

Accounting & Consulting Group, LLP

Certified Public Accountants

STATE OF NEW MEXICO
CITY OF BELEN
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2011



STATE OF NEW MEXICO
CITY OF BELEN
ANNUAL FINANCIAL REPORT
JUNE 30, 2011

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INTRODUCTORY SECTION

STATE OF NEW MEXICO

City of Belen
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STATE OF NEW MEXICO

City of Belen

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STATE OF NEW MEXICO

City of Belen

Official Roster

June 30, 2011

<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
Roseann Peralta		Finance Clerk

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 aggregate remaining fund information, and the budgetary comparison for the general fund of the City of Belen, New Mexico (the "City"), as of and for the year ended June 30, 2011, 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 major capital projects funds, debt service fund, proprietary funds, and all 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, 2011 as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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.

In our opinion, 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, 2011 and the respective changes in financial position and cash flows, where applicable, thereof and the respective 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, 2011, and the respective changes in financial position thereof, and the budgetary comparisons for the major capital project funds, debt service fund, 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 19, 2011 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 and 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, the combining and individual fund statements, and the 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 19, 2011

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**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO

City of Belen

Statement of Net Assets

June 30, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 2,906,130	\$ 864,961	\$ 3,771,091
Investments	550,775	-	550,775
Receivables:			
Property taxes	28,758	-	28,758
Other taxes	938,063	18,486	956,549
Customer, net of allowance	-	401,630	401,630
Other	59,899	-	59,899
Total current assets	4,483,625	1,285,077	5,768,702
Noncurrent assets			
Restricted cash and cash equivalents	679,663	101,514	781,177
Restricted investments	531,416	-	531,416
Bond issuance costs, net of accumulated amortization of \$7,280	96,090	-	96,090
Bond discounts, net of accumulated amortization of \$10,269	135,549	-	135,549
Capital assets	84,034,046	37,814,000	121,848,046
Less: accumulated depreciation	(46,131,692)	(17,305,276)	(63,436,968)
Total noncurrent assets	39,345,072	20,610,238	59,955,310
Total assets	\$ 43,828,697	\$ 21,895,315	\$ 65,724,012

The accompanying notes are an integral part of these financial statements

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 387,901	\$ 162,752	\$ 550,653
Meter deposits	-	103,895	103,895
Accrued payroll	100,787	21,456	122,243
Accrued compensated absences	71,567	26,326	97,893
Accrued interest	112,392	4,623	117,015
Funds held in trust	4,250	-	4,250
Current portion of long-term debt	1,071,928	10,668	1,082,596
 Total current liabilities	 <u>1,748,825</u>	 <u>329,720</u>	 <u>2,078,545</u>
Noncurrent liabilities			
Accrued compensated absences	84,599	14,462	99,061
Accrued landfill closure costs	-	593,497	593,497
Bonds payable	9,075,000	-	9,075,000
Loans payable	8,307,767	141,118	8,448,885
 Total noncurrent liabilities	 <u>17,467,366</u>	 <u>749,077</u>	 <u>18,216,443</u>
 Total liabilities	 <u>19,216,191</u>	 <u>1,078,797</u>	 <u>20,294,988</u>
Net Assets			
Invested in capital assets, net of related debt	19,447,659	20,356,938	39,804,597
Restricted for:			
Debt service	1,326,155	-	1,326,155
Capital projects	936,009	-	936,009
Special revenue	468,213	-	468,213
Unrestricted	2,434,470	459,580	2,894,050
 Total net assets	 <u>24,612,506</u>	 <u>20,816,518</u>	 <u>45,429,024</u>
 Total liabilities and net assets	 <u>\$ 43,828,697</u>	 <u>\$ 21,895,315</u>	 <u>\$ 65,724,012</u>

STATE OF NEW MEXICO
City of Belen
Statement of Activities
For the Year Ended June 30, 2011

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government				
Governmental Activities:				
General government	\$ 1,425,169	\$ 328,112	\$ 226,151	\$ -
Public safety	2,146,699	-	235,385	-
Public works	3,176,422	33	8,549	412,513
Culture and recreation	770,506	37,709	-	-
Health and welfare	128,436	-	8,779	-
Interest on long-term debt	855,114	-	-	-
<i>Total governmental activities</i>	<u>8,502,346</u>	<u>365,854</u>	<u>478,864</u>	<u>412,513</u>
Business-type Activities:				
Wastewater	989,686	919,459	-	385,855
Water	950,780	1,344,940	-	68,728
Solid waste	1,106,473	1,162,128	-	170,000
Interest on long-term debt	77,661	-	-	-
<i>Total business-type activities</i>	<u>3,124,600</u>	<u>3,426,527</u>	<u>-</u>	<u>624,583</u>
<i>Total primary government</i>	<u>\$ 11,626,946</u>	<u>\$ 3,792,381</u>	<u>\$ 478,864</u>	<u>\$ 1,037,096</u>

General Revenues and Transfers:

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, restatement (Note 20)

Net assets, beginning as restated

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
\$ (870,906)	\$ -	\$ (870,906)
(1,911,314)	-	(1,911,314)
(2,755,327)	-	(2,755,327)
(732,797)	-	(732,797)
(119,657)	-	(119,657)
(855,114)	-	(855,114)
(7,245,115)	-	(7,245,115)
-	315,628	315,628
-	462,888	462,888
-	225,655	225,655
-	(77,661)	(77,661)
-	926,510	926,510
(7,245,115)	926,510	(6,318,605)
615,782	-	615,782
5,248,660	273,450	5,522,110
181,705	-	181,705
292,043	-	292,043
69,573	2,836	72,409
116,564	28,270	144,834
(15,783)	-	(15,783)
192,119	(192,119)	-
6,700,663	112,437	6,813,100
(544,452)	1,038,947	494,495
25,791,471	19,777,571	45,569,042
(634,513)	-	(634,513)
25,156,958	19,777,571	44,934,529
\$ 24,612,506	\$ 20,816,518	\$ 45,429,024

STATE OF NEW MEXICO

City of Belen
Balance Sheet
Governmental Funds
June 30, 2011

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Multi-Purpose Park Capital Projects Fund</u>	<u>Camino Del Llano Capital Projects Fund</u>
<i>Assets</i>				
Cash and cash equivalents	\$ 1,853,466	\$ 676,263	\$ 82,706	\$ -
Investments	-	99,416	-	-
Receivables:				
Property taxes	28,758	-	-	-
Other taxes	705,025	-	-	-
Other	123	-	-	-
Due from other funds	<u>30,800</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total assets</i>	<u>\$ 2,618,172</u>	<u>\$ 775,679</u>	<u>\$ 82,706</u>	<u>\$ -</u>
<i>Liabilities</i>				
Accounts payable	\$ 47,500	\$ -	\$ 82,706	\$ -
Accrued payroll	98,433	-	-	-
Funds held in trust	850	-	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities</i>	<u>146,783</u>	<u>-</u>	<u>82,706</u>	<u>-</u>
<i>Fund balances</i>				
Spendable				
Restricted for:				
Infrastructure maintenance	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Transportation and roads	-	-	-	-
Promotion	-	-	-	-
Debt service expenditures	-	775,679	-	-
Capital projects	-	-	-	-
Committed to:				
Minimum fund balance	341,660	-	-	-
Unassigned	2,129,729	-	-	-
<i>Total fund balances</i>	<u>2,471,389</u>	<u>775,679</u>	<u>-</u>	<u>-</u>
<i>Total liabilities and fund balances</i>	<u>\$ 2,618,172</u>	<u>\$ 775,679</u>	<u>\$ 82,706</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Other Governmental Funds	Total
\$ 973,358	\$ 3,585,793
982,775	1,082,191
-	28,758
240,165	945,190
52,649	52,772
-	30,800
<u>\$ 2,248,947</u>	<u>\$ 5,725,504</u>
\$ 257,695	\$ 387,901
2,354	100,787
3,400	4,250
30,800	30,800
<u>294,249</u>	<u>523,738</u>
221,562	221,562
134,698	134,698
66,631	66,631
11,476	11,476
64,646	64,646
550,476	1,326,155
936,009	936,009
-	341,660
(30,800)	2,098,929
<u>1,954,698</u>	<u>5,201,766</u>
<u>\$ 2,248,947</u>	<u>\$ 5,725,504</u>

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STATE OF NEW MEXICO

City of Belen

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Assets

June 30, 2011

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	\$	5,201,766
The City has unamortized bond issuance costs and discounts. Bond issuance costs and discounts are not current financial resources and, therefore, are not reported in the funds:		
Bond issuance costs		96,090
Bond discounts		135,549
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		37,902,354
Interest on long-term debt is not accrued in the fund financial statements unless it is due and payable:		
Accrued interest		(112,392)
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		(156,166)
Bonds payable		(9,620,000)
Loans payable		(8,834,695)
Total net assets of governmental activities	\$	<u>24,612,506</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, 2011

	General Fund	Debt Service Fund	Multi-Purpose Park Capital Projects Fund	Camino Del Llano Capital Projects Fund
<i>Revenues</i>				
Taxes				
Property	\$ 615,782	\$ -	\$ -	\$ -
Gross receipts	3,866,585	-	-	-
Gasoline and motor vehicle taxes	34,334	-	-	-
Other	240,766	-	-	-
Intergovernmental income				
Federal operating grants	63,763	-	-	-
Federal capital grants	-	-	-	-
State operating grants	164,584	-	-	-
State capital grants	-	-	-	-
Charges for services	68,186	-	-	-
Licenses and fees	156,842	-	-	-
Interest income	47,875	892	-	-
Miscellaneous	90,926	-	-	-
<i>Total revenues</i>	<u>5,349,643</u>	<u>892</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	1,214,680	43,495	-	-
Public safety	1,914,587	-	-	-
Public works	743,739	-	-	-
Culture and recreation	172,194	-	-	-
Health and welfare	-	-	-	-
Capital outlay	22,218	-	-	2,442,256
Debt service				
Principal	29,218	1,207,950	-	-
Interest	3,289	394,996	-	-
<i>Total expenditures</i>	<u>4,099,925</u>	<u>1,646,441</u>	<u>-</u>	<u>2,442,256</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,249,718</u>	<u>(1,645,549)</u>	<u>-</u>	<u>(2,442,256)</u>
<i>Other financing sources (uses)</i>				
Proceeds from sale of capital assets	3,913	-	-	-
Loan proceeds	-	2,355,344	-	-
Transfers in	1,738,889	894,430	82,706	2,859,763
Transfers out	(3,999,272)	(1,477,314)	-	-
<i>Total other financing sources (uses)</i>	<u>(2,256,470)</u>	<u>1,772,460</u>	<u>82,706</u>	<u>2,859,763</u>
<i>Net change in fund balances</i>	(1,006,752)	126,911	82,706	417,507
<i>Fund balances - beginning of year</i>	<u>3,478,141</u>	<u>648,768</u>	<u>(82,706)</u>	<u>(417,507)</u>
<i>Fund balances - end of year</i>	<u>\$ 2,471,389</u>	<u>\$ 775,679</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Other Governmental Funds	Total
\$ -	\$ 615,782
1,382,075	5,248,660
147,371	181,705
51,277	292,043
48,494	112,257
402,885	402,885
202,023	366,607
9,628	9,628
37,742	105,928
103,084	259,926
20,806	69,573
25,638	116,564
<u>2,431,023</u>	<u>7,781,558</u>
31,674	1,289,849
148,760	2,063,347
33,313	777,052
101,467	273,661
94,234	94,234
152,049	2,616,523
664,694	1,901,862
462,648	860,933
<u>1,688,839</u>	<u>9,877,461</u>
<u>742,184</u>	<u>(2,095,903)</u>
-	3,913
-	2,355,344
2,091,264	7,667,052
(1,998,347)	(7,474,933)
<u>92,917</u>	<u>2,551,376</u>
835,101	455,473
<u>1,119,597</u>	<u>4,746,293</u>
<u>\$ 1,954,698</u>	<u>\$ 5,201,766</u>

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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, 2011

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	\$ 455,473
--	------------

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	2,616,523
Depreciation expense	(3,167,083)

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

Cash proceeds on disposal of capital assets	(3,913)
Loss on disposal of capital assets	(15,783)

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	28,523
Decrease in accrued interest	5,819

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)
Proceeds from issuance of long-term debt	(2,355,344)
Principal payments on bonds payable	540,000
Principal payments on loans payable	1,207,949
Principal payments on capital leases payable	153,913

Change in net assets of governmental activities	<u>\$ (544,452)</u>
---	---------------------

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ 477,996	\$ 477,996	\$ 615,782	\$ 137,786
Gross receipts	3,150,475	3,150,475	3,866,585	716,110
Gas and motor vehicle	28,420	28,420	34,334	5,914
Other	180,671	183,071	240,766	57,695
Intergovernmental income				
Federal operating grants	82,510	70,000	63,763	(6,237)
Federal capital grants	-	-	-	-
State operating grants	173,398	175,498	164,584	(10,914)
State capital grants	-	-	-	-
Charges for services	35,843	67,813	68,186	373
Licenses and fees	157,060	155,080	156,842	1,762
Interest income	7,000	7,000	47,875	40,875
Miscellaneous	180	43,300	90,926	47,626
<i>Total revenues</i>	<u>4,293,553</u>	<u>4,358,653</u>	<u>5,349,643</u>	<u>990,990</u>
<i>Expenditures</i>				
Current				
General government	1,788,686	1,261,815	1,214,678	47,137
Public safety	2,022,142	1,992,205	1,914,587	77,618
Public works	846,539	762,199	743,739	18,460
Culture and recreation	264,596	155,742	172,194	(16,452)
Health and welfare	-	-	-	-
Capital outlay	15,000	6,000	22,218	(16,218)
Debt service				
Principal	23,100	23,100	29,218	(6,118)
Interest	-	-	3,289	(3,289)
<i>Total expenditures</i>	<u>4,960,063</u>	<u>4,201,061</u>	<u>4,099,923</u>	<u>101,138</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(666,510)</u>	<u>157,592</u>	<u>1,249,720</u>	<u>1,092,128</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	2,616,289	2,466,727	-	(2,466,727)
Proceeds from sale of capital assets	-	-	3,913	3,913
Transfers in	1,904,895	1,895,503	1,738,889	(156,614)
Transfers out	(3,854,674)	(4,519,822)	(3,999,272)	520,550
<i>Total other financing sources (uses)</i>	<u>666,510</u>	<u>(157,592)</u>	<u>(2,256,470)</u>	<u>(2,098,878)</u>
<i>Net change in fund balance</i>	-	-	(1,006,750)	(1,006,750)
<i>Fund balances - beginning of year</i>	-	-	3,478,139	3,478,139
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,471,389</u>	<u>\$ 2,471,389</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

City of Belen
Statement of Net Assets
Proprietary Funds
June 30, 2011

	<u>Wastewater</u>	<u>Water</u>	<u>Solid Waste</u>
<i>Assets</i>			
<i>Current assets</i>			
Cash and cash equivalents	\$ 143,960	\$ 505,538	\$ 212,165
Receivables:			
Other taxes	-	-	18,486
Customer, net of allowance	91,717	190,560	119,353
<i>Total current assets</i>	<u>235,677</u>	<u>696,098</u>	<u>350,004</u>
<i>Noncurrent assets</i>			
Restricted cash and cash equivalents	-	104,812	-
Capital assets	27,310,334	10,298,480	205,186
Less: accumulated depreciation	(12,168,362)	(5,040,827)	(96,087)
<i>Total noncurrent assets</i>	<u>15,141,972</u>	<u>5,362,465</u>	<u>109,099</u>
<i>Total assets</i>	<u>\$ 15,377,649</u>	<u>\$ 6,058,563</u>	<u>\$ 459,103</u>
<i>Liabilities and net assets</i>			
<i>Liabilities</i>			
<i>Current liabilities</i>			
Accounts payable	\$ 58,927	\$ 23,178	\$ 80,647
Meter deposits payable	-	103,895	-
Accrued payroll	8,211	11,951	1,294
Accrued compensated absences	18,098	7,628	600
Accrued interest payable	-	4,623	-
Current portion of long-term debt	-	10,668	-
<i>Total current liabilities</i>	<u>85,236</u>	<u>161,943</u>	<u>82,541</u>
<i>Noncurrent liabilities</i>			
Accrued compensated absences	4,310	9,717	435
Accrued landfill closure costs	-	-	593,497
Loans and capital leases payable	-	141,118	-
<i>Total noncurrent liabilities</i>	<u>4,310</u>	<u>150,835</u>	<u>593,932</u>
<i>Total liabilities</i>	<u>89,546</u>	<u>312,778</u>	<u>676,473</u>
<i>Net assets</i>			
Invested in capital assets, net of related debt	15,141,972	5,105,867	109,099
Unrestricted	146,131	639,918	(326,469)
<i>Total net assets</i>	<u>15,288,103</u>	<u>5,745,785</u>	<u>(217,370)</u>
<i>Total liabilities and net assets</i>	<u>\$ 15,377,649</u>	<u>\$ 6,058,563</u>	<u>\$ 459,103</u>

The accompanying notes are an integral part of these financial statements

Total

\$ 861,663

18,486

401,630

1,281,779

104,812

37,814,000

(17,305,276)

20,613,536

\$ 21,895,315

\$ 162,752

103,895

21,456

26,326

4,623

10,668

329,720

14,462

593,497

141,118

749,077

1,078,797

20,356,938

459,580

20,816,518

\$ 21,895,315

STATE OF NEW MEXICO
City of Belen
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

	<u>Wastewater</u>	<u>Water</u>	<u>Solid Waste</u>
<i>Operating revenues</i>			
Charges for services	\$ 919,459	\$ 1,344,940	\$ 1,162,128
<i>Total operating revenues</i>	<u>919,459</u>	<u>1,344,940</u>	<u>1,162,128</u>
<i>Operating expenses</i>			
Depreciation	619,792	195,293	8,471
Personnel services	230,034	347,816	28,370
Utilities	33,142	166,609	1,369
Contractual services	-	64,422	1,003,858
Supplies	34,282	47,082	2,009
Maintenance and materials	26,604	23,778	2,165
Gross receipts taxes	45,832	68,793	57,319
Other costs	-	36,987	2,912
<i>Total operating expenses</i>	<u>989,686</u>	<u>950,780</u>	<u>1,106,473</u>
<i>Operating income (loss)</i>	<u>(70,227)</u>	<u>394,160</u>	<u>55,655</u>
<i>Non-operating revenues (expenses)</i>			
Gross receipts taxes	25	164,691	108,734
Interest expense	-	(77,661)	-
Interest income	-	2,836	-
Miscellaneous income	148	9,197	18,925
<i>Total non-operating revenues (expenses)</i>	<u>173</u>	<u>99,063</u>	<u>127,659</u>
<i>Income (loss) before contributions and transfers</i>	<u>(70,054)</u>	<u>493,223</u>	<u>183,314</u>
Government contributions	385,855	68,728	170,000
Transfers in	250,007	1,482,275	-
Transfers out	(842,503)	(755,699)	(326,199)
<i>Change in net assets</i>	<u>(276,695)</u>	<u>1,288,527</u>	<u>27,115</u>
<i>Net assets, beginning of year</i>	<u>15,564,798</u>	<u>4,457,258</u>	<u>(244,485)</u>
<i>Net assets, end of year</i>	<u>\$ 15,288,103</u>	<u>\$ 5,745,785</u>	<u>\$ (217,370)</u>

The accompanying notes are an integral part of these financial statements

<u>Total</u>
<u>\$ 3,426,527</u>
<u>3,426,527</u>
823,556
606,220
201,120
1,068,280
83,373
52,547
171,944
<u>39,899</u>
<u>3,046,939</u>
<u>379,588</u>
273,450
(77,661)
2,836
<u>28,270</u>
<u>226,895</u>
<u>606,483</u>
624,583
1,732,282
<u>(1,924,401)</u>
1,038,947
<u>19,777,571</u>
<u>\$ 20,816,518</u>

STATE OF NEW MEXICO
City of Belen
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

	<u>Wastewater</u>	<u>Water</u>	<u>Solid Waste</u>
<i>Cash flows from operating activities</i>			
Cash received from user charges	\$ 1,255,500	\$ 1,337,356	\$ 1,159,847
Cash payments to employees for services	(215,797)	(357,169)	(26,476)
Cash payments to suppliers for goods and services	(210,336)	(446,002)	(1,200,974)
<i>Net cash provided (used) by operating activities</i>	<u>829,367</u>	<u>534,185</u>	<u>(67,603)</u>
<i>Cash flows from noncapital financing activities</i>			
Gross receipts tax revenues	25	164,691	108,734
Miscellaneous income	148	9,197	18,925
Payments for noncurrent accrued compensated absences	(1,930)	(9,752)	435
Internal balances	450,938	107,343	-
Transfers	(592,496)	726,576	(326,199)
<i>Net cash provided (used) by noncapital financing activities</i>	<u>(143,315)</u>	<u>998,055</u>	<u>(198,105)</u>
<i>Cash flows from capital and related financing activities</i>			
Government contributions	385,855	68,728	170,000
Interest paid	-	(147,056)	-
Principal payments	-	(1,427,352)	-
Acquisition of capital assets	(927,947)	25,325	(25,326)
<i>Net cash provided (used) by capital and related financing activities</i>	<u>(542,092)</u>	<u>(1,480,355)</u>	<u>144,674</u>
<i>Cash flows from investing activities</i>			
Interest on investments	-	2,836	-
<i>Net cash provided by investing activities</i>	<u>-</u>	<u>2,836</u>	<u>-</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	143,960	54,721	(121,034)
<i>Cash and cash equivalents - beginning of year</i>	<u>-</u>	<u>555,629</u>	<u>333,199</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 143,960</u>	<u>\$ 610,350</u>	<u>\$ 212,165</u>
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</i>			
Operating income (loss)	\$ (70,227)	\$ 394,160	\$ 55,655
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:			
Depreciation	619,792	195,293	8,471
Changes in assets and liabilities			
Receivables	336,044	(7,583)	(2,282)
Accounts payable	(70,479)	(39,310)	(131,341)
Accrued payroll expenses	3,419	1,756	1,294
Current accrued compensated absences	10,818	(11,109)	600
Meter deposits	-	978	-
<i>Net cash provided (used) by operating activities</i>	<u>\$ 829,367</u>	<u>\$ 534,185</u>	<u>\$ (67,603)</u>

The accompanying notes are an integral part of these financial statements

<u>Total</u>	
\$	3,752,703
	(599,442)
	<u>(1,857,312)</u>
	<u>1,295,949</u>

	273,450
	28,270
	(11,247)
	558,281
	<u>(192,119)</u>
	<u>656,635</u>

	624,583
	(147,056)
	(1,427,352)
	<u>(927,948)</u>
	<u>(1,877,773)</u>

	<u>2,836</u>
	<u>2,836</u>

	77,647
	<u>888,828</u>
\$	<u>966,475</u>

\$	379,589
	823,555
	326,179
	(241,130)
	6,469
	309
	<u>978</u>
\$	<u>1,295,949</u>

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STATE OF NEW MEXICO
City of Belen
Notes to Financial Statements
June 30, 2011

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 Statement 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, 2011

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, 2011

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 and proprietary funds. 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 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, 2011

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 *Debt Service Fund* accounts 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.

The *Multi-Purpose Park Capital Projects Fund* accounts for the revenues and expenses of the recreation department.

The *Camino Del Llano Capital Projects Fund* accounts for a federal grant received from the Corp. of Engineers that will be used for the 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.

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.

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.

STATE OF NEW MEXICO
City of Belen
Notes to Financial Statements
June 30, 2011

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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.

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 10th and May 10th 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.

STATE OF NEW MEXICO
City of Belen
Notes to Financial Statements
June 30, 2011

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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 and building improvements	40
Machinery and equipment	10
Furniture and fixtures	10
Vehicles	10
Infrastructure	20-40
Wastewater system	20-30

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.

STATE OF NEW MEXICO
City of Belen
Notes to Financial Statements
June 30, 2011

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Compensated Absences: City employees accrue sick leave at the rate of 15 days per year. The maximum amount of accrual of sick leave is 1,040 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.

Fund Balance Classification Policies and Procedures: For committed fund balance, the City's highest level of decision-making authority is the City Council. The formal action that is required to be taken to establish a fund balance commitment is the City Council.

For assigned fund balance, the City Council or an official or body to which the City Council delegates the authority is authorized to assign amounts to a specific purpose. Under the current authorization system, for funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

For the classification of fund balances, the City considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the City considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Nonspendable Fund Balance: At June 30, 2011, the City reported no fund balances that are not in spendable form.

STATE OF NEW MEXICO
City of Belen
Notes to Financial Statements
June 30, 2011

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Restricted and Committed Fund Balance: At June 30, 2011, the City has presented restricted fund balance on the governmental funds balance sheet in the amount of \$2,761,177 for various City operations as restricted by enabling legislation. The City has also presented committed fund balance on the governmental funds balance sheet in the amount of \$341,660 to meet minimum fund balance requirements for the General Fund. The details of these fund balance items are located on the governmental funds balance sheet as detailed on pages 16-17.

Minimum Fund Balance Policy: The City's policy for maintaining a minimum amount of fund balance for operations is to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies. At a minimum, the budget shall ensure that the City holds cash reserves of 1/12th the General Fund expenditures.

Equity Classifications

Government-wide Statements

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."

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 useful lives of capital assets.

STATE OF NEW MEXICO
City of Belen
Notes to Financial Statements
June 30, 2011

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.

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:

	<u>Excess (deficiency) of revenues over expenditures or Changes in Net Assets</u>	
	<u>Original Budget</u>	<u>Final Budget</u>
Budgeted Funds:		
General Fund	\$ (666,510)	\$ 157,592
Camino Del Llano Capital Projects Fund	\$ (3,195,995)	\$ (3,209,995)
Multi-Purpose Park Capital Projects Fund	\$ -	\$ -
Debt Service Fund	\$ (760,433)	\$ (760,433)
Nonmajor Governmental Funds	\$ 781,037	\$ 831,024
Wastewater Proprietary Fund	\$ (622,227)	\$ (557,801)
Water Proprietary Fund	\$ (234,034)	\$ (152,332)
Solid Waste Proprietary Fund	\$ (333,199)	\$ (267,244)

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual and Statements of Revenues, Expenses, and Changes in Net Assets – Budget (GAAP Basis) and Actual present 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, 2011.

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. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute. 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.

STATE OF NEW MEXICO
City of Belen
Notes to Financial Statements
June 30, 2011

NOTE 3. Deposits and Investments (continued)

Excess 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 (FDIC), public unit deposits are funds owned by the public unit. Under the Transaction Account Guarantee Program (TAGP) in effect from July 1, 2010 to December 31, 2010, time deposits, savings deposits and interest bearing negotiable order of withdrawal (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. The TAGP program expired on December 31, 2010. On November 9, 2010, the FDIC Board of Directors issued a final rule to implement the section of the Dodd-Frank Wall Street Reform and Consumer Protection Act that provides temporary unlimited coverage for noninterest-bearing transaction accounts in all FDIC-insured depository institutions. The separate coverage on noninterest-bearing transaction accounts became effective on December 31, 2010 and will terminate on December 31, 2012. From December 31, 2010 to July 20, 2011 accounts held by an official custodian for a government unit are insured as follows:

- Up to \$250,000 for the combined total of all time and savings deposits (including NOW accounts), and
- Unlimited coverage for noninterest-bearing transaction (demand deposit) accounts

Through July 20, 2011, there is no difference in deposit insurance coverage when an official custodian deposits money in-state or out-of-state.

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, 2011, \$3,423,078 of the City’s deposits of \$5,149,338 was exposed to custodial credit risk. \$2,806,225 was uninsured and collateralized by collateral held by the pledging bank’s trust department not in the City’s name and \$616,853 was uninsured and uncollateralized.

	Wells Fargo Bank	My Bank	US Bank	Bank of Albuquerque	Total
Amount of deposits	\$ 3,172,304	\$ 101,514	\$ 1,643,520	\$ 232,000	\$ 5,149,338
FDIC Coverage	(250,000)	(101,514)	(500,000)	(232,000)	(1,083,514)
Dodd-Frank Coverage	-	-	(642,746)	-	(642,746)
Total uninsured public funds	<u>2,922,304</u>	<u>-</u>	<u>500,774</u>	<u>-</u>	<u>3,423,078</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City's name	<u>2,305,451</u>	<u>-</u>	<u>500,774</u>	<u>-</u>	<u>2,806,225</u>
Uninsured and uncollateralized	<u>\$ 616,853</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 616,853</u>
Collateral requirement (50% of uninsured funds)	\$ 1,461,152	\$ -	\$ 250,387	\$ -	\$ 1,711,539
Pledged Collateral	<u>2,305,451</u>	<u>-</u>	<u>707,107</u>	<u>284,471</u>	<u>3,297,029</u>
Over (Under) collateralized	<u>\$ 844,299</u>	<u>\$ -</u>	<u>\$ 456,720</u>	<u>\$ 284,471</u>	<u>\$ 1,585,490</u>

STATE OF NEW MEXICO
City of Belen
Notes to Financial Statements
June 30, 2011

NOTE 3. Deposits and Investments (continued)

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, 2011 include the following:

<u>Investments</u>	<u>Rating</u>	<u>Maturity</u>	<u>Fair Value</u>
U.S. Treasury Money Market Mutual Funds - restricted investment	AAA	>365 Days	<u>\$ 99,416</u>

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 100% of the investment portfolio. 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).

The City utilizes pooled accounts for some of their programs and funds. The General, Special Revenue, Debt Service, and Capital Projects Funds are all in multiple accounts. Separate accounts exist for funds segregated to comply with regulations, the provisions of debt agreements and City policies.

Reconciliation to the Statement of Net Assets:

Cash and cash equivalents per Exhibit A-1	\$ 3,771,091
Restricted cash and cash equivalents per Exhibit A-1	781,177
Investments per Exhibit A-1	550,775
Restricted investments per Exhibit A-1	531,416
Add: outstanding checks and other reconciling items	155,510
Less: outstanding deposits	(18,530)
Less: petty cash	(400)
Less: New Mexico Finance Authority Investments	(99,416)
Less: New Mexico State Treasurer Debt Service	<u>(522,285)</u>
Bank balance of deposits	<u>\$ 5,149,338</u>

STATE OF NEW MEXICO
City of Belen
Notes to Financial Statements
June 30, 2011

NOTE 4. Receivables

Receivables as of June 30, 2011, are as follows:

Governmental Activities:	General	Debt Service Fund	Multi-Purpose Park Capital Projects Fund	Camino Del Llano Capital Projects Fund	Total Nonmajor Funds	Total
Property taxes receivable	\$ 28,758	\$ -	\$ -	\$ -	\$ -	\$ 28,758
Other taxes receivable:						
Gross receipts	670,776	-	-	-	221,562	892,338
Gasoline and motor vehicle	1,516	-	-	-	11,476	12,992
Franchise tax	32,733	-	-	-	-	32,733
Other receivables:						
Interest receivable	-	-	-	-	52,649	52,649
Miscellaneous	123	-	-	-	7,127	7,250
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total receivables	<u>\$ 733,906</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 292,814</u>	<u>\$ 1,026,720</u>

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

Business-type Activities:	Wastewater	Water	Solid Waste	Total
Customer receivables	\$ 101,474	\$ 201,267	\$ 129,808	\$ 432,549
Other receivables:				
Gross receipts tax	-	-	18,486	18,486
Total gross receivables	101,474	201,267	148,294	451,035
Less: allowance for doubtful accounts	<u>(9,757)</u>	<u>(10,707)</u>	<u>(10,455)</u>	<u>(30,919)</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total net receivables	<u>\$ 91,717</u>	<u>\$ 190,560</u>	<u>\$ 137,839</u>	<u>\$ 420,116</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 available.

The composition of interfund balances during the year ended June 30, 2011 is as follows:

<u>Due From Other funds</u>	<u>Due to Other Funds</u>	<u>Amount</u>
	Law Enforcement Protection Special Revenue Fund	
General Fund		<u>\$ 30,800</u>

STATE OF NEW MEXICO
City of Belen
Notes to Financial Statements
June 30, 2011

NOTE 5. Interfund Receivables, Payables, and Transfers (continued)

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

Transfers In	Transfers Out	Amount
General Fund	NM DOT Section 5311	\$ 23,526
General Fund	1/8% GRT Infrastructure	317,501
General Fund	Solid Waste	326,199
General Fund	Water	289,132
General Fund	Wastewater	676,752
General Fund	Street Paving Revolving	104,884
General Fund	Clean Energy Grant	613
General Fund	Construction GIS Infrastructure	282
Multi-Purpose Park	General Fund	82,706
1/2% GRT Infrastructure	General Fund	585,940
Jail	General Fund	11,154
Alexander Airport	General Fund	7,666
Becker Avenue	General Fund	117,137
RSVP	General Fund	36,249
Debt Service	1/2% GRT Infrastructure	267,832
Debt Service	1/8% GRT Infrastructure	108,409
Debt Service	Water	238,444
Debt Service	Wastewater	138,906
Debt Service	General Fund	140,839
2005 GRT Revenue Bonds Debt		
Service Fund	1/2% GRT Infrastructure	533,737
Camino Del Llano	General Fund	2,859,763
2008 GRT Revenue Bonds Special		
Revenue Fund	1/2% GRT Infrastructure	636,498
Christopher Road	General Fund	62,642
I-25 Improvements	General Fund	95,176
Westside Booster Station	1/2% GRT Infrastructure	5,065
Water	Wastewater	26,845
Water	Debt Service	1,455,430
Wastewater	Debt Service	21,884
Wastewater	Water	228,123
		\$ 9,399,334

STATE OF NEW MEXICO
City of Belen
Notes to Financial Statements
June 30, 2011

NOTE 6. Capital Assets

The following is a summary of capital assets and changes occurring during the year ended June 30, 2011. Land, water rights and construction in progress are not subject to depreciation.

Governmental activities:	Balance June 30, 2010	Restatements	Additions	Deletions	Balance June 30, 2011
Capital assets, not depreciated:					
Land	\$ 8,632,637	\$ -	\$ -	\$ -	\$ 8,632,637
Construction in progress	3,754,158	(71,493)	2,594,305	1,353,419	4,923,551
Total capital assets, not depreciated	12,386,795	(71,493)	2,594,305	1,353,419	13,556,188
Capital assets, depreciated:					
Buildings and improvements	17,355,460	2,251,499	-	-	19,606,959
Machinery and equipment	3,364,469	(69,760)	-	204,845	3,089,864
Furniture and fixtures	574,095	-	-	78,560	495,535
Vehicles	1,563,756	29,187	22,218	57,487	1,557,674
Infrastructure	46,564,429	(2,190,022)	1,353,419	-	45,727,826
Total capital assets, depreciated	69,422,209	20,904	1,375,637	340,892	70,477,858
Less accumulated depreciation:					
Buildings and improvements	(9,173,841)	(525,588)	(651,783)	-	(10,146,357)
Machinery and equipment	(1,936,796)	29,028	(128,046)	(204,855)	(1,957,254)
Furniture and fixtures	64,376	(284,932)	(48,060)	(78,560)	(230,835)
Vehicles	(949,216)	251,121	(138,435)	(37,781)	(836,530)
Infrastructure	(30,712,656)	(47,301)	(2,200,759)	-	(32,960,716)
Total accumulated depreciation	(42,708,133)	(577,672)	(3,167,083)	(321,196)	(46,131,692)
Net book value	\$ 39,100,871	\$ (628,261)	\$ 802,859	\$ 1,373,115	\$ 37,902,354

Depreciation expense for the year ended June 30, 2011 was charged to governmental activities as follows:

General government	\$ 131,119
Public safety	92,784
Public works	2,413,295
Culture and recreation	495,764
Health and welfare	34,121
	<u>3,167,083</u>
	<u>\$ 3,167,083</u>

STATE OF NEW MEXICO
City of Belen
Notes to Financial Statements
June 30, 2011

NOTE 6. Capital Assets (continued)

Business-type activities:	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Capital assets, not depreciated:				
Water rights	\$ 2,600,865	\$ -	\$ -	\$ 2,600,865
Construction in progress	1,564,409	908,186	2,472,595	-
Total capital assets, not depreciated	<u>4,165,274</u>	<u>908,186</u>	<u>2,472,595</u>	<u>2,600,865</u>
Capital assets, depreciated:				
Wastewater system	5,225,600	2,235,924	-	7,461,524
Buildings	7,288,778	-	-	7,288,778
Machinery and equipment	1,027,500	-	65,361	962,139
Furniture and fixtures	49,571	-	6,950	42,621
Vehicles	233,719	-	1,500	232,219
Infrastructure	18,969,421	256,433	-	19,225,854
Total capital assets, depreciated	<u>32,794,589</u>	<u>2,492,357</u>	<u>73,811</u>	<u>35,213,135</u>
Less accumulated depreciation:				
Wastewater system	(1,579,572)	(178,701)	-	(1,758,273)
Buildings	(5,580,660)	(188,197)	-	(5,768,857)
Machinery and equipment	(971,148)	(9,781)	(65,361)	(915,568)
Furniture and fixtures	(42,840)	(2,342)	(6,950)	(38,232)
Vehicles	(135,208)	(18,329)	(1,500)	(152,037)
Infrastructure	(8,246,104)	(426,205)	-	(8,672,309)
Total accumulated depreciation	<u>(16,555,532)</u>	<u>(823,555)</u>	<u>(73,811)</u>	<u>(17,305,276)</u>
Net book value	<u>\$ 20,404,331</u>	<u>\$ 2,576,988</u>	<u>\$ 2,472,595</u>	<u>\$ 20,508,724</u>

Depreciation expense for the year ended June 30, 2011 was charged to business-type activities as follows:

Wastewater	\$ 619,792
Water	195,292
Solid waste	8,471
	<u>823,555</u>
	<u>\$ 823,555</u>

STATE OF NEW MEXICO
City of Belen
Notes to Financial Statements
June 30, 2011

NOTE 7. Long-term Debt

Governmental Activities:

During the year ended June 30, 2011, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

	Balance June 30, 2010	Adjustments	Additions	Retirements	Balance June 30, 2011	Due Within One Year
Revenue Bonds	\$ 10,160,000	\$ -	\$ -	\$ 540,000	\$ 9,620,000	\$ 545,000
NMFA and NMED Loans	7,687,300	-	2,355,344	1,207,949	8,834,695	526,928
Capital Leases	147,661	6,252	-	153,913	-	-
Compensated Absences	184,689	-	43,044	71,567	156,166	71,567
Total Long-Term Debt	\$ 18,179,650	\$ 6,252	\$ 2,398,388	\$ 1,973,429	\$ 18,610,861	\$ 1,143,495

Revenue Bonds

At June 30, 2011, 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, 2011
Series 2005 Gross Receipts Tax	7/26/2005	6/1/2017	3.80-4.50%	\$ 4,320,000	\$ 2,430,000
Series 2008 Gross Receipts Tax	10/2/2008	6/1/2033	3.50-5.125%	7,570,000	7,190,000
Total Revenue Bonds					\$ 9,620,000

The annual requirements to amortize the revenue bonds as of June 30, 2011, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	665,000	339,600	1,004,600
2017-2021	1,780,000	1,385,613	3,165,613
2022-2026	1,655,000	1,036,544	2,691,544
2027-2031	2,105,000	583,781	2,688,781
2032-2033	1,005,000	77,900	1,082,900
	\$ 9,620,000	\$ 5,032,647	\$ 14,652,647

STATE OF NEW MEXICO
City of Belen
Notes to Financial Statements
June 30, 2011

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, 2011
NMFA Reinken Road & Main St.	11/7/2001	5/1/2026	2.60-5.07%	\$ 4,779,793	\$ 3,500,321
NMED CWSRF	12/30/2003	12/30/2022	2.00%	4,049,684	2,619,146
NMFA Refinancing WW/W	4/29/2011	5/01/2032	0.65%-4.83%	2,220,008	2,220,008
ARRA CSWRF Loan Payable	4/25/2011	10/13/2030	2.00%	135,336	135,336
NMED RIP 2005-06	7/13/2005	7/13/2025	3.00%	448,503	359,884
Total NMFA and NMED Loans					<u><u>\$ 8,834,695</u></u>

The annual requirements to amortize the NMFA and NMED Loans as of June 30, 2011, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2012	\$ 526,928	\$ 450,346	\$ 977,274
2013	537,792	439,216	977,008
2014	552,134	427,305	979,439
2015	566,602	413,660	980,262
2016	583,359	400,282	983,641
2017-2021	3,094,878	1,603,030	4,697,908
2022-2026	2,439,597	655,436	3,095,033
2027-2031	441,810	487,229	929,039
2032-2033	91,595	95,914	187,509
	<u><u>\$ 8,834,695</u></u>	<u><u>\$ 4,972,418</u></u>	<u><u>\$ 13,807,113</u></u>

STATE OF NEW MEXICO
City of Belen
Notes to Financial Statements
June 30, 2011

NOTE 7. Long-term Debt (continued)

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, 2011:

	Balance June 30, 2010	Additions	Retirements	Balance June 30, 2011	Due Within One Year
Revenue Bonds	\$ 1,417,000	\$ -	\$ 1,417,000	\$ -	\$ -
Loans and Notes	162,138	-	10,352	151,786	10,668
Compensated Absences	51,726	15,388	26,326	40,788	26,326
Total Long-Term Debt	\$ 1,630,864	\$ 15,388	\$ 1,453,678	\$ 192,574	\$ 36,994

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, 2011
San Juan-Chama Project	1/1/1989	1/1/2022	3.05%	\$ 331,030	<u>\$ 151,786</u>

The annual requirement to amortize San Juan-Chama Project Loan as of June 30, 2011, including interest payments, is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	12,028	3,263	15,291
2017-2021	65,864	10,591	76,455
2022	29,234	1,342	30,576
	<u>\$ 151,786</u>	<u>\$ 31,700</u>	<u>\$ 183,486</u>

STATE OF NEW MEXICO
City of Belen
Notes to Financial Statements
June 30, 2011

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, 2011 were as follows:

Governmental Funds:	
Law Enforcement Special Revenue Fund	\$ 30,800
Proprietary Funds:	
Solid Waste Fund	\$ 217,370

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, 2011:

Governmental Funds:	
Law Enforcement Special Revenue Fund	\$ 30,800
Debt Service Fund	886,008

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, 2011:

Governmental Funds:	
Construction GIS Infra Special Revenue Fund	\$ 288

NOTE 9. Pension Plan – Public Employees Retirement Association

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.

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, 2011, 2010 and 2009 were \$492,562, \$697,477 and \$716,498, respectively, which equal the amount of the required contributions for each fiscal year.

STATE OF NEW MEXICO
City of Belen
Notes to Financial Statements
June 30, 2011

NOTE 10. Post-Employment Benefits – State 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.

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, 2011, the statute required each participating employer to contribute 1.666% of each participating employee’s annual salary; each participating employee was required to contribute .8333% of their salary. In the fiscal years ending June 30, 2012 and 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>
FY12	1.834%	.917%
FY13	2.000%	1.000%

STATE OF NEW MEXICO
City of Belen
Notes to Financial Statements
June 30, 2011

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

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]), during the fiscal year ended June 30, 2011 the statute required each participating employer to contribute 2.084% of each participating employee’s annual salary and each participating employee was required to contribute 1.042% of their salary. In the fiscal years ending June 30, 2012 and June 30, 2013, the contribution rates for both employees and employers will rise as follows:

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

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, 2011, 2010, and 2009 were \$37,373, \$39,965 and \$40,904, respectively, which equal the required contributions 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, 2011. 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, 2011 in the amount of \$250,515 as follows:

<u>Project Description</u>	<u>Contract Amount Remaining</u>	<u>Contractor</u>
Camino Del Llano	<u>\$ 250,515</u>	TLC

STATE OF NEW MEXICO

City of Belen

Notes to Financial Statements

June 30, 2011

NOTE 14. Restricted Net Assets

The government-wide statement of net assets reports \$2,730,377 of restricted net assets, all of which is restricted by enabling legislation. See pages 36 and 60 to 63 for descriptions of the related restrictions for special revenue, debt service and capital projects funds.

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 \$2,619,146 and \$409,051, respectively. Principal and interest paid for the current year and total customer net revenues were \$338,596 and \$97,655, 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, 2011, 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, 2011

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, 2011

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

Extending the Availability of the City of Belen's Transfer Station to County Residents

Participants	Valencia County City of Belen
Responsible party	City of Belen
Description	Establishes fee amount and procedure for County residents to use the City of Belen's Transfer Station
Term of agreement	One year
Amount of project	Unknown
City contributions	Unknown
Audit responsibility	City of Belen

STATE OF NEW MEXICO
City of Belen
Notes to Financial Statements
June 30, 2011

NOTE 18. Subsequent Events

The date to which events occurring after June 30, 2011, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is November 19, 2011 which is the date on which the financial statements were available to be issued.

On September 30, 2011, the City of Belen issued payment to the New Mexico Environment Department to fully settle the outstanding loan of \$135,336 for the Clean Water State Revolving Fund note payable.

NOTE 19. Concentrations

The City depends on financial resources flowing from, or associated with, both the Federal government and the State of New Mexico. Because of this dependency, the City is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

NOTE 20. Restatements

The City has restated net assets of governmental activities in the government-wide statements as a result of the following:

- Prior-period capital assets were overstated by \$628,261.
- Prior-period capital lease balances were understated by \$6,252.

NOTE 21. Subsequent Pronouncements

In November 2010, GASB Statement No. 60 *Accounting and Financial Reporting for Service Concession Arrangements*, Effective Date: For financial statements for periods beginning after December 15, 2011. The provisions of this Statement generally are required to be applied retroactively for all periods presented. The City is still evaluating the possible effects of this standard.

In November 2010, GASB Statement No. 61 *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012. Earlier application is encouraged. The standard is expected to have no effect on the City in upcoming years.

In December 2010, GASB Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, Effective Date: The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. The provisions of this Statement generally are required to be applied retroactively for all periods presented. The City will implement this standard during fiscal year June 30, 2013.

In June 2011, GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, Effective Date: The provisions of Statement 63 are effective for financial statements for periods beginning after December 15, 2011, with earlier application encouraged. The standard is expected to have no effect on the City in upcoming years.

In June 2011, GASB Statement No. 64 *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53*, Effective Date: The provisions of Statement 64 are effective for financial statements for periods beginning after June 15, 2011, with earlier application encouraged. The standard is expected to have no effect on the City in upcoming years.

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SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
City of Belen
Nonmajor Governmental Funds
June 30, 2011

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 and provide the proper security for unclaimed evidence funds pending litigation. Authorization is by City Council.

STATE OF NEW MEXICO
City of Belen
Nonmajor Governmental Funds
June 30, 2011

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. Authorization is by City Council.

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.

Judicial Fund

To account for bail bonds held by the City pending resolution of criminal cases. Authorization is by City Council.

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, 2011

Debt Service Funds

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, 2011

Capital Projects Funds

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, 2011

	Special Revenue			
	Parks and Recreation	Fire Protection	EMS Rescue	1/8% GRT Infrastructure
<i>Assets</i>				
Cash and cash equivalents	\$ 66,561	\$ 95,588	\$ -	\$ -
Investments	-	-	-	-
Receivables:				
Other taxes	-	-	-	73,962
Other	-	-	-	-
<i>Total assets</i>	\$ 66,561	\$ 95,588	\$ -	\$ 73,962
<i>Liabilities</i>				
Accounts payable	\$ 2,982	\$ 715	\$ -	\$ -
Accrued payroll	-	-	-	-
Funds held in trust	-	-	-	-
Due to other funds	-	-	-	-
<i>Total liabilities</i>	2,982	715	-	-
<i>Fund balances</i>				
Spendable				
Restricted for:				
Infrastructure maintenance	-	-	-	73,962
Public safety	-	94,873	-	-
Culture and recreation	63,579	-	-	-
Transportation and roads	-	-	-	-
Promotion	-	-	-	-
Debt service expenditures	-	-	-	-
Capital projects	-	-	-	-
Committed to:				
Minimum fund balance	-	-	-	-
Subsequent year's expenditures	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	63,579	94,873	-	73,962
<i>Total liabilities and fund balances</i>	\$ 66,561	\$ 95,588	\$ -	\$ 73,962

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>
\$ -	\$ -	\$ 10,858	\$ -	\$ 31,776	\$ -
-	-	-	-	-	-
147,600	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 147,600</u>	<u>\$ -</u>	<u>\$ 10,858</u>	<u>\$ -</u>	<u>\$ 31,776</u>	<u>\$ -</u>
\$ -	\$ -	\$ 2,809	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	30,800
-	-	2,809	-	-	30,800
147,600	-	-	-	-	-
-	-	8,049	-	31,776	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	(30,800)
<u>147,600</u>	<u>-</u>	<u>8,049</u>	<u>-</u>	<u>31,776</u>	<u>(30,800)</u>
<u>\$ 147,600</u>	<u>\$ -</u>	<u>\$ 10,858</u>	<u>\$ -</u>	<u>\$ 31,776</u>	<u>\$ -</u>

STATE OF NEW MEXICO
City of Belen
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2011

	Special Revenue			
	Confiscated Fund	Lodger's Tax	Judicial Fund	Martin Luther King
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ 61,253	\$ 3,400	\$ 1,446
Investments	-	-	-	-
Receivables:				
Other taxes	-	7,127	-	-
Other	-	-	-	-
<i>Total assets</i>	\$ -	\$ 68,380	\$ 3,400	\$ 1,446
<i>Liabilities</i>				
Accounts payable	\$ -	\$ 3,734	\$ -	\$ -
Accrued payroll	-	-	-	-
Funds held in trust	-	-	3,400	-
Due to other funds	-	-	-	-
<i>Total liabilities</i>	-	3,734	3,400	-
<i>Fund balances</i>				
<i>Spendable</i>				
<i>Restricted for:</i>				
Infrastructure maintenance	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	1,446
Transportation and roads	-	-	-	-
Promotion	-	64,646	-	-
Debt service expenditures	-	-	-	-
Capital projects	-	-	-	-
<i>Committed to:</i>				
Minimum fund balance	-	-	-	-
Subsequent year's expenditures	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	-	64,646	-	1,446
<i>Total liabilities and fund balances</i>	\$ -	\$ 68,380	\$ 3,400	\$ 1,446

The accompanying notes are an integral part of these financial statements

Special Revenue					Debt Service	
Construction GIS Infra	Clean Energy Grant	RSVP	Street Paving Revolving	2008 GRT Revenue Bonds	2005 GRT Revenue Bonds	
\$ -	\$ -	\$ 4,360	\$ -	\$ 90,285	\$ 74,109	
-	-	-	-	550,775	432,000	
-	-	-	11,476	-	-	
-	-	-	-	8,282	44,367	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,360</u>	<u>\$ 11,476</u>	<u>\$ 649,342</u>	<u>\$ 550,476</u>	
\$ -	\$ -	\$ 400	\$ -	\$ -	\$ -	
-	-	2,354	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	2,754	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	1,606	-	-	-	
-	-	-	11,476	-	-	
-	-	-	-	-	-	
-	-	-	-	-	550,476	
-	-	-	-	649,342	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
<u>-</u>	<u>-</u>	<u>1,606</u>	<u>11,476</u>	<u>649,342</u>	<u>550,476</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,360</u>	<u>\$ 11,476</u>	<u>\$ 649,342</u>	<u>\$ 550,476</u>	

STATE OF NEW MEXICO
City of Belen
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2011

	Capital Projects			
	Alexander Airport	Becker Avenue	Christopher Road	I-25 Improvements
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ 375,904	\$ 62,642	\$ 95,176
Investments	-	-	-	-
Receivables:				
Other taxes	-	-	-	-
Other	-	-	-	-
<i>Total assets</i>	\$ -	\$ 375,904	\$ 62,642	\$ 95,176
<i>Liabilities</i>				
Accounts payable	\$ -	\$ 89,237	\$ 62,642	\$ 95,176
Accrued payroll	-	-	-	-
Funds held in trust	-	-	-	-
Due to other funds	-	-	-	-
<i>Total liabilities</i>	-	89,237	62,642	95,176
<i>Fund balances</i>				
Spendable				
Restricted for:				
Infrastructure maintenance	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Transportation and roads	-	-	-	-
Promotion	-	-	-	-
Debt service expenditures	-	-	-	-
Capital projects	-	286,667	-	-
Committed to:				
Minimum fund balance	-	-	-	-
Subsequent year's expenditures	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	-	286,667	-	-
<i>Total liabilities and fund balances</i>	\$ -	\$ 375,904	\$ 62,642	\$ 95,176

The accompanying notes are an integral part of these financial statements

<u>Capital Projects</u>			
<u>CDBG W&S</u>	<u>Westside Booster Station</u>		Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 973,358	
-	-	982,775	
-	-	240,165	
-	-	52,649	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,248,947</u>	
\$ -	\$ -	\$ 257,695	
-	-	2,354	
-	-	3,400	
-	-	30,800	
<u>-</u>	<u>-</u>	<u>294,249</u>	
-	-	221,562	
-	-	134,698	
-	-	66,631	
-	-	11,476	
-	-	64,646	
-	-	550,476	
-	-	936,009	
-	-	-	
-	-	-	
<u>-</u>	<u>-</u>	<u>(30,800)</u>	
<u>-</u>	<u>-</u>	<u>1,954,698</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,248,947</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, 2011

	Special Revenue			
	Parks and Recreation	Fire Protection	EMS Rescue	1/8% GRT Infrastructure
<i>Revenues</i>				
Taxes				
Gross receipts	\$ -	\$ -	\$ -	\$ 453,447
Gasoline and motor vehicle taxes	-	-	-	-
Other	1,223	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	137,746	8,779	-
State capital grants	-	-	-	-
Charges for services	37,709	-	-	-
Licenses and fees	11,203	-	-	-
Interest income	-	-	-	-
Miscellaneous	23,766	1,023	-	-
<i>Total revenues</i>	<u>73,901</u>	<u>138,769</u>	<u>8,779</u>	<u>453,447</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	45,889	-	-
Public works	-	-	-	11,648
Culture and recreation	101,467	-	-	-
Health and welfare	-	-	8,779	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>101,467</u>	<u>45,889</u>	<u>8,779</u>	<u>11,648</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(27,566)</u>	<u>92,880</u>	<u>-</u>	<u>441,799</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	(425,910)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(425,910)</u>
<i>Net change in fund balances</i>	(27,566)	92,880	-	15,889
<i>Fund balances - beginning of year</i>	<u>91,145</u>	<u>1,993</u>	<u>-</u>	<u>58,073</u>
<i>Fund balances - end of year</i>	<u>\$ 63,579</u>	<u>\$ 94,873</u>	<u>\$ -</u>	<u>\$ 73,962</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>
\$ 928,628	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	11,472	-	-	-	-
-	-	-	-	-	-
-	-	-	4,061	-	32,000
-	-	-	-	-	-
-	-	-	33	-	-
-	-	91,881	-	-	-
-	-	-	-	-	-
-	-	-	-	180	-
<u>928,628</u>	<u>11,472</u>	<u>91,881</u>	<u>4,094</u>	<u>180</u>	<u>32,000</u>
-	-	-	-	-	-
-	13,050	86,105	-	-	-
15,486	-	-	103	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	62,800
-	-	-	-	-	-
<u>15,486</u>	<u>13,050</u>	<u>86,105</u>	<u>103</u>	<u>-</u>	<u>62,800</u>
<u>913,142</u>	<u>(1,578)</u>	<u>5,776</u>	<u>3,991</u>	<u>180</u>	<u>(30,800)</u>
585,940	-	11,154	-	-	-
(1,443,132)	-	-	(23,526)	-	-
<u>(857,192)</u>	<u>-</u>	<u>11,154</u>	<u>(23,526)</u>	<u>-</u>	<u>-</u>
55,950	(1,578)	16,930	(19,535)	180	(30,800)
<u>91,650</u>	<u>1,578</u>	<u>(8,881)</u>	<u>19,535</u>	<u>31,596</u>	<u>-</u>
<u>\$ 147,600</u>	<u>\$ -</u>	<u>\$ 8,049</u>	<u>\$ -</u>	<u>\$ 31,776</u>	<u>\$ (30,800)</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, 2011

	Special Revenue			
	Confiscated Fund	Lodger's Tax	Judicial Fund	Martin Luther King
<i>Revenues</i>				
Taxes				
Gross receipts	\$ -	\$ -	\$ -	\$ -
Gasoline and motor vehicle taxes	-	-	-	-
Other	-	50,054	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	1,200
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	300
<i>Total revenues</i>	-	50,054	-	1,500
<i>Expenditures</i>				
Current				
General government	-	24,360	-	1,505
Public safety	3,716	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	3,716	24,360	-	1,505
<i>Excess (deficiency) of revenues over expenditures</i>	(3,716)	25,694	-	(5)
<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)	25,694	-	(5)
<i>Fund balances - beginning of year</i>	3,716	38,952	-	1,451
<i>Fund balances - end of year</i>	\$ -	\$ 64,646	\$ -	\$ 1,446

The accompanying notes are an integral part of these financial statements

Special Revenue					Debt Service	
Construction GIS Infra	Clean Energy Grant	RSVP	Street Paving Revolving	2008 GRT Revenue Bonds	2005 GRT Revenue Bonds	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	-	147,371	-	-	
-	-	-	-	-	-	
-	-	37,022	-	-	-	
-	-	-	-	-	-	
1	-	13,748	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	6,598	14,208	
-	-	42	-	-	-	
<u>1</u>	<u>-</u>	<u>50,812</u>	<u>147,371</u>	<u>6,598</u>	<u>14,208</u>	
636	-	-	-	500	4,673	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	85,455	-	-	-	
-	-	-	-	-	-	
-	-	-	61,894	200,000	340,000	
-	-	-	1,980	345,713	114,955	
<u>636</u>	<u>-</u>	<u>85,455</u>	<u>63,874</u>	<u>546,213</u>	<u>459,628</u>	
<u>(635)</u>	<u>-</u>	<u>(34,643)</u>	<u>83,497</u>	<u>(539,615)</u>	<u>(445,420)</u>	
-	-	36,249	-	636,498	533,737	
<u>(282)</u>	<u>(613)</u>	<u>-</u>	<u>(104,884)</u>	<u>-</u>	<u>-</u>	
<u>(282)</u>	<u>(613)</u>	<u>36,249</u>	<u>(104,884)</u>	<u>636,498</u>	<u>533,737</u>	
(917)	(613)	1,606	(21,387)	96,883	88,317	
<u>917</u>	<u>613</u>	<u>-</u>	<u>32,863</u>	<u>552,459</u>	<u>462,159</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,606</u>	<u>\$ 11,476</u>	<u>\$ 649,342</u>	<u>\$ 550,476</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, 2011

	Capital Projects			
	Alexander Airport	Becker Avenue	Christopher Road	I-25 Improvements
<i>Revenues</i>				
Taxes				
Gross receipts	\$ -	\$ -	\$ -	\$ -
Gasoline and motor vehicle taxes	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	81,175	321,710	-	-
State operating grants	4,488	-	-	-
State capital grants	9,628	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	327	-	-	-
<i>Total revenues</i>	95,618	321,710	-	-
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	3,930	2,146	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	99,354	52,695	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	103,284	54,841	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	(7,666)	266,869	-	-
<i>Other financing sources (uses)</i>				
Transfers in	7,666	117,137	62,642	95,176
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	7,666	117,137	62,642	95,176
<i>Net change in fund balances</i>	-	384,006	62,642	95,176
<i>Fund balances - beginning of year</i>	-	(97,339)	(62,642)	(95,176)
<i>Fund balances - end of year</i>	\$ -	\$ 286,667	\$ -	\$ -

The accompanying notes are an integral part of these financial statements

<u>Capital Projects</u>		
<u>CDBG W&S</u>	<u>Westside Booster Station</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ 1,382,075
-	-	147,371
-	-	51,277
-	-	48,494
-	-	402,885
-	-	202,023
-	-	9,628
-	-	37,742
-	-	103,084
-	-	20,806
-	-	25,638
<u>-</u>	<u>-</u>	<u>2,431,023</u>
-	-	31,674
-	-	148,760
-	-	33,313
-	-	101,467
-	-	94,234
-	-	152,049
-	-	664,694
<u>-</u>	<u>-</u>	<u>462,648</u>
<u>-</u>	<u>-</u>	<u>1,688,839</u>
<u>-</u>	<u>-</u>	<u>742,184</u>
-	5,065	2,091,264
<u>-</u>	<u>-</u>	<u>(1,998,347)</u>
<u>-</u>	<u>5,065</u>	<u>92,917</u>
-	5,065	835,101
<u>-</u>	<u>(5,065)</u>	<u>1,119,597</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,954,698</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, 2011

	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	-	1,200	1,223	23
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	13,000	13,000	37,709	24,709
Licenses and fees	20,000	20,000	11,203	(8,797)
Interest income	-	-	-	-
Miscellaneous	15,000	15,000	23,766	8,766
<i>Total revenues</i>	<u>48,000</u>	<u>49,200</u>	<u>73,901</u>	<u>24,701</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	42,620	131,260	101,467	29,793
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>42,620</u>	<u>131,260</u>	<u>101,467</u>	<u>29,793</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>5,380</u>	<u>(82,060)</u>	<u>(27,566)</u>	<u>54,494</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(5,380)	82,060	-	(82,060)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(5,380)</u>	<u>82,060</u>	<u>-</u>	<u>(82,060)</u>
<i>Net change in fund balance</i>	-	-	(27,566)	(27,566)
<i>Fund balance - beginning of year</i>	-	-	91,145	91,145
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,579</u>	<u>\$ 63,579</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-2

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, 2011

	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	140,000	137,746	137,746	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	1,023	1,023
<i>Total revenues</i>	<u>140,000</u>	<u>137,746</u>	<u>138,769</u>	<u>1,023</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	65,000	65,000	45,889	19,111
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>65,000</u>	<u>65,000</u>	<u>45,889</u>	<u>19,111</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>75,000</u>	<u>72,746</u>	<u>92,880</u>	<u>20,134</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(75,000)	(72,746)	-	72,746
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(75,000)</u>	<u>(72,746)</u>	<u>-</u>	<u>72,746</u>
<i>Net change in fund balance</i>	-	-	92,880	92,880
<i>Fund balance - beginning of year</i>	-	-	1,993	1,993
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,873</u>	<u>\$ 94,873</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-3

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, 2011

	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	-	-	-	-
State operating grants	9,850	8,779	8,779	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>9,850</u>	<u>8,779</u>	<u>8,779</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	9,657	8,779	8,779	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>9,657</u>	<u>8,779</u>	<u>8,779</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>193</u>	<u>-</u>	<u>-</u>	<u>-</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>	-	-	-	-
<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

Statement B-4

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, 2011

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	421,000	441,000	453,447	12,447
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>421,000</u>	<u>441,000</u>	<u>453,447</u>	<u>12,447</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	12,500	11,648	852
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>12,500</u>	<u>11,648</u>	<u>852</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>421,000</u>	<u>428,500</u>	<u>441,799</u>	<u>13,299</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(421,000)	(428,500)	(425,910)	2,590
<i>Total other financing sources (uses)</i>	<u>(421,000)</u>	<u>(428,500)</u>	<u>(425,910)</u>	<u>2,590</u>
<i>Net change in fund balance</i>	-	-	15,889	15,889
<i>Fund balance - beginning of year</i>	-	-	58,073	58,073
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,962</u>	<u>\$ 73,962</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-5

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	712,000	878,000	928,628	50,628
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>712,000</u>	<u>878,000</u>	<u>928,628</u>	<u>50,628</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	16,500	15,486	1,014
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>16,500</u>	<u>15,486</u>	<u>1,014</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>712,000</u>	<u>861,500</u>	<u>913,142</u>	<u>51,642</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	288,668	654,433	585,940	(68,493)
Transfers out	(1,000,668)	(1,515,933)	(1,443,132)	72,801
<i>Total other financing sources (uses)</i>	<u>(712,000)</u>	<u>(861,500)</u>	<u>(857,192)</u>	<u>4,308</u>
<i>Net change in fund balance</i>	-	-	55,950	55,950
<i>Fund balance - beginning of year</i>	-	-	91,650	91,650
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 147,600</u>	<u>\$ 147,600</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-6

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, 2011

	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	-	11,472	11,472	-
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>11,472</u>	<u>11,472</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	13,050	13,050	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>13,050</u>	<u>13,050</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(1,578)</u>	<u>(1,578)</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	1,578	-	(1,578)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>1,578</u>	<u>-</u>	<u>(1,578)</u>
<i>Net change in fund balance</i>	-	-	(1,578)	(1,578)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,578</u>	<u>1,578</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-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, 2011

	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	67,000	91,746	91,881	135
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>67,000</u>	<u>91,746</u>	<u>91,881</u>	<u>135</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	63,346	94,346	86,105	8,241
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>63,346</u>	<u>94,346</u>	<u>86,105</u>	<u>8,241</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>3,654</u>	<u>(2,600)</u>	<u>5,776</u>	<u>8,376</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(3,654)	(11,400)	-	11,400
Transfers in	-	14,000	11,154	(2,846)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(3,654)</u>	<u>2,600</u>	<u>11,154</u>	<u>8,554</u>
<i>Net change in fund balance</i>	-	-	16,930	16,930
<i>Fund balance - beginning of year</i>	-	-	(8,881)	(8,881)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,049</u>	<u>\$ 8,049</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-8

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, 2011

	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	-	-	-	-
State operating grants	-	23,596	4,061	(19,535)
State capital grants	-	-	-	-
Charges for services	-	33	33	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>23,629</u>	<u>4,094</u>	<u>(19,535)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	103	103	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>103</u>	<u>103</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>23,526</u>	<u>3,991</u>	<u>(19,535)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	4,756	-	-	-
Transfers in	-	-	-	-
Transfers out	(4,756)	(23,526)	(23,526)	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(23,526)</u>	<u>(23,526)</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(19,535)	(19,535)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>19,535</u>	<u>19,535</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-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, 2011

	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	-	-	-	-
Miscellaneous	-	5,000	180	(4,820)
<i>Total revenues</i>	<u>-</u>	<u>5,000</u>	<u>180</u>	<u>(4,820)</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>5,000</u>	<u>180</u>	<u>(4,820)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	42,389	(5,000)	-	5,000
Transfers in	-	-	-	-
Transfers out	(42,389)	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(5,000)</u>	<u>-</u>	<u>5,000</u>
<i>Net change in fund balance</i>	-	-	180	180
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>31,596</u>	<u>31,596</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,776</u>	<u>\$ 31,776</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-10

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, 2011

	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	32,000	32,000	32,000	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>32,000</u>	<u>32,000</u>	<u>32,000</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	32,000	32,000	62,800	(30,800)
Interest	-	-	-	-
<i>Total expenditures</i>	<u>32,000</u>	<u>32,000</u>	<u>62,800</u>	<u>(30,800)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(30,800)</u>	<u>(30,800)</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>	-	-	(30,800)	(30,800)
<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>\$ (30,800)</u>	<u>\$ (30,800)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-11

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, 2011

	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	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	3,716	3,716	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>3,716</u>	<u>3,716</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(3,716)</u>	<u>(3,716)</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	3,716	-	(3,716)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>3,716</u>	<u>-</u>	<u>(3,716)</u>
<i>Net change in fund balance</i>	-	-	(3,716)	(3,716)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>3,716</u>	<u>3,716</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-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, 2011

	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	40,000	40,000	50,054	10,054
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>40,000</u>	<u>40,000</u>	<u>50,054</u>	<u>10,054</u>
<i>Expenditures</i>				
Current				
General government	27,000	27,000	24,360	2,640
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>27,000</u>	<u>27,000</u>	<u>24,360</u>	<u>2,640</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>13,000</u>	<u>13,000</u>	<u>25,694</u>	<u>12,694</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(13,000)	(13,000)	-	13,000
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(13,000)</u>	<u>(13,000)</u>	<u>-</u>	<u>13,000</u>
<i>Net change in fund balance</i>	-	-	25,694	25,694
<i>Fund balance - beginning of year</i>	-	-	38,952	38,952
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,646</u>	<u>\$ 64,646</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-13

City of Belen

Judicial Fund Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2011

	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	-	-	-	-
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)	-	-	-	-
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

Statement B-14

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, 2011

	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	1,200	1,200	1,200	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	300	300	-
<i>Total revenues</i>	<u>1,200</u>	<u>1,500</u>	<u>1,500</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	1,200	1,506	1,505	1
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,200</u>	<u>1,506</u>	<u>1,505</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(6)</u>	<u>(5)</u>	<u>1</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	6	-	(6)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>6</u>	<u>-</u>	<u>(6)</u>
<i>Net change in fund balance</i>	-	-	(5)	(5)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,451</u>	<u>1,451</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,446</u>	<u>\$ 1,446</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-15

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, 2011

	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	-	-	-	-
State operating grants	-	-	1	1
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
<i>Expenditures</i>				
Current				
General government	-	920	636	284
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>920</u>	<u>636</u>	<u>284</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(920)</u>	<u>(635)</u>	<u>285</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	1,205	-	(1,205)
Transfers in	-	-	-	-
Transfers out	-	(285)	(282)	3
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>920</u>	<u>(282)</u>	<u>(1,202)</u>
<i>Net change in fund balance</i>	-	-	(917)	(917)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>917</u>	<u>917</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-16

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, 2011

	Budgeted Amounts		Actual (GAAP Basis)	Variences 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	-	-	-	-
<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)	-	613	-	(613)
Transfers in	-	-	-	-
Transfers out	-	(613)	(613)	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(613)</u>	<u>(613)</u>
<i>Net change in fund balance</i>	-	-	(613)	(613)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>613</u>	<u>613</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-17

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, 2011

	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	40,545	40,545	37,022	(3,523)
Federal capital grants	-	-	-	-
State operating grants	12,262	12,262	13,748	1,486
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	42	42
<i>Total revenues</i>	<u>52,807</u>	<u>52,807</u>	<u>50,812</u>	<u>(1,995)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	89,057	91,456	85,455	6,001
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>89,057</u>	<u>91,456</u>	<u>85,455</u>	<u>6,001</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(36,250)</u>	<u>(38,649)</u>	<u>(34,643)</u>	<u>4,006</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	1	2,400	-	(2,400)
Transfers in	36,249	36,249	36,249	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>36,250</u>	<u>38,649</u>	<u>36,249</u>	<u>(2,400)</u>
<i>Net change in fund balance</i>	-	-	1,606	1,606
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,606</u>	<u>\$ 1,606</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-18

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, 2011

	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	135,000	165,000	147,371	(17,629)
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>135,000</u>	<u>165,000</u>	<u>147,371</u>	<u>(17,629)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	40,262	63,875	61,894	1,981
Interest	-	-	1,980	(1,980)
<i>Total expenditures</i>	<u>40,262</u>	<u>63,875</u>	<u>63,874</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>94,738</u>	<u>101,125</u>	<u>83,497</u>	<u>(17,628)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	6,710	4,000	-	(4,000)
Transfers in	-	-	-	-
Transfers out	(101,448)	(105,125)	(104,884)	241
<i>Total other financing sources (uses)</i>	<u>(94,738)</u>	<u>(101,125)</u>	<u>(104,884)</u>	<u>(3,759)</u>
<i>Net change in fund balance</i>	-	-	(21,387)	(21,387)
<i>Fund balance - beginning of year</i>	-	-	32,863	32,863
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,476</u>	<u>\$ 11,476</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 Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (GAAP Basis)	Variations Favorable (Unfavorable) Final to Actual
	Original	Final		
<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	-	-	6,598	6,598
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>493,490</u>	<u>493,490</u>	<u>6,598</u>	<u>(486,892)</u>
<i>Expenditures</i>				
Current				
General government	500	500	500	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	200,000	200,000	200,000	-
Interest	345,713	345,713	345,713	-
<i>Total expenditures</i>	<u>546,213</u>	<u>546,213</u>	<u>546,213</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(52,723)</u>	<u>(52,723)</u>	<u>(539,615)</u>	<u>(486,892)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(492,990)	(584,490)	-	584,490
Transfers in	545,713	637,213	636,498	(715)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>52,723</u>	<u>52,723</u>	<u>636,498</u>	<u>583,775</u>
<i>Net change in fund balance</i>	-	-	96,883	96,883
<i>Fund balance - beginning of year</i>	-	-	552,459	552,459
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 649,342</u>	<u>\$ 649,342</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, 2011

	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	-	-	892	892
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>892</u>	<u>892</u>
<i>Expenditures</i>				
Current				
General government	44,545	44,545	43,495	1,050
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	434,072	434,072	1,207,950	(773,878)
Interest	281,816	281,816	394,996	(113,180)
<i>Total expenditures</i>	<u>760,433</u>	<u>760,433</u>	<u>1,646,441</u>	<u>(886,008)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(760,433)</u>	<u>(760,433)</u>	<u>(1,645,549)</u>	<u>(885,116)</u>
<i>Other financing sources (uses)</i>				
Proceeds from notes payable	-	-	2,355,344	2,355,344
Designated cash (budgeted increase in cash)	33,299	(121,102)	-	121,102
Transfers in	727,134	881,535	894,430	12,895
Transfers out	-	-	(1,477,314)	(1,477,314)
<i>Total other financing sources (uses)</i>	<u>760,433</u>	<u>760,433</u>	<u>1,772,460</u>	<u>1,012,027</u>
<i>Net change in fund balance</i>	-	-	126,911	126,911
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>648,768</u>	<u>648,768</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 775,679</u>	<u>\$ 775,679</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-21

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, 2011

	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	-	-	14,208	14,208
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>14,208</u>	<u>14,208</u>
<i>Expenditures</i>				
Current				
General government	-	4,700	4,673	27
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	340,000	340,000	340,000	-
Interest	114,955	114,955	114,955	-
<i>Total expenditures</i>	<u>454,955</u>	<u>459,655</u>	<u>459,628</u>	<u>27</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(454,955)</u>	<u>(459,655)</u>	<u>(445,420)</u>	<u>14,235</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	(75,000)	-	75,000
Transfers in	454,955	534,655	533,737	(918)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>454,955</u>	<u>459,655</u>	<u>533,737</u>	<u>74,082</u>
<i>Net change in fund balance</i>	-	-	88,317	88,317
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>462,159</u>	<u>462,159</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 550,476</u>	<u>\$ 550,476</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-22

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, 2011

	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	-	91,200	81,175	(10,025)
State operating grants	-	-	4,488	4,488
State capital grants	-	4,800	9,628	4,828
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	327	327
<i>Total revenues</i>	<u>-</u>	<u>96,000</u>	<u>95,618</u>	<u>(382)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	3,931	(3,931)
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	108,065	99,353	8,712
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>108,065</u>	<u>103,284</u>	<u>4,781</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(12,065)</u>	<u>(7,666)</u>	<u>4,399</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	12,065	7,666	(4,399)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>12,065</u>	<u>7,666</u>	<u>(4,399)</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

Statement B-23

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, 2011

	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	-	-	-	-
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)	-	(82,706)	-	82,706
Transfers in	-	82,706	82,706	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>82,706</u>	<u>82,706</u>
<i>Net change in fund balance</i>	-	-	82,706	82,706
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(82,706)</u>	<u>(82,706)</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-24

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, 2011

	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	-	35,000	321,710	286,710
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>35,000</u>	<u>321,710</u>	<u>286,710</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	2,146	(2,146)
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	55,400	52,695	2,705
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>55,400</u>	<u>54,841</u>	<u>559</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(20,400)</u>	<u>266,869</u>	<u>287,269</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	(94,592)	-	94,592
Transfers in	-	114,992	117,137	2,145
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>20,400</u>	<u>117,137</u>	<u>96,737</u>
<i>Net change in fund balance</i>	-	-	384,006	384,006
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(97,339)</u>	<u>(97,339)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 286,667</u>	<u>\$ 286,667</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-25

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, 2011

	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	124,252	124,252	-	(124,252)
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>124,252</u>	<u>124,252</u>	<u>-</u>	<u>(124,252)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	3,320,247	3,334,247	2,442,256	891,991
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>3,320,247</u>	<u>3,334,247</u>	<u>2,442,256</u>	<u>891,991</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(3,195,995)</u>	<u>(3,209,995)</u>	<u>(2,442,256)</u>	<u>767,739</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	3,195,995	3,209,995	2,859,763	(350,232)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>3,195,995</u>	<u>3,209,995</u>	<u>2,859,763</u>	<u>(350,232)</u>
<i>Net change in fund balance</i>	-	-	417,507	417,507
<i>Fund balance - beginning of year</i>	-	-	(417,507)	(417,507)
<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-26

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, 2011

	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)	-	(62,642)	-	62,642
Transfers in	-	62,642	62,642	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>62,642</u>	<u>62,642</u>
<i>Net change in fund balance</i>	-	-	62,642	62,642
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(62,642)</u>	<u>(62,642)</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-27

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, 2011

	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)	-	(95,176)	-	95,176
Transfers in	-	95,176	95,176	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>95,176</u>	<u>95,176</u>
<i>Net change in fund balance</i>	-	-	95,176	95,176
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(95,176)</u>	<u>(95,176)</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-28

City of Belen

CDBG W&S Capital Projects Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2011

	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	-	-	-	-
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)	-	-	-	-
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

Statement B-29

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, 2011

	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)	-	(5,065)	-	5,065
Transfers in	-	5,065	5,065	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>5,065</u>	<u>5,065</u>
<i>Net change in fund balance</i>	-	-	5,065	5,065
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(5,065)</u>	<u>(5,065)</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

Wastewater Fund

Statement of Revenues, Expenses and Changes in Net Assets
Budget (GAAP Basis) and Actual
For the Year Ended June 30, 2011

	Budget Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		
<i>Operating revenues:</i>				
Charges for services	\$ 883,700	\$ 883,700	\$ 919,459	\$ 35,759
<i>Total operating revenues</i>	<u>883,700</u>	<u>883,700</u>	<u>919,459</u>	<u>35,759</u>
<i>Operating expenses:</i>				
Personnel services	274,905	274,905	230,034	44,871
Utilities	114,500	114,500	33,142	81,358
Contractual services	1,297,039	1,388,441	-	1,388,441
Supplies	45,700	45,740	34,282	11,458
Maintenance and materials	176,950	79,350	26,604	52,746
Gross receipts taxes	45,000	45,000	45,833	(833)
Other costs	-	-	-	-
<i>Total operating expenses</i>	<u>1,954,094</u>	<u>1,947,936</u>	<u>369,895</u>	<u>1,578,041</u>
<i>Operating income (loss)</i>	<u>(1,070,394)</u>	<u>(1,064,236)</u>	<u>549,564</u>	<u>1,613,800</u>
<i>Non-operating revenues (expenses):</i>				
Gross receipts taxes	-	-	25	25
Interest expense	-	-	-	-
Interest income	-	-	-	-
Miscellaneous income	-	-	148	148
<i>Total non-operating revenues (expenses)</i>	<u>-</u>	<u>-</u>	<u>173</u>	<u>173</u>
Government contributions	1,296,039	1,304,339	385,855	(918,484)
Transfers in	-	49,968	250,008	200,040
Transfers out	(847,872)	(847,872)	(842,503)	5,369
<i>Change in net assets</i>	<u>\$ (622,227)</u>	<u>\$ (557,801)</u>	<u>343,097</u>	<u>\$ 900,898</u>
<i>Revenues (expenses) not budgeted:</i>				
Depreciation			(619,792)	
<i>Change in net assets per Exhibit D-2</i>			(276,695)	
<i>Total net assets, beginning of year</i>			<u>15,564,798</u>	
<i>Total net assets, end of year</i>			<u>\$ 15,288,103</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-31

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, 2011

	Budget Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		
<i>Operating revenues:</i>				
Charges for services	\$ 1,297,000	\$ 1,297,000	\$ 1,344,940	\$ 47,940
<i>Total operating revenues</i>	<u>1,297,000</u>	<u>1,297,000</u>	<u>1,344,940</u>	<u>47,940</u>
<i>Operating expenses:</i>				
Personnel services	501,606	429,113	347,816	81,297
Utilities	157,000	157,000	166,609	(9,609)
Contractual services	53,175	87,965	64,422	23,543
Supplies	92,000	92,000	47,082	44,918
Maintenance and materials	407,000	407,000	23,778	383,222
Gross receipts taxes	65,000	65,000	68,793	(3,793)
Other costs	25,000	25,000	36,987	(11,987)
<i>Total operating expenses</i>	<u>1,300,781</u>	<u>1,263,078</u>	<u>755,487</u>	<u>507,591</u>
<i>Operating income (loss)</i>	<u>(3,781)</u>	<u>33,922</u>	<u>589,453</u>	<u>555,531</u>
<i>Non-operating revenues (expenses):</i>				
Gross receipts taxes	160,000	160,000	164,691	4,691
Interest expense	(68,641)	(69,641)	(77,661)	(8,020)
Interest income	1,000	300	2,836	2,536
Miscellaneous income	2,000	14,000	9,197	(4,803)
<i>Total non-operating revenues (expenses)</i>	<u>94,359</u>	<u>104,659</u>	<u>99,063</u>	<u>(5,596)</u>
Government contributions	71,214	71,314	68,728	(2,586)
Transfers in	32,214	129,781	1,482,275	1,352,494
Transfers out	(428,040)	(492,008)	(755,699)	(263,691)
<i>Change in net assets</i>	<u>\$ (234,034)</u>	<u>\$ (152,332)</u>	<u>1,483,820</u>	<u>\$ 1,636,152</u>
<i>Revenues (expenses) not budgeted:</i>				
Depreciation			(195,292)	
<i>Change in net assets per Exhibit D-2</i>			<u>1,288,528</u>	
<i>Total net assets, beginning of year</i>			<u>4,457,257</u>	
<i>Total net assets, end of year</i>			<u>\$ 5,745,785</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-32

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, 2011

	Budget Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		
<i>Operating revenues:</i>				
Charges for services	\$ 1,141,500	\$ 1,141,500	\$ 1,162,128	\$ 20,628
<i>Total operating revenues</i>	<u>1,141,500</u>	<u>1,141,500</u>	<u>1,162,128</u>	<u>20,628</u>
<i>Operating expenses:</i>				
Personnel services	1,000	25,164	28,370	(3,206)
Utilities	5,520	5,520	1,369	4,151
Contractual services	1,047,287	1,051,168	1,003,858	47,310
Supplies	1,600	1,600	2,009	(409)
Maintenance and materials	5,000	5,000	2,165	2,835
Gross receipts taxes	57,000	57,000	57,319	(319)
Other costs	4,000	14,000	2,912	11,088
<i>Total operating expenses</i>	<u>1,121,407</u>	<u>1,159,452</u>	<u>1,098,002</u>	<u>61,450</u>
<i>Operating income (loss)</i>	<u>20,093</u>	<u>(17,952)</u>	<u>64,126</u>	<u>82,078</u>
<i>Non-operating revenues (expenses):</i>				
Gross receipts taxes	129,000	129,000	108,734	(20,266)
Interest expense	-	-	-	-
Interest income	-	-	-	-
Miscellaneous income	-	19,000	18,925	(75)
<i>Total non-operating revenues (expenses)</i>	<u>129,000</u>	<u>148,000</u>	<u>127,659</u>	<u>(20,341)</u>
Government contributions	-	85,000	170,000	85,000
Transfers in	-	-	-	-
Transfers out	(482,292)	(482,292)	(326,199)	156,093
<i>Change in net assets</i>	<u>\$ (333,199)</u>	<u>\$ (267,244)</u>	<u>35,586</u>	<u>\$ 302,830</u>
<i>Revenues (expenses) not budgeted:</i>				
Depreciation			(8,471)	
<i>Change in net assets per Exhibit D-2</i>			27,115	
<i>Total net assets, beginning of year</i>			(244,485)	
<i>Total net assets, end of year</i>			<u>\$ (217,370)</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, 2011

Schedule I

Bank Name/Account Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
Wells Fargo Bank					
General Fund	Checking	\$ 2,152,719	\$ 18,530	\$ 155,510	\$ 2,015,739
General 1/12th	Checking	958,629	-	-	958,629
Arsenic Compliance	Checking	60,956	-	-	60,956
Total Wells Fargo Bank		<u>3,172,304</u>	<u>18,530</u>	<u>155,510</u>	<u>3,035,324</u>
My Bank					
Meter Deposits	Checking	101,514	-	-	101,514
Total My Bank		<u>101,514</u>	<u>-</u>	<u>-</u>	<u>101,514</u>
US Bank					
2008 GRT Bond Proceeds	Checking	892,745	-	-	892,745
Certificate of Deposit - Investment	CD	200,000	-	-	200,000
Certificate of Deposit - Investment	CD	550,775	-	-	550,775
Total US Bank		<u>1,643,520</u>	<u>-</u>	<u>-</u>	<u>1,643,520</u>
Bank of Albuquerque - Investments					
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>
Bank of New York Mellon - Investments					
NMFA Reserve Accounts	U.S. Treasury Mutual Fund	99,416	-	-	99,416
Total Bank of New York Mellon		<u>99,416</u>	<u>-</u>	<u>-</u>	<u>99,416</u>
New Mexico Finance Authority - Cash					
NMFA Reserve Accounts	State Treasurer Debt Service	522,285	-	-	522,285
Total New Mexico Finance Authority		<u>522,285</u>	<u>-</u>	<u>-</u>	<u>522,285</u>
Total deposits and investments		<u>\$ 5,771,039</u>	<u>\$ 18,530</u>	<u>\$ 155,510</u>	5,634,059
Plus: petty cash					400
Less: restricted cash and cash equivalents per Exhibit A-1					781,177
Less: restricted investments - Exhibit A-1					531,416
Less: investments per Exhibit A-1					550,775
Cash and cash equivalents per Exhibit A-1					<u>\$ 3,771,091</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, 2011

Name of Depository	Description of Pledged Collateral	Type of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value at June 30, 2011	Name and Location of Safekeeper
Wells Fargo Bank						
	FNCL	Loan	1/1/2036	31371MNG8	\$ 134,807	Wells Fargo Bank, San Francisco, California
	FNCL	Loan	5/1/2036	31408H2ZY	139,166	Wells Fargo Bank, San Francisco, California
	G2SF	Loan	9/1/2032	36202DUJ8	1,997,654	Wells Fargo Bank, San Francisco, California
	G2SF	Loan	12/1/2032	36202DVN8	33,824	Wells Fargo Bank, San Francisco, California
	Total Wells Fargo Bank				<u>2,305,451</u>	
US Bank						
	FNMA FNCL POOL	Loan	9/1/2036	31410PWP4	<u>707,107</u>	Federal Home Loan Bank, Dallas, Texas
	Total US Bank				<u>707,107</u>	
Bank of Albuquerque						
	FNR 2009-53	Loan	11/25/2026	31396QES4	<u>284,471</u>	Federal Home Loan Bank, Dallas, Texas
	Total Bank of Albuquerque				<u>284,471</u>	
	Total Pledged Collateral				<u>\$ 3,297,029</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 aggregate remaining fund information, and the budgetary comparison for the general fund of the City of Belen, New Mexico (the “City”) as of and for the year ended June 30, 2011, which collectively comprise the City’s basic financial statements as listed in the table of contents, and have issued our report thereon dated November 19, 2011. We also have audited the financial statements of each of the City’s nonmajor governmental funds, and the respective budgetary comparisons for the major capital projects funds, debt service fund, proprietary funds, and all 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, 2011 as listed in the table of contents, and have issued our report thereon dated November 19, 2011. 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 and a deficiency that we consider to be a significant deficiency.

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 2009-01, FS 2009-02 and FS 2010-01 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described as FS-2011-01 in the accompanying schedule of findings and questioned costs to be a significant deficiency.

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 did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that are required to be reported pursuant to *Government Auditing Standards* paragraphs 5.14 and 5.16, and Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and responses as items FS 2009-04, FA 2010-01, and FS 2011-02.

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 City Council, the Office of the State Auditor, the New Mexico Department of Finance and Administration, federal awarding agencies, the New Mexico Legislature and pass-through entities, 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 19, 2011

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FEDERAL FINANCIAL ASSISTANCE



INDEPENDENT AUDITORS' 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 City of Belen's (City) compliance 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 the City's major federal programs for the year ended June 30, 2011. The City's major federal programs are 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 each of its major federal programs 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 programs for the year ended June 30, 2011.

Internal Control Over Compliance

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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance 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 discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item FA 2011-02 to be a material weakness.

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 of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item FA 2011-01 to be a significant deficiency.

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 City Council, the Office of the State Auditor, the New Mexico Department of Finance and Administration, federal awarding agencies, the New Mexico Legislature and pass-through entities, 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 19, 2011

STATE OF NEW MEXICO
City of Belen
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Schedule III
(Page 1 of 2)

Funding Source/Grant or Contact Name	Federal CFDA Number	Grant Number	Expenditures
U.S. Department of Health and Human Services			
Passed through the NM Department Area Agency on Aging			
Retired and Senior Volunteer Program	94.002	08SRWNM005	\$ 37,022
U.S. Department of Transportation			
Passed through the NM Department of Transportation			
NM DOT Section 5311	20.509	M00498	4,061
Becker Avenue	20.509	TIPE 7661/MAP	35,043
Sobriety Checkpoints	20.608	09-AL-K8-007	54,167
Total U.S. Department of Transportation			<u>93,271</u>
U.S. Environmental Protection Agency			
Passed through the NM Environment Department			
Wastewater Phase III - American Recovery and Reinvestment Act (1)	66.458	CWSRF-03	385,855
Wastewater Treatment Plant CWSRF Loan - American Recovery and Reinvestment Act (1)	66.458	CWSRF-03	135,336
Total U.S. Environmental Protection Agency			<u>521,191</u>
U.S Department of Housing and Urban Development Direct Programs			
Planning Grant	14.218	08-C-NR-06-G-44	9,596
Federal Aviation Administration			
Alexander Airport Runway Rehab	20.106	FAA3-35-0006-10	81,175
U.S. Department of Justice			
Police - Surveillance Equipment	16.738	2007-DJ-BX-	11,472
Total Federal Financial Assistance			<u>\$ 753,727</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, 2011

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. 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.

3. Loan Amount

The City owed \$135,336 to the Environmental Protection Agency at June 30, 2011.

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

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 753,727
Total expenditures funded by other sources	<u>12,248,331</u>
Total expenditures	<u>\$ 13,002,058</u>

STATE OF NEW MEXICO
City of Belen
Schedule of Findings and Questioned Costs
June 30, 2011

Section I – Summary of Audit Results

Financial Statements:

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

Federal Awards:

- | | |
|---|-------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | Yes |
| 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
66.458	Wastewater Phase III – ARRA Grant
66.458	WWTP CWSRF – ARRA Loan

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

STATE OF NEW MEXICO
City of Belen
Schedule of Findings and Questioned Costs
June 30, 2011

Section II – Prior Year Audit Findings

Prior Year Audit Findings

Financial Statement Findings

Financial Statement Findings		Disposition
FS 2007-02	Preparation of Financial Statements	Repeated
FS 2008-02	Capital Assets Listing	Resolved, not repeated
FS 2009-01	PERA Reports and General Ledger	Repeated
FS 2009-02	Landfill Postclosure Liability	Repeated
FS 2009-04	Budgetary Noncompliance	Modified and repeated
FS 2010-01	Design Deficiencies in Internal Control over Financial Reporting	Modified and repeated
FS 2010-02	Late Audit Report	Resolved

Federal Award Findings

2010-01	Davis-Bacon Compliance	Modified and repeated
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Section III – Findings - Financial Statement Audit

FS 2007-02 Preparation of Financial Statements (Material Weakness)

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' Recommendations: 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.

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 for fixed assets is reconciled on a monthly basis.

Section III – Findings - Financial Statement Audit (continued)

FS 2009-01 PERA Reports and General Ledger (Material Weakness)

Condition: The amount in the general ledger for employer's contribution to the Public Employees Retirement Association (PERA) does not agree to the amount reported to PERA. The total amount of City matching portion reported to PERA was \$492,562, however the general ledger indicated total amount of \$446,563.

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 (Material Weakness)

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, 2011.

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' Recommendations: 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 post closure 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.

Section III – Findings - Financial Statement Audit (continued)

FS 2009-04 Expenditures in Excess of Budget and Budgeted Cash in Excess of Available Balance (Other Matter)

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

Governmental Funds

Law Enforcement Special Revenue fund	\$ 30,800
Debt Service Fund	886,008

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 fund:

Governmental Funds

Construction GIS Infra Special Revenue Fund	\$ 288
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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' Recommendations: 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 budget overages were not budgeted for originally. For the Construction GIS Infra Sepcial Revenue Fund, we will split the revenues from the expenses for tracking.

Section III – Findings - Financial Statement Audit (continued)

FS 2010-01 Design Deficiencies in Internal Control over Financial Reporting (Material Weakness)

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 or Finance Clerk perform all the duties and functions that are required for the cash disbursement process including preparing and approving purchase orders and preparing checks.
- The Cashiers perform incompatible duties within the cash receipting process, including opening mail, receipting funds from the mail and in person, posting cash receipts to the customer accounts and the general ledger, and changing information in the customer master file without approval or review.
- Adjustments to cash accounts can be made by Cashiers and are not reviewed.
- During testwork over cash receipts, we noted that receipt numbers can be manually entered in the system and that receipt numbers are not accounted for.
- Cash proceeds from the sale of capital assets were not recorded as such in the general ledger.
- The Finance Director, Finance Clerk, and Procurement Specialist are able to make changes to the vendor master file. These changes are not reviewed or approved.
- Each Finance Department employee has access to all software modules utilized.
- One of the five payroll timecards tested did not have a department head or equivalent signature. Timecards are required to be signed by department supervisors approving the employee’s hours.
- Two of the five payroll timecards tested did not have an employee signature. Timecards are required to be signed by the employee acknowledging the hours worked.
- 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.
- During testwork over checks that cleared the bank, we noted that the Caselle accounting system allowed a single check number to be used multiple times although the check had previously been voided.

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.
- (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.

Section III – Findings - Financial Statement Audit (continued)

FS 2010-01 Design Deficiencies in Internal Control over Financial Reporting (Material Weakness) (continued)

(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 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. The Water Billing office will determine the best way of allocating duties to better ensure a "check and balance" approach to its cash receipting process. The payroll clerk will be held accountable for the verification of signatures on all personnel forms.

Section III – Findings - Financial Statement Audit (continued)

FA 2010-01 –Davis-Bacon Compliance (Other Matter)

Condition: The City did not verify that the vendors used for a federally-funded construction project submit 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*. The federal program involved was not a major federal program for the year ended June 30, 2011.

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 should ensure that all federal award projects incorporate a system to verify that vendors submit a certified payroll in compliance with Davis-Bacon provisions.

Agency's Response: This is referring to the Camino Project. The final payment was made early in the year and was overlooked.

FS 2011-01 – Accrual of Excess Compensated Absences (Significant Deficiency)

Condition: During testwork over the client-prepared accrual of compensated absences, we noted that the client was including sick leave accrued in the accrual amount, and that for nineteen employees, the total accrued vacation amount was over the 240 hour limit established by City policy.

Criteria: Per section 9.11.2 of the City of Belen Personnel Policy, "an employee who has been dismissed or is resigning his employment will not be compensated for unused sick hours accrued". Per sections 9.2.5 and 9.2.7 of the City of Belen Personnel Policy, the Maximum Accrual of annual leave for all employees is 240 hours.

Effect: Client-prepared accruals of compensated absences were overstated. The related salary expenses were overstated.

Cause: The City's calculation of accrued compensated absences did not follow City policy.

Auditors' Recommendation: The City should review the worksheets used to calculate accrued compensated absences in order to ensure that they comply with City policy.

Agency's Response: We are in compliance as to how we do the accrual as of December 31st. Our policy covers January to December.

Section III – Findings - Financial Statement Audit (continued)

FS 2011-02 – Lack of Approved Audit Contract (Other Matter)

Condition: The audit contract for the June 30, 2011 fiscal year end audit was not approved by the State Auditor prior to submittal of the completed audited financial statements to the Office of the State Auditor on November 30, 2011.

Criteria: Section 12-6-14 NMSA 1978 (Contract Audits) states that “the State Auditor shall notify each agency designated for audit by an independent auditor, and the agency shall enter into a contract with an independent auditor of its choice in accordance with procedures prescribed by rules of the State Auditor... each contract for auditing entered into between an agency and an independent auditor shall be approved in writing by the State Auditor. Payment of public funds may not be made to an independent auditor unless a contract is entered into and approved as provided in this section”.

Effect: The audit of the City of Belen was performed without an approved contract and therefore did not meet the requirements of the 2011 State Audit Rule, until the audit contract was retroactively approved by the State Auditor on June 12, 2012. Payments of \$16,665.25 made to the City’s IPA were not allowed under the 2011 State Audit Rule.

Cause: The State Auditor did not approve the audit contract because there were questions posed about the IPA recommendation form that required the City to respond regarding the FY 2009 and 2010 audits. The City experienced turnover in the Finance Director position and management was unaware this request was outstanding. In addition, the on-site manager for the City’s audit changed and the fact that there was no approved contract was not communicated to the City or the IPA.

Auditors’ Recommendation: The City and its IPA should ensure that all administrative and contract documents are approved in accordance with Section 12-6-14 NMSA 1978.

Agency’s Response: The City will ensure that all required contracts and documents are reviewed for any discrepancies and corrected before any other action is taken.

Section IV – Federal Award Findings

FA 2011-01 Deficiencies in Internal Control Structure Design, Operation and Oversight – Procurement Manual that Incorporates Federal Requirements (Significant Deficiency)

Federal program information:

Funding agency: Environmental Protection Agency
Title: Wastewater Phase III – American Recovery and Reinvestment Act
CFDA number: 66.458

Funding agency: Environmental Protection Agency
Title: Wastewater Treatment Plant CWSRF Loan – American Recovery and Reinvestment Act
CFDA number: 66.458

Condition: During a portion of FY 2011, the City did not have a procurement manual that incorporated federal requirements, including the requirement to check vendors for suspension and debarment.

Questioned Costs: None

Criteria: The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Good internal controls require a procurement manual that incorporates federal requirements, including suspension and debarment.

Effect: Because the internal control structure is inadequate and not documented, management and staff are unsure about what procedures and processes to follow or what key controls are in place to properly safeguard assets. Adequate controls are not in place to prevent or detect intentional misstatements of accounting information.

Cause: Until partway through FY 2011, management did not have a documented policy to ensure internal controls were in place and working properly. Also, the governing body was unaware of requirements under the A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) that require management to establish and maintain internal controls over Federal awards.

Auditors' Recommendations: The City should ensure that a comprehensive internal control structure, including a procurement manual that incorporates federal requirements, is designed, documented, and implemented. The body charged with governance should provide effective oversight of the internal control and financial reporting process.

Agency's Response: The City will incorporate federal requirements into its procurement manual.

Section IV – Federal Award Findings (continued)

FA 2011-02 Failure to Record Federal Expenditure and Related Revenue (Material Weakness)

Federal program information:

Funding agency:	Environmental Protection Agency
Title:	Wastewater Phase III – American Recovery and Reinvestment Act
CFDA number:	66.458

Condition: The City did not record the federal expenditure or the related revenue for expenditures totaling \$51,197.05 that were paid directly to the contractors by the New Mexico Environment Department.

Questioned Costs: None

Criteria: The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal awards record all federal expenditures and grant revenues accurately and timely and requires that non-Federal entities receiving Federal awards establish internal controls over the preparation of the Schedule of Expenditures of Federal Awards.

Effect: Federal expenditures and federal capital grant revenues were understated when the Schedule of Expenditures of Federal Awards was provided to the auditors.

Cause: Management overlooked this transaction and it was not recorded.

Auditors' Recommendation: The City should develop grant/project reconciliation procedures to ensure that all transactions under each grant and project are properly recorded.

Agency's Response: The payment was recorded on our spreadsheet but not in our system. It was overlooked.

STATE OF NEW MEXICO
City of Belen
Other Disclosures
June 30, 2011

Schedule V

OTHER DISCLOSURES

Exit Conference

An exit conference was held on November 18, 2011. In attendance were the following:

Representing the City of Belen:

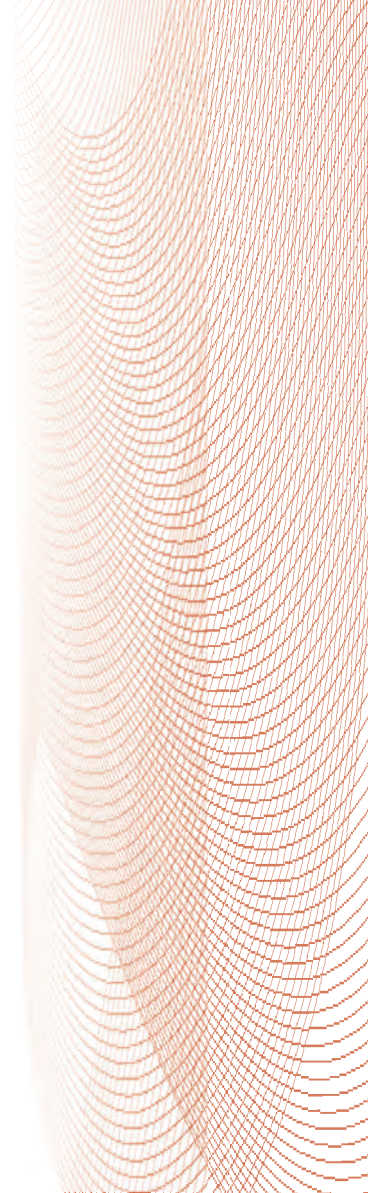
Rudy Jaramillo	Mayor
Mary Aragon	City Councilor
Mary Lucy Baca	Interim City Manager
Roseann Peralta	Finance Clerk

Representing Accounting & Consulting Group, LLP:

Ray Roberts	Managing Partner
Robert Cordova	Manager

Auditor Prepared Financial Statements

Accounting and Consulting Group, LLP prepared the GAAP-basis financial statements and footnotes of the City of Belen from the original books and records provided to them by the management of the City. The responsibility for the financial statements remains with the City.



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