

Accounting & Consulting Group, LLP

Certified Public Accountants

STATE OF NEW MEXICO
CITY OF BELEN
ANNUAL FINANCIAL REPORT
JUNE 30, 2012



STATE OF NEW MEXICO
CITY OF BELEN
ANNUAL FINANCIAL REPORT
JUNE 30, 2012

(This page intentionally left blank)

INTRODUCTORY SECTION

STATE OF NEW MEXICO

City of Belen
Table of Contents
June 30, 2012

	<u>Exhibit</u>	<u>Page</u>
INTRODUCTORY SECTION		
Table of Contents		4-5
Official Roster		6
FINANCIAL SECTION		
Independent Auditors' Report		8-9
BASIC FINANCIAL STATEMENTS		
Government-wide Financial Statements		
Statement of Net Assets	A-1	12-13
Statement of Activities	A-2	14-15
Fund Financial Statements		
Balance Sheet – Governmental Funds	B-1	16-17
Reconciliation of the Balance Sheet to the Statement of Net Assets		19
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	B-2	20-21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities		23
Statement of Revenues, Expenditures and Changes in Fund Balance Budget (GAAP Basis) and Actual General Fund	C-1	25
Statement of Net Assets-Proprietary Funds	D-1	26-27
Statement of Revenues, Expenses, and Changes in Fund Net Assets-Proprietary Funds	D-2	28-29
Statement of Cash Flows –Proprietary Funds	D-3	30-31
Notes to Financial Statements		33-61
SUPPLEMENTARY INFORMATION	<u>Statement</u>	
Nonmajor Fund Descriptions		64-66
Combining and Individual Fund Statements and Schedules		
Combining Balance Sheet – Nonmajor Governmental Funds	A-1	68-72
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	A-2	74-78
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual:		
Parks and Recreation Special Revenue Fund	B-1	81
Fire Protection Special Revenue Fund	B-2	82
EMS Rescue Special Revenue Fund	B-3	83
1/8% GRT Infrastructure Special Revenue Fund	B-4	84
1/2% GRT Infrastructure Special Revenue Fund	B-5	85
Jail Special Revenue Fund	B-6	86
Evidence Special Revenue Fund	B-7	87
Law Enforcement Special Revenue Fund	B-8	88
Confiscated Fund Special Revenue Fund	B-9	89
Lodger's Tax Special Revenue Fund	B-10	90
Belen Community Garden Special Revenue Fund	B-11	91
Judicial Fund Special Revenue Fund	B-12	92
Martin Luther King Special Revenue Fund	B-13	93

STATE OF NEW MEXICO

City of Belen

Table of Contents

June 30, 2012

	<u>Statement/Schedule</u>	<u>Page</u>
SUPPLEMENTARY INFORMATION (continued)		
Combining and Individual Fund Statements and Schedules (continued)		
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual		
Technology Infrastructure Fee Special Revenue Fund	B-14	94
RSVP Special Revenue Fund	B-15	95
Street Paving Revolving Special Revenue Fund	B-16	96
2008 GRT Revenue Bonds Special Revenue Fund	B-17	97
Debt Service Fund	B-18	98
2005 GRT Revenue Bonds Debt Service Fund	B-19	99
Alexander Airport Capital Projects Fund	B-20	100
Multi-Purpose Park Capital Projects Fund	B-21	101
Becker Avenue Capital Projects Fund	B-22	102
Camino Del Llano Capital Projects Fund	B-23	103
Christopher Road Capital Projects Fund	B-24	104
CDBG W&S Capital Projects Fund	B-25	105
Statement of Revenues, Expenses, and Changes in Net Assets – Budget (GAAP Basis) and Actual		
Wastewater Proprietary Fund	B-26	106
Water Proprietary Fund	B-27	107
Solid Waste Proprietary Fund	B-28	108
SUPPORTING SCHEDULES		
Schedule of Deposit and Investment Accounts	I	110
Schedule of Collateral Pledged By Depository for Public Funds	II	111
COMPLIANCE SECTION		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		114-115
Schedule of Findings and Responses	III	117-126
OTHER DISCLOSURES		127

STATE OF NEW MEXICO

City of Belen

Official Roster

June 30, 2012

<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
David Carter		Councilor
	<u>Administration</u>	
Kathy Savilla		Municipal Judge
Mary Lucy Baca		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 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, 2012, 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, 2012 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 respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2012 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, 2012, and the respective changes in financial position thereof, and the respective budgetary comparisons for the major capital projects 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, 2012 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.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements 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, 2012

(This page intentionally left blank)

**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO

City of Belen

Statement of Net Assets

June 30, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 3,905,623	\$ 1,361,184	\$ 5,266,807
Investments	560,619	500,000	1,060,619
Receivables:			
Property taxes	13,833	-	13,833
Other taxes	1,029,767	21,296	1,051,063
Customer	-	547,010	547,010
Other	347,771	234	348,005
Prepaid expenses	5,000	1,000	6,000
	5,862,613	2,430,724	8,293,337
Noncurrent assets			
Restricted cash and cash equivalents	822,406	113,798	936,204
Restricted investments	432,000	-	432,000
Bond issuance costs, net of accumulated amortization of \$16,016	91,722	-	91,722
Bond discounts, net of accumulated amortization of \$22,591	129,388	-	129,388
Capital assets	84,695,231	37,940,302	122,635,533
Less: accumulated depreciation	(49,125,327)	(18,123,523)	(67,248,850)
	37,045,420	19,930,577	56,975,997
Total noncurrent assets	37,045,420	19,930,577	56,975,997
Total assets	\$ 42,908,033	\$ 22,361,301	\$ 65,269,334

The accompanying notes are an integral part of these financial statements

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 464,384	\$ 159,357	\$ 623,741
Meter deposits	-	113,800	113,800
Accrued payroll	3,395	-	3,395
Settlement payable	80,000	-	80,000
Accrued compensated absences	103,044	24,103	127,147
Accrued interest	84,226	3,964	88,190
Funds held in trust	5,517	-	5,517
Current portion of long-term debt	1,140,001	10,993	1,150,994
 Total current liabilities	 <u>1,880,567</u>	 <u>312,217</u>	 <u>2,192,784</u>
Noncurrent liabilities			
Accrued compensated absences	100,775	13,363	114,138
Accrued landfill closure costs	-	593,497	593,497
Bonds payable	8,480,000	-	8,480,000
Loans payable	7,538,614	130,125	7,668,739
 Total noncurrent liabilities	 <u>16,119,389</u>	 <u>736,985</u>	 <u>16,856,374</u>
 Total liabilities	 <u>17,999,956</u>	 <u>1,049,202</u>	 <u>19,049,158</u>
Net Assets			
Invested in capital assets, net of related debt	18,411,289	19,675,661	38,086,950
Restricted for:			
Debt service	2,068,445	-	2,068,445
Capital projects	1,075	-	1,075
Special revenue	1,149,176	-	1,149,176
Unrestricted	3,278,092	1,636,438	4,914,530
 Total net assets	 <u>24,908,077</u>	 <u>21,312,099</u>	 <u>46,220,176</u>
 Total liabilities and net assets	 <u>\$ 42,908,033</u>	 <u>\$ 22,361,301</u>	 <u>\$ 65,269,334</u>

STATE OF NEW MEXICO
City of Belen
Statement of Activities
For the Year Ended June 30, 2012

<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	\$ 1,885,257	\$ 401,753	\$ 281,883	\$ -
Public safety	2,530,078	-	300,832	-
Public works	3,407,671	-	4,524	373,779
Culture and recreation	776,960	44,817	-	-
Health and welfare	133,255	-	8,395	-
Interest on long-term debt	653,854	-	-	-
<i>Total governmental activities</i>	<u>9,387,075</u>	<u>446,570</u>	<u>595,634</u>	<u>373,779</u>
Business-type Activities:				
Wastewater	1,263,850	1,087,879	-	-
Water	1,076,943	1,512,832	-	-
Solid waste	1,148,157	1,198,945	-	-
Interest on long-term debt	4,623	-	-	-
<i>Total business-type activities</i>	<u>3,493,573</u>	<u>3,799,656</u>	<u>-</u>	<u>-</u>
<i>Total primary government</i>	<u>\$ 12,880,648</u>	<u>\$ 4,246,226</u>	<u>\$ 595,634</u>	<u>\$ 373,779</u>

General Revenues and Transfers:

Taxes:

Property taxes, levied for general purposes

Gross receipts taxes

Gasoline and motor vehicle taxes

Other taxes

Interest income

Insurance settlement reimbursement

Miscellaneous income

Gain on sale of capital assets

Gain on sale of water rights

Transfers

Total general revenues and transfers

Change in net assets

Net assets, beginning

Net assets, ending

The accompanying notes are an integral part of these financial statements

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (1,201,621)	\$ -	\$ (1,201,621)
(2,229,246)	-	(2,229,246)
(3,029,368)	-	(3,029,368)
(732,143)	-	(732,143)
(124,860)	-	(124,860)
(653,854)	-	(653,854)
(7,971,092)	-	(7,971,092)
-	(175,971)	(175,971)
-	435,889	435,889
-	50,788	50,788
-	(4,623)	(4,623)
-	306,083	306,083
(7,971,092)	306,083	(7,665,009)
617,549	-	617,549
5,395,320	294,632	5,689,952
208,251	-	208,251
348,993	-	348,993
19,085	642	19,727
126,746	-	126,746
169,723	1,070	170,793
6,341	9,502	15,843
-	1,258,307	1,258,307
1,374,655	(1,374,655)	-
8,266,663	189,498	8,456,161
295,571	495,581	791,152
24,612,506	20,816,518	45,429,024
<u>\$ 24,908,077</u>	<u>\$ 21,312,099</u>	<u>\$ 46,220,176</u>

STATE OF NEW MEXICO

City of Belen
Balance Sheet
Governmental Funds
June 30, 2012

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Multi-Purpose Park Capital Projects Fund</u>	<u>Becker Avenue Capital Projects Fund</u>
<i>Assets</i>				
Cash and cash equivalents	\$ 2,711,047	\$ 819,739	\$ 82,706	\$ -
Investments	-	-	-	-
Receivables:				
Property taxes	13,833	-	-	-
Other taxes	769,760	-	-	-
Other	22,842	-	-	259,779
Prepaid expenses	5,000	-	-	-
Due from other funds	30,800	-	-	-
<i>Total assets</i>	<u>\$ 3,553,282</u>	<u>\$ 819,739</u>	<u>\$ 82,706</u>	<u>\$ 259,779</u>
<i>Liabilities</i>				
Accounts payable	\$ 49,875	\$ -	\$ 82,706	\$ 280,813
Accrued payroll	3,395	-	-	-
Settlement payable	80,000	-	-	-
Funds held in trust	850	-	-	-
Due to other funds	-	-	-	-
<i>Total liabilities</i>	<u>134,120</u>	<u>-</u>	<u>82,706</u>	<u>280,813</u>
<i>Fund balances</i>				
Nonspendable				
Prepaid expenses	5,000	-	-	-
Spendable				
Restricted for:				
Infrastructure maintenance	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Transportation and roads	-	-	-	-
Promotion	-	-	-	-
Debt service expenditures	-	819,739	-	-
Capital projects	-	-	-	-
Committed to:				
Minimum fund balance	402,423	-	-	-
Unassigned	3,011,739	-	-	(21,034)
<i>Total fund balances</i>	<u>3,419,162</u>	<u>819,739</u>	<u>-</u>	<u>(21,034)</u>
<i>Total liabilities and fund balances</i>	<u>\$ 3,553,282</u>	<u>\$ 819,739</u>	<u>\$ 82,706</u>	<u>\$ 259,779</u>

The accompanying notes are an integral part of these financial statements

Other Governmental Funds	Total
\$ 1,114,537	\$ 4,728,029
992,619	992,619
-	13,833
260,007	1,029,767
65,150	347,771
-	5,000
-	30,800
<u>\$ 2,432,313</u>	<u>\$ 7,147,819</u>
\$ 50,990	\$ 464,384
-	3,395
-	80,000
4,667	5,517
<u>30,800</u>	<u>30,800</u>
<u>86,457</u>	<u>584,096</u>
-	5,000
670,369	670,369
230,096	230,096
36,618	36,618
145,152	145,152
66,941	66,941
1,248,706	2,068,445
1,075	1,075
-	402,423
(53,101)	2,937,604
<u>2,345,856</u>	<u>6,563,723</u>
<u>\$ 2,432,313</u>	<u>\$ 7,147,819</u>

(This page intentionally left blank)

STATE OF NEW MEXICO

City of Belen

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Assets

June 30, 2012

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	\$ 6,563,723
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	91,722
Bond discounts	129,388
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	35,569,904
Interest on long-term debt is not accrued in the fund financial statements unless it is due and payable:	
Accrued interest	(84,226)
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	(203,819)
Bonds payable	(9,075,000)
Loans payable	(8,083,615)
Total net assets of governmental activities	<u>\$ 24,908,077</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, 2012

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Multi-Purpose Park Capital Projects Fund</u>	<u>Becker Avenue Capital Projects Fund</u>
<i>Revenues</i>				
Taxes				
Property	\$ 617,549	\$ -	\$ -	\$ -
Gross receipts	4,038,146	-	-	-
Gasoline and motor vehicle taxes	50,847	-	-	-
Other	304,887	-	-	-
Intergovernmental income				
Federal operating grants	85,717	-	-	-
Federal capital grants	-	-	-	114,000
State operating grants	234,145	-	-	-
State capital grants	-	-	-	259,779
Charges for services	92,790	-	-	-
Licenses and fees	151,172	-	-	-
Interest income	2,518	2,073	-	-
Miscellaneous	232,479	-	-	-
<i>Total revenues</i>	<u>5,810,250</u>	<u>2,073</u>	<u>-</u>	<u>373,779</u>
<i>Expenditures</i>				
Current				
General government	1,323,289	53,309	-	-
Public safety	2,128,120	-	-	-
Public works	800,180	-	-	89,291
Culture and recreation	178,237	-	-	-
Health and welfare	-	-	-	-
Promotion	-	-	-	-
Capital outlay	108,858	-	-	625,699
Debt service				
Principal	-	751,080	-	-
Interest	-	243,653	-	-
<i>Total expenditures</i>	<u>4,538,684</u>	<u>1,048,042</u>	<u>-</u>	<u>714,990</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,271,566</u>	<u>(1,045,969)</u>	<u>-</u>	<u>(341,211)</u>
<i>Other financing sources (uses)</i>				
Proceeds from sale of capital assets	23,109	-	-	-
Loan proceeds	-	3,355,652	-	-
Cash to escrow account - refinancing	-	(3,355,652)	-	-
Transfers in	845,231	1,090,029	-	33,510
Transfers (out)	(1,192,133)	-	-	-
<i>Total other financing sources (uses)</i>	<u>(323,793)</u>	<u>1,090,029</u>	<u>-</u>	<u>33,510</u>
<i>Net change in fund balances</i>	947,773	44,060	-	(307,701)
<i>Fund balances - beginning of year</i>	<u>2,471,389</u>	<u>775,679</u>	<u>-</u>	<u>286,667</u>
<i>Fund balances - end of year</i>	<u>\$ 3,419,162</u>	<u>\$ 819,739</u>	<u>\$ -</u>	<u>\$ (21,034)</u>

The accompanying notes are an integral part of these financial statements

Other Governmental Funds	Total
\$ -	\$ 617,549
1,357,174	5,395,320
157,404	208,251
44,106	348,993
32,142	117,859
-	114,000
243,630	477,775
-	259,779
44,508	137,298
158,100	309,272
14,494	19,085
63,990	296,469
<u>2,115,548</u>	<u>8,301,650</u>
26,007	1,402,605
220,916	2,349,036
210,733	1,100,204
122,246	300,483
98,340	98,340
36,303	36,303
339,501	1,074,058
545,000	1,296,080
438,368	682,021
<u>2,037,414</u>	<u>8,339,130</u>
<u>78,134</u>	<u>(37,480)</u>
1,673	24,782
-	3,355,652
-	(3,355,652)
2,005,263	3,974,033
(1,407,245)	(2,599,378)
<u>599,691</u>	<u>1,399,437</u>
677,825	1,361,957
<u>1,668,031</u>	<u>5,201,766</u>
<u>\$ 2,345,856</u>	<u>\$ 6,563,723</u>

(This page intentionally left blank)

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, 2012

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	\$ 1,361,957
<p>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:</p>	
Capital expenditures recorded in capital outlay	1,074,058
Adjustment to capital expenditures for prior expenditures reclassified	(308,846)
Depreciation expense	(3,079,221)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:</p>	
Cash proceeds on disposal of capital assets	(24,782)
Gain on disposal of capital assets	6,341
<p>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:</p>	
Increase in accrued compensated absences	(47,653)
Decrease in accrued interest	28,166
<p>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:</p>	
Amortization of bond issuance costs and discounts	(10,529)
Proceeds from issuance of long-term debt	(3,355,652)
Cash expended in refinancing of long-term debt	3,355,652
Principal payments on bonds payable	545,000
Principal payments on loans payable	751,080
	751,080
Change in net assets of governmental activities	\$ 295,571

The accompanying notes are an integral part of these financial statements

(This page intentionally left blank)

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, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ 480,000	\$ 581,255	\$ 617,549	\$ 36,294
Gross receipts	3,245,000	3,245,000	4,038,146	793,146
Gas and motor vehicle	38,800	38,800	50,847	12,047
Other	195,000	253,513	304,887	51,374
Intergovernmental income				
Federal operating grants	49,000	75,573	85,717	10,144
Federal capital grants	-	-	-	-
State operating grants	166,100	296,464	234,145	(62,319)
State capital grants	-	-	-	-
Charges for services	77,000	92,144	92,790	646
Licenses and fees	131,800	152,331	151,172	(1,159)
Interest income	2,000	2,000	2,518	518
Miscellaneous	-	209,746	232,479	22,733
<i>Total revenues</i>	<u>4,384,700</u>	<u>4,946,826</u>	<u>5,810,250</u>	<u>863,424</u>
<i>Expenditures</i>				
Current				
General government	1,349,164	1,239,223	1,323,289	(84,066)
Public safety	2,095,732	2,095,732	2,128,120	(32,388)
Public works	686,324	686,324	800,180	(113,856)
Culture and recreation	214,194	214,194	178,237	35,957
Health and welfare	-	-	-	-
Capital outlay	14,000	14,000	108,858	(94,858)
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>4,359,414</u>	<u>4,249,473</u>	<u>4,538,684</u>	<u>(289,211)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>25,286</u>	<u>697,353</u>	<u>1,271,566</u>	<u>574,213</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(569)	(1,159,580)	-	1,159,580
Proceeds from sale of capital assets	-	23,109	23,109	-
Transfers in	136,600	926,877	845,231	(81,646)
Transfers (out)	(161,317)	(487,759)	(1,192,133)	(704,374)
<i>Total other financing sources (uses)</i>	<u>(25,286)</u>	<u>(697,353)</u>	<u>(323,793)</u>	<u>373,560</u>
<i>Net change in fund balance</i>	-	-	947,773	947,773
<i>Fund balances - beginning of year</i>	-	-	2,471,389	2,471,389
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,419,162</u>	<u>\$ 3,419,162</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, 2012

	<u>Wastewater</u>	<u>Water</u>	<u>Solid Waste</u>
<i>Assets</i>			
<i>Current assets</i>			
Cash and cash equivalents	\$ 119,263	\$ 855,286	\$ 386,635
Investments	-	500,000	-
Receivables:			
Other taxes	-	-	21,296
Customer	141,193	291,275	114,542
Other	-	234	-
Prepaid expenses	-	1,000	-
<i>Total current assets</i>	<u>260,456</u>	<u>1,647,795</u>	<u>522,473</u>
<i>Noncurrent assets</i>			
Restricted cash and cash equivalents	-	113,798	-
Capital assets	27,422,405	10,312,711	205,186
Less: accumulated depreciation	<u>(12,794,317)</u>	<u>(5,225,285)</u>	<u>(103,921)</u>
<i>Total noncurrent assets</i>	<u>14,628,088</u>	<u>5,201,224</u>	<u>101,265</u>
<i>Total assets</i>	<u>\$ 14,888,544</u>	<u>\$ 6,849,019</u>	<u>\$ 623,738</u>
<i>Liabilities and net assets</i>			
<i>Liabilities</i>			
<i>Current liabilities</i>			
Accounts payable	\$ 13,593	\$ 64,283	\$ 81,481
Meter deposits payable	-	113,800	-
Accrued compensated absences	14,389	9,714	-
Accrued interest payable	-	3,964	-
Current portion of long-term debt	-	10,993	-
<i>Total current liabilities</i>	<u>27,982</u>	<u>202,754</u>	<u>81,481</u>
<i>Noncurrent liabilities</i>			
Accrued compensated absences	163	13,200	-
Accrued landfill closure costs	-	-	593,497
Loans and capital leases payable	-	130,125	-
<i>Total noncurrent liabilities</i>	<u>163</u>	<u>143,325</u>	<u>593,497</u>
<i>Total liabilities</i>	<u>28,145</u>	<u>346,079</u>	<u>674,978</u>
<i>Net assets</i>			
Invested in capital assets, net of related debt	14,628,088	4,946,308	101,265
Unrestricted	<u>232,311</u>	<u>1,556,632</u>	<u>(152,505)</u>
<i>Total net assets</i>	<u>14,860,399</u>	<u>6,502,940</u>	<u>(51,240)</u>
<i>Total liabilities and net assets</i>	<u>\$ 14,888,544</u>	<u>\$ 6,849,019</u>	<u>\$ 623,738</u>

The accompanying notes are an integral part of these financial statements

<u>Total</u>	
\$	1,361,184
	500,000
	21,296
	547,010
	234
	1,000
	<u>2,430,724</u>
	113,798
	37,940,302
	(18,123,523)
	<u>19,930,577</u>
\$	<u><u>22,361,301</u></u>

\$	159,357
	113,800
	24,103
	3,964
	10,993
	<u>312,217</u>

	13,363
	593,497
	130,125
	<u>736,985</u>

	<u>1,049,202</u>
--	------------------

	19,675,661
	1,636,438
	<u>21,312,099</u>

\$	<u><u>22,361,301</u></u>
----	--------------------------

STATE OF NEW MEXICO
City of Belen
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2012

	<u>Wastewater</u>	<u>Water</u>	<u>Solid Waste</u>
<i>Operating revenues</i>			
Charges for services	\$ 1,087,879	\$ 1,512,832	\$ 1,198,945
<i>Total operating revenues</i>	<u>1,087,879</u>	<u>1,512,832</u>	<u>1,198,945</u>
<i>Operating expenses</i>			
Depreciation	645,190	184,458	7,834
Personnel services	234,551	354,782	44,195
Utilities	153,340	227,045	7,282
Contractual services	77,223	91,443	1,007,004
Supplies	39,635	82,287	4,544
Maintenance and materials	60,680	29,457	13,262
Gross receipts taxes	51,769	72,268	59,401
Other costs	1,462	35,203	4,635
<i>Total operating expenses</i>	<u>1,263,850</u>	<u>1,076,943</u>	<u>1,148,157</u>
<i>Operating income (loss)</i>	<u>(175,971)</u>	<u>435,889</u>	<u>50,788</u>
<i>Non-operating revenues (expenses)</i>			
Gross receipts taxes	-	181,151	113,481
Interest expense	-	(4,623)	-
Interest income	-	642	-
Gain on sale of fixed assets	1,995	5,646	1,861
Gain on sale of water rights	-	1,258,307	-
Miscellaneous income	-	1,070	-
<i>Total non-operating revenues (expenses)</i>	<u>1,995</u>	<u>1,442,193</u>	<u>115,342</u>
<i>Income (loss) before transfers</i>	<u>(173,976)</u>	<u>1,878,082</u>	<u>166,130</u>
Transfers in	125,199	-	-
Transfers (out)	(378,927)	(1,120,927)	-
<i>Change in net assets</i>	(427,704)	757,155	166,130
<i>Net assets, beginning of year</i>	<u>15,288,103</u>	<u>5,745,785</u>	<u>(217,370)</u>
<i>Net assets, end of year</i>	<u>\$ 14,860,399</u>	<u>\$ 6,502,940</u>	<u>\$ (51,240)</u>

The accompanying notes are an integral part of these financial statements

<u>Total</u>
<u>\$ 3,799,656</u>
<u>3,799,656</u>
837,482
633,528
387,667
1,175,670
126,466
103,399
183,438
41,300
<u>3,488,950</u>
<u>310,706</u>
294,632
(4,623)
642
9,502
1,258,307
1,070
<u>1,559,530</u>
<u>1,870,236</u>
125,199
(1,499,854)
<u>495,581</u>
<u>20,816,518</u>
<u><u>\$ 21,312,099</u></u>

STATE OF NEW MEXICO
City of Belen
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

	Wastewater	Water	Solid Waste
<i>Cash flows from operating activities</i>			
Cash received from user charges	\$ 1,038,403	\$ 1,411,883	\$ 1,200,946
Cash payments to employees for services	(246,471)	(364,647)	(46,089)
Cash payments to suppliers for goods and services	(429,443)	(487,693)	(1,095,294)
<i>Net cash provided (used) by operating activities</i>	<u>362,489</u>	<u>559,543</u>	<u>59,563</u>
<i>Cash flows from noncapital financing activities</i>			
Gross receipts tax revenues	-	181,151	113,481
Miscellaneous income	-	1,070	-
Payments for noncurrent accrued compensated absences	(4,147)	3,483	(435)
Transfers	(253,728)	(1,120,927)	-
<i>Net cash provided (used) by noncapital financing activities</i>	<u>(257,875)</u>	<u>(935,223)</u>	<u>113,046</u>
<i>Cash flows from capital and related financing activities</i>			
Interest paid	-	(5,282)	-
Principal payments	-	(10,668)	-
Cash proceeds - damages to capital assets	1,995	5,646	1,861
Sale of water rights	-	1,258,307	-
Acquisition of capital assets	(131,306)	(14,231)	-
<i>Net cash provided (used) by capital and related financing activities</i>	<u>(129,311)</u>	<u>1,233,772</u>	<u>1,861</u>
<i>Cash flows from investing activities</i>			
Interest on investments	-	642	-
Purchase of investment	-	(500,000)	-
<i>Net cash provided (used) by investing activities</i>	<u>-</u>	<u>(499,358)</u>	<u>-</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	(24,697)	358,734	174,470
<i>Cash and cash equivalents - beginning of year</i>	<u>143,960</u>	<u>610,350</u>	<u>212,165</u>
<i>Cash and cash equivalents - end of year</i>	<u><u>\$ 119,263</u></u>	<u><u>\$ 969,084</u></u>	<u><u>\$ 386,635</u></u>
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</i>			
Operating income (loss)	\$ (175,971)	\$ 435,889	\$ 50,788
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	645,190	184,458	7,834
Changes in assets and liabilities			
Receivables	(49,476)	(100,949)	2,001
Prepaid expenses	-	(1,000)	-
Accounts payable	(45,334)	41,105	834
Accrued payroll expenses	(8,211)	(11,951)	(1,294)
Current accrued compensated absences	(3,709)	2,086	(600)
Meter deposits	-	9,905	-
<i>Net cash provided (used) by operating activities</i>	<u><u>\$ 362,489</u></u>	<u><u>\$ 559,543</u></u>	<u><u>\$ 59,563</u></u>

The accompanying notes are an integral part of these financial statements

<u>Total</u>	
\$	3,651,232
	(657,207)
	<u>(2,012,430)</u>
	<u>981,595</u>
	294,632
	1,070
	(1,099)
	<u>(1,374,655)</u>
	<u>(1,080,052)</u>
	(5,282)
	(10,668)
	9,502
	1,258,307
	<u>(145,537)</u>
	<u>1,106,322</u>
	642
	<u>(500,000)</u>
	<u>(499,358)</u>
	508,507
	<u>966,475</u>
\$	<u><u>1,474,982</u></u>
\$	310,706
	837,482
	(148,424)
	(1,000)
	(3,395)
	(21,456)
	(2,223)
	<u>9,905</u>
\$	<u><u>981,595</u></u>

(This page intentionally left blank)

STATE OF NEW MEXICO
City of Belen
Notes to Financial Statements
June 30, 2012

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, 2012

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, 2012

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, 2012

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 related to capital projects undertaken by the recreation department.

The *Becker Avenue Capital Projects Fund* accounts for grants and loan proceeds to improve the City's infrastructure. 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, 2012

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 90 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. The allowance for doubtful accounts for customer receivables is calculated based on the aging of the customer accounts receivable and the City's historical experience with these receivables.

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, 2012

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).

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 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, 2012

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.

Employees 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, 2012, the City reported \$5,000 in nonspendable fund balances, related to prepaid expenses in the General Fund.

STATE OF NEW MEXICO
City of Belen
Notes to Financial Statements
June 30, 2012

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, 2012, the City has presented restricted fund balance on the governmental funds balance sheet in the amount of \$1,149,176 for various City operations as restricted by enabling legislation in the special revenue funds, \$2,068,445 in fund balance restricted for debt service, and \$1,075 in fund balance restricted for capital projects. The City has also presented committed fund balance on the governmental funds balance sheet in the amount of \$402,423 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 for the upcoming budget year.

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. Descriptions for the related restrictions for net assets restricted for "special revenue, debt service, and capital projects" are described on pages 36 and 64-66.
- 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, the current portion of accrued compensated absences, and the useful lives of capital assets.

STATE OF NEW MEXICO
City of Belen
Notes to Financial Statements
June 30, 2012

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 depreciation, 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 operating income (loss)</u>	
	<u>Original Budget</u>	<u>Final Budget</u>
Budgeted Funds:		
General Fund	\$ 25,286	\$ 697,353
Debt Service Fund	\$ (727,158)	\$ (727,158)
Multi-Purpose Park Capital Projects Fund	\$ -	\$ -
Becker Avenue Capital Projects Fund	\$ -	\$ 184,539
Nonmajor Governmental Funds	\$ 862,494	\$ 414,606
Wastewater Proprietary Fund	\$ 6,930	\$ 132,130
Water Proprietary Fund	\$ 130,773	\$ 587,628
Solid Waste Proprietary Fund	\$ 38,771	\$ 44,771

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 (GAAP) 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, 2012.

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, 2012

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.

The City has invested excess funds totaling \$1,492,619 in certificates of deposit in area banks. The certificates of deposit have original maturities in excess of 90 days and so are classified as investments in the financial statements. \$432,000 of the investment balance is classified as investments restricted for debt service.

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, 2012, 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, 2012, \$1,545,607 of the City's deposits of \$7,230,419 was exposed to custodial credit risk. \$1,475,594 was uninsured and collateralized by collateral held by the pledging bank's trust department not in the City's name and \$70,013 was uninsured and uncollateralized.

STATE OF NEW MEXICO
City of Belen
Notes to Financial Statements
June 30, 2012

NOTE 3. Deposits and Investments (continued)

	Wells Fargo Bank	My Bank	US Bank	Bank of Albuquerque	First Community Bank	Total
Amount of deposits	\$ 6,135,799	\$ 101,901	\$ 760,619	\$ 232,000	\$ 100	\$ 7,230,419
FDIC Coverage	(500,000)	(101,901)	(250,000)	(232,000)	(100)	(1,084,001)
Dodd-Frank Coverage	(4,600,811)	-	-	-	-	(4,600,811)
Total uninsured public funds	<u>1,034,988</u>	<u>-</u>	<u>510,619</u>	<u>-</u>	<u>-</u>	<u>1,545,607</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City's name	<u>964,975</u>	<u>-</u>	<u>510,619</u>	<u>-</u>	<u>-</u>	<u>1,475,594</u>
Uninsured and uncollateralized	<u>\$ 70,013</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,013</u>
Collateral requirement (50% of uninsured funds)	\$ 517,494	\$ -	\$ 255,310	\$ -	\$ -	\$ 772,804
Pledged Collateral	<u>964,975</u>	<u>-</u>	<u>614,684</u>	<u>165,158</u>	<u>-</u>	<u>1,744,817</u>
Over (Under) collateralized	<u>\$ 447,481</u>	<u>\$ -</u>	<u>\$ 359,374</u>	<u>\$ 165,158</u>	<u>\$ -</u>	<u>\$ 972,013</u>

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

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. Negative cash balances in individual funds that were part of the pooled accounts were reclassified as due to/from accounts in the combining balance sheets as of June 30, 2012. The following fund had a negative cash balance as of June 30, 2012:

Law Enforcement Protection Fund \$ 30,800

The carrying amount of deposits shown above are included in the City's Statement of Net Assets as follows:

Cash and cash equivalents per Exhibit A-1	\$ 5,266,807
Restricted cash and cash equivalents per Exhibit A-1	936,204
Investments per Exhibit A-1	1,060,619
Restricted investments per Exhibit A-1	432,000
Add: outstanding checks and other reconciling items	138,937
Less: outstanding deposits	(23,496)
Less: petty cash	(848)
Less: New Mexico State Treasurer Debt Service	<u>(579,804)</u>
Bank balance of deposits	<u>\$ 7,230,419</u>

STATE OF NEW MEXICO
City of Belen
Notes to Financial Statements
June 30, 2012

NOTE 4. Receivables

Receivables as of June 30, 2012, are as follows:

Governmental Activities:	General	Becker Avenue Capital Projects Fund	Other Governmental Funds	Total
Property taxes receivable	\$ 13,833	\$ -	\$ -	\$ 13,833
Other taxes receivable:				
Gross receipts	742,406	-	246,185	988,591
Gasoline and motor vehicle	-	-	12,452	12,452
Franchise tax	27,354	-	-	27,354
Other taxes receivable:	-	-	1,370	1,370
Other receivables:				
Intergovernmental:				
Federal grants	-	-	1,437	1,437
State grants	22,842	259,779	334	282,955
Interest receivable	-	-	57,228	57,228
Miscellaneous	-	-	6,151	6,151
Total receivables	\$ 806,435	\$ 259,779	\$ 325,157	\$ 1,391,371

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

Business-type Activities:	Wastewater	Water	Solid Waste	Total
Customer receivables	\$ 150,260	\$ 305,575	\$ 124,786	\$ 580,621
Other taxes receivable:				
Gross receipts tax	-	-	21,296	21,296
Other receivables:				
Interest income	-	234	-	234
Total gross receivables	150,260	305,809	146,082	602,151
Less: allowance for doubtful accounts	(9,067)	(14,300)	(10,244)	(33,611)
Total net receivables	\$ 141,193	\$ 291,509	\$ 135,838	\$ 568,540

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, 2012 is as follows:

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

STATE OF NEW MEXICO
City of Belen
Notes to Financial Statements
June 30, 2012

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	Lodgers' Tax	\$ 426
General Fund	Water	790,277
General Fund	Street Paving Revolving	23,728
General Fund	Lw Enforcement Protection Fund	30,800
Parks and Recreation	Lodgers' Tax	6,750
EMS Rescue	Fire Protection Fund	6,667
1/2% GRT Infrastructure	General Fund	472,701
Jail	General Fund	4,045
Confiscated Fund	General Fund	3,200
Alexander Airport	General Fund	684
Becker Avenue	General Fund	33,510
RSVP	General Fund	37,419
Wastewater	General Fund	125,199
Debt Service	1/2% GRT Infrastructure	350,306
Debt Service	Water	330,650
Debt Service	Wastewater	378,927
Debt Service	General Fund	30,146
2005 GRT Revenue Bonds Special Revenue Fund	1/2% GRT Infrastructure	449,355
Camino Del Llano	General Fund	333,223
2008 GRT Revenue Bonds Special Revenue Fund	1/2% GRT Infrastructure	539,213
Christopher Road	General Fund	152,006
		<u>\$ 4,099,232</u>

STATE OF NEW MEXICO
City of Belen
Notes to Financial Statements
June 30, 2012

NOTE 6. Capital Assets

The following is a summary of capital assets and changes occurring during the year ended June 30, 2012. Land, water rights and construction in progress are not subject to depreciation.

Governmental activities:	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
Capital assets, not depreciated:				
Land	\$ 8,632,637	\$ -	\$ -	\$ 8,632,637
Construction in progress	4,923,551	328,330	4,978,622	273,259
Total capital assets, not depreciated	13,556,188	328,330	4,978,622	8,905,896
Capital assets, depreciated:				
Buildings and improvements	19,606,959	198,941	-	19,805,900
Machinery and equipment	3,089,864	5,698	-	3,095,562
Furniture and fixtures	495,535	57,495	-	553,030
Vehicles	1,557,674	630	104,027	1,454,277
Infrastructure	45,727,826	5,152,740	-	50,880,566
Total capital assets, depreciated	70,477,858	5,415,504	104,027	75,789,335
Less accumulated depreciation:				
Buildings and improvements	(10,146,357)	(858,935)	-	(11,005,292)
Machinery and equipment	(1,957,254)	(118,700)	-	(2,075,954)
Furniture and fixtures	(230,835)	(27,190)	-	(258,025)
Vehicles	(836,530)	(89,622)	(85,586)	(840,566)
Infrastructure	(32,960,716)	(1,984,774)	-	(34,945,490)
Total accumulated depreciation	(46,131,692)	(3,079,221)	(85,586)	(49,125,327)
Net book value	\$ 37,902,354	\$ 2,664,613	\$ 4,997,063	\$ 35,569,904

STATE OF NEW MEXICO
City of Belen
Notes to Financial Statements
June 30, 2012

NOTE 6. Capital Assets (continued)

Governmental capital asset additions above include expenditures reclassified to account for changes in prior year assets recorded during the current year, as follows:

	<u>Current year additions</u>	<u>Adjustments for prior year assets</u>	<u>Current year adjusted additions</u>
Construction in progress	\$ 328,330	\$ -	\$ 328,330
Buildings and improvements	104,393	94,548	198,941
Machinery and equipment	5,698	-	5,698
Furniture and fixtures	-	57,495	57,495
Vehicles	-	630	630
Infrastructure	<u>5,614,259</u>	<u>(461,519)</u>	<u>5,152,740</u>
Total additions	<u>\$ 6,052,680</u>	<u>\$ (308,846)</u>	<u>\$ 5,743,834</u>

Depreciation expense for the year ended June 30, 2012 was charged to governmental activities as follows:

General government	\$ 129,900
Public safety	139,615
Public works	2,283,284
Culture and recreation	492,301
Health and welfare	<u>34,121</u>
	<u>\$ 3,079,221</u>

STATE OF NEW MEXICO
City of Belen
Notes to Financial Statements
June 30, 2012

NOTE 6. Capital Assets (continued)

Business-type activities:	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
Capital assets, not depreciated:				
Water rights	\$ 2,600,865	\$ -	\$ -	\$ 2,600,865
Total capital assets, not depreciated	<u>2,600,865</u>	<u>-</u>	<u>-</u>	<u>2,600,865</u>
Capital assets, depreciated:				
Wastewater system	7,461,524	-	-	7,461,524
Buildings	7,288,778	-	-	7,288,778
Machinery and equipment	962,139	6,106	-	968,245
Furniture and fixtures	42,621	-	-	42,621
Vehicles	232,219	-	19,235	212,984
Infrastructure	19,225,854	139,431	-	19,365,285
Total capital assets, depreciated	<u>35,213,135</u>	<u>145,537</u>	<u>19,235</u>	<u>35,339,437</u>
Less accumulated depreciation:				
Wastewater system	(1,758,273)	(277,402)	-	(2,035,675)
Buildings	(5,768,857)	(188,197)	-	(5,957,054)
Machinery and equipment	(915,568)	(189,701)	-	(1,105,269)
Furniture and fixtures	(38,232)	(1,889)	-	(40,121)
Vehicles	(152,037)	(16,707)	(19,235)	(149,509)
Infrastructure	(8,672,309)	(163,586)	-	(8,835,895)
Total accumulated depreciation	<u>(17,305,276)</u>	<u>(837,482)</u>	<u>(19,235)</u>	<u>(18,123,523)</u>
Net book value	<u>\$ 20,508,724</u>	<u>\$ (691,945)</u>	<u>\$ -</u>	<u>\$ 19,816,779</u>

Depreciation expense for the year ended June 30, 2012 was charged to business-type activities as follows:

Wastewater	\$ 645,190
Water	184,458
Solid waste	<u>7,834</u>
	<u>\$ 837,482</u>

STATE OF NEW MEXICO
City of Belen
Notes to Financial Statements
June 30, 2012

NOTE 7. Long-term Debt

Governmental Activities:

During the year ended June 30, 2012, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012	Due Within One Year
Revenue Bonds	\$ 9,620,000	\$ -	\$ 545,000	\$ 9,075,000	\$ 595,000
NMFA and NMED Loans	8,834,695	3,355,652	4,106,732	8,083,615	545,001
Compensated Absences	156,166	150,697	103,044	203,819	103,044
Total Long-Term Debt	\$ 18,610,861	\$ 3,506,349	\$ 4,754,776	\$ 17,362,434	\$ 1,243,045

Revenue Bonds

At June 30, 2012, the City had two revenue bonds outstanding. 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, 2012
Series 2005 Gross Receipts Tax	7/26/2005	6/1/2017	3.80-4.50%	\$ 4,320,000	\$ 2,085,000
Series 2008 Gross Receipts Tax	10/2/2008	6/1/2033	3.75-5.125%	7,570,000	6,990,000
Total Revenue Bonds					\$ 9,075,000

The annual requirements to amortize the revenue bonds as of June 30, 2012, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	695,000	313,488	1,008,488
2018-2022	1,385,000	1,309,325	2,694,325
2023-2027	1,735,000	2,356,100	4,091,100
2028-2032	2,215,000	478,531	2,693,531
2033	515,000	26,394	541,394
	\$ 9,075,000	\$ 5,994,279	\$ 15,069,279

STATE OF NEW MEXICO
City of Belen
Notes to Financial Statements
June 30, 2012

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, 2012
NMFA Reinken Road & Main St.	11/7/2001	5/1/2026	0.25%	\$ 4,779,793	\$ 115,832
NMFA Refinancing Reinken Road	7/8/2011	5/1/2026	0.73%-4.02%	3,355,652	3,144,147
NMED CWSRF	12/30/2003	12/30/2022	2.00%	4,049,684	2,423,864
NMFA Refinancing WW/W	4/29/2011	5/01/2032	0.95%-4.83%	2,220,008	2,079,168
NMED RIP 2005-06	7/13/2005	7/13/2025	3.00%	448,503	320,604
Total NMFA and NMED Loans					<u><u>\$ 8,083,615</u></u>

The annual requirements to amortize the NMFA and NMED Loans as of June 30, 2012, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2013	\$ 545,001	\$ 200,480	\$ 745,481
2014	572,821	203,319	776,140
2015	580,995	194,564	775,559
2016	591,636	184,293	775,929
2017	602,363	172,846	775,209
2018-2022	3,013,417	642,135	3,655,552
2023-2027	1,755,424	259,888	2,015,312
2028-2032	421,958	61,728	483,686
	<u><u>\$ 8,083,615</u></u>	<u><u>\$ 1,919,253</u></u>	<u><u>\$ 10,002,868</u></u>

Compensated Absences

Employees of the City are able to accrue a limited amount of vacation and other compensatory time during the year. During the fiscal year June 30, 2012, compensated absences increased \$47,653 from the prior year accrual. In prior years, the general fund was typically used to liquidate such liabilities.

STATE OF NEW MEXICO
City of Belen
Notes to Financial Statements
June 30, 2012

NOTE 7. Long-term Debt (continued)

Business-type Activities:

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, 2012:

	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012	Due Within One Year
Loans and Notes	\$ 151,786	\$ -	\$ 10,668	\$ 141,118	\$ 10,993
Compensated Absences	40,788	20,781	24,103	37,466	24,103
Total Long-Term Debt	\$ 192,574	\$ 20,781	\$ 34,771	\$ 178,584	\$ 35,096

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, 2012
San Juan-Chama Project	1/1/1989	1/1/2022	3.05%	\$ 331,030	<u>\$ 141,118</u>

The annual requirement to amortize San Juan-Chama Project Loan as of June 30, 2012, including interest payments, is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	12,394	2,897	15,291
2018-2022	82,704	9,036	91,740
	<u>\$ 141,118</u>	<u>\$ 27,077</u>	<u>\$ 168,195</u>

Compensated Absences

Employees of the City are able to accrue a limited amount of vacation and other compensatory time during the year. During the fiscal year June 30, 2012, compensated absences decreased \$3,322 from the prior year accrual. In prior years, the fund associated with these liabilities has been used to liquidate them.

STATE OF NEW MEXICO
City of Belen
Notes to Financial Statements
June 30, 2012

NOTE 8. Other Required Individual Fund Disclosures

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

A. Deficit fund balance/net assets of individual funds. The deficit fund balances as of June 30, 2012 were as follows:

Governmental Funds:	
Jail Special Revenue Fund	\$ (10,418)
Law Enforcement Special Revenue Fund	(30,800)
Becker Avenue Capital Projects Fund	(21,034)
CDBG W&S Capital Projects Fund	(11,883)
Proprietary Funds:	
Solid Waste Fund	\$ (51,240)

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, 2012:

Governmental Funds:	
General Fund	\$ 289,211
Parks and Recreation Special Revenue Fund	16,389
1/8% GRT Infrastructure Special Revenue Fund	4,661
1/2% GRT Infrastructure Special Revenue Fund	8,533
Jail Special Revenue Fund	29,784
Martin Luther King Special Revenue Fund	110
RSVP Special Revenue Fund	2,331
Debt Service Fund	320,884
Becker Avenue Capital Projects Fund	525,750
Camino Del Llano Capital Projects Fund	8,598
Christopher Road Capital Projects Fund	8,624
CDBG W&S Capital Projects Fund	11,883

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, 2012:

Governmental Funds:	
EMS Rescue Special Revenue Fund	\$ 6,667
1/2% GRT Infrastructure Special Revenue Fund	202,706

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 Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing, multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, survivor benefits, and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. 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.

STATE OF NEW MEXICO
City of Belen
Notes to Financial Statements
June 30, 2012

NOTE 9. Pension Plan – Public Employees Retirement Association (continued)

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, 2012, 2011 and 2010 were \$499,803, \$492,562 and \$697,477, respectively, which equal the amount of the required contributions for each fiscal year.

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, 2012, the statute required each participating employer to contribute 1.834% of each participating employee’s annual salary; each participating employee was required to contribute .917% of their salary. In the fiscal year ending June 30, 2013 the contribution rates for employees and employers will rise as follows:

STATE OF NEW MEXICO
City of Belen
Notes to Financial Statements
June 30, 2012

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

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>
FY13	2.000%	1.000%

For employees who are members of an enhanced retirement (state police and adult correctional officer coverage plan 1; municipal police member coverage plans 3, 4, and 5; municipal fire member coverage plan 3, 4 and 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act [10-12B-1 NMSA 1978]), during the fiscal year ended June 30, 2012, the statute required each participating employer to contribute 2.292% of each participating employee’s annual salary and each participating employee was required to contribute 1.146% of their salary. In the fiscal year ending 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>
FY13	2.500%	1.250%

Also, employers joining the program after January 1, 1998, 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, 2012, 2011, and 2010 were \$43,215, \$37,373 and \$39,965, 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, 2012. 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.

STATE OF NEW MEXICO
City of Belen
Notes to Financial Statements
June 30, 2012

NOTE 13. Construction and Other Significant Commitments

The City has committed to pay for a construction contract at June 30, 2012, for which the work was completed, but payment had not been remitted to the contractor, as follows:

<u>Project Description</u>	<u>Contract Amount Remaining</u>	<u>Contractor</u>
Becker Avenue Phase IV	\$ 285,189	New Mexico Underground Contractor, Inc.

NOTE 14. Restricted Net Assets

The government-wide statement of net assets reports \$3,218,696 of restricted net assets, all of which is restricted by enabling legislation. See pages 36 and 64 to 66 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 are \$2,423,864 and \$297,756, respectively. Principal and interest paid for the current year and total customer net revenues were \$247,665 and \$441,069, 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, 2012, 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, 2012

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 2012
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, 2012

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, 2012

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

Storage of Transit Vehicles

Participants	Rio Metro Regional Transit District City of Belen
Responsible party	Rio Metro Regional Transit District City of Belen
Description	Establishes agreement for use of storage facilities for the Transit District's vehicles
Term of agreement	One year
Amount of project	Unknown
City contributions	Unknown
Audit responsibility	Rio Metro Regional Transit District City of Belen

Participation in Recycling Program

Participants	Valencia County City of Belen
Responsible party	Valencia County City of Belen
Description	Provides for County residents' continued participation in the City's recycling program and allows the City to invoice the County up to \$600 each month to cover tipping fees incurred for County residents
Term of agreement	One year
Amount of project	Unknown
City contributions	Unknown
Audit responsibility	Valencia County City of Belen

STATE OF NEW MEXICO
City of Belen
Notes to Financial Statements
June 30, 2012

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

Furnish Mutual Aid and Assistance in Fire Suppression and Emergency Responses

Participants	Socorro County City of Belen
Responsible party	Socorro County City of Belen
Description	Agreement for the participants to provide assistance in emergency responses and preserving life and property within the other party's jurisdiction
Term of agreement	2012 through 2017
Amount of project	Unknown
City contributions	Unknown
Audit responsibility	Socorro County City of Belen

Furnish Mutual Aid and Assistance in Fire Suppression and Emergency Responses

Participants	Valencia County City of Belen
Responsible party	Valencia County City of Belen
Description	Agreement for the participants to provide assistance in emergency responses and preserving life and property within the other party's jurisdiction
Term of agreement	2012 through 2017
Amount of project	Unknown
City contributions	Unknown
Audit responsibility	Valencia County City of Belen

STATE OF NEW MEXICO
City of Belen
Notes to Financial Statements
June 30, 2012

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

Joint Powers Agreement between Valencia County and the City of Belen to Work Cooperatively to Achieve the Establishment of a Hospital in Valencia County

Participants	Valencia County City of Belen
Responsible party	Valencia County City of Belen
Description	Agreement for the County and City to independently study the feasibility of the proposed Belen Site for a hospital in Valencia County
Term of agreement	Indefinite
Amount of project	2012 through December 31, 2014
City contributions	Unknown
Audit responsibility	Valencia County City of Belen

NOTE 18. Subsequent Events

The date to which events occurring after June 30, 2012, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is November 19, 2012 which is the date on which the financial statements were available to be issued.

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. Settlement Payable

At June 30, 2012 the City was party to a lawsuit which was subsequently settled out of court, whereby the City paid a total of \$80,000 in full and total settlement of the claim. No additional amount is expected to be paid.

NOTE 21. Sale of Water Rights

During the year ended June 30, 2012, a local land developer sold water rights to a nearby municipality. The City of Belen had entered into an agreement pursuant to annexation of the related land with the land developer providing for the City to receive 15% of the sale proceeds of any such sale of water rights. The amount received by the City pursuant to this agreement during the year ended June 30, 2012 was \$1,170,152. Additional water rights were sold and leased during the year totaling \$88,155, for a total gain reported on the Statement of Activities of \$1,258,307.

STATE OF NEW MEXICO
City of Belen
Notes to Financial Statements
June 30, 2012

NOTE 22. 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 standard is expected to have no effect on the City in upcoming years.

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 the fiscal year ended 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 March 2012, Statement No. 65 *Items Previously Reported as Assets and Liabilities*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The City will implement this standard during the fiscal year ended June 30, 2014.

In March 2012, Statement No. 66 *Technical Corrections-2012—an amendment of GASB Statements No. 10 and No. 62*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The City is evaluating the effect of this standard in upcoming years.

In June 2012, Statement No. 67 *Financial Reporting for Pension Plans—an amendment of GASB Statements No. 25*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2013. Earlier application is encouraged. The standard is expected to have no effect on the City in upcoming years.

In June 2012, Statement No. 68 *Accounting and Financial Reporting for Pensions—an amendment of GASB Statements No. 27*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. Earlier application is encouraged. The standard is expected to have no effect on the City in upcoming years.

(This page intentionally left blank)

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
City of Belen
Nonmajor Governmental Funds
June 30, 2012

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. Authorization is by City Council.

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 Bonds Series 1997 and 1998. 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.

Evidence

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

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.

STATE OF NEW MEXICO
City of Belen
Nonmajor Governmental Funds
June 30, 2012

Special Revenue Funds (continued)

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.

Belen Community Garden

To account for funds held by the City for the maintenance and upkeep of the Belen Community Garden. Authorization is by City Council.

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.

Technology Infrastructure Fee

To account for the proceeds and use of the Technology Infrastructure Fee levied on all utility customers to finance technology improvements and infrastructure. 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 account for the proceeds from the issuance of Series 2008 Gross Receipts Tax Revenue Bonds used to fund various projects within the City, and the related debt service payments. Authorization is by City Council.

STATE OF NEW MEXICO
City of Belen
Nonmajor Governmental Funds
June 30, 2012

Debt Service Funds

2005 GRT Revenue Bonds

To provide funds for debt service payments on the Series 2005 Gross Receipts Tax Revenue Bonds. Authorization is by City Council.

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.

Camino Del Llano

To account for a federal grant received from the Army Corp of Engineers used for the Camino Del Llano Road Project. Authorization is by City Council.

Christopher Road

To account for grants received to improve the City's infrastructure. 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.

(This page intentionally left blank)

STATE OF NEW MEXICO
City of Belen
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2012

Special Revenue

	<u>Parks and Recreation</u>	<u>Fire Protection</u>	<u>EMS Rescue</u>	<u>1/8% GRT Infrastructure</u>
<i>Assets</i>				
Cash and cash equivalents	\$ 36,072	\$ 185,393	\$ -	\$ 430,747
Investments	-	-	-	-
Receivables:				
Other taxes	-	-	-	82,810
Other	300	-	-	-
<i>Total assets</i>	<u>\$ 36,372</u>	<u>\$ 185,393</u>	<u>\$ -</u>	<u>\$ 513,557</u>
<i>Liabilities</i>				
Accounts payable	\$ 3,488	\$ 13,704	\$ -	\$ 2,691
Funds held in trust	-	-	-	-
Due to other funds	-	-	-	-
<i>Total liabilities</i>	<u>3,488</u>	<u>13,704</u>	<u>-</u>	<u>2,691</u>
<i>Fund balances</i>				
Spendable				
Restricted for:				
Infrastructure maintenance	-	-	-	510,866
Public safety	-	171,689	-	-
Culture and recreation	32,884	-	-	-
Transportation and roads	-	-	-	-
Promotion	-	-	-	-
Debt service expenditures	-	-	-	-
Capital projects	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>32,884</u>	<u>171,689</u>	<u>-</u>	<u>510,866</u>
<i>Total liabilities and fund balances</i>	<u>\$ 36,372</u>	<u>\$ 185,393</u>	<u>\$ -</u>	<u>\$ 513,557</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

1/2% GRT Infrastructure	Jail	Evidence	Law Enforcement	Confiscated Fund	Lodger's Tax
\$ -	\$ -	\$ 32,757	\$ -	\$ -	\$ 66,033
-	-	-	-	-	-
163,375	-	-	-	-	1,370
-	-	-	-	-	-
<u>\$ 163,375</u>	<u>\$ -</u>	<u>\$ 32,757</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,403</u>
\$ 3,872	\$ 10,418	\$ -	\$ -	\$ -	\$ 462
-	-	-	-	-	-
-	-	-	30,800	-	-
<u>3,872</u>	<u>10,418</u>	<u>-</u>	<u>30,800</u>	<u>-</u>	<u>462</u>
159,503	-	-	-	-	-
-	-	32,757	-	-	-
-	-	-	-	-	-
-	-	-	-	-	66,941
-	-	-	-	-	-
-	-	-	-	-	-
-	(10,418)	-	(30,800)	-	-
<u>159,503</u>	<u>(10,418)</u>	<u>32,757</u>	<u>(30,800)</u>	<u>-</u>	<u>66,941</u>
<u>\$ 163,375</u>	<u>\$ -</u>	<u>\$ 32,757</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,403</u>

STATE OF NEW MEXICO
City of Belen
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2012

	Special Revenue			
	Belen Community Garden	Judicial Fund	Martin Luther King	Technology Infrastructure Fee
<i>Assets</i>				
Cash and cash equivalents	\$ 2,000	\$ 2,667	\$ 1,293	\$ 19,799
Investments	-	-	-	-
Receivables:				
Other taxes	-	-	-	-
Other	-	-	-	5,851
	<u>\$ 2,000</u>	<u>\$ 2,667</u>	<u>\$ 1,293</u>	<u>\$ 25,650</u>
<i>Total assets</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Funds held in trust	2,000	2,667	-	-
Due to other funds	-	-	-	-
	<u>2,000</u>	<u>2,667</u>	<u>-</u>	<u>-</u>
<i>Total liabilities</i>				
<i>Fund balances</i>				
Spendable				
Restricted for:				
Infrastructure maintenance	-	-	-	-
Public safety	-	-	-	25,650
Culture and recreation	-	-	1,293	-
Transportation and roads	-	-	-	-
Promotion	-	-	-	-
Debt service expenditures	-	-	-	-
Capital projects	-	-	-	-
Unassigned	-	-	-	-
	<u>-</u>	<u>-</u>	<u>1,293</u>	<u>25,650</u>
<i>Total fund balances</i>				
	<u>\$ 2,000</u>	<u>\$ 2,667</u>	<u>\$ 1,293</u>	<u>\$ 25,650</u>
<i>Total liabilities and fund balances</i>				

The accompanying notes are an integral part of these financial statements

Special Revenue			Debt Service	Capital Projects		
RSVP	Street Paving Revolving	2008 GRT Revenue Bonds	2005 GRT Revenue Bonds	Alexander Airport	Camino Del Llano	
\$ 670	\$ 132,700	\$ 90,286	\$ 108,573	\$ 558	\$ 4,989	
-	-	560,619	432,000	-	-	
-	12,452	-	-	-	-	
1,771	-	-	57,228	-	-	
<u>\$ 2,441</u>	<u>\$ 145,152</u>	<u>\$ 650,905</u>	<u>\$ 597,801</u>	<u>\$ 558</u>	<u>\$ 4,989</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,472	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	4,472	
-	-	-	-	-	-	
-	-	-	-	-	-	
2,441	-	-	-	-	-	
-	145,152	-	-	-	-	
-	-	-	-	-	-	
-	-	650,905	597,801	-	-	
-	-	-	-	558	517	
-	-	-	-	-	-	
<u>2,441</u>	<u>145,152</u>	<u>650,905</u>	<u>597,801</u>	<u>558</u>	<u>517</u>	
<u>\$ 2,441</u>	<u>\$ 145,152</u>	<u>\$ 650,905</u>	<u>\$ 597,801</u>	<u>\$ 558</u>	<u>\$ 4,989</u>	

STATE OF NEW MEXICO
City of Belen
Nonmajor Governmental Funds
Combining Balance Sheet

Statement A-1
Page 3 of 3

	Capital Projects		
	Christopher Road	CDBG W&S	Total Nonmajor Governmental Funds
<i>Assets</i>			
Cash and cash equivalents	\$ -	\$ -	\$ 1,114,537
Investments	-	-	992,619
Receivables:			
Other taxes	-	-	260,007
Other	-	-	65,150
<i>Total assets</i>	\$ -	\$ -	\$ 2,432,313
<i>Liabilities</i>			
Accounts payable	\$ -	\$ 11,883	\$ 50,990
Funds held in trust	-	-	4,667
Due to other funds	-	-	30,800
<i>Total liabilities</i>	-	11,883	86,457
<i>Fund balances</i>			
Spendable			
Restricted for:			
Infrastructure maintenance	-	-	670,369
Public safety	-	-	230,096
Culture and recreation	-	-	36,618
Transportation and roads	-	-	145,152
Promotion	-	-	66,941
Debt service expenditures	-	-	1,248,706
Capital projects	-	-	1,075
Unassigned	-	(11,883)	(53,101)
<i>Total fund balances</i>	-	(11,883)	2,345,856
<i>Total liabilities and fund balances</i>	\$ -	\$ -	\$ 2,432,313

The accompanying notes are an integral part of these financial statements

(This page intentionally left blank)

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, 2012

	Special Revenue			
	Parks and Recreation	Fire Protection	EMS Rescue	1/8% GRT Infrastructure
<i>Revenues</i>				
Taxes				
Gross receipts	\$ -	\$ -	\$ -	\$ 454,065
Gasoline and motor vehicle taxes	-	-	-	-
Other	5	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
State operating grants	-	184,315	8,395	-
Charges for services	44,508	-	-	-
Licenses and fees	12,059	-	-	-
Interest income	-	-	-	-
Miscellaneous	28,229	-	-	-
<i>Total revenues</i>	84,801	184,315	8,395	454,065
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	100,832	-	-
Public works	-	-	-	17,161
Culture and recreation	122,246	-	-	-
Health and welfare	-	-	15,062	-
Promotion	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	122,246	100,832	15,062	17,161
<i>Excess (deficiency) of revenues over expenditures</i>	(37,445)	83,483	(6,667)	436,904
<i>Other financing sources (uses)</i>				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	6,750	-	6,667	-
Transfers (out)	-	(6,667)	-	-
<i>Total other financing sources (uses)</i>	6,750	(6,667)	6,667	-
<i>Net change in fund balances</i>	(30,695)	76,816	-	436,904
<i>Fund balances - beginning of year</i>	63,579	94,873	-	73,962
<i>Fund balances - end of year</i>	\$ 32,884	\$ 171,689	\$ -	\$ 510,866

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>1/2% GRT Infrastructure</u>	<u>Jail</u>	<u>Evidence</u>	<u>Law Enforcement</u>	<u>Confiscated Fund</u>	<u>Lodger's Tax</u>
\$ 903,109	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	44,101
-	-	-	-	-	-
-	-	-	30,800	-	-
-	94,372	-	-	-	-
-	-	-	-	-	-
-	-	981	-	-	-
<u>903,109</u>	<u>94,372</u>	<u>981</u>	<u>30,800</u>	<u>-</u>	<u>44,101</u>
-	-	-	-	-	-
-	116,884	-	-	3,200	-
25,033	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	36,303
-	-	-	-	-	-
-	-	-	-	-	-
<u>25,033</u>	<u>116,884</u>	<u>-</u>	<u>-</u>	<u>3,200</u>	<u>36,303</u>
<u>878,076</u>	<u>(22,512)</u>	<u>981</u>	<u>30,800</u>	<u>(3,200)</u>	<u>7,798</u>
-	-	-	-	-	1,673
472,701	4,045	-	-	3,200	-
(1,338,874)	-	-	(30,800)	-	(7,176)
<u>(866,173)</u>	<u>4,045</u>	<u>-</u>	<u>(30,800)</u>	<u>3,200</u>	<u>(5,503)</u>
11,903	(18,467)	981	-	-	2,295
<u>147,600</u>	<u>8,049</u>	<u>31,776</u>	<u>(30,800)</u>	<u>-</u>	<u>64,646</u>
<u>\$ 159,503</u>	<u>\$ (10,418)</u>	<u>\$ 32,757</u>	<u>\$ (30,800)</u>	<u>\$ -</u>	<u>\$ 66,941</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, 2012

	Special Revenue			
	Belen Community Garden	Judicial Fund	Martin Luther King	Technology Infrastructure Fee
<i>Revenues</i>				
Taxes				
Gross receipts	\$ -	\$ -	\$ -	\$ -
Gasoline and motor vehicle taxes	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
State operating grants	-	-	1,200	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	51,669
Interest income	-	-	-	-
Miscellaneous	-	-	257	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>1,457</u>	<u>51,669</u>
<i>Expenditures</i>				
Current				
General government	-	-	1,610	19,224
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Promotion	-	-	-	-
Capital outlay	-	-	-	6,795
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>1,610</u>	<u>26,019</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(153)</u>	<u>25,650</u>
<i>Other financing sources (uses)</i>				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	(153)	25,650
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,446</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,293</u>	<u>\$ 25,650</u>

The accompanying notes are an integral part of these financial statements

Special Revenue			Debt Service	Capital Projects	
RSVP	Street Paving Revolving	2008 GRT Revenue Bonds	2005 GRT Revenue Bonds	Alexander Airport	Camino Del Llano
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	157,404	-	-	-	-
-	-	-	-	-	-
32,142	-	-	-	-	-
14,396	-	-	-	4,524	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,563	12,931	-	-
156	-	-	34,367	-	-
<u>46,694</u>	<u>157,404</u>	<u>1,563</u>	<u>47,298</u>	<u>4,524</u>	<u>-</u>
-	-	500	4,673	-	-
-	-	-	-	-	-
-	-	-	-	4,650	-
-	-	-	-	-	-
83,278	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	332,706
-	-	200,000	345,000	-	-
-	-	338,713	99,655	-	-
<u>83,278</u>	<u>-</u>	<u>539,213</u>	<u>449,328</u>	<u>4,650</u>	<u>332,706</u>
<u>(36,584)</u>	<u>157,404</u>	<u>(537,650)</u>	<u>(402,030)</u>	<u>(126)</u>	<u>(332,706)</u>
-	-	-	-	-	-
37,419	-	539,213	449,355	684	333,223
-	(23,728)	-	-	-	-
<u>37,419</u>	<u>(23,728)</u>	<u>539,213</u>	<u>449,355</u>	<u>684</u>	<u>333,223</u>
835	133,676	1,563	47,325	558	517
1,606	11,476	649,342	550,476	-	-
<u>\$ 2,441</u>	<u>\$ 145,152</u>	<u>\$ 650,905</u>	<u>\$ 597,801</u>	<u>\$ 558</u>	<u>\$ 517</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, 2012

Statement A-2
Page 3 of 3

	Capital Projects		Total Nonmajor Governmental Funds
	Christopher Road	CDBG W&S	
<i>Revenues</i>			
Taxes			
Gross receipts	\$ -	\$ -	\$ 1,357,174
Gasoline and motor vehicle taxes	-	-	157,404
Other	-	-	44,106
Intergovernmental income			
Federal operating grants	-	-	32,142
State operating grants	-	-	243,630
Charges for services	-	-	44,508
Licenses and fees	-	-	158,100
Interest income	-	-	14,494
Miscellaneous	-	-	63,990
<i>Total revenues</i>	-	-	2,115,548
<i>Expenditures</i>			
Current			
General government	-	-	26,007
Public safety	-	-	220,916
Public works	152,006	11,883	210,733
Culture and recreation	-	-	122,246
Health and welfare	-	-	98,340
Promotion	-	-	36,303
Capital outlay	-	-	339,501
Debt service			
Principal	-	-	545,000
Interest	-	-	438,368
<i>Total expenditures</i>	152,006	11,883	2,037,414
<i>Excess (deficiency) of revenues over expenditures</i>	(152,006)	(11,883)	78,134
<i>Other financing sources (uses)</i>			
Proceeds from sale of capital assets	-	-	1,673
Transfers in	152,006	-	2,005,263
Transfers (out)	-	-	(1,407,245)
<i>Total other financing sources (uses)</i>	152,006	-	599,691
<i>Net change in fund balances</i>	-	(11,883)	677,825
<i>Fund balances - beginning of year</i>	-	-	1,668,031
<i>Fund balances - end of year</i>	\$ -	\$ (11,883)	\$ 2,345,856

The accompanying notes are an integral part of these financial statements

(This page intentionally left blank)

(This page intentionally left blank)

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, 2012

	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	-	-	5	5
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	17,500	35,433	44,508	9,075
Licenses and fees	10,000	18,775	12,059	(6,716)
Interest income	-	-	-	-
Miscellaneous	11,900	28,229	28,229	-
<i>Total revenues</i>	<u>39,400</u>	<u>82,437</u>	<u>84,801</u>	<u>2,364</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	39,400	105,857	122,246	(16,389)
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>39,400</u>	<u>105,857</u>	<u>122,246</u>	<u>(16,389)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(23,420)</u>	<u>(37,445)</u>	<u>(14,025)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	23,420	-	(23,420)
Transfers in	-	-	6,750	6,750
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>23,420</u>	<u>6,750</u>	<u>(16,670)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(30,695)</u>	<u>(30,695)</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>63,579</u>	<u>63,579</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,884</u>	<u>\$ 32,884</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, 2012

	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	137,746	184,315	184,315	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>137,746</u>	<u>184,315</u>	<u>184,315</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	117,004	117,004	100,832	16,172
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>117,004</u>	<u>117,004</u>	<u>100,832</u>	<u>16,172</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>20,742</u>	<u>67,311</u>	<u>83,483</u>	<u>16,172</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(20,742)	(67,311)	-	67,311
Transfers in	-	-	-	-
Transfers (out)	-	-	(6,667)	(6,667)
<i>Total other financing sources (uses)</i>	<u>(20,742)</u>	<u>(67,311)</u>	<u>(6,667)</u>	<u>60,644</u>
<i>Net change in fund balance</i>	-	-	76,816	76,816
<i>Fund balance - beginning of year</i>	-	-	94,873	94,873
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 171,689</u>	<u>\$ 171,689</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, 2012

	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	8,000	8,395	8,395	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>8,000</u>	<u>8,395</u>	<u>8,395</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	8,000	15,062	15,062	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>8,000</u>	<u>15,062</u>	<u>15,062</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(6,667)</u>	<u>(6,667)</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	6,667	-	(6,667)
Transfers in	-	-	6,667	6,667
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>6,667</u>	<u>6,667</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<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, 2012

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	351,000	351,000	454,065	103,065
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	112	112	-	(112)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>351,112</u>	<u>351,112</u>	<u>454,065</u>	<u>102,953</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	12,500	12,500	17,161	(4,661)
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>12,500</u>	<u>12,500</u>	<u>17,161</u>	<u>(4,661)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>338,612</u>	<u>338,612</u>	<u>436,904</u>	<u>98,292</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	(338,612)	(338,612)	-	338,612
<i>Total other financing sources (uses)</i>	<u>(338,612)</u>	<u>(338,612)</u>	<u>-</u>	<u>338,612</u>
<i>Net change in fund balance</i>	-	-	436,904	436,904
<i>Fund balance - beginning of year</i>	-	-	73,962	73,962
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 510,866</u>	<u>\$ 510,866</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, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	880,000	880,000	903,109	23,109
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>880,000</u>	<u>880,000</u>	<u>903,109</u>	<u>23,109</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	16,500	16,500	25,033	(8,533)
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>16,500</u>	<u>16,500</u>	<u>25,033</u>	<u>(8,533)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>863,500</u>	<u>863,500</u>	<u>878,076</u>	<u>14,576</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	350,306	-	(350,306)
Transfers in	125,068	125,068	472,701	347,633
Transfers (out)	<u>(988,568)</u>	<u>(1,338,874)</u>	<u>(1,338,874)</u>	<u>-</u>
<i>Total other financing sources (uses)</i>	<u>(863,500)</u>	<u>(863,500)</u>	<u>(866,173)</u>	<u>(2,673)</u>
<i>Net change in fund balance</i>	-	-	11,903	11,903
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>147,600</u>	<u>147,600</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 159,503</u>	<u>\$ 159,503</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-6

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, 2012

	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	87,100	94,393	94,372	(21)
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>87,100</u>	<u>94,393</u>	<u>94,372</u>	<u>(21)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	87,100	87,100	116,884	(29,784)
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>87,100</u>	<u>87,100</u>	<u>116,884</u>	<u>(29,784)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>7,293</u>	<u>(22,512)</u>	<u>(29,805)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	(7,293)	-	7,293
Transfers in	-	-	4,045	4,045
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(7,293)</u>	<u>4,045</u>	<u>11,338</u>
<i>Net change in fund balance</i>	-	-	(18,467)	(18,467)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>8,049</u>	<u>8,049</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,418)</u>	<u>\$ (10,418)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-7

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, 2012

	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	-	981	981
<i>Total revenues</i>	<u>5,000</u>	<u>-</u>	<u>981</u>	<u>981</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	5,000	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>981</u>	<u>981</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>	-	-	981	981
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>31,776</u>	<u>31,776</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,757</u>	<u>\$ 32,757</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-8

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, 2012

	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	30,800	30,800	30,800	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>30,800</u>	<u>30,800</u>	<u>30,800</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>30,800</u>	<u>30,800</u>	<u>30,800</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	<u>(30,800)</u>	<u>(30,800)</u>	<u>(30,800)</u>	<u>-</u>
<i>Total other financing sources (uses)</i>	<u>(30,800)</u>	<u>(30,800)</u>	<u>(30,800)</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(30,800)</u>	<u>(30,800)</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-9

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, 2012

	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	-	5,000	-	(5,000)
<i>Total revenues</i>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	5,000	3,200	1,800
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>5,000</u>	<u>3,200</u>	<u>1,800</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(3,200)</u>	<u>(3,200)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	3,200	3,200
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>3,200</u>	<u>3,200</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-10

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, 2012

	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	37,000	37,000	44,101	7,101
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>37,000</u>	<u>37,000</u>	<u>44,101</u>	<u>7,101</u>
<i>Expenditures</i>				
Current				
General government	37,000	37,000	36,303	697
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>37,000</u>	<u>37,000</u>	<u>36,303</u>	<u>697</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>7,798</u>	<u>7,798</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Proceeds from sale of capital assets	-	-	1,673	1,673
Transfers in	-	-	-	-
Transfers (out)	-	-	(7,176)	(7,176)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(5,503)</u>	<u>(5,503)</u>
<i>Net change in fund balance</i>	-	-	2,295	2,295
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>64,646</u>	<u>64,646</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,941</u>	<u>\$ 66,941</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-11

City of Belen

Belen Community Garden Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2012

	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)	-	-	-	-
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-12

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, 2012

	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-13

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, 2012

	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	257	(43)
<i>Total revenues</i>	<u>1,500</u>	<u>1,500</u>	<u>1,457</u>	<u>(43)</u>
<i>Expenditures</i>				
Current				
General government	1,500	1,500	1,610	(110)
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,500</u>	<u>1,500</u>	<u>1,610</u>	<u>(110)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(153)</u>	<u>(153)</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>	-	-	(153)	(153)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,446</u>	<u>1,446</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,293</u>	<u>\$ 1,293</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-14

City of Belen

Technology Infrastructure Fee Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended June 30, 2012

	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	-	51,660	51,669	9
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>51,660</u>	<u>51,669</u>	<u>9</u>
<i>Expenditures</i>				
Current				
General government	-	20,510	19,224	1,286
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	31,150	6,795	24,355
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>51,660</u>	<u>26,019</u>	<u>25,641</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>25,650</u>	<u>25,650</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>	-	-	25,650	25,650
<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>\$ 25,650</u>	<u>\$ 25,650</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-15

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, 2012

	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	32,436	32,436	32,142	(294)
Federal capital grants	-	-	-	-
State operating grants	12,262	12,262	14,396	2,134
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	156	156
<i>Total revenues</i>	<u>44,698</u>	<u>44,698</u>	<u>46,694</u>	<u>1,996</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	80,947	80,947	83,278	(2,331)
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>80,947</u>	<u>80,947</u>	<u>83,278</u>	<u>(2,331)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(36,249)</u>	<u>(36,249)</u>	<u>(36,584)</u>	<u>(335)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	36,249	36,249	37,419	1,170
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>36,249</u>	<u>36,249</u>	<u>37,419</u>	<u>1,170</u>
<i>Net change in fund balance</i>	-	-	835	835
<i>Fund balance - beginning of year</i>	-	-	1,606	1,606
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,441</u>	<u>\$ 2,441</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-16

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, 2012

	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	105,800	105,800	157,404	51,604
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>105,800</u>	<u>105,800</u>	<u>157,404</u>	<u>51,604</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>105,800</u>	<u>105,800</u>	<u>157,404</u>	<u>51,604</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	(105,800)	(105,800)	(23,728)	82,072
<i>Total other financing sources (uses)</i>	<u>(105,800)</u>	<u>(105,800)</u>	<u>(23,728)</u>	<u>82,072</u>
<i>Net change in fund balance</i>	-	-	133,676	133,676
<i>Fund balance - beginning of year</i>	-	-	11,476	11,476
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,152</u>	<u>\$ 145,152</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-17

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, 2012

	Budgeted Amounts		Actual (GAAP Basis)	Variances 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	-	-	1,563	1,563
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>493,490</u>	<u>493,490</u>	<u>1,563</u>	<u>(491,927)</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	338,713	338,713	338,713	-
<i>Total expenditures</i>	<u>539,213</u>	<u>539,213</u>	<u>539,213</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(45,723)</u>	<u>(45,723)</u>	<u>(537,650)</u>	<u>(491,927)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(493,490)	(493,490)	-	493,490
Transfers in	539,213	539,213	539,213	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>45,723</u>	<u>45,723</u>	<u>539,213</u>	<u>493,490</u>
<i>Net change in fund balance</i>	-	-	1,563	1,563
<i>Fund balance - beginning of year</i>	-	-	649,342	649,342
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 650,905</u>	<u>\$ 650,905</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-18

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, 2012

	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	-	-	2,073	2,073
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>2,073</u>	<u>2,073</u>
<i>Expenditures</i>				
Current				
General government	10,686	10,686	53,309	(42,623)
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	448,555	448,555	751,080	(302,525)
Interest	267,917	267,917	243,653	24,264
<i>Total expenditures</i>	<u>727,158</u>	<u>727,158</u>	<u>1,048,042</u>	<u>(320,884)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(727,158)</u>	<u>(727,158)</u>	<u>(1,045,969)</u>	<u>(318,811)</u>
<i>Other financing sources (uses)</i>				
Proceeds from notes payable	-	-	3,355,652	3,355,652
Cash to escrow account - refinancing	-	-	(3,355,652)	(3,355,652)
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	727,158	727,158	1,090,029	362,871
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>727,158</u>	<u>727,158</u>	<u>1,090,029</u>	<u>362,871</u>
<i>Net change in fund balance</i>	-	-	44,060	44,060
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>775,679</u>	<u>775,679</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 819,739</u>	<u>\$ 819,739</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-19

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, 2012

	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	-	-	12,931	12,931
Miscellaneous	34,367	34,367	34,367	-
<i>Total revenues</i>	<u>34,367</u>	<u>34,367</u>	<u>47,298</u>	<u>12,931</u>
<i>Expenditures</i>				
Current				
General government	4,700	8,873	4,673	4,200
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	345,000	345,000	345,000	-
Interest	99,655	99,655	99,655	-
<i>Total expenditures</i>	<u>449,355</u>	<u>453,528</u>	<u>449,328</u>	<u>4,200</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(414,988)</u>	<u>(419,161)</u>	<u>(402,030)</u>	<u>17,131</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(34,367)	(30,194)	-	30,194
Transfers in	449,355	449,355	449,355	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>414,988</u>	<u>419,161</u>	<u>449,355</u>	<u>30,194</u>
<i>Net change in fund balance</i>	-	-	47,325	47,325
<i>Fund balance - beginning of year</i>	-	-	550,476	550,476
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 597,801</u>	<u>\$ 597,801</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-20

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, 2012

	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	-	6,160	4,524	(1,636)
State capital grants	-	683	-	(683)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>6,843</u>	<u>4,524</u>	<u>(2,319)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	6,843	4,650	2,193
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>6,843</u>	<u>4,650</u>	<u>2,193</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(126)</u>	<u>(126)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	684	684
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>684</u>	<u>684</u>
<i>Net change in fund balance</i>	-	-	558	558
<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>\$ 558</u>	<u>\$ 558</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-21

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, 2012

	Budgeted Amounts		Actual	Variences
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
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-22

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, 2012

	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	-	114,000	114,000	-
State operating grants	-	-	-	-
State capital grants	-	259,779	259,779	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>373,779</u>	<u>373,779</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	19,623	89,291	(69,668)
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	169,617	625,699	(456,082)
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>189,240</u>	<u>714,990</u>	<u>(525,750)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>184,539</u>	<u>(341,211)</u>	<u>(525,750)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	(184,539)	-	184,539
Transfers in	-	-	33,510	33,510
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(184,539)</u>	<u>33,510</u>	<u>218,049</u>
<i>Net change in fund balance</i>	-	-	(307,701)	(307,701)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>286,667</u>	<u>286,667</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (21,034)</u>	<u>\$ (21,034)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-23

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, 2012

	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	-	324,108	332,706	(8,598)
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>324,108</u>	<u>332,706</u>	<u>(8,598)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(324,108)</u>	<u>(332,706)</u>	<u>(8,598)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	(9,115)	-	9,115
Transfers in	-	333,223	333,223	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>324,108</u>	<u>333,223</u>	<u>9,115</u>
<i>Net change in fund balance</i>	-	-	517	517
<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>\$ 517</u>	<u>\$ 517</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-24

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, 2012

	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	-	-	-	-
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	-	143,382	152,006	(8,624)
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>143,382</u>	<u>152,006</u>	<u>(8,624)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(143,382)</u>	<u>(152,006)</u>	<u>(8,624)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	(4,928)	-	4,928
Transfers in	-	148,310	152,006	3,696
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>143,382</u>	<u>152,006</u>	<u>8,624</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-25

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, 2012

	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	-	-	11,883	(11,883)
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>11,883</u>	<u>(11,883)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(11,883)</u>	<u>(11,883)</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>	-	-	(11,883)	(11,883)
<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>\$ (11,883)</u>	<u>\$ (11,883)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-26

City of Belen

Wastewater Proprietary Fund

Statement of Revenues, Expenses and Changes in Net Assets

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2012

	Budget Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Operating revenues</i>				
Charges for services	\$ 927,500	\$ 927,500	\$ 1,087,879	\$ 160,379
<i>Total operating revenues</i>	927,500	927,500	1,087,879	160,379
<i>Operating expenses</i>				
Personnel services	292,645	292,645	234,551	58,094
Utilities	140,200	140,200	153,340	(13,140)
Contractual services	78,000	78,000	77,223	777
Supplies	34,400	34,400	39,635	(5,235)
Maintenance and materials	54,350	54,350	60,680	(6,330)
Gross receipts taxes	46,000	46,000	51,769	(5,769)
Other costs	-	-	1,462	(1,462)
<i>Total operating expenses</i>	645,595	645,595	618,660	26,935
<i>Operating income (loss)</i>	281,905	281,905	469,219	187,314
<i>Non-operating revenues (expenses)</i>				
Gross receipts taxes	-	-	-	-
Interest expense	-	-	-	-
Interest income	-	-	-	-
Miscellaneous income	-	-	1,995	1,995
<i>Total non-operating revenues (expenses)</i>	-	-	1,995	1,995
Government contributions	-	-	-	-
Transfers in	-	125,200	125,199	(1)
Transfers (out)	(274,975)	(274,975)	(378,927)	(103,952)
<i>Change in net assets</i>	\$ 6,930	\$ 132,130	217,486	\$ 85,356
<i>Revenues (expenses) not budgeted:</i>				
Depreciation			(645,190)	
<i>Change in net assets per Exhibit D-2</i>			(427,704)	
<i>Total net assets, beginning of year</i>			15,288,103	
<i>Total net assets, end of year</i>			\$ 14,860,399	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-27

City of Belen

Water Proprietary Fund

Statement of Revenues, Expenses and Changes in Net Assets

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2012

	Budget Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Operating revenues</i>				
Charges for services	\$ 1,289,016	\$ 1,289,016	\$ 1,512,832	\$ 223,816
<i>Total operating revenues</i>	<u>1,289,016</u>	<u>1,289,016</u>	<u>1,512,832</u>	<u>223,816</u>
<i>Operating expenses</i>				
Personnel services	323,279	323,279	354,782	(31,503)
Utilities	177,406	177,406	227,045	(49,639)
Contractual services	94,208	94,208	91,443	2,765
Supplies	92,000	92,000	82,287	9,713
Maintenance and materials	408,385	408,385	29,457	378,928
Gross receipts taxes	70,144	70,144	72,268	(2,124)
Other costs	37,332	36,742	35,203	1,539
<i>Total operating expenses</i>	<u>1,202,754</u>	<u>1,202,164</u>	<u>892,485</u>	<u>309,679</u>
<i>Operating income (loss)</i>	<u>86,262</u>	<u>86,852</u>	<u>620,347</u>	<u>533,495</u>
<i>Non-operating revenues (expenses)</i>				
Gross receipts taxes	160,000	160,000	181,151	21,151
Interest expense	(69,392)	-	(4,623)	(4,623)
Interest income	736	736	642	(94)
Gain on sale of fixed assets	-	-	5,646	5,646
Gain on sale of water rights	34,313	1,263,614	1,258,307	(5,307)
Miscellaneous income	-	-	1,070	1,070
<i>Total non-operating revenues (expenses)</i>	<u>125,657</u>	<u>1,424,350</u>	<u>1,442,193</u>	<u>17,843</u>
Government contributions	32,425	-	-	-
Transfers in	80,702	-	-	-
Transfers (out)	(194,273)	(923,574)	(1,120,927)	(197,353)
<i>Change in net assets</i>	<u>\$ 130,773</u>	<u>\$ 587,628</u>	<u>941,613</u>	<u>\$ 353,985</u>
<i>Revenues (expenses) not budgeted:</i>				
Depreciation			(184,458)	
<i>Change in net assets per Exhibit D-2</i>			757,155	
<i>Total net assets, beginning of year</i>			<u>5,745,785</u>	
<i>Total net assets, end of year</i>			<u>\$ 6,502,940</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-28

City of Belen

Solid Waste Proprietary Fund

Statement of Revenues, Expenses and Changes in Net Assets

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2012

	Budget Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Operating revenues</i>				
Charges for services	\$ 1,134,468	\$ 1,140,468	\$ 1,198,945	\$ 58,477
<i>Total operating revenues</i>	<u>1,134,468</u>	<u>1,140,468</u>	<u>1,198,945</u>	<u>58,477</u>
<i>Operating expenses</i>				
Personnel services	39,030	39,030	44,195	(5,165)
Utilities	5,520	5,520	7,282	(1,762)
Contractual services	1,064,860	1,064,860	1,007,004	57,856
Supplies	1,970	1,970	4,544	(2,574)
Maintenance and materials	5,176	5,176	13,262	(8,086)
Gross receipts taxes	57,000	57,000	59,401	(2,401)
Other costs	4,000	4,000	4,635	(635)
<i>Total operating expenses</i>	<u>1,177,556</u>	<u>1,177,556</u>	<u>1,140,323</u>	<u>37,233</u>
<i>Operating income (loss)</i>	<u>(43,088)</u>	<u>(37,088)</u>	<u>58,622</u>	<u>95,710</u>
<i>Non-operating revenues (expenses)</i>				
Gross receipts taxes	81,859	81,859	113,481	31,622
Interest expense	-	-	-	-
Interest income	-	-	-	-
Gain on sale of fixed asset	-	-	1,861	1,861
Miscellaneous income	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	<u>81,859</u>	<u>81,859</u>	<u>115,342</u>	<u>33,483</u>
Government contributions	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Change in net assets</i>	<u>\$ 38,771</u>	<u>\$ 44,771</u>	<u>173,964</u>	<u>\$ 129,193</u>
<i>Revenues (expenses) not budgeted:</i>				
Depreciation			<u>(7,834)</u>	
<i>Change in net assets per Exhibit D-2</i>			<u>166,130</u>	
<i>Total net assets, beginning of year</i>			<u>(217,370)</u>	
<i>Total net assets, end of year</i>			<u>\$ (51,240)</u>	

The accompanying notes are an integral part of these financial statements

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
City of Belen
Schedule of Deposit and Investment Accounts
June 30, 2012

Schedule I

Bank Name/Account Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
Wells Fargo Bank					
General Fund	Checking	\$ 4,600,811	\$ 23,496	\$ 138,937	\$ 4,485,370
General 1/12th	Checking	1,034,988	-	-	1,034,988
Certificate of Deposit - Investment	CD	500,000	-	-	500,000
Total Wells Fargo Bank		<u>6,135,799</u>	<u>23,496</u>	<u>138,937</u>	<u>6,020,358</u>
My Bank					
Meter Deposits	Checking	101,901	-	-	101,901
Total My Bank		<u>101,901</u>	<u>-</u>	<u>-</u>	<u>101,901</u>
US Bank					
Certificate of Deposit - Investment	CD	200,000	-	-	200,000
Certificate of Deposit - Investment	CD	560,619	-	-	560,619
Total US Bank		<u>760,619</u>	<u>-</u>	<u>-</u>	<u>760,619</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>
First Community Bank					
Belen Firetruck Reserve	Checking	100	-	-	100
Total First Community Bank		<u>100</u>	<u>-</u>	<u>-</u>	<u>100</u>
New Mexico Finance Authority - Cash					
	State Treasurer				
NMFA Reserve Accounts	Debt Service	579,804	-	-	579,804
Total New Mexico Finance Authority		<u>579,804</u>	<u>-</u>	<u>-</u>	<u>579,804</u>
Total deposits and investments		<u>\$ 7,810,223</u>	<u>\$ 23,496</u>	<u>\$ 138,937</u>	7,694,782
Plus: petty cash					848
Less: restricted cash and cash equivalents per Exhibit A-1					936,204
Less: restricted investments - Exhibit A-1					432,000
Less: investments per Exhibit A-1					1,060,619
Cash and cash equivalents per Exhibit A-1					<u>\$ 5,266,807</u>

See independent auditors' report

STATE OF NEW MEXICO

Schedule II

City of Belen

Schedule of Collateral Pledged By Depository for Public Funds

June 30, 2012

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value at June 30, 2012	Name and Location of Safekeeper
Wells Fargo Bank					
	FNMA FNMS	1/1/2041	3138A2MN6	\$ 52,369	BNY Mellon, New York, NY
	FNMA FNMS	1/1/2041	3138A2WW5	4,646	BNY Mellon, New York, NY
	FNMA FNMS	1/1/2041	3138A3S65	37,846	BNY Mellon, New York, NY
	FNMA FNMS	2/1/2041	3138A54P4	246,182	BNY Mellon, New York, NY
	FNMA FNMS	3/1/1941	3138A8RD0	56,581	BNY Mellon, New York, NY
	FNMA FNMS	4/1/2041	3138AEJH7	45,455	BNY Mellon, New York, NY
	FNMA FNMS	10/1/2026	3138AXCM1	33,677	BNY Mellon, New York, NY
	FNMA FNMS	3/1/2041	31419BCT0	488,219	BNY Mellon, New York, NY
	Total Wells Fargo Bank			<u>964,975</u>	
US Bank					
	FNMA FNCL POOL	9/1/2036	31410PWP4	<u>614,684</u>	Federal Home Loan Bank, Dallas, Texas
	Total US Bank			<u>614,684</u>	
Bank of Albuquerque					
	FNR 2009-53	11/25/2026	31396QES4	<u>165,158</u>	Federal Home Loan Bank, Dallas, Texas
	Total Bank of Albuquerque			<u>165,158</u>	
	Total Pledged Collateral			<u>\$ 1,744,817</u>	

See independent auditors' report

(This page intentionally left blank)

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, 2012, 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, 2012. 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, 2012 as listed in the table of contents, and have issued our report thereon dated November 19, 2012. 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

Management of the City is responsible for establishing and maintaining effective 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 responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 responses as items FS 2007-02, 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 deficiencies described as FS 2009-01, FS 2012-01 and FS 2012-03 in the accompanying schedule of findings and responses to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items FS 2009-04 and FS 2012-04.

We noted a certain matter that is required to be reported pursuant to *Government Auditing Standards* paragraphs 5.14 and 5.16, and Section 12-6-5, NMSA 1978, which is described in the accompanying schedule of findings and responses as item FS 2012-02.

The City’s responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. 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, 2012

(This page intentionally left blank)

STATE OF NEW MEXICO
City of Belen
Schedule of Findings and Responses
June 30, 2012

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? | Yes |

STATE OF NEW MEXICO
City of Belen
Schedule of Findings and Responses
June 30, 2012

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 2009-01	PERA Reports and General Ledger	Modified and 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 2011-01	Accrual of Excess Compensated Absences	Resolved, not repeated
FS 2011-02	Lack of Approved Audit Contract	Resolved, not repeated

Federal Award Findings

FA 2011-01	Deficiencies in Internal Control Structure Design, Operation and Oversight – Procurement Manual that Incorporates Federal Requirements	Resolved, not repeated
FA 2011-02	Failure to Record Federal Expenditures and Related Revenue	Resolved, not repeated

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 Accounting Standards Board Statement on Auditing Standards No. 115, 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. 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. The City will look into training opportunities on financial statement preparation.

Section III – Findings - Financial Statement Audit (continued)

FS 2009-01 PERA Report Preparation (Significant Deficiency)

Condition: Contribution Remittance reports filed with PERA during the year ended June 30, 2012 were not properly completed. The reports only included the total amount due to PERA for employer and employee contributions, and did not report total wages subject to PERA.

Criteria: Per NMAC 2.2.2.10 G (7), 100% of payroll must be reported to PERA.

Effect: The City is not in compliance with Public Employees Retirement Act reporting requirements.

Cause: The City is unable to generate a report showing the total wages subject to PERA for inclusion on the reports submitted.

Auditors' Recommendation: We recommend that the City develop a report to calculate the total wages subject to PERA for inclusion on submitted reports.

Agency's Response: The City will work with our software provider on developing the report needed to submit to PERA.

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, 2012.

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 (Noncompliance)

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

<u>Governmental Funds</u>	
General Fund	\$ 289,211
Parks and Recreation Special Revenue Fund	16,389
1/8% GRT Infrastructure Special Revenue Fund	4,661
1/2% GRT Infrastructure Special Revenue Fund	8,533
Jail Special Revenue Fund	29,784
Martin Luther King Special Revenue Fund	110
RSVP Special Revenue Fund	2,331
Debt Service Fund	320,884
Becker Avenue Capital Projects Fund	525,750
Camino Del Llano Capital Projects Fund	8,598
Christopher Road Capital Projects Fund	8,624
CDBG W&S Capital Projects Fund	11,883

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

Designated cash appropriations exceeded available balances in the following funds:

<u>Governmental Funds</u>	
EMS Rescue Special Revenue Fund	\$ 6,667
½% GRT Infrastructure Special Revenue Fund	202,706

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.

Section III – Findings - Financial Statement Audit (continued)

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

Agency's Response: All City fund are approved by the City Council upon the budget approval process. All funds are monitored monthly to ensure that sufficient cash is available.

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 Clerk and Accounts Payable Clerk both have access to all modules in the accounting system used in the cash disbursement process.
- The Finance Clerk and the Accounts Payable Clerk are able to make changes to the vendor master file. These changes are not reviewed or approved.
- Manual journal entries are prepared and posted by the Finance Clerk without independent review.
- Bank reconciliations are prepared by the Finance Clerk without independent review.
- 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 Clerk Specialist III and are not reviewed.
- Changes and adjustments to the customer master records are not required to be reviewed after entry into the system.
- Inadequate segregation of duties at the Municipal Court results in one individual often being responsible for all aspects of a court case, including input of data and collection of funds.
- The backup media used for storing backups of City data in case of disaster or data loss is at capacity.
- No capital asset inventory was conducted in the current fiscal year.
- In two deposits totaling \$1,117.74 out of eight deposits tested totaling \$3,172.26, the City did not keep deposit receipts and slips to be matched to the Payment Register.
- Two deposits totaling \$156.49 out of eight deposits tested totaling \$3,172.26 were not deposited within 24 hours of receipt.
- In one disbursement for \$916.07 out of five disbursements tested totaling \$2,609.38, documentation of obtaining two oral quotes, as required by City policy for disbursements between \$500 and \$1,500, was not included. This check paid three separate invoices, for \$916.07, \$398.93, and \$274.83, of which two included a signature evidencing receipt of services, while the third did not. One of the three purchase orders was signed for approval by an individual outside of the Finance Department and showed no evidence of Finance Department approval.
- During testwork over checks that cleared the bank, we noted that the Caselle accounting system allowed a single check number to be reissued although the check had previously been voided.
- In one check written for \$435.00 out of 25 transactions tested totaling \$66,411.30, the purchase order was approved after the work was performed by the vendor. At the time the services were obtained, there was no approved purchase order.
- In testwork over 230 voided and missing checks, we noted 89 checks voided in the system that were not properly defaced; 2 checks that were voided physically but not voided in the system; 2 checks that were not voided and did clear the bank, but were included in the voided check listing; and 3 checks that were voided in the system but were issued and cleared the bank.

Section III – Findings - Financial Statement Audit (continued)

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

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.
- (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.

Section III – Findings - Financial Statement Audit (continued)

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

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: City Management is currently developing a Procedural Plan to establish an internal control structure that requires division of duties. The plan will establish approval requirements for adjustments to the customer lists, vendor lists, and any other master files. The Plan shall provide details on segregation of duties and recording procedures.

The City will look into acquiring the needed Back-ups for our Data Storage Issue.

The City will require that a Capital Asset Inventory be done on a yearly basis.

The Finance staff will review the City’s Procurement Policy regularly to ensure that proper procedures are being followed when a purchase order is requested.

FS 2012-01 Accrued Vacation Calculations (Significant Deficiency)

Condition: During testwork over accrued compensation accruals, we noted that, in one employee out of five tested, hours totaling 92.25 were accrued for a partial year’s employment, while 73.85 hours should have been accrued.

Criteria: Per the City’s accrued vacation policies, an employee in the first year of employment should accrue 4.62 hours of compensated vacation time per pay period.

Effect: The City’s calculation of accrued vacation hours is incorrect and could result in overpayment of vacation accrual and a misstatement in the liability account at year-end.

Cause: An error in the employee input resulted in accrual of 6.15 hours per pay period instead of 4.62 hours per pay period. The error was not caught during review of payroll checks issued.

Auditors’ Recommendation: We recommend that accrued compensation accruals be reviewed on a regular basis.

Agency’s Response: The Payroll Department will review accrued compensation accruals quarterly.

Section III – Findings - Financial Statement Audit (continued)

FS 2012-02 Stale Dated Transaction Not Cancelled (Other Matter)

Condition: The City is in violation of state statutes regarding stale-dated checks. The City maintained one check in the general fund that was over one year old at June 30, 2012, for \$28.50.

Criteria: Chapter 7 Article 8A, NMSA 1978, and related regulations require that the City provide information about the payees and the related funds to Unclaimed Property Division of the New Mexico Taxation and Revenue Department for outstanding checks that were distributed but not cashed within one year.

Effect: Carrying numerous bank reconciling items could result in a misstatement in the accounting records or related misappropriation of funds.

Cause: The City did not implement an internal control policy to account for stale dated outstanding checks and did not clear these checks on a timely basis.

Auditors' Recommendations: We recommend that the City implement a procedure to review the outstanding check listings for all bank accounts and track stale-dated checks. If checks on the outstanding check listings are greater than one year old we recommend these checks be voided. Also, we recommend that the City provide the information to the Property Division of the New Mexico Taxation and Revenue Department as required.

Agency's Response: The Finance Clerk will void out any stale dated checks older than 6 months out of the system monthly when Bank Reconciliations are done.

FS 2012-03 Controls over Physical and Virtual Access not Implemented (Significant Deficiency)

Condition: The Information Technology Department was not notified of the termination of an employee in a timely fashion. The employee's physical and virtual access to City property and information was not properly cancelled prior to the employee leaving the City's employ. The employee took a City laptop containing proprietary data and did not return the laptop for a period of months, at which time the data had been wiped from the hard drive.

Criteria: Safeguarding public assets and information is a primary responsibility of the City.

Effect: City assets and/or data could be misappropriated.

Cause: The Human Resources Department did not follow City policy in notifying the Information Technology Department of the termination and the need to cancel the individual's access and retrieve technological equipment from the individual.

Auditors' Recommendations: We recommend that all departments be reminded of the necessity of following City policies and procedures, including those for notification of appropriate personnel at termination of employment.

Agency's Response: The HR Department will insure that proper procedures detailed in the City's IT Policy are followed when any employee status has changes or been terminated upon notification.

Section III – Findings - Financial Statement Audit (continued)

FS 2012-04 Missing and Incomplete Procurement Documentation (Noncompliance)

Condition: In testwork over nine bid and procurement transactions provided by the City, we noted the following:

- In one file, the bid was not properly accompanied by an award letter or notice to bidder in order to show that the winning bid was properly selected.
- In two files, the notice to the winning bidder was not sent in a timely fashion; more than three weeks elapsed between the awarding of the bid and the mailing of the notice to bidder.
- In one file, there was no campaign contribution disclosure form.
- In one file, we could not locate the winning bid and were unable to confirm that the bid was properly awarded to the lowest bidder.
- One file did not include supporting documentation for the proposals submitted or bid tabulations documenting the lowest bidder.
- One file did not include evidence of the solicitation of sealed bids, the publication of an invitation for bids, or the bid from the vendor that received the contract.

Criteria: 2006 New Mexico Statutes Annotated Sections 13-1-1 to 13-1-199, effective May 17, 2006, Chapter 81, Laws of 2006 includes the requirements for state agencies and local public bodies in the State of New Mexico regarding procurement and is also referred to as the State of New Mexico Procurement Code. The regulations include the following requirements:

- A contract solicited by competitive sealed bids shall be awarded with reasonable promptness by written notice to the lowest responsible bidder.
- Any prospective contractor seeking to enter into a contract with any state agency or local public body is to file a “Campaign Contribution Disclosure Form” with that state agency or local public body.
- The amount of each bid and each bid item, if appropriate, and such other relevant information as may be specified by the state purchasing agent or a central purchasing office, together with the name of each bidder, shall be recorded, and the record and each bid shall be open to public inspection.
- An invitation for bids or a notice thereof shall be published not less than ten calendar days prior to the date set forth for the opening of bids.

The above requirements apply also to contracts for professional services solicited through competitive sealed proposals.

Effect: The City is not in compliance with the State of New Mexico Procurement Code and does not have supporting documentation for some contracts entered into by the City.

Cause: The Procurement Department of the City did not retain all required information and documentation.

Auditors’ Recommendations: We recommend that City staff receive training on the Procurement Code and review all procurement files for required information and documentation.

Agency’s Response: The City will ensure that proper procurement procedures are followed by requiring staff to review the NM Procurement Code and receive additional training as needed. The Procurement Clerk will review all documents upon completion for compliance.

STATE OF NEW MEXICO

City of Belen
Other Disclosures
June 30, 2012

OTHER DISCLOSURES

Exit Conference

An exit conference was held on November 19, 2012. In attendance were the following:

Representing the City of Belen:

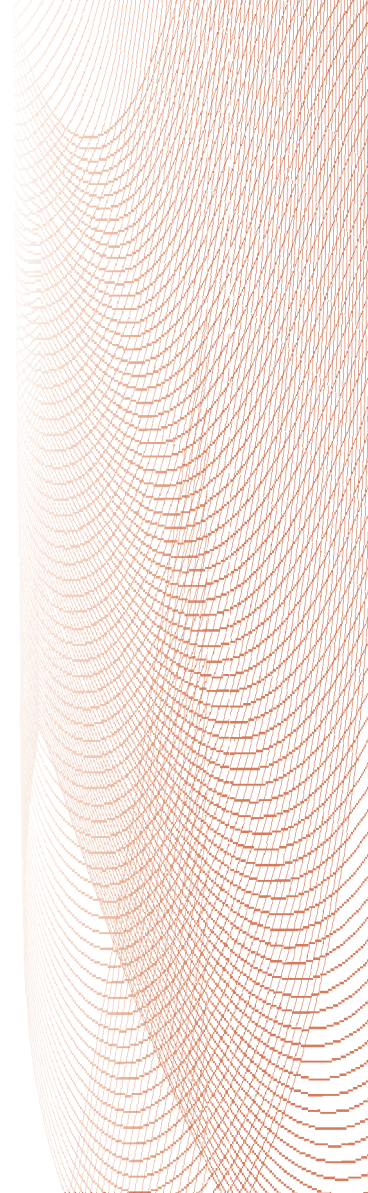
Mary Lucy Baca	City Manager
David Carter	City Councilor
Wayne Gallegos	Mayor Pro-Tem
Roseann Peralta	Finance Clerk
Elena L. Garcia	Accounts Payable Clerk
Steven Tomita	Planning & Zoning Director

Representing Accounting & Consulting Group, LLP:

Robert Cordova, CPA	Manager
Gwen Mansfield-Vogt Raley, CPA	Senior Accountant

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.



www.acgnm.com