<u>(127,674)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	12,170	(12,170)
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>12,170</u>	<u>(12,170)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>986,980</u>	<u>986,980</u>	<u>847,136</u>	<u>(139,844)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	73,446	73,446	-	(73,446)
Transfers in	-	-	-	-
Transfers out	(1,060,426)	(1,060,426)	(1,020,892)	39,534
<i>Total other financing sources (uses)</i>	<u>(986,980)</u>	<u>(986,980)</u>	<u>(1,020,892)</u>	<u>(33,912)</u>
<i>Net change in fund balance</i>	-	-	(173,756)	(173,756)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>265,406</u>	<u>265,406</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,650</u>	<u>\$ 91,650</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

City of Belen  
 Department of Justice Special Revenue Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget (GAAP Basis) and Actual  
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	48,284	48,284	36,768	(11,516)
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>48,284</u>	<u>48,284</u>	<u>36,768</u>	<u>(11,516)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	48,284	48,284	46,706	1,578
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>48,284</u>	<u>48,284</u>	<u>46,706</u>	<u>1,578</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(9,938)</u>	<u>(9,938)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	(118)	(118)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(118)</u>	<u>(118)</u>
<i>Net change in fund balance</i>	-	-	(10,056)	(10,056)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>11,634</u>	<u>11,634</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,578</u>	<u>\$ 1,578</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B- 7

City of Belen

Jail Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variations
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	89,620	89,620	65,517	(24,103)
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>89,620</u>	<u>89,620</u>	<u>65,517</u>	<u>(24,103)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	78,600	83,600	82,259	1,341
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>78,600</u>	<u>83,600</u>	<u>82,259</u>	<u>1,341</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>11,020</u>	<u>6,020</u>	<u>(16,742)</u>	<u>(22,762)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(11,020)	(6,020)	-	6,020
Transfers in	-	-	13,541	13,541
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(11,020)</u>	<u>(6,020)</u>	<u>13,541</u>	<u>19,561</u>
<i>Net change in fund balance</i>	-	-	(3,201)	(3,201)
<i>Fund balance - beginning of year</i>	-	-	(5,680)	(5,680)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,881)</u>	<u>\$ (8,881)</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**

City of Belen

NM DOT Section 5311 Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (GAAP Basis)	Variations Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	22,934	22,934	57,736	34,802
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	5,926	5,926	13,311	7,385
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>28,860</u>	<u>28,860</u>	<u>71,047</u>	<u>42,187</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	32,745	75,745	72,358	3,387
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>32,745</u>	<u>75,745</u>	<u>72,358</u>	<u>3,387</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(3,885)</u>	<u>(46,885)</u>	<u>(1,311)</u>	<u>45,574</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(1,115)	41,885	-	(41,885)
Transfers in	5,000	5,000	20,846	15,846
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>3,885</u>	<u>46,885</u>	<u>20,846</u>	<u>(26,039)</u>
<i>Net change in fund balance</i>	-	-	19,535	19,535
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,535</u>	<u>\$ 19,535</u>

The accompanying notes are an integral part of these financial statements



## STATE OF NEW MEXICO

Statement B- 9

City of Belen

Evidence Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (GAAP Basis)	Variations Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	1,500	1,500	5,269	3,769
<i>Total revenues</i>	<u>1,500</u>	<u>1,500</u>	<u>5,269</u>	<u>3,769</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	1,000	1,000	5,716	(4,716)
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,000</u>	<u>1,000</u>	<u>5,716</u>	<u>(4,716)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>500</u>	<u>500</u>	<u>(447)</u>	<u>(947)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(500)	(500)	-	500
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(500)</u>	<u>(500)</u>	<u>-</u>	<u>500</u>
<i>Net change in fund balance</i>	-	-	(447)	(447)
<i>Fund balance - beginning of year</i>	-	-	32,043	32,043
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,596</u>	<u>\$ 31,596</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

City of Belen  
 Law Enforcement Special Revenue Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget (GAAP Basis) and Actual  
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variences
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	30,800	30,800	30,800	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>30,800</u>	<u>30,800</u>	<u>30,800</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	30,800	30,800	30,800	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>30,800</u>	<u>30,800</u>	<u>30,800</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**

City of Belen  
 Confiscated Fund Special Revenue Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget (GAAP Basis) and Actual  
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (GAAP Basis)	Variations Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	3,716	3,716
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>3,716</u>	<u>3,716</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>3,716</u>	<u>3,716</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	3,716	3,716
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,716</u>	<u>\$ 3,716</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B- 12

City of Belen

Lodger's Tax Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	60,246	60,246	42,659	(17,587)
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	2,000	2,000	-	(2,000)
<i>Total revenues</i>	<u>62,246</u>	<u>62,246</u>	<u>42,659</u>	<u>(19,587)</u>
<i>Expenditures</i>				
Current				
General government	50,000	50,000	23,623	26,377
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>50,000</u>	<u>50,000</u>	<u>23,623</u>	<u>26,377</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>12,246</u>	<u>12,246</u>	<u>19,036</u>	<u>6,790</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	2,754	2,754	-	(2,754)
Transfers in	-	-	-	-
Transfers out	(15,000)	(15,000)	-	15,000
<i>Total other financing sources (uses)</i>	<u>(12,246)</u>	<u>(12,246)</u>	<u>-</u>	<u>12,246</u>
<i>Net change in fund balance</i>	-	-	19,036	19,036
<i>Fund balance - beginning of year</i>	-	-	19,916	19,916
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,952</u>	<u>\$ 38,952</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

City of Belen  
 Martin Luther King Special Revenue Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget (GAAP Basis) and Actual  
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variations
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	1,000	1,000	1,200	200
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,000</u>	<u>1,000</u>	<u>1,200</u>	<u>200</u>
<i>Expenditures</i>				
Current				
General government	1,500	1,500	1,325	175
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,500</u>	<u>1,500</u>	<u>1,325</u>	<u>175</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(500)</u>	<u>(500)</u>	<u>(125)</u>	<u>375</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	500	500	-	(500)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>500</u>	<u>500</u>	<u>-</u>	<u>(500)</u>
<i>Net change in fund balance</i>	-	-	(125)	(125)
<i>Fund balance - beginning of year</i>	-	-	1,576	1,576
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,451</u>	<u>\$ 1,451</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B- 14

City of Belen

Construction GIS Infra Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variations
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	1,400	1,400	1,324	(76)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,400</u>	<u>1,400</u>	<u>1,324</u>	<u>(76)</u>
<i>Expenditures</i>				
Current				
General government	1,400	1,400	520	880
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,400</u>	<u>1,400</u>	<u>520</u>	<u>880</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>804</u>	<u>804</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	804	804
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>113</u>	<u>113</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 917</u>	<u>\$ 917</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

City of Belen  
 Clean Energy Grant Special Revenue Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget (GAAP Basis) and Actual  
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variations
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	4,000	4,000	4,000	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	66,375	70,375	69,762	613
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>66,375</u>	<u>70,375</u>	<u>69,762</u>	<u>613</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(62,375)</u>	<u>(66,375)</u>	<u>(65,762)</u>	<u>613</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	62,375	66,375	-	(66,375)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>62,375</u>	<u>66,375</u>	<u>-</u>	<u>(66,375)</u>
<i>Net change in fund balance</i>	-	-	(65,762)	(65,762)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>66,375</u>	<u>66,375</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 613</u>	<u>\$ 613</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B- 16

City of Belen

RSVP Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variations
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	59,291	59,291	100,601	41,310
Federal capital grants	-	-	-	-
State operating grants	14,678	14,381	15,422	1,041
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	19,719	19,719	135	(19,584)
<i>Total revenues</i>	<u>93,688</u>	<u>93,391</u>	<u>116,158</u>	<u>22,767</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	177,116	176,819	158,491	18,328
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>177,116</u>	<u>176,819</u>	<u>158,491</u>	<u>18,328</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(83,428)</u>	<u>(83,428)</u>	<u>(42,333)</u>	<u>41,095</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(2,069)	(2,069)	-	2,069
Transfers in	85,497	85,497	37,231	(48,266)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>83,428</u>	<u>83,428</u>	<u>37,231</u>	<u>(46,197)</u>
<i>Net change in fund balance</i>	-	-	(5,102)	(5,102)
<i>Fund balance - beginning of year</i>	-	-	5,102	5,102
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements



STATE OF NEW MEXICO

City of Belen  
 Street Paving Revolving Special Revenue Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget (GAAP Basis) and Actual  
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (GAAP Basis)	Variations Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	267,526	267,526	176,325	(91,201)
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>267,526</u>	<u>267,526</u>	<u>176,325</u>	<u>(91,201)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	40,262	40,262	33,288	6,974
Interest	-	-	10,329	(10,329)
<i>Total expenditures</i>	<u>40,262</u>	<u>40,262</u>	<u>43,617</u>	<u>(3,355)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>227,264</u>	<u>227,264</u>	<u>132,708</u>	<u>(94,556)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(40,929)	(40,929)	-	40,929
Transfers in	-	-	-	-
Transfers out	(186,335)	(186,335)	(132,348)	53,987
<i>Total other financing sources (uses)</i>	<u>(227,264)</u>	<u>(227,264)</u>	<u>(132,348)</u>	<u>94,916</u>
<i>Net change in fund balance</i>	-	-	360	360
<i>Fund balance - beginning of year</i>	-	-	32,503	32,503
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,863</u>	<u>\$ 32,863</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**

City of Belen  
 2008 GRT Revenue Bonds Special Revenue Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget (GAAP Basis) and Actual  
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variations
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	493,490	493,490	-	(493,490)
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	1,698	1,698
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>493,490</u>	<u>493,490</u>	<u>1,698</u>	<u>(491,792)</u>
<i>Expenditures</i>				
Current				
General government	-	500	18,500	(18,000)
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	38,000	38,000	37,528	472
Debt service				
Principal	180,000	180,000	180,000	-
Interest	232,013	352,013	352,011	2
<i>Total expenditures</i>	<u>450,013</u>	<u>570,513</u>	<u>588,039</u>	<u>(17,526)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>43,477</u>	<u>(77,023)</u>	<u>(586,341)</u>	<u>(509,318)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(25,477)	56,500	-	(56,500)
Transfers in	-	38,523	1,203,445	1,164,922
Transfers out	(18,000)	(18,000)	(17,486)	514
<i>Total other financing sources (uses)</i>	<u>(43,477)</u>	<u>77,023</u>	<u>1,185,959</u>	<u>1,108,936</u>
<i>Net change in fund balance</i>	-	-	599,618	599,618
<i>Fund balance - beginning of year</i>	-	-	(47,159)	(47,159)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 552,459</u>	<u>\$ 552,459</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B- 19

City of Belen

2008 GRT Revenue Bonds Debt Service Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variations
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	7,000	7,000	-	(7,000)
Transfers in	-	-	-	-
Transfers out	(7,000)	(7,000)	(6,802)	198
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(6,802)</u>	<u>(6,802)</u>
<i>Net change in fund balance</i>	-	-	(6,802)	(6,802)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>6,802</u>	<u>6,802</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B- 20

City of Belen

Debt Service Fund

## Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	38,596	38,596
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>38,596</u>	<u>38,596</u>
<i>Expenditures</i>				
Current				
General government	12,500	12,500	11,987	513
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	460,656	503,656	502,876	780
Interest	298,649	298,949	298,907	42
<i>Total expenditures</i>	<u>771,805</u>	<u>815,105</u>	<u>813,770</u>	<u>1,335</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(771,805)</u>	<u>(815,105)</u>	<u>(775,174)</u>	<u>39,931</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	29,621	43,300	-	(43,300)
Transfers in	742,184	771,805	781,531	9,726
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>771,805</u>	<u>815,105</u>	<u>781,531</u>	<u>(33,574)</u>
<i>Net change in fund balance</i>	-	-	6,357	6,357
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>642,411</u>	<u>642,411</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 648,768</u>	<u>\$ 648,768</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

City of Belen  
 Gasoline Tax Revenue Bonds Debt Service Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget (GAAP Basis) and Actual  
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variations
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	575	575	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	170,000	345,000	345,000	-
Interest	16,335	20,335	20,273	62
<i>Total expenditures</i>	<u>186,335</u>	<u>365,910</u>	<u>365,848</u>	<u>62</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(186,335)</u>	<u>(365,910)</u>	<u>(365,848)</u>	<u>62</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	179,575	-	(179,575)
Transfers in	186,335	186,335	365,848	179,513
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>186,335</u>	<u>365,910</u>	<u>365,848</u>	<u>(62)</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

City of Belen  
 2005 GRT Revenue Bonds Debt Service Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget (GAAP Basis) and Actual  
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (GAAP Basis)	Variations Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	25,020	25,020
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>25,020</u>	<u>25,020</u>
<i>Expenditures</i>				
Current				
General government	-	500	500	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	330,000	330,000	330,000	-
Interest	129,805	129,805	129,805	-
<i>Total expenditures</i>	<u>459,805</u>	<u>460,305</u>	<u>460,305</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(459,805)</u>	<u>(460,305)</u>	<u>(435,285)</u>	<u>25,020</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	500	-	(500)
Transfers in	459,805	459,805	897,444	437,639
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>459,805</u>	<u>460,305</u>	<u>897,444</u>	<u>437,139</u>
<i>Net change in fund balance</i>	-	-	462,159	462,159
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 462,159</u>	<u>\$ 462,159</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

City of Belen  
 Multi-Purpose Park Capital Projects Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget (GAAP Basis) and Actual  
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (GAAP Basis)	Variations Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	171,867	612,867	12,446	(600,421)
State operating grants	-	-	-	-
State capital grants	-	149,163	1,666	(147,497)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>171,867</u>	<u>762,030</u>	<u>14,112</u>	<u>(747,918)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	762,030	762,030	171,582	590,448
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>762,030</u>	<u>762,030</u>	<u>171,582</u>	<u>590,448</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(590,163)</u>	<u>-</u>	<u>(157,470)</u>	<u>(157,470)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	590,163	-	-	-
Transfers in	-	-	16,766	16,766
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>590,163</u>	<u>-</u>	<u>16,766</u>	<u>16,766</u>
<i>Net change in fund balance</i>	-	-	(140,704)	(140,704)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>57,998</u>	<u>57,998</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (82,706)</u>	<u>\$ (82,706)</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**

City of Belen  
 Alexander Airport Capital Projects Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget (GAAP Basis) and Actual  
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variations
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	190,000	190,000	204,792	14,792
State operating grants	-	-	-	-
State capital grants	10,000	10,000	15,595	5,595
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	19,706	19,706
<i>Total revenues</i>	<u>200,000</u>	<u>200,000</u>	<u>240,093</u>	<u>40,093</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	200,000	235,000	223,244	11,756
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>200,000</u>	<u>235,000</u>	<u>223,244</u>	<u>11,756</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(35,000)</u>	<u>16,849</u>	<u>51,849</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	35,000	-	(35,000)
Transfers in	-	-	111,221	111,221
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>35,000</u>	<u>111,221</u>	<u>76,221</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>128,070</u>	<u>128,070</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(128,070)</u>	<u>(128,070)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements



## STATE OF NEW MEXICO

Statement B- 25

City of Belen

Becker Avenue Capital Projects Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	634,900	634,900	380,067	(254,833)
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>634,900</u>	<u>634,900</u>	<u>380,067</u>	<u>(254,833)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	908,382	908,382	437,530	470,852
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>908,382</u>	<u>908,382</u>	<u>437,530</u>	<u>470,852</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(273,482)</u>	<u>(273,482)</u>	<u>(57,463)</u>	<u>216,019</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	132,482	132,482	-	(132,482)
Transfers in	141,000	141,000	82,712	(58,288)
Transfers out	-	-	(256,405)	(256,405)
<i>Total other financing sources (uses)</i>	<u>273,482</u>	<u>273,482</u>	<u>(173,693)</u>	<u>(447,175)</u>
<i>Net change in fund balance</i>	-	-	(231,156)	(231,156)
<i>Fund balance - beginning of year</i>	-	-	133,817	133,817
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (97,339)</u>	<u>\$ (97,339)</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**

City of Belen  
Camino Del Llano Capital Projects Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (GAAP Basis) and Actual  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (GAAP Basis)	Variations Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	858,336	858,336
State operating grants	-	-	-	-
State capital grants	1,241,447	1,241,447	-	(1,241,447)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,241,447</u>	<u>1,241,447</u>	<u>858,336</u>	<u>(383,111)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	5,166,000	5,166,000	2,148,698	3,017,302
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>5,166,000</u>	<u>5,166,000</u>	<u>2,148,698</u>	<u>3,017,302</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(3,924,553)</u>	<u>(3,924,553)</u>	<u>(1,290,362)</u>	<u>2,634,191</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	104,553	104,553	-	(104,553)
Transfers in	3,820,000	3,820,000	740,420	(3,079,580)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>3,924,553</u>	<u>3,924,553</u>	<u>740,420</u>	<u>(3,184,133)</u>
<i>Net change in fund balance</i>	-	-	(549,942)	(549,942)
<i>Fund balance - beginning of year</i>	-	-	132,435	132,435
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (417,507)</u>	<u>\$ (417,507)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

City of Belen  
 Christopher Road Capital Projects Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget (GAAP Basis) and Actual  
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variations
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	115,793	115,793	-	(115,793)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>115,793</u>	<u>115,793</u>	<u>-</u>	<u>(115,793)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	63,000	63,000	62,642	358
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>63,000</u>	<u>63,000</u>	<u>62,642</u>	<u>358</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>52,793</u>	<u>52,793</u>	<u>(62,642)</u>	<u>(115,435)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(36,793)	(36,793)	-	36,793
Transfers in	-	-	-	-
Transfers out	(16,000)	(16,000)	(15,699)	301
<i>Total other financing sources (uses)</i>	<u>(52,793)</u>	<u>(52,793)</u>	<u>(15,699)</u>	<u>37,094</u>
<i>Net change in fund balance</i>	-	-	(78,341)	(78,341)
<i>Fund balance - beginning of year</i>	-	-	15,699	15,699
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (62,642)</u>	<u>\$ (62,642)</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B- 28

City of Belen

I-25 Improvements Capital Projects Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variations
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	3,480,570	3,480,570	-	(3,480,570)
State capital grants	6,500,000	6,500,000	-	(6,500,000)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>9,980,570</u>	<u>9,980,570</u>	<u>-</u>	<u>(9,980,570)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	9,963,170	9,963,170	95,176	9,867,994
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>9,963,170</u>	<u>9,963,170</u>	<u>95,176</u>	<u>9,867,994</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>17,400</u>	<u>17,400</u>	<u>(95,176)</u>	<u>(112,576)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(17,400)	(17,400)	-	17,400
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(17,400)</u>	<u>(17,400)</u>	<u>-</u>	<u>17,400</u>
<i>Net change in fund balance</i>	-	-	(95,176)	(95,176)
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (95,176)</u>	<u>\$ (95,176)</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B- 29

City of Belen

CDBG W&amp;S Capital Projects Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variations
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	13,680	13,680
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>13,680</u>	<u>13,680</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>13,680</u>	<u>13,680</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	15,000	-	(15,000)
Transfers in	-	-	-	-
Transfers out	-	(15,000)	(14,484)	516
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(14,484)</u>	<u>(14,484)</u>
<i>Net change in fund balance</i>	-	-	(804)	(804)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>804</u>	<u>804</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B- 30

City of Belen

Westside Booster Station Capital Projects Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variations
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	36,776	36,776	157,624	120,848
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>36,776</u>	<u>36,776</u>	<u>157,624</u>	<u>120,848</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	36,776	325,776	325,523	253
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>36,776</u>	<u>325,776</u>	<u>325,523</u>	<u>253</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(289,000)</u>	<u>(167,899)</u>	<u>121,101</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(126,000)	163,000	-	(163,000)
Transfers in	126,000	126,000	170,910	44,910
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>289,000</u>	<u>170,910</u>	<u>(118,090)</u>
<i>Net change in fund balance</i>	-	-	3,011	3,011
<i>Fund balance - beginning of year</i>	-	-	(8,076)	(8,076)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,065)</u>	<u>\$ (5,065)</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-31

City of Belen

Wastewater Fund

Statement of Revenues, Expenses and Changes in Net Assets  
Budget (GAAP Basis) and Actual  
For the Year Ended June 30, 2010

	Budget Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		
<i>Operating revenues:</i>				
Charges for services	\$ 870,871	\$ 870,871	\$ 905,435	\$ 34,564
<i>Total operating revenues</i>	<u>870,871</u>	<u>870,871</u>	<u>905,435</u>	<u>34,564</u>
<i>Operating expenses:</i>				
Personnel services	339,501	297,447	274,987	22,460
Utilities	110,500	116,500	111,477	5,023
Contractual services	1,265,434	1,269,878	6,043	1,263,835
Supplies	50,200	44,200	56,325	(12,125)
Maintenance and materials	169,500	639,900	36,405	603,495
Gross receipts taxes	35,000	40,000	43,733	(3,733)
Other costs	87,139	84,047	-	84,047
<i>Total operating expenses</i>	<u>2,057,274</u>	<u>2,491,972</u>	<u>528,970</u>	<u>1,963,002</u>
<i>Operating income (loss)</i>	<u>(1,186,403)</u>	<u>(1,621,101)</u>	<u>376,465</u>	<u>1,997,566</u>
<i>Non-operating revenues (expenses):</i>				
Gross receipts taxes	100	100	50	(50)
Interest expense	-	-	-	-
Interest income	100	100	598	498
Miscellaneous income	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	<u>200</u>	<u>200</u>	<u>648</u>	<u>448</u>
Government contributions	2,420,655	2,420,655	853,277	(1,567,378)
Transfers in	-	-	150,834	150,834
Transfers out	(81,128)	(81,128)	(679,363)	(598,235)
<i>Change in net assets</i>	<u>\$ 1,153,324</u>	<u>\$ 718,626</u>	<u>701,861</u>	<u>\$ (16,765)</u>
<i>Revenues (expenses) not budgeted:</i>				
Depreciation			(582,100)	
<i>Change in net assets per Exhibit D-2</i>			<u>119,761</u>	
<i>Total net assets, beginning of year</i>			<u>15,445,186</u>	
<i>Total net assets, end of year</i>			<u>\$ 15,564,947</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-32

City of Belen

Water Fund

Statement of Revenues, Expenses and Changes in Net Assets  
 Budget (GAAP Basis) and Actual  
 For the Year Ended June 30, 2010

	Budget Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		
<i>Operating revenues:</i>				
Charges for services	\$ 1,227,178	\$ 1,227,178	\$ 1,285,542	\$ 58,364
<i>Total operating revenues</i>	<u>1,227,178</u>	<u>1,227,178</u>	<u>1,285,542</u>	<u>58,364</u>
<i>Operating expenses:</i>				
Personnel services	532,680	607,680	532,929	74,751
Utilities	-	165,000	163,475	1,525
Contractual services	-	89,570	131,309	(41,739)
Supplies	56,000	189,000	186,596	2,404
Maintenance and materials	12,000	101,000	50,235	50,765
Gross receipts taxes	-	60,000	63,746	(3,746)
Other costs	-	139,500	21,017	118,483
<i>Total operating expenses</i>	<u>600,680</u>	<u>1,351,750</u>	<u>1,149,307</u>	<u>202,443</u>
<i>Operating income (loss)</i>	<u>626,498</u>	<u>(124,572)</u>	<u>136,235</u>	<u>260,807</u>
<i>Non-operating revenues (expenses):</i>				
Gross receipts taxes	151,228	151,228	159,071	7,843
Interest expense	(69,956)	(85,956)	(67,258)	18,698
Interest income	3,000	3,000	4,025	1,025
Miscellaneous income	5,000	5,000	1,951	(3,049)
<i>Total non-operating revenues (expenses)</i>	<u>89,272</u>	<u>73,272</u>	<u>97,789</u>	<u>24,517</u>
Government contributions	58,699	58,699	99,723	41,024
Transfers in	31,128	48,128	86,203	38,075
Transfers out	(50,000)	(80,000)	(216,211)	(136,211)
<i>Change in net assets</i>	<u>\$ 755,597</u>	<u>\$ (24,473)</u>	<u>203,739</u>	<u>\$ 228,212</u>
<i>Revenues (expenses) not budgeted:</i>				
Depreciation			(185,896)	
<i>Change in net assets per Exhibit D-2</i>			<u>17,843</u>	
<i>Total net assets, beginning of year</i>			<u>4,439,415</u>	
<i>Total net assets, end of year</i>			<u>\$ 4,457,258</u>	

The accompanying notes are an integral part of these financial statements



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## STATE OF NEW MEXICO

Statement B-33

City of Belen

Solid Waste Fund

Statement of Revenues, Expenses and Changes in Net Assets  
Budget (GAAP Basis) and Actual  
For the Year Ended June 30, 2010

	Budget Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		
<i>Operating revenues:</i>				
Charges for services	\$ 1,210,370	\$ 1,210,503	\$ 1,150,812	\$ (59,691)
<i>Total operating revenues</i>	<u>1,210,370</u>	<u>1,210,503</u>	<u>1,150,812</u>	<u>(59,691)</u>
<i>Operating expenses:</i>				
Personnel services	144,603	136,248	60,139	76,109
Utilities	10,720	11,520	4,407	7,113
Contractual services	1,185,000	1,192,500	980,732	211,768
Supplies	6,400	7,000	1,579	5,421
Maintenance and materials	9,000	11,000	2,610	8,390
Gross receipts taxes	40,000	50,000	57,028	(7,028)
Other costs	29,000	39,000	3,046	35,954
<i>Total operating expenses</i>	<u>1,424,723</u>	<u>1,447,268</u>	<u>1,109,541</u>	<u>337,727</u>
<i>Operating income (loss)</i>	<u>(214,353)</u>	<u>(236,765)</u>	<u>41,271</u>	<u>278,036</u>
<i>Non-operating revenues (expenses):</i>				
Gross receipts taxes	134,982	123,373	112,184	(11,189)
Interest expense	-	-	-	-
Interest income	1,500	1,500	761	(739)
Miscellaneous income	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	<u>136,482</u>	<u>124,873</u>	<u>112,945</u>	<u>(11,928)</u>
Government contributions	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(135,000)	(135,000)	(127,997)	7,003
<i>Change in net assets</i>	<u>\$ (212,871)</u>	<u>\$ (246,892)</u>	<u>26,219</u>	<u>\$ 273,111</u>
<i>Revenues (expenses) not budgeted:</i>				
Depreciation			(11,629)	
<i>Change in net assets per Exhibit D-2</i>			<u>14,590</u>	
<i>Total net assets, beginning of year</i>			<u>(259,075)</u>	
<i>Total net assets, end of year</i>			<u>\$ (244,485)</u>	

The accompanying notes are an integral part of these financial statements

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**SUPPORTING SCHEDULES**

**STATE OF NEW MEXICO**  
City of Belen  
Schedule of Deposit and Investment Accounts  
June 30, 2010

Schedule I

Bank Name/Account Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
<b>Wells Fargo Bank</b>					
General Fund	Checking	\$ 702,497	\$ 1,971	\$ 114,789	\$ 589,679
General 1/12th	Checking	125,027	-	-	125,027
Arsenic Compliance	Checking	60,824	-	-	60,824
Total Wells Fargo Bank		<u>888,348</u>	<u>1,971</u>	<u>114,789</u>	<u>775,530</u>
<b>My Bank</b>					
Meter Deposits	Checking	100,921	-	-	100,921
Construction GIS Infra	Checking	1,937	-	-	1,937
Total My Bank		<u>102,858</u>	<u>-</u>	<u>-</u>	<u>102,858</u>
<b>First Community Bank</b>					
2008 GRT Bond Proceeds	Checking	113,438	-	-	113,438
Certificate of Deposit - Investment	CD	200,000	-	-	200,000
Certificate of Deposit - Investment	CD	105,991	-	-	105,991
Certificate of Deposit - Investment	CD	550,775	-	-	550,775
Certificate of Deposit - Investment	CD	3,590,478	-	-	3,590,478
Total First Community Bank		<u>4,560,682</u>	<u>-</u>	<u>-</u>	<u>4,560,682</u>
<b>Bank of Albuquerque - Investments</b>					
Certificate of Deposit - Investment	CD	232,000	-	-	232,000
Total Bank of Albuquerque		<u>232,000</u>	<u>-</u>	<u>-</u>	<u>232,000</u>
<b>Bank of New York Mellon - Investments</b>					
NMFA Reserve Accounts	U.S. Treasury Mutual Fund	432,509	-	-	432,509
Total Bank of New York Mellon		<u>432,509</u>	<u>-</u>	<u>-</u>	<u>432,509</u>
<b>New Mexico Finance Authority - Investments</b>					
NMFA Reserve Accounts	State Treasurer Debt Service	216,259	-	-	216,259
Total New Mexico Finance Authority		<u>216,259</u>	<u>-</u>	<u>-</u>	<u>216,259</u>
<b>Total deposits and investments</b>		<u>\$ 6,432,656</u>	<u>\$ 1,971</u>	<u>\$ 114,789</u>	<u>\$ 6,319,838</u>
<b>Deposits and investments per financial statements:</b>					
Cash and cash equivalents - Exhibit A-1					\$ 884,865
Investments - Exhibit A-1					4,247,244
Restricted cash and cash equivalents - Exhibit A-1					755,729
Restricted investments - Exhibit A-1					432,000
Total deposits and investments					<u>\$ 6,319,838</u>

See accompanying independent auditors' report

## STATE OF NEW MEXICO

Schedule II

City of Belen

## Schedule of Collateral Pledged By Depository for Public Funds

June 30, 2010

Name of Depository	Description of Pledged Collateral	Type of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value at June 30, 2010	Name and Location of Safekeeper
<b>Wells Fargo Bank</b>						
	FNIONP	Loan	1/1/2036	31371MNG8	\$ 176,919	Wells Fargo Bank, San Francisco, California
	FNCL	Loan	5/1/2036	31408H2ZY	186,668	Wells Fargo Bank, San Francisco, California
	G2SF	Loan	9/20/2032	36202DUJ8	2,440,145	Wells Fargo Bank, San Francisco, California
	G2SF	Loan	12/20/2032	36202DVN8	39,876	Wells Fargo Bank, San Francisco, California
	Total Wells Fargo Bank				<u>2,843,608</u>	
<b>My Bank</b>						
	FHLB	Loan	2/18/2014	3133XSZ43	101,068	The Independent Banker's Bank, Dallas, Texas
	FHLB	Loan	1/7/2015	3133XNUU1	25,579	The Independent Banker's Bank, Dallas, Texas
	Total My Bank				<u>126,647</u>	
<b>First Community Bank</b>						
	MBS GNMA Platinum	Loan	6/15/2022	36241KM47	1,288,599	Federal Home Loan Bank, Dallas, Texas
	GNR 2009-82 GA	Loan	9/16/2035	38376FT44	199,302	Federal Home Loan Bank, Dallas, Texas
	GNR 2009-84 A	Loan	11/16/2020	38374XD77	241,630	Federal Home Loan Bank, Dallas, Texas
	GNR 2008-74 CA	Loan	4/16/2027	38375XNY6	2,252,773	Federal Home Loan Bank, Dallas, Texas
	MBS GNMA	Loan	4/15/2023	36241KR34	549,251	Federal Home Loan Bank, Dallas, Texas
	Total First Community Bank				<u>4,531,555</u>	
<b>Bank of Albuquerque</b>						
	FG A13441	Loan	8/1/2033	31296MZE2	453,609	Federal Home Loan Bank, Dallas, Texas
	FHR 2627 CY	Loan	4/15/2029	31393RZV5	129,574	Federal Home Loan Bank, Dallas, Texas
	Total Bank of Albuquerque				<u>583,183</u>	
	Total Pledged Collateral				<u>\$ 8,084,993</u>	

See accompanying independent auditors' report

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**COMPLIANCE SECTION**





**Accounting & Consulting Group, LLP**  
Certified Public Accountants

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

Hector Balderas  
New Mexico State Auditor  
The U.S. Office of Management and Budget and  
The City 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 budgetary comparison for the general fund and the aggregate remaining fund information of City of Belen, New Mexico (City) as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents, and have issued our report thereon dated November 22, 2010. We also have audited the financial statements of each of the City's nonmajor governmental funds and budgetary comparisons for the camino del llano capital projects fund, the proprietary funds, and nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010 as listed in the table of contents, and have issued our report thereon dated November 22, 2010. 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's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City'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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

*A deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items FS 2007-02, FS 2008-02, FS 2009-01, FS 2009-02 and FS 2010-01, to be material weaknesses.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items FS 2009-01 FS 2009-04, and FS 2010-02.

The City'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 responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, others within City of Belen, the audit committee, the State Auditor, the New Mexico Legislature, the New Mexico Department of Finance and Administration, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these parties.

Accounting + Consulting Group, LLP

Accounting & Consulting Group, LLP  
Albuquerque, NM  
November 22, 2010

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**FEDERAL FINANCIAL ASSISTANCE**



**Accounting & Consulting Group, LLP**  
Certified Public Accountants

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Hector Balderas  
New Mexico State Auditor  
The U.S. Office of Management and Budget and  
The City 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 could have a direct and material effect on each of its major federal program for the year ended June 30, 2010. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to 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 of City of Belen's compliance with those requirements.

In our opinion, City of Belen complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item FA 2010-01.

Internal Control Over Compliance

The management of City of Belen is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered City of Belen's internal control over compliance with the 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. Accordingly, we do not express an opinion on the effectiveness of the City of Belen's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item FA 2010-01. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

The City'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 responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, others within City of Belen, the audit committee, the State Auditor, the City Council, the New Mexico Legislature, the New Mexico Department of Finance and Administration, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these parties.

*Accounting & Consulting Group, L.L.P.*

Accounting & Consulting Group, LLP  
Albuquerque, NM  
November 22, 2010

**STATE OF NEW MEXICO**  
City of Belen  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2010

Schedule III  
(Page 1 of 2)

Funding Source/Grant or Contact Name	CFDA Number	Federal Grantors Number	Expenditures
<b>U.S. Department of Health and Human Services</b>			
<b>Passed through the NM Department Area Agency on Aging</b>			
Retired and Senior Volunteer Program	94.002	02SRWNM005	\$ 158,491
<b>U.S. Department of Transportation</b>			
<b>Passed through the NM Department of Transportation</b>			
Section 5311	20.509	M00498	72,358
Becker Avenue	20.509	TPE 7667(5)	52,474
Sobriety Checkpoints	20.608	09-AL-K8-007	8,040
Total U.S. Department of Transportation			<u>132,872</u>
<b>U.S. Environmental Protection Agency</b>			
<b>Passed through the NM Environment Department</b>			
Wastewater Phase II	66.606	STAG XP-9767-02-	187,327
<b>Army Corp. of Engineers</b>			
Camino Del Llano Project (1)	12.115	08-3145-STB	858,336
<b>U.S. Department of Homeland Security</b>			
<b>Passed through the NM Emergency Management</b>			
Emergency Management	85.554	2008 EMPG	33,656
<b>U.S Department of Housing and Urban Development Direct Programs</b>			
Planning Grant	14.218	08-C-NR-06-G-44	47,794
<b>Federal Aviation Administration</b>			
Alexander Airport	20.106	FAA3-35-0006-08	180,869
<b>U.S. Department of Justice</b>			
Police - Surveillance Equipment	16.738	2007-DJ-BX-	<u>46,706</u>
<b>Total Federal Financial Assistance</b>			<u><u>\$ 1,646,051</u></u>

(1) Denotes Major Federal Financial Assistance Program

See accompanying independent auditors' report.

**STATE OF NEW MEXICO**  
City of Belen  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2010

Schedule III  
(Page 2 of 2)

**Notes to Schedule of Expenditures of Federal Awards**

**1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the City of Belen (the City) and is presented on the accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements except for the proprietary funds. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

**2. Subrecipients**

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

**Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:**

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 1,634,391
Total expenditures funded by other sources	<u>14,701,086</u>
Total expenditures	<u><u>\$ 16,335,477</u></u>



**STATE OF NEW MEXICO**  
City of Belen  
Schedule of Findings and Questioned Costs  
June 30, 2010

**Section I – Summary of Audit Results**

*Financial Statements:*

- |  |           |
|--|-----------|
| 1. Type of auditors’ report issued   | Qualified |
| 2. Internal control over financial reporting:                                    |           |
| a. Material weaknesses identified?   | Yes       |
| b. Significant deficiencies identified not considered to be material weaknesses? | No        |
| c. Noncompliance material to the financial statements noted?                     | Yes       |

*Federal Awards:*

- |   |             |
|---|-------------|
| 1. Internal control over major programs:  |             |
| a. Material weaknesses identified?  | No          |
| b. Significant deficiencies identified not considered to be material weaknesses?                                      | Yes         |
| 2. Type of auditors’ report issued on compliance for major programs   | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? | Yes         |
| 4. Identification of major programs:  |             |

CFDA Number	Federal Program
12.115	Camino Del Llano Project

- |   |           |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 6. Auditee qualified as low-risk auditee?                                   | No        |

**Section II – Prior Year Audit Findings**

**Prior Year Audit Findings**

<b>Financial Statement Findings</b>		<b>Disposition</b>
FS 2004-07	Cash Balances	Resolved
FS 2007-02	Preparation of Financial Statements	Repeated and Revised
FS 2007-03	Construction in Progress	Resolved
FS 2008-02	Capital Asset Listing	Repeated and Revised
FS 2009-01	PERA Reports and General Ledger	Repeated and Revised
FS 2009-02	Landfill Postclosure Liabilities	Repeated and Revised
FS 2009-03	Information Technology	Resolved
FS 2009-04	Expenditures in Excess of Budget and Budget Cash in Excess of Available Balance	Repeated and Revised
FS 2009-05	Meter Deposits	Resolved

**Section III – Findings - Financial Statement Audit**

**FS 2007-02 Preparation of Financial Statements**

*Condition:* The financial statements and related disclosures are not being prepared by the City.

*Criteria:* According to the American Institute of Certified Public Accountants’ Statement on Auditing Standards No. 112, a system of internal control over financial reporting does not stop at the general ledger. Well designed systems include controls over financial statement preparation, including footnote disclosures.

*Effect:* When sufficient controls over the preparation of financial statements and related disclosures are not designed, implemented and operating effectively, an entity’s ability to prevent, detect, and correct misstatements in its financial statements is limited.

*Cause:* The City’s personnel did not have the time and have not been adequately trained in understanding the elements of external financial reporting, including the preparation of financial statements and related footnote disclosures.

*Auditors’ Recommendation:* We recommend City management and personnel receive training on understanding the requirements of external financial reporting.

The training should include, but not be limited to:

- Selection of appropriate accounting policies:
  - Governmental Accounting Standards Board (GASB)
  - Generally Accepted Accounting Principles (specifically as applied to governmental units)
  - Financial Accounting Standards Board (FASB)
- Understanding the financial reporting entity
- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements
- Required supplementary information
  - Management’s discussion and analysis
- Supplementary information required by the Office of the State Auditor

In addition, we recommend that the City develop and implement policies and procedures designed to prevent or detect possible misstatements in its financial statements and related footnote disclosures.

**STATE OF NEW MEXICO**  
City of Belen  
Schedule of Findings and Questioned Costs  
June 30, 2010

Schedule IV  
Page 3 of 8

*Agency's Response:* The City's Caselle financial statements have been converted to GAAP format. A report is being worked on that should align the Caselle financial statements into the same groupings necessary as the audit report. We should then be able to add the footnotes to the report.

All financial statements are reviewed every month for errors and/or omissions. Every balance sheet account, except fixed assets (See FS 2008-02 Capital Asset Listing), is reconciled on a monthly basis.

This year staff wrote up many of the year-end journal entries. Next year we anticipate preparing the remaining entries so the auditors only have to make adjusting entries.

**FS 2008-02 Capital Assets Listing**

*Condition:* The City is maintaining a capital assets listing, however, the capital asset inventory system was not being reconciled to the beginning balance. The ending capital assets balance at prior year end did not agree with current year beginning balance. During tests of capital assets the auditors found that proceeds from the disposal of capital assets at auction were not entered into the capital assets accounting system. Total proceeds of \$9,934 were recorded in the General Fund, although \$2,867 of the net proceeds were associated with disposals of proprietary fund assets.

*Criteria:* Section 2.20.1 of NMAC requires agencies to properly account for capital assets. The required capital asset accounting system is described in Section 2.20.1.8 of NMAC. Proper controls over the capital assets are described in Section 2.20.1.15 of NMAC. The statutory annual inventory requirement is described in Section 2.20.1.16 of NMAC. The requirement to follow the applicable statutes when disposing of capital assets is described in Section 2.20.1.18 of NMAC.

*Effect:* Without proper accounting for reconciling the ending capital assets balance at prior year end with current year beginning balance, the financial statements of the City may be misstated. The users of the financial statement may not be provided with timely or accurate capital assets information.

*Cause:* The City has weak internal controls over the entire capital assets system and lack of monitoring throughout the year.

*Auditors' Recommendation:* We recommend that the City implement a system in which the capital asset listing is maintained and reconciled. This includes the City reviewing the audited capital assets balance and reconciling those balances to the City's capital assets records. This will ensure accurate and timely reporting for financial and managerial purposes. We recommend that the City maintain better controls over the recording of its acquisition and disposition of capital assets and establish better channels of communication between individuals responsible for different aspects of the City's financial management.

*Agency's Response:* This finding will take significant time to research to properly correct. The City has all balance sheet accounts reconciled except for Capital (Fixed) assets. We anticipate beginning to correct this finding during the remainder of the year.

**FS 2009-01 PERA Reports and General Ledger**

*Condition:* The amount in the general ledger for employer's contribution to the Public Employee Retirement Association (PERA) does not agree to the amount reported to PERA. The total amount of City matching portion reported to PERA was \$620,874, however the general ledger indicated total amount of \$697,477.

*Criteria:* Per NMAC 2.80.500.8 each state agency or affiliated public employer shall be responsible for deducting the applicable contribution from the salary or wages paid to each member for each payroll period.

*Effect:* The amount of PERA that is matched by the City may not be correctly recorded in the general ledger and may not be detected due to the lack of the reconciliation process.

*Cause:* The City does not have a reconciliation process for balancing the amount paid to what is reported to PERA.

*Auditors' Recommendation:* We recommend that the City implement a process for reconciling amounts sent to PERA and amounts recorded in the general ledger.

*Agency's Response:* We have not determined if this is a system problem or a reporting problem. We modified our payroll reporting in an attempt to match the format used by the auditors but were unsuccessful in accomplishing that. Our next step will be to isolate a single payroll in our efforts to determine what is causing this issue.

**FS 2009-02 Landfill Postclosure Liability**

*Condition:* The City originally obtained an engineering study for the landfill, however there has been no recent study conducted to update the estimated landfill liability as of June 30, 2010.

*Criteria:* GASB Statement No. 18 requires the landfill liability to be evaluated and estimated annually.

*Effect:* The landfill postclosure liability could be understated or overstated.

*Cause:* The City has not performed an engineering study or considered the effect of inflation and changes in estimate in order to properly estimate their landfill liability.

*Auditors' Recommendation:* The City should hire a firm to conduct an engineering study related to the estimated landfill postclosure liability and annually update the estimate based on costs incurred, the effect of inflation and deflation, and any other changes.

*Agency's Response:* An extensive search of the historical records at City Hall has failed to produce a copy of the engineering study upon which the postclosure calculations were based. If the City is required to update the engineering study, we will be directed to do so by the Environment Department. The City's financial situation does not warrant the cost of an updated study just to comply with an audit finding. We will continue our attempt to locate a copy of the original study or see if we can secure another copy of it from the firm that completed it.

**FS 2009-04 Budgetary Noncompliance**

*Condition:* City of Belen exceeded the authorized budgeted expenditures in the following funds:

<u>Governmental Funds</u>	
Fire Protection	\$ 7,272
1/2% GRT Infrastructure	12,170
Evidence	4,716
Street Paving Revolving	3,355
2008 GRT Revenue Bonds Special Revenue Fund	17,526

**STATE OF NEW MEXICO**  
City of Belen  
Schedule of Findings and Questioned Costs  
June 30, 2010

When the City’s budgeted expenditures exceed its budgeted revenue, the City budgets “designated cash” left over from the previous year to make up the short fall. However, “designated cash” in the current year budget cannot exceed prior year cash and receivables in the same fund.

Designated cash appropriations exceeded available balances in the following funds:

<u>Governmental Funds</u>	
NM DOT Section 5331	\$ 41,885
2008 GRT Revenue Bond Special Revenue	56,500
2008 GRT Revenue Bonds Debt Service	198
Gasoline Tax Revenue Bond	179,575
2005 GRT Revenue Bonds	500
Alexander Airport	163,070
CDBG W&S	14,196
Westside Booster Station	171,076

Due to recent changes in the interpretation of NMAC 2.2.210 (P and O), the Office of the State Auditor has identified the following funds as exceeding its approved budgetary authority:

<u>Governmental Funds</u>	
Jail	\$ 8,881
Multi-Purpose Park	82,706
Becker Avenue	97,339
Camino Del Llano	417,507
Christopher Road	62,642
I-25 Improvements	95,176

*Criteria:* All City funds, with the exception of agency funds, are to be budgeted by the local governing body and submitted to the State of New Mexico Department of Finance and Administration – Local Government Division for approval. Once adopted, any claims or warrants in excess of budget are a violation of New Mexico State Statute 6-6-6, 1978 Compilation. Per Section 6-6-11, NMSA 1978 (the Batemen Act), it is unlawful for any board of county commissioners, municipal governing body or any local school board, for any purpose whatever to become indebted or contract any debts of any kind or nature whatsoever during any current year which, at the end of such current year, is not and cannot then be paid out of the money actually collected and belonging to that current year, and any indebtedness for any current year which is not paid and cannot be paid, as above provided for, is void. In addition, Section 2.2.2.10. (P) (1), NMAC, states that the City’s cash balances rebudgeted to absorb budget deficits cannot exceed the actual cash balance available at the end of the prior year.

*Effect:* Any expenditure in excess of the approved budget(s) shall be a liability against the officials so allowing or paying such claims or warrants, and recovery of such excess amounts so allowed or paid may be had against the bondsmen of such official. The effect of a budget with inadequate designated cash available to cover the excess of budgeted expenditures over budgeted revenue could result in the City incurring debt to pay for current year budgeted expenditures, which would be noncompliance with the Batemen Act.

*Cause:* Inadequate monitoring of budgeting procedures at year end.

*Auditors’ Recommendation:* We recommend all City funds, with the exception of agency funds, be budgeted and approved by the City Council. Once adopted, budgets must be monitored for compliance with state statute. In addition, we recommend the City’s cash balances rebudgeted to absorb budget deficits do not exceed the actual cash balances available at the end of the prior year.

*Agency's Response:* The City disagrees with this finding. The auditors are using a different interpretation of state statute than DFA is regarding what is an acceptable budget. DFA is charged with approval and monitoring of municipal budgets. No City of Belen fund was over spent during the year. All required budget adjustments were approved by both the governing body and DFA in sufficient time to prevent just this situation from occurring. This year the auditors have separated budgeted operating revenues/expenses from budgeted fund transfers. Now that we are aware of their interpretation of this statute, we will make sure our budgeting process and budget adjustments reflect their interpretation.

*Auditors' Response:* The Auditor is using NMAC 2.2.210(P)(1) as guidance for reporting noncompliance findings for budgetary conditions.. Per this section, it states "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 control, that fact must be reported in a finding and disclosed in the notes to the financial statements. 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 since budget deficits are generally not allowed. If the agency budgets cash or fund balance that did not exist at the beginning of the fiscal year, a finding should be reported."

**FS 2010-01 Design Deficiencies in Internal Control over Financial Reporting**

*Condition:* The City's internal control structure is inadequate. The City does not have a comprehensive documented internal control system over financial information. The City does not maintain proper oversight or monitoring in regards to the City's accounting activities and has not taken the proper measures to monitor and mitigate the risk for fraud, misappropriation of assets, or misstatement of financial statements. During our audit, we noted the following internal control deficiencies:

- The Finance Director performs all the duties and functions that are required for the cash disbursement process including preparing and approving purchase orders and preparing checks.
- The City's policy is to have a written P.O. for all nonrecurring purchases. One instance out of five tested, where the City did not have a completed P.O. before the purchase was made. Changes to the vendor master file are not periodically reviewed for reasonableness.
- One of the five employees tested did not have a department head or equivalent signature. Timecards are required to be signed by department supervisors approving the Employees hours.
- The "Personnel Change Form" for one employee out of five tested was not signed by the Interim City Manager, however, the pay rate was still entered into the system and put into effect for the employee.

*Criteria:* NMAC 6.20.2.11 states:

A. Every City shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP, and that state and federal programs are managed in compliance with applicable laws and regulations. The internal control structure shall include written administrative controls (rules, procedures and practices, and policies that affect the organization) and accounting controls (activity cycles, financial statement captions, accounting applications including computer systems) that are in accordance with GAAP.

B. Each City shall develop, establish and maintain a structure of internal accounting controls and written procedures to provide for segregation of duties, a system of authorization and recording procedures, and sound accounting practices in performance of duties and functions. The duties to be segregated are the authorization to execute a transaction, recording the transaction, and custody of assets involved in the transaction.

- (1) City management must ensure that protection of the public trust is a major focus when granting the authorization to execute business of the City.
- (2) Employees handling significant amounts of cash must be adequately bonded. Access to assets is permitted only in accordance with City authorization.

**STATE OF NEW MEXICO**  
City of Belen  
Schedule of Findings and Questioned Costs  
June 30, 2010

Schedule IV  
Page 7 of 8

- (3) Receipts, checks or warrants, purchase orders, and vouchers shall be sequentially pre-numbered.
- (4) The City shall have proper safeguards to protect unused checks and other pre-numbered forms, undeposited cash and other receipts, and facsimile signature plates.
- (5) Transactions are to be recorded as necessary to permit preparation of financial statements in conformity with GAAP. In addition, the City shall establish any other criteria applicable to such statements to maintain accountability for assets.
  
- (6) The City shall conduct independent checks on performance and proper valuation of recorded amounts, such as clerical checks, reconciliations, comparison of assets with recorded accountability, computer-programmed controls, management review of reports that summarize the detail of account balances, and user review of computer generated reports.

C. An internal control structure is required to demonstrate the City's ability to record, process, summarize and report financial data consistent with the following financial statement assertions:

- (1) rights and ownership;
- (2) existence and occurrence;
- (3) valuation and allocations;
- (4) completeness; and,
- (5) presentation and disclosure.

D. The internal control structure shall demonstrate that the City identifies applicable laws and regulations, and that procedures are designed to provide reasonable assurance that the City complies with those laws and regulations. Internal control procedures shall be established, implemented and documented through City correspondence, manuals, training, and other additional methods. Appropriate internal control procedures shall be adopted by the Council within a City to safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies. The internal control structure shall address all City transactions.

The SAS No. 112 Appendix lists the following circumstances as a possible control deficiency, significant deficiency, or material weakness, "inadequate documentation of the components of internal control." SAS 112 paragraph 19 states that ineffective oversight of the agency's financial reporting and internal control by those charged with governance should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control.

*Effect:* Because certain internal controls have weaknesses in design, key controls are not in place to properly safeguard assets and prevent or detect material misstatements due to errors or fraud.

*Cause:* The City has not performed a formalized and documented risk assessment process for those key controls in place to prevent and detect errors or fraud.

*Auditors' Recommendations:* The City should ensure that a comprehensive internal control structure over financial information is designed, documented, and implemented. Management should follow and ensure that all staff follows the City's documented internal control procedures. The City Council is charged with governance and should provide effective oversight of the internal control and financial reporting process.

*Agency's Response:* The City concurs with this finding. As a result of layoffs and the subsequent restructuring, the City has two individuals in the finance department where five previously existed.

The finance office is still determining the best way of allocating duties to better ensure a "check and balance" approach to its operations.

**FS 2010-02 — Late Audit Report**

*Condition:* The City did not submit an approved audit report by the December 1, 2010 deadline.

*Criteria:* The City is required to submit its audit report for the year ended June 30, 2010 on or before December 1, 2010 in accordance with State Statute (Chapter 12, Section 6: NMSA 1978) and Section 2.2.2.9. E of NMAC.

*Effect:* The City could be affected by a late submission by not identifying errors or internal control deficiencies in a timely fashion to correct findings. Also, the financial statements are not available for use by the City in a timely fashion for purposes such as debt applications.

*Cause:* The report was submitted on December 1, 2010 to the State Auditor, who rejected the audit report due to their new interpretation of state law regarding budgetary compliance for municipalities.

*Auditors' Recommendations:* The City must ensure that all future audit reports are filed in a timely manner with all of the required disclosures.

*Agency's Response:* The City disagrees with the Office of the State Auditor's interpretation of state laws regarding budgetary compliance for municipalities and the report was correct when originally submitted. The City will make sure that all future reports are filed on time and with all of the required disclosures for the upcoming years.

**Section IV – Federal Award Findings**

**FA 2010-01 –Davis-Bacon Compliance**

Federal program information:

Funding agency:	Army Corp. of Engineers
Title:	Camino Del Llano Project
CFDA number:	12.115

*Condition:* The City did not verify that the vendors used for this project submitted a certified payroll to ensure compliance with Davis-Bacon provisions in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*.

*Criteria:* The Davis-Bacon Act requires entities to have a system in place to verify that prevailing wages are paid to laborers.

*Effect:* Non-compliance with the reporting requirement of *U.S. Office of Management and Budget (OMB) Circular A-133* may affect the City's federal award future funding.

*Cause:* The City did not have a system in place to verify that the vendors used for this project submitted a certified payroll to ensure compliance with Davis-Bacon provisions.

*Auditors' Recommendation:* The City must formalize and implement internal controls to ensure all wages paid for all future federal award projects are at the prevailing rate and in accordance with the Davis-Bacon Act.

*Agency's Response:* This was an oversight by the City. Davis-Bacon compliance is required in all City construction projects involving Federal funding. With most of the funding for this particular project coming from City sources, as opposed to Federal/State funding, this project was overlooked in obtaining the required paperwork.



**STATE OF NEW MEXICO**  
City of Belen  
Other Disclosures  
June 30, 2010

Schedule V

**OTHER DISCLOSURES**

**Exit Conference**

An exit conference was held on November 22, 2010. In attendance were the following:

**Representing the City of Belen:**

Wayne Gallegos	Mayor Pro-Tem
Jerah Cordova	City Councilor
Mary Lucy Baca	Interim City Manager
Michael P. Steininger	Finance Director
Roseann Peralta	Finance Clerk

**Representing Accounting & Consulting Group, LLP:**

Ray Roberts	Managing Partner
Robert Cordova	Manager
James Hartogensis	Manager

**Auditor Prepared Financial Statements**

Although it would be preferred and desirable for the City to prepare its own financial statements, the City's personnel did not have the time to prepare them. Accounting & Consulting Group, LLP prepared the financial statements of the City of Belen from the original books and records provided to them by the management of the City. Management is responsible for the financial statements.