



STATE OF NEW MEXICO

City of Belen

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2016

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City of Belen
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June 30, 2016**

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**STATE OF NEW MEXICO
City of Belen
Official Roster
June 30, 2016**

CITY COUNCIL

Jera Cordova Mayor
Darleen Aragon..... Councilor
Frank F. Ortega..... Councilor
David Carter..... Councilor
Wayne Gallegos..... Councilor

ADMINISTRATIVE OFFICIALS

Leona Vigil City Manager
Roseann Peralta Finance Director
Elena GarciaAccounts Payable Clerk

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FINANCIAL SECTION



Southwest Accounting Solutions, LLC

Auditors ~ Business Consultants ~ CPA

INDEPENDENT AUDITORS' REPORT

Honorable Tim Keller
New Mexico State Auditor
The City Council
City of Belen
Belen, New Mexico

Report on Financial Statements

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 comparisons for the general fund and the major special revenue funds of the City of Belen (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements 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 budgetary comparisons for all nonmajor funds, major capital projects funds and the proprietary funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2016, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinion 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 in accordance with 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, and accordingly, no such opinion is expressed.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

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, 2016, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparison for the general fund and major special revenue funds for the year then ended in accordance 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, 2016, and the respective changes in financial position, and the respective budgetary comparisons for the major capital projects funds and all nonmajor governmental funds, and the proprietary funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management 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 Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Accounting principles generally accepted in the United States of America require that Schedule I and Schedule II and the Notes to the Schedule of Required Supplementary Information on pages 64-70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purposes of forming opinions on the City's financial statements, the combining and individual fund financial statements and the budgetary comparisons. The Supporting Schedules III through VI required by Section 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Supporting Schedules III through V required by Section 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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 basic financial statements or to the financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, Schedules III through V are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and the Schedule VI have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2016 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* in considering the City's internal control over financial reporting and compliance.

Southwest Accounting Solutions, LLC

Southwest Accounting Solutions, LLC
Albuquerque, New Mexico
November 3, 2016

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
City of Belen
Statement of Net Position
June 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 2,441,441	\$ 2,206,482	\$ 4,647,923
Receivables:			
Property taxes	29,497	-	29,497
Other taxes	727,740	20,126	747,866
Other receivables, net	882,436	-	882,436
Customer receivables, net	-	431,096	431,096
Due from other funds	-	727,884	727,884
Prepaid Expenses	-	1,000	1,000
Total current assets	4,081,114	3,386,588	7,467,702
Noncurrent assets			
Restricted cash	3,263,345	460,758	3,724,103
Customer deposits	-	207,592	207,592
Bond discounts, net of accumulated amortization of \$47,721	104,258	-	104,258
Bond insurance, net of accumulated amortization of \$36,485	37,854	-	37,854
Capital assets	95,577,897	41,494,497	137,072,394
Less: Accumulated Depreciation	(59,419,644)	(21,643,483)	(81,063,127)
Total noncurrent assets	39,563,710	20,519,364	60,083,074
Deferred outflows of resources			
Employer contributions subsequent to the measurement date	759,679	118,265	877,944
Total deferred outflows	759,679	118,265	877,944
Total assets, and deferred outflows of resources	\$ 44,404,503	\$ 24,024,217	\$ 68,428,720

See Independent Auditors' Report and Notes to Financial Statements

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current Liabilities			
Accounts payable	\$ 492,815	\$ 393,881	\$ 886,696
Accrued salaries and benefits	183,045	59,644	242,689
Customer deposits	-	207,592	207,592
Accrued interest	-	2,415	2,415
Due to other funds	727,884	-	727,884
Current portion of loans payable	1,353,507	12,392	1,365,899
Compensated absences	150,213	-	150,213
Total current liabilities	2,907,464	675,924	3,583,388
Noncurrent liabilities			
Meter deposits			
Loans payable	11,182,069	82,706	11,264,775
Accrued Interest Payable	38,208		38,208
Accrued compensated absences	-	44,737	44,737
Bond premiums, net of accumulated amortization of \$96,596	8,128	-	8,128
Landfill closure liability	-	261,494	261,494
Net Pension liability	4,872,881	736,709	5,609,590
Total noncurrent liabilities	16,101,286	1,125,646	17,226,932
Total Liabilities	19,008,750	1,801,570	20,810,320
Deferred inflows of resources			
Net difference between expected and actual earnings	145,168	61,340	206,508
Change in experience	22,913	31,531	54,444
Total deferred inflows of resources	168,081	92,871	260,952
Net Position			
Net investment in capital assets	36,158,253	19,851,014	56,009,267
Restricted for:			
Debt Service	2,714,372	-	2,714,372
Capital projects	860,990	-	860,990
Special Revenue	741,266		741,266
Security deposits		207,592	207,592
Unrestricted	(15,247,209)	2,071,170	(13,176,039)
Total net position	25,227,672	22,129,776	47,357,448
Total liabilities, deferred inflows of resources, and net position	\$ 44,404,503	\$ 24,024,217	\$ 68,428,720

STATE OF NEW MEXICO
City of Belen
Statement of Activities
For the Year Ended June 30, 2016

<u>Functions and 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	\$ 2,523,731	\$ 51,602	\$ 223,528	\$ -
Public Safety	4,403,055	971	235,513	-
Public Works	1,576,931	-		6,873,272
Culture and Recreation	941,804	75,284	-	-
Health and welfare	93,476	-	42,175	-
Interest on Long-Term Debt	492,757	-	-	-
Total Governmental Activities	<u>10,031,754</u>	<u>127,857</u>	<u>501,216</u>	<u>6,873,272</u>
Business-Type Activities				
Waste Water	1,312,422	1,239,963	-	-
Water	1,607,343	1,776,890	3,298	-
Solid Waste	1,416,657	1,296,824	-	-
Total Business-Type Activities	<u>4,336,422</u>	<u>4,313,677</u>	<u>3,298</u>	<u>-</u>
Total primary government	<u>\$ 14,368,176</u>	<u>\$ 4,441,534</u>	<u>\$ 504,514</u>	<u>\$ 6,873,272</u>

General Revenues:

Taxes:

Property Taxes levied for general purposes
Gross receipt taxes
Gas taxes
Franchise taxes
Lodgers taxes

Interest income

Miscellaneous Income

Transfers

Subtotal, General Revenues

Change in Net Position

Net Position - beginning

Net Position - restatement (Note 17)

Net Position - as restated

Net Position - ending

See Independent Auditors' Report and Notes to Financial Statements

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

Government Activities	Business- Type Activities	Total
\$ (2,248,601)	\$ -	\$ (2,248,601)
(4,166,571)	-	(4,166,571)
5,296,341	-	5,296,341
(866,520)	-	(866,520)
(51,301)	-	(51,301)
(492,757)	-	(492,757)
(2,529,409)	-	(2,529,409)
-	(72,459)	(72,459)
-	172,845	172,845
-	(119,833)	(119,833)
-	(19,447)	(19,447)
(2,529,409)	(19,447)	(2,548,856)
703,696	-	703,696
6,417,597	352,300	6,769,897
102,821	-	102,821
206,208	-	206,208
53,075	-	53,075
16,369	117	16,486
490,407	-	490,407
325,255	(325,255)	-
8,315,428	27,162	8,342,590
5,786,019	7,715	5,793,734
18,150,698	21,994,391	40,145,089
1,290,955	127,670	1,418,625
19,441,653	22,122,061	41,563,714
\$ 25,227,672	\$ 22,129,776	\$ 47,357,448

STATE OF NEW MEXICO
City of Belen
Balance Sheet
Governmental Funds
June 30, 2016

	<u>General Fund</u>	<u>1/2% GRT Infrastructure Special Revenue Fund</u>	<u>Multi-Purpose Park Capital Project Fund</u>	<u>Camino Del Llano Capital Projects Fund</u>
Assets				
Cash and cash equivalents	\$ 256,727	\$ 20,433	\$ -	\$ -
Restricted cash	1,132,629	-	-	-
Property taxes receivable	29,497	-	-	-
Other taxes receivable	727,740	-	-	-
Other receivables	48,848	175,142	383,394	-
Due from other funds	166,788	-	-	-
Total assets	<u>\$ 2,362,229</u>	<u>\$ 195,575</u>	<u>\$ 383,394</u>	<u>\$ -</u>
Liabilities, deferred inflows of resources and fund balance				
Liabilities				
Accounts payable	\$ 194,916	\$ 5,645	\$ -	\$ -
Accrued salaries and benefits	180,070	-	-	-
Due to other funds	-	-	383,394	175,974
Total liabilities	<u>374,986</u>	<u>5,645</u>	<u>383,394</u>	<u>175,974</u>
Fund balance				
Nonspendable				
Interfund Loans	166,788	-	-	-
Spendable				
Restricted for:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	189,930	-	-
Culture and recreation	-	-	-	-
Debt service expenditures	-	-	-	-
Capital projects	-	-	-	-
Committed to:				
Minimum fund balance	574,142	-	-	-
Unassigned	1,246,313	-	-	(175,974)
Total fund balances	<u>1,987,243</u>	<u>189,930</u>	<u>-</u>	<u>(175,974)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,724,458</u>	<u>\$ 391,150</u>	<u>\$ 766,788</u>	<u>\$ -</u>

See Independent Auditors' Report and Notes to Financial Statements

<u>Christopher Road Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ 65,471	\$ 2,098,810	\$ 2,441,441
-	2,130,716	3,263,345
-	-	29,497
-	-	727,740
-	275,052	882,436
-	-	166,788
<u>\$ 65,471</u>	<u>\$ 4,504,578</u>	<u>\$ 7,511,247</u>
\$ -	\$ 292,254	\$ 492,815
-	2,975	183,045
<u>166,788</u>	<u>168,516</u>	<u>894,672</u>
<u>166,788</u>	<u>463,745</u>	<u>1,570,532</u>
-	-	166,788
-	118,879	118,879
-	162,946	162,946
-	244,409	434,339
-	143,981	143,981
-	2,714,372	2,714,372
-	860,990	860,990
-	-	574,142
<u>(101,317)</u>	<u>(204,744)</u>	<u>764,278</u>
<u>(101,317)</u>	<u>4,040,833</u>	<u>5,940,715</u>
<u>\$ 130,942</u>	<u>\$ 9,009,156</u>	<u>\$ 15,022,494</u>

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Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2016

Total Fund Balance - Governmental Funds \$ 5,940,715

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

The city has unamortized bond discounts and bond issuance costs. These are not current financial resources and therefore, are not reported in the funds:

Bond discounts	104,258
Bond insurance costs	-

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

Capital assets	95,577,897
Less: Accumulated depreciation	(59,419,644)

Interest on long-term debt is not accrued in the fund financial statements unless it is due and payable:

Accrued Interest	(38,208)
------------------	----------

Deferred outflows and inflows relating to pension liabilities are not payable / collected in the current period and therefore are not reported in the fund financial statements. Deferred outflows and inflows consist of the following:

Deferred Outflows	759,679
Deferred Inflows	(168,081)

Long-term and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year end consist of:

Accrued compensated absences	(150,213)
Bond premiums	(8,128)
Bond Insurance Cost	37,854
Loans payable	(12,535,576)
Net pension liability	(4,872,881)

Total net position of governmental activities \$ 25,227,672

STATE OF NEW MEXICO
City of Belen
Statement of Revenues, Expenses, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	General Fund	1/2% GRT Infrastructure Special Revenue Fund	Multi-Purpose Park Capital Project Fund	Camino Del Llano Capital Projects Fund
Revenues				
Property taxes	\$ 703,696	\$ -	\$ -	\$ -
Gross receipt taxes	4,666,275	1,058,964	-	-
Gas tax	48,238	-	-	-
Franchise	206,208	-	-	-
Lodger's	-	-	-	-
State operating grants	223,528	-	-	-
State capital grants	-	-	383,394	893,869
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
Charges for services	51,602	-	-	-
Licenses and fees	127,236	-	-	-
Interest income	3,409	-	-	-
Miscellaneous income	176,365	-	-	-
Total revenue	<u>6,206,557</u>	<u>1,058,964</u>	<u>383,394</u>	<u>893,869</u>
Expenditures				
Current:				
General government	1,867,039	-	-	-
Public safety	3,006,652	-	-	-
Public works	1,051,305	26,505	-	-
Culture and recreation	580,082	-	-	-
Health and welfare	-	-	-	-
Capital outlay	384,626	-	594,848	622,492
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>6,889,704</u>	<u>26,505</u>	<u>594,848</u>	<u>622,492</u>
Excess (deficiency) of revenues over expenditures	<u>(683,147)</u>	<u>1,032,459</u>	<u>(211,454)</u>	<u>271,377</u>
Other financing sources (uses)				
Transfers in	143,000	18,851	-	-
Transfers out	(315,287)	(1,025,624)	-	-
Bonds and notes issued	-	-	-	-
Total other financing sources (uses)	<u>(172,287)</u>	<u>(1,006,773)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(855,434)	25,686	(211,454)	271,377
Fund balance - beginning of year	2,699,291	164,244	(426,504)	(628,319)
Restatement (Note 17)	143,386	-	637,958	180,968
Fund balance - beginning of year, restated	<u>2,842,677</u>	<u>164,244</u>	<u>211,454</u>	<u>(447,351)</u>
Fund balance - end of year	<u>\$ 1,987,243</u>	<u>\$ 189,930</u>	<u>\$ -</u>	<u>\$ (175,974)</u>

See Independent Auditors' Report and Notes to Financial Statements

Christopher Road Capital Projects Fund	Other Governmental Funds	Total
\$ -	\$ -	\$ 703,696
-	692,358	6,417,597
-	54,583	102,821
-	-	206,208
-	53,075	53,075
-	254,693	478,221
-	5,214,417	6,491,680
-	22,995	22,995
-	381,592	381,592
-	76,255	127,857
-	157,568	284,804
-	12,960	16,369
-	29,238	205,603
<u>-</u>	<u>6,949,734</u>	<u>15,492,518</u>
-	46,034	1,913,073
-	331,012	3,337,664
-	117,557	1,195,367
-	133,837	713,919
-	70,858	70,858
106,543	6,716,637	8,425,146
-	1,657,253	1,657,253
-	543,750	543,750
<u>106,543</u>	<u>9,616,938</u>	<u>17,857,030</u>
<u>(106,543)</u>	<u>(2,667,204)</u>	<u>(2,364,512)</u>
-	-	-
-	2,425,709	2,587,560
-	(921,394)	(2,262,305)
-	103,300	103,300
<u>-</u>	<u>1,607,615</u>	<u>428,555</u>
<u>(106,543)</u>	<u>(1,059,589)</u>	<u>(1,935,957)</u>
-	-	-
(84,775)	4,634,810	6,358,747
90,001	465,612	1,517,925
<u>5,226</u>	<u>5,100,422</u>	<u>7,876,672</u>
<u>\$ (101,317)</u>	<u>\$ 4,040,833</u>	<u>\$ 5,940,715</u>

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**Reconciliation of the Statement or Revenues, Expenses and Changes in Fund
Balances - Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2016**

Net Change in Fund Balance - Governmental Funds \$ (1,935,957)

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

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

Capital Expenditures recorded in capital outlay	8,425,146
Depreciation expense	(2,350,743)

Governmental funds report City pension contributions as expenditures. However
in the statement of activities, the cost of pension benefits earned, net of
employee contributions, is reported as pension expense:

City pension contributions	48,105
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Expenses reported in the statement of activities that do not require the use of
current financial resources and therefore are not reported as expenditures in the
governmental funds:

Decrease in accrued interest	50,993
Increase in accrued compensated absences	(3,708)

The issuance of long-term debt (e.g. bonds, notes, 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 position. Also,
governmental funds report the effect of premiums and similar items when debt is
first issued, whereas these amounts are deferred and amortized in the statement
of activities:

Principal payments on bonds and loans payable	1,657,253
Proceeds from debt issuance	(103,300)
Amortization of bond premiums	8,839
Amortization of bond discounts	(6,647)
Amortization of bond issuance costs	(3,962)

Change in Net Position of Governmental Activities	\$ 5,786,019
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STATE OF NEW MEXICO

Exhibit C-1

City of Belen

General Fund

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ 600,000	\$ 702,573	\$ 702,573	\$ -
Gross receipts	4,150,000	4,688,809	4,688,809	-
Gasoline and Motor vehicle	52,000	52,000	48,238	(3,762)
Other	-	-	-	-
Franchise tax	204,000	206,208	206,208	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	320,500	356,667	286,096	(70,571)
State capital grants	-	-	-	-
Charges for services	66,000	66,000	51,602	(14,398)
Licenses and fees	156,800	157,080	127,236	(29,844)
Interest income (loss)	3,000	3,409	3,409	-
Miscellaneous	186,100	203,917	148,768	(55,149)
Total revenue	<u>5,738,400</u>	<u>6,436,663</u>	<u>6,262,939</u>	<u>(173,724)</u>
Expenditures				
Current				
General government	1,171,053	1,499,584	1,988,850	(489,266)
Public safety	3,061,418	3,157,137	3,019,631	137,506
Public works	836,623	1,037,062	1,051,305	(14,243)
Culture and recreation	533,386	552,294	580,082	(27,788)
Capital outlay	208,530	282,431	282,414	17
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>5,811,010</u>	<u>6,528,508</u>	<u>6,922,282</u>	<u>(393,774)</u>
Excess (deficiency) of revenues over expenditures	<u>(72,610)</u>	<u>(91,845)</u>	<u>(659,343)</u>	<u>(567,498)</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	72,610	91,845		
Transfers in	143,000	143,000	143,000	-
Transfers out	(159,057)	(418,057)	(315,287)	102,770
Total other financing sources (uses)	<u>(16,057)</u>	<u>(275,057)</u>	<u>(172,287)</u>	<u>102,770</u>
Net Change in fund balance	(88,667)	(366,902)	(831,630)	(831,630)
Fund balance - beginning of year			2,842,677	2,842,677
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,011,047</u>	<u>\$ 2,011,047</u>
Net change in fund balance (non-GAAP budgetary basis)			(831,630)	
Adjustments to revenue for taxes			15,725	
Adjustment to expenditures for salaries, maintenance, and supplies			(39,529)	
Net Change in fund balance (GAAP basis)			<u>\$ (855,434)</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Exhibit C-2

City of Belen

1/2 GRT Infrastructure Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP	Favorable
			Basis	(Unfavorable)
				Final to Actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	925,000	1,052,073	1,052,073	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>925,000</u>	<u>1,052,073</u>	<u>1,052,073</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	20,500	24,867	(4,367)
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>20,500</u>	<u>24,867</u>	<u>(4,367)</u>
Excess (deficiency) of revenues over expenditures	<u>925,000</u>	<u>1,031,573</u>	<u>1,027,206</u>	<u>4,367</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	(925,000)	(1,031,573)		
Transfers in	72,624	72,624	18,851	(53,773)
Transfers out	(977,114)	(1,122,645)	(1,025,624)	97,021
Total other financing sources (uses)	<u>(904,490)</u>	<u>(1,050,021)</u>	<u>(1,006,773)</u>	<u>43,248</u>
Net Change in fund balance	20,510	-	20,433	20,433
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,433</u>	<u>\$ 20,433</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>20,433</u>	
Adjustments to revenue for taxes			6,891	
Adjustment to expenditures for supplies			(1,638)	
Net Change in fund balance (GAAP basis)			<u>\$ 25,686</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
City of Belen
Statement of Net Position
Proprietary Funds
June 30, 2016

	<u>Wastewater</u>	<u>Water</u>	<u>Solid Waste</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 7,057	\$ 1,317,743	\$ 881,682	\$ 2,206,482
Other receivables	-	-	20,126	20,126
Accounts receivable, net	118,030	196,916	116,150	431,096
Prepaid Expense	-	1,000	-	1,000
Due from other funds	-	727,884	-	727,884
Total current assets	<u>125,087</u>	<u>2,243,543</u>	<u>1,017,958</u>	<u>3,386,588</u>
Noncurrent assets				
Restricted cash and cash equivalents	-	460,758	-	460,758
Customer deposits	-	207,592	-	207,592
Capital Assets	27,029,309	14,136,927	328,261	41,494,497
Less: Accumulated depreciation	(15,409,733)	(6,108,796)	(124,954)	(21,643,483)
Total noncurrent assets	<u>11,619,576</u>	<u>8,696,481</u>	<u>203,307</u>	<u>20,519,364</u>
Deferred outflows of resources				
Employer contributions subsequent to the measurement date	43,914	61,198	13,153	118,265
Total Deferred outflows	<u>43,914</u>	<u>61,198</u>	<u>13,153</u>	<u>118,265</u>
Total assets, and deferred outflows of resources	<u>\$ 11,788,577</u>	<u>\$ 11,001,222</u>	<u>\$ 1,234,418</u>	<u>\$ 24,024,217</u>

	<u>Wastewater</u>	<u>Water</u>	<u>Solid Waste</u>	<u>Total</u>
Liabilities, deferred inflows and net position				
Liabilities				
Accounts payable	\$ 154,970	\$ 105,177	\$ 133,734	\$ 393,881
Accrued salaries and benefits	18,863	30,529	10,252	59,644
Customer Deposits	-	207,592	-	207,592
Accrued interest	-	2,415	-	2,415
Loans payable	-	12,392	-	12,392
Total current liabilities	<u>173,833</u>	<u>358,105</u>	<u>143,986</u>	<u>675,924</u>
Noncurrent liabilities				
Notes payable	-	82,706	-	82,706
Compensated absences	14,861	25,371	4,505	44,737
Landfill closure liability	-	-	261,494	261,494
Net pension liability	223,448	431,772	81,489	736,709
Total noncurrent liabilities	<u>238,309</u>	<u>539,849</u>	<u>347,488</u>	<u>1,125,646</u>
Total Liabilities	<u>412,142</u>	<u>897,954</u>	<u>491,474</u>	<u>1,801,570</u>
Deferred inflows of resources				
Net difference between expected and actual earnings	26,954	31,475	2,911	61,340
Change in assumption	11,866	19,059	606	31,531
Total deferred inflows of resources	<u>38,820</u>	<u>50,534</u>	<u>3,517</u>	<u>92,871</u>
Net position				
Net investment in capital asset	11,619,576	8,028,131	203,307	19,851,014
Restricted for:				
Security deposits	-	207,592	-	207,592
Unrestricted	(281,961)	1,817,011	536,120	2,071,170
Total net position	<u>11,337,615</u>	<u>10,052,734</u>	<u>739,427</u>	<u>22,129,776</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 11,788,577</u>	<u>\$ 11,001,222</u>	<u>\$ 1,234,418</u>	<u>\$ 24,024,217</u>

City of Belen

**Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2016**

	<u>Wastewater</u>	<u>Water</u>	<u>Solid Waste</u>	<u>Total</u>
Operating revenues:				
Charges for services	\$ 1,239,963	\$ 1,776,890	\$ 1,296,824	\$ 4,313,677
Total operating revenues	<u>1,239,963</u>	<u>1,776,890</u>	<u>1,296,824</u>	<u>4,313,677</u>
Operating expenses:				
Depreciation and amortization	663,082	245,859	16,019	924,960
Personnel services	333,657	513,108	136,395	983,160
Contractual services	-	33,182	1,092,506	1,125,688
Supplies	-	3,132	-	3,132
Maintenance and Materials	47,899	390,367	119,705	557,971
Utilities	168,213	147,776	4,750	320,739
Miscellaneous	99,571	270,199	47,282	417,052
Total operating expense	<u>1,312,422</u>	<u>1,603,623</u>	<u>1,416,657</u>	<u>4,332,702</u>
Operating income (loss)	<u>(72,459)</u>	<u>173,267</u>	<u>(119,833)</u>	<u>(19,025)</u>
Non-operating revenues (expense):				
Gross receipts taxes	-	220,705	131,595	352,300
Interest income	-	117	-	117
Interest expense	-	(3,720)	-	(3,720)
Total non-operating revenues (expense)	<u>-</u>	<u>217,102</u>	<u>131,595</u>	<u>348,697</u>
Income (loss) before contributions and transfers	<u>(72,459)</u>	<u>390,369</u>	<u>11,762</u>	<u>329,672</u>
Transfers in	-	1,160,584	113,266	1,273,850
Transfers out	(1,384,630)	(210,475)	(4,000)	(1,599,105)
State and federal operating grants	-	3,298	-	3,298
Total contributions and transfers	<u>(1,384,630)</u>	<u>953,407</u>	<u>109,266</u>	<u>(321,957)</u>
Change in Net Position	<u>(1,457,089)</u>	<u>1,343,776</u>	<u>121,028</u>	<u>7,715</u>
Net Position, beginning of year	13,567,720	7,784,117	642,554	21,994,391
Restatement (Note 17)	<u>(773,016)</u>	<u>924,841</u>	<u>(24,155)</u>	<u>127,670</u>
Net Position - beginning of the year, restated	<u>12,794,704</u>	<u>8,708,958</u>	<u>618,399</u>	<u>22,122,061</u>
Net Position - end of the year	<u>\$ 11,337,615</u>	<u>\$ 10,052,734</u>	<u>\$ 739,427</u>	<u>\$ 22,129,776</u>

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
City of Belen
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

Exhibit D-3

	<u>Wastewater</u>	<u>Water</u>	<u>Solid Waste</u>	<u>Total</u>
Cash flow from operating activities				
Cash received from customers	\$ 1,250,665	\$ 1,863,810	\$ 1,301,384	\$ 4,415,859
Cash payments to employees for services	(366,366)	(598,023)	(139,256)	(1,103,645)
Cash payments to suppliers for goods and services	(272,829)	(820,247)	(1,293,166)	(2,386,242)
Net cash provided from operating activities	<u>611,470</u>	<u>445,540</u>	<u>(131,038)</u>	<u>925,972</u>
Cash flow from noncapital financing activities				
Taxes received	-	220,705	132,511	353,216
Transfers	(1,119,052)	222,225	105,796	(791,031)
Net cash flows provided (used) by noncapital financing activities	<u>(1,119,052)</u>	<u>442,930</u>	<u>238,307</u>	<u>(437,815)</u>
Cash Flows from capital and related financing activities:				
Interest paid		(3,964)	-	(3,964)
Principal payments		(12,028)	-	(12,028)
Acquisition of capital assets	(497,799)	(627,178)	(94,910)	(1,219,887)
Proceeds from capital governmental contributions		3,298	-	3,298
Net cash provided (used) by capital and related financing activities	<u>(497,799)</u>	<u>(639,872)</u>	<u>(94,910)</u>	<u>(1,232,581)</u>
Cash flows from investing activities				
Interest income	-	117	-	117
Net cash provided by investing activities	<u>-</u>	<u>117</u>	<u>-</u>	<u>117</u>
Net increase (decrease) in cash and cash equivalents	(1,005,381)	248,715	12,359	(744,307)
Cash & cash equivalents - beginning of year	1,012,438	1,737,378	869,323	3,619,139
Cash & cash equivalents - end of year	<u>\$ 7,057</u>	<u>\$ 1,986,093</u>	<u>\$ 881,682</u>	<u>\$ 2,874,832</u>
Reconciliation of operating income (loss to net cash provided (used) by operating activities				
Operating income (loss)	\$ (72,459)	\$ 173,267	\$ (119,833)	\$ (19,025)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	663,082	245,859	16,019	924,960
Employer pension contributions	(42,807)	(99,819)	(9,592)	(152,218)
Changes in assets & liabilities:				
Receivables	10,702	74,325	4,560	89,587
Accounts payable	42,854	24,409	(15,709)	51,554
Accrued salaries and benefits	9,416	13,579	6,498	29,493
Compensated absences	682	1,325	233	2,240
Customer deposits	-	12,595	-	12,595
Net change in landfill liability	-	-	(13,214)	(13,214)
Net cash provided (used) by operating activities	<u>\$ 611,470</u>	<u>\$ 445,540</u>	<u>\$ (131,038)</u>	<u>\$ 925,972</u>

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
City of Belen
Notes to the Financial Statements
For the Year Ended June 30, 2016

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 services (police and fire), culture-recreation, public improvements, housing, planning and zoning, highways and streets, public utilities (wastewater, water and solid waste), health and social services, and general administrative services.

The City is a body political 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 accordance 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 more significant of the City's accounting policies are described below.

During the year ended June 30, 2015, the City adopted GASB Statements No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 (“GASB 68”), and No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68 (“GASB 71”). These two Statements are required to be implemented at the same time. GASB 68 addresses accounting and financial reporting for pensions that are provided to the employees of state and local governments through pension plans that are administered through trusts that have the following characteristics:

- A. Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- B. Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.

STATE OF NEW MEXICO
City of Belen
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

- C. Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit plan, plan assets are also legally protected from creditors of the plan members.

GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. As a result of the implementation of GASB 68, the government recognized a net pension liability (“NPL”) measured as of a date no later than the end of its prior fiscal year. If the government employer makes a contribution to the pension plan subsequent to the measurement date but prior to the end of the current fiscal year, GASB 68 requires the government to recognize that contribution as a deferred outflow of resources. In addition, GASB 68 requires the recognition of deferred outflows of resources and deferred inflows of resources for changes in the NPL that arise from other types of events, but does not require the government to recognize beginning deferred outflows of resources or deferred inflows of resources if the amounts are not practical to estimate.

This pronouncement has materially impacted the financial statements and additional disclosures are included in the notes to the financial statements to highlight the effects of adopting this statement.

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. 14 as amended by GASB Statements No. 39 and No. 61. Blended component units, although legally separate entities, are in substance part of the government's operations.

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, No. 39 and No. 61.

STATE OF NEW MEXICO
City of Belen
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position 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 Position 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 Position, 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 Position is reported in three parts-net investments in capital assets; restricted net position; and unrestricted net position.

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes 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 to be available if they are collected within 60

STATE OF NEW MEXICO
City of Belen
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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. 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. 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.

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 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 allocated to separate functions on the Statement of Activities. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

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.

The City reports the following major governmental funds:

Governmental funds include:

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 *1/2% GRT Infrastructure Special Revenue Fund* is used 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 2005 and 2008. Authorized by the City Council.

STATE OF NEW MEXICO
City of Belen
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

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

The *Multi-Purpose Park Capital Projects Fund* accounts for the resources accumulated and payments made for the principal and interest on general long-term debt for governmental funds. Authorized by the City Council.

The *Camino Del Llano Capital Projects Fund* accounts for various grant and other revenues used for the Camino Del Llano Capital Projects Fund. Authorized by the City Council.

The *Christopher Road Capital Projects Fund* accounts for the revenues and expenses related to infrastructure improvement projects. Authorized by the City Council.

The City reports the following 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.

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.

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, Net Position and Fund Balance

Cash and Cash Equivalents: 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, interest-bearing savings accounts, certificates of deposit, bonds or other obligations of the U.S. Government that are guaranteed as to principal and interest by the U.S. government and the State Treasurer's Investment Pool.

STATE OF NEW MEXICO
City of Belen
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, Net Position and Fund Balance (continued)

Receivables and Payables: Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds or internal balances” (i.e., the current portion of interfund loans) or “advances to/from other funds or internal balances” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

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

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

Prepaid Items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and proprietary financial statements. As of June 30 2016 the City had no prepaid expenses.

Capital Assets: Capital assets, which include property, plant, utility systems, 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. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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.

STATE OF NEW MEXICO
City of Belen
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, Net Position and Fund Balance (continued)

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

Accrued Expenses: Accrued expenses are comprised of payroll expenditures based on amounts earned by the employees through June 30, 2016, along with applicable PERA and Retiree Health Care.

Unearned Revenues: Accounting principles generally accepted in the United States of America require that grant revenue be recognized at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as unearned revenues. In addition, property taxes receivable but uncollected within sixty (60) days of year-end are classified as unearned revenue. The City did not have material unearned revenues as of June 30, 2016.

Deferred Outflows of Resources Related to Pension: In addition to assets, the statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The City has three types of items that qualify for reporting in this category: difference between expected and actual experience in the amount of \$184,338, change in assumptions in the amount of \$28,912 and employer contributions subsequent to the measurement date in the amount of \$664,644. These amounts are reported in the Statement of Net Position. These amounts are deferred and recognized as an outflow of resources in the period that the amounts become due.

Deferred Inflows of Resources Related to Pension: In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measureable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The City has four types of deferred inflows of resources presented on the Statement of Net Position which arise due to the implementation of GASB Statement No. 68 and the related net pension liability. Accordingly, the items, difference between expected and actual experience in the amount of \$52,554, net difference between projected and actual investment earnings on pension plan assets in the amount of \$14,331, change in assumptions in the amount of \$78,133, and changes in proportion and differences between employer contributions and proportionate share of employer contributions in the amount of \$115,934.

STATE OF NEW MEXICO
City of Belen
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, Net Position and Fund Balance (continued)

Pensions: The Government wide financial statements and proprietary type funds report deferred outflows and deferred inflows for purposes of measuring the net pension liability. Deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 160 hours per calendar year.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as 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 position.

Long-term Obligations: In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Net Position: The government-wide financial statements utilize a net position presentation. Net position is categorized as follows:

Net Investment in Capital Assets - Net investment in capital assets consist of 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.

STATE OF NEW MEXICO
City of Belen
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, Net Position and Fund Balance (continued)

Restricted Net Position – Consist of net position 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.

Unrestricted Net Position – All other net position that do not meet the definition of “restricted” or “investment in capital assets, net of related debt.”

Fund Balance: During 2009, GASB adopted Statement No. 54 to clarify the fund balance reporting guidelines of GASB 54. The fund balance reporting established by GASB 54 must be followed by all five of the governmental-type funds used by state and local governments. Based on the requirements of GASB 54, the total fund balance can be conceptually separated into two primary components: 1) Non-spendable fund balance and 2) Spendable fund balance. Fund balance is reported in these five classifications:

Non-spendable – the non-spendable balance includes amounts that cannot be spent because they are not in spendable form or legally, contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash; it also includes the long-term amount of interfund loans. At June 30, 2016 the City reported \$166,788 in nonspendable fund balances, related to interfund loans in the general fund.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

Committed – This fund balance amount has spending limitations that are constrained by the government’s highest level of decision-making authority.

At June 30, 2016, the City has presented restricted and committed fund balance on the governmental funds balance sheet in the amount of \$5,009,649 for various City operations as restricted by enabling legislation in the special revenue funds, debt service, and for capital projects. The details of these fund balance items are located on the governmental funds balance sheet as detailed on pages 18 and 19.

Assigned – The assigned fund balance classification is intended to be used for specific purposes such as special revenue funds, capital project funds, debt service funds and permanent funds.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amount not contained in other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

STATE OF NEW MEXICO
City of Belen
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, Net Position and Fund Balance (continued)

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. The City has presented committed fund balance on the governmental funds balance sheet in the amount of \$574,142 to meet minimum fund balance requirements for the General Fund.

The City applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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 accordance 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, the net pension liability and related amounts, and the useful lives of capital assets.

NOTE 2. Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets of the City are prepared prior to June 1 and must be approved by resolution of the City Councilors, 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 Councilors 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.

These budgets are prepared on the Non-GAAP budgetary basis, excluding encumbrances, and secure appropriation of funds for only one year. The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

STATE OF NEW MEXICO
City of Belen
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 2. Stewardship, Compliance, and Accountability

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Projects Funds, and Proprietary Funds.

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual and Statement of Revenues, Expenses and Changes in Net Position (Non-GAAP Budgetary Basis) and Actual present comparisons of the legally adopted budget with actual data on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2016 is presented.

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, 2015.

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 by collateral deposited as security or by bond given by the financial institution.

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

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

All of the City's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000.

STATE OF NEW MEXICO
City of Belen
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 3. Deposits and Investments (continued)

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 put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2016, \$7,773,278 of the City's bank balance of \$8,140,877 was exposed to custodial credit risk. \$4,419,203 of the City's cash deposits were uninsured and collateralized by collateral held by the pledging bank's trust department, not in the City's name, and \$3,356,843 was uninsured and uncollateralized at June 30, 2016.

	Wells Fargo	My Bank	US Bank	Bank of Albuquerque	Total
Deposits	\$ 6,869,700	\$ 117,599	\$ 855,486	\$ 298,092	\$ 8,140,877
Less: FDIC Coverage	(250,000)	(117,599)	(250,000)	(250,000)	(867,599)
Total uninsured public funds	7,119,700	\$ -	605,486	48,092	7,773,278
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City's name	3,818,369	-	549,974	50,860	4,419,203
Uninsured and uncollateralized	\$ 3,301,331	\$ -	\$ 55,512	\$ -	\$ 3,356,843
Collateral requirements (50% of uninsured funds)	\$ 1,650,666	\$ -	\$ 27,756	\$ -	\$ 1,678,422
Pledged Collateral	3,818,369	-	549,974	50,860	4,419,203
Over (under) collateralized	\$ 2,167,704	\$ -	\$ 522,218	\$ 50,860	\$ 2,740,782

The Carrying Amount of deposits and investments shown above are included in the City's Statement of Net position as follows:

Cash and cash equivalents per Exhibit A-1	\$ 4,647,923
Restricted cash and cash equivalents per Exhibit A-1	3,724,103
Customer deposits per Exhibit A-1	207,592
Total cash and cash equivalents	<u>8,579,618</u>
Add: outstanding checks	311,086
Less: outstanding deposits	(166,700)
Less Petty Cash	(600)
Less Cash held at the NMFA	<u>(582,527)</u>
Bank balance of deposits	<u><u>\$ 8,140,877</u></u>

STATE OF NEW MEXICO
City of Belen
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 4. Accounts and Taxes Receivable

Receivables as of June 30, 2016 are as follows:

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>
Property taxes	\$ 29,497	\$ -
Gross receipts taxes	983,390	20,126
Franchise tax	36,224	-
Gasoline tax	26,927	-
Lodgers tax receivable	7,124	
Other receivables:		
Customer receivables		453,585
State grants	386,579	
Federal grants	129,208	
Miscellaneous	40,724	-
Total gross receivables	<u>\$ 1,639,673</u>	<u>\$ 473,711</u>
Less: allowance for customer receivables	<u>\$ -</u>	<u>\$ (22,489)</u>
Receivables, Net	<u>\$ 1,639,673</u>	<u>\$ 451,222</u>

The above governmental receivables are deemed 100% collectible. In accordance with GASB 33, property tax revenues receivables not collected within the period of availability was determined to be immaterial to the financial statements and was not reclassified as deferred inflow of resources in the governmental fund financial statements.

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, 2016 is as follows:

<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Amount</u>
General Fund	Christopher Road Capital Projects Fund	\$ 166,788
Water	Multi-Purpose Park Capital Project Fund	383,394
Water	Jail	3,419
Water	Alexander Airoport	165,097
Water	Camino Del Llano Capital Projects Fund	175,974
		<u>\$ 894,672</u>

STATE OF NEW MEXICO
City of Belen
Notes to the Financial Statements
For the Year Ended June 30, 2016

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

Operating transfers are made to close out funds and supplement other funding sources in the normal course of operations.

Transfer In	Transfer Out	Amount
2008 GRT Revenue Bonds	1/2 GRT Infrastructure	\$ 542,369
Debt Service	1/8 GRT Infrastructure	497,900
2005 GRT Revenue Bonds	1/2 GRT Infrastructure	434,745
Road Infrastructure Equipment	General Fund	225,000
Debt Service	Wastewater	192,475
Debt Service	Water	192,475
Debt Service	Fire Protection	111,355
Road Infrastructure Improvements	Street Paving Reolving	109,444
General Fund	Street Paving Reolving	100,000
Debt Service	1/2 GRT Infrastructure	48,510
Road Infrastructure Improvements	General Fund	33,000
RSVP	General Fund	32,436
General Fund	Wastewater	21,000
Solid Waste	Waste Water	113,266
Water	Waste Water	1,057,890
1/2 GRT Infrastructure	General Fund	18,850
General Fund	Water	18,000
Confidential Fund	General Fund	6,000
General Fund	Solid Waste	4,000
Water	Road Infrastructure Improvements	102,695
Total		<u>\$ 3,861,410</u>

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2016 follows (land and construction in progress is not subject to depreciation):

Governmental Activities:	Balance June 30, 2015	June 30, 2015 Restatement	June 30, 2015 Restated	Additions	Deletions	CIP Transfers	Balance June 30, 2016
Capital assets not being depreciated:							
Land	\$ 8,632,637	\$ -	\$ 8,632,637	\$ -	\$ -	\$ -	\$ 8,632,637
Construction in progress (CIP)	2,577,757	(321,245)	2,256,512	870,409	-	(2,256,511)	870,410
Total capital assets, not depreciated	<u>11,210,394</u>	<u>(321,245)</u>	<u>10,889,149</u>	<u>870,409</u>	<u>-</u>	<u>(2,256,511)</u>	<u>9,503,047</u>
Capital assets depreciated:							
Buildings	19,805,900	-	19,805,900	6,017,056	-	1,051,397	26,874,353
Equipment	2,568,097	469	2,568,566	144,944	-	-	2,713,510
Furniture Fixtures	553,030	-	553,030	-	-	-	553,030
Vehicles	2,271,300	46,850	2,318,150	246,201	(73,076)	-	2,491,275
Infrastructure	51,028,152	62,878	51,091,030	1,146,538	-	1,205,114	53,442,682
Total capital assets, depreciated	<u>76,226,479</u>	<u>110,197</u>	<u>76,336,676</u>	<u>7,554,739</u>	<u>(73,076)</u>	<u>2,256,511</u>	<u>86,074,850</u>
Total capital assets	<u>87,436,873</u>						<u>95,577,897</u>
Less accumulated depreciation:							
Buildings	12,951,329	-	12,951,329	691,092	-	-	13,642,421
Equipment	2,136,716	-	2,136,716	117,149	-	-	2,253,865
Furniture Fixtures	405,327	-	405,327	46,737	-	-	452,064
Vehicles	1,271,515	55,008	1,326,523	204,808	(73,076)	-	1,458,255
Infrastructure	40,336,385	(14,303)	40,322,082	1,290,957	-	-	41,613,039
Total accumulated depreciation	<u>57,101,272</u>	<u>40,705</u>	<u>57,141,977</u>	<u>2,350,743</u>	<u>(73,076)</u>	<u>-</u>	<u>59,419,644</u>
Capital Assets, Net	<u>\$ 30,335,601</u>						<u>\$ 36,158,253</u>

STATE OF NEW MEXICO
City of Belen
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 6. Capital Assets (continued)

Depreciation expense was charged to the following Governmental Activities:

Governmental Activities:

General Government	\$	625,354
Public Safety		1,078,111
Public Works		390,747
Culture and Recreation		233,369
Health and welfare		23,162
Total depreciation expense, governmental activities	<u>\$</u>	<u>2,350,743</u>

Business-type activities:	Balance June 30, 2015	June 30, 2015 Restatement	June 30, 2015 Restated	Additions	CIP Transfers	Balance June 30, 2016
Capital assets not depreciated:						
Land and water rights	\$ 2,671,819	\$ -	\$ 2,671,819	\$ -	\$ -	\$ 2,671,819
Construction in progress	772,865	121,925	894,790	693,987	(894,790)	693,987
Total capital assets not depreciated	<u>3,444,684</u>	<u>121,925</u>	<u>3,566,609</u>	<u>693,987</u>	<u>(894,790)</u>	<u>3,365,806</u>
Capital asset depreciated:						
Equipment	2,006,947	(24,196)	1,982,751	74,527	-	2,057,278
Buildings	8,010,023	-	8,010,023	169,800	894,790	9,074,613
Infrastructure	21,341,209	-	21,341,209	257,370	-	21,598,579
Waste Water System	5,374,021	-	5,374,021	24,200	894,790	6,293,011
Total capital assets, depreciated	<u>36,732,200</u>	<u>(24,196)</u>	<u>36,708,004</u>	<u>525,897</u>	<u>894,790</u>	<u>38,128,691</u>
Total capital assets	<u>40,176,884</u>					<u>41,494,497</u>
Less accumulated depreciation:						
Equipment	1,273,260	-	1,273,260	89,639	-	1,362,899
Buildings	6,543,307	-	6,543,307	204,189	-	6,747,496
Infrastructure	10,441,516	(14,306)	10,427,210	451,998	-	10,879,208
Waste Water System	2,474,746	-	2,474,746	179,134	-	2,653,880
Total accumulated depreciation	<u>20,732,829</u>	<u>(14,306)</u>	<u>20,718,523</u>	<u>924,960</u>	<u>-</u>	<u>21,643,483</u>
Capital Assets, Net	<u>\$ 19,444,055</u>					<u>\$ 19,851,014</u>

NOTE 7. Long-term Debt

Governmental Activities:

During the year ended June 30, 2016, the following changes occurred in the long term debt reported in the Government-Wide Statement of Net Position:

	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016	Due Within One Year
Revenue Bonds	\$ 7,563,000	\$ 103,300	\$ 764,000	\$ 6,902,300	\$ 727,650
NMFA Loans	6,388,704		848,790	5,539,914	625,857
Capital leases	137,825	-	44,463	93,362	45,926
Compensated Absences	146,505	163,860	160,152	150,213	150,213
Total Long Term Debt	<u>\$ 14,236,034</u>	<u>\$ 267,160</u>	<u>\$ 1,817,405</u>	<u>\$ 12,685,789</u>	<u>\$ 1,549,646</u>

STATE OF NEW MEXICO
City of Belen
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 7. Long-term Debt (continued)

Governmental Activities (Continued):

Revenue Bonds:

At June 30, 2016, the City had four 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. For the Series 2012 Fire Protection Revenue Bond, the City pledged revenues from the Fire Protection funds disbursed by the State of New Mexico to the City. The revenue bonds are as follows:

Description	Date of Issue	Maturity	Interest Rate	Amount of Original Issue	Balance June 30, 2016
Series 2005 Gross Receipts Tax	26-Jul-05	1-Jun-17	3.7-3.85%	4,320,000	\$ 450,000
Series 2008 Gross Receipts Tax	1-Oct-08	1-Jun-33	4.00-5.125%	7,570,000	6,095,000
Series 2012 Fire Protection Revenue	13-Aug-12	13-Aug-22	3.50%	427,000	254,000
Series 2016 Gross Receipt Tax	6-Jun-16				103,300
					<u>\$ 6,902,300</u>

Subsequent to year end the City refunded the Series 2008 Gross Receipts Revenue Bonds. The City will make the final payment on the 2008 revenue bonds in December of 2016, and refunded the balance outstanding in december of 2016 with Series 2016 Revenue Bonds.

During 2016 the voters of the City approved a new debt issuance in the amount of \$5,165,000 that is secured by the property tax revenues of the City. During June of 2016 the City received \$103,300 of this debt issuance and the remainder of the debt issuance was received in July of 2016.

The annual requirements to amortize the gross receipts revenue bonds outstanding as of June 30, 2016, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2017	\$ 727,650	\$ 322,978	\$ 322,978
2018	288,793	293,110	293,110
2019	299,976	280,452	280,452
2020	311,200	267,965	267,965
2021	327,467	254,323	254,323
2022-2026	1,733,914	1,040,710	1,040,710
2027-2031	2,105,000	583,781	583,781
2032-2036	1,108,300	77,898	77,898
Total	<u>\$ 6,902,300</u>	<u>\$ 3,121,217</u>	<u>\$ 3,121,217</u>

STATE OF NEW MEXICO
City of Belen
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 7. Long-term Debt (continued)

Governmental Activities (continued)

NMFA 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	Maturity	Interest Rate	Amount of Original Issue	Balance June 30, 2016
NMFA Reinken Road & Main Street	7-Nov-01	1-May-26	0.00%	4,779,793	\$ 83,150
NMED CWSRF Loan	30-Dec-03	30-Dec-22	2.00%	4,049,684	1,606,795
NMFA Refinance Reinken	8-Jul-11	1-May-26	1.45-4.02%	3,355,652	2,347,088
NMFA Refinancing WW/W	29-Apr-11	1-May-32	1.78-4.83%	2,220,008	1,502,881
					<u>\$ 5,539,914</u>

Capital Lease:

The City purchased a street sweeper under a capital lease agreement during the year ended June 30, 2014. The lease is as follows:

Description	Date of Issue	Maturity	Interest Rate	Amount of Original Issue	Balance June 30, 2016
Caspial Lease - Sweeper	22-Feb-13	1-Mar-18	3.29%	222,548	\$ 93,362

The annual requirements to amortize the NMFA Loans and the Capital Lease as of June 30, 2016, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2017	\$ 625,857	\$ 168,203	\$ 794,060
2018	639,796	154,494	794,290
2019	607,249	139,175	746,424
2020	621,465	123,954	745,419
2021	527,395	107,389	634,784
2022-2026	2,111,609	321,476	2,433,085
2027-2031	404,504	80,509	485,013
2032-2036	95,401	4,419	99,820
Total	<u>\$ 5,633,276</u>	<u>\$ 1,099,619</u>	<u>\$ 6,732,895</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, 2016, compensated absences increased \$3,708 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 the Financial Statements
For the Year Ended June 30, 2016

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, 2016:

	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016	Due Within One Year
Loans and Notes Payable	\$ 107,126	\$ -	\$ 12,028	\$ 95,098	\$ 12,392
Landfill Closure Liability	274,708	-	13,214	261,494	
Compensated Absences	42,540	41,407	39,210	44,737	
Total Long Term Debt	<u>\$ 424,374</u>	<u>\$ 41,407</u>	<u>\$ 64,452</u>	<u>\$ 401,329</u>	<u>\$ 12,392</u>

In 1990, the City entered into a 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 \$15,291 extending through 2022. The San Juan-Chama Project Loan is as follows:

Description	Date of Issue	Maturity	Interest Rate	Amount of Original Issue	Balance June 30, 2016
San Juan-Chama Project	Jan-89	Jan-22	3.05%	\$ 331,030	\$ 95,098

The annual requirement to amortize San Juan-Chama Project Loan as of June 30, 2016, including interest payments, is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2017	\$ 12,392	\$ 2,899	\$ 15,291
2018	12,770	2,521	15,291
2019	13,159	2,132	15,291
2020	13,560	1,731	15,291
2021	13,974	1,317	15,291
2022-2023	29,243	1,344	30,587
Total	<u>\$ 95,098</u>	<u>\$ 11,944</u>	<u>\$ 107,042</u>

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, 2016. The estimate of closure and post-closure costs has a balance of \$261,494. 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 the Financial Statements
For the Year Ended June 30, 2016

NOTE 7. Long-term Debt (continued)

Business-Type Activities

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, 2016, compensated absences increased \$2,179 from the prior year accrual. In prior years, the proprietary fund associated with these liabilities has been used to liquidate them.

Note 8. Other Required Fund Disclosures

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

- A. Deficit fund balance/net position of individual funds. The deficit fund balances as of June 30, 2016 were as follows:

Governmental Funds:

<u>Fund</u>	<u>Amount</u>
Camino Del Llano Capital Projects Fund	\$ (175,974)
Christopher Road Capital Projects Fund	(101,317)
Alexander Airport	(204,744)

- 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, 2016:

<u>Fund</u>	<u>Amount</u>
General Fund	\$ 393,774
Evidence	\$ 1,272
Confiscated Funds	\$ 1,000
Martin Luther King	\$ 2,275
Street Paving	\$ 14,622
Alexander Airport	\$ 706,260
Multi-Purpose Park Capital Project Fund	\$ 371,081
Christopher Road Capital Projects Fund	\$ 106,543
Fire Protection Fund	\$ 14,240
Jail SRF	\$ 66,273
Law Enforcement	\$ 342
Lodgers Tax	\$ 10,190
1/2 GRT Infrastructure	\$ 4,367

STATE OF NEW MEXICO
City of Belen
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 9. 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.

During the year ended June 30, 2016, the City paid out settlements of \$66,661. The claim was fully covered by the City's insurance. Should additional claims be filed against the City which exceeds the insurance coverage, the City would be responsible for losses in excess of the coverage amounts.

Subsequent to June 30, 2016, the City has various claims against the City with undeterminable outcomes.

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 participates in the New Mexico Self-Insurers' Fund risk pool.

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 not be responsible for a loss in excess of the coverage amounts. As claims are filed, the New Mexico Self-Insurers' Fund assesses and estimates the potential for loss and handles all aspects of the claim. Insurance coverage's have not changed significantly from prior years and coverage's are expected to be continued.

As of June 30, 2016, 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. New Mexico Self-Insurers' Fund has not provided information on an entity by entity basis that would allow for a reconciliation of changes in the aggregate liabilities for claims for the current fiscal year and the prior fiscal year.

NOTE 10. Pension Plan- Public Employees Retirement Association

General Information about the Pension Plan

Plan description:

The Public Employees Retirement Fund (PERA Fund) is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C- 1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund. PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/>.

STATE OF NEW MEXICO
City of Belen
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 10. Pension Plan- Public Employees Retirement Association (continued)

Benefits provided

For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2016 available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366 Public Employees Retirement Association 2015.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366%20Public%20Employees%20Retirement%20Association%202015.pdf).

Contributions

The contribution requirements of defined benefit plan members and the City are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY15 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY15 annual audit report at: [http://osanm.org/media/audits/366 Public Employees Retirement Association 2015.pdf](http://osanm.org/media/audits/366%20Public%20Employees%20Retirement%20Association%202015.pdf).

The PERA coverage options that apply to the City are: Municipal General, Municipal Police, and The Municipal Fire Division. Statutorily required contributions to the pension plan from the City were \$431,040 for the year ended June 30, 2016. The City did pick-up portions of the employee's contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2015. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2016.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The City's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2015. Only employer contributions for the pay period end dates that fell within the period of July 1, 2014 to June 30, 2015 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2015 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

STATE OF NEW MEXICO
City of Belen
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 10. Pension Plan- Public Employees Retirement Association (continued)

For PERA Fund Division Municipal General, at June 30, 2016, the City reported a liability of \$2,372,578 (with an allotment for proprietary funds) for its proportionate share of the net pension liability. At June 30, 2016, the City's proportion was .2327 percent, which was slightly changed from its proportion measured as of June 30, 2015.

For the year ended June 30, 2016, the City recognized PERA Fund Division Municipal General Pension expense of \$316,684. At June 30, 2016, the City reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 52,554
Changes of assumptions	-	924
Net difference between projected and actual earnings on pension plan investments	-	7,505
Changes in proportion and differences between City's contributions and proportionate share of contributions	-	33,358
City's contributions subsequent to the measurement date	<u>316,684</u>	<u>-</u>
Total	<u>\$ 316,684</u>	<u>\$ 94,341</u>

\$316,684 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>Amount</u>
2017	\$ 62,840
2018	62,840
2019	62,840
2020	(127,537)
<u>Thereafter</u>	<u>-</u>
Total	<u>\$ 60,983</u>

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For PERA Fund Division Municipal Police, at June 30, 2016, the City reported a liability of \$1,866,202 for its proportionate share of the net pension liability. At June 30, 2016, the City's proportion was .3881 percent, which was slightly changed from its proportion measured as of June 30, 2015.

STATE OF NEW MEXICO
City of Belen
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 10. Pension Plan- Public Employees Retirement Association (continued)

For the year ended June 30, 2016, the City recognized PERA Fund Division Municipal Police pension expense of \$247,231. At June 30, 2016, the City reported PERA Fund Division Municipal Police deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 130,403	\$ -
Changes of assumptions	-	77,209
Net difference between projected and actual earnings on pension plan investments	-	5,177
Changes in proportion and differences between City's contributions and proportionate share of contributions	-	74,926
City's contributions subsequent to the measurement date	<u>247,231</u>	<u>-</u>
Total	<u>\$ 377,634</u>	<u>\$ 157,312</u>

\$377,634 reported as deferred outflows of resources related to pensions, resulting in the City's contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>Amount</u>
2017	\$ 15,890
2018	15,890
2019	15,890
2020	(95,688)
Thereafter	-
Total	<u>\$ (48,018)</u>

For PERA Fund Division Municipal Fire, at June 30, 2016, the City reported a liability of \$1,370,810 for its proportionate share of the net pension liability. At June 30, 2016, the City's proportion was .2656 percent, which was slightly changed from its proportion measured as of June 30, 2016.

STATE OF NEW MEXICO
City of Belen
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 10. Pension Plan- Public Employees Retirement Association (continued)

For the year ended June 30, 2016, the City recognized PERA Fund Division Municipal Fire pension expense of \$100,729. At June 30, 2016, the City reported PERA Fund Division Municipal Fire deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 53,985	\$ -
Changes of assumptions	28,912	-
Net difference between projected and actual earnings on pension plan investments	-	1,649
Changes in proportion and differences between City's contributions and proportionate share of contributions	-	7,650
City's contributions subsequent to the measurement date	<u>100,729</u>	<u>-</u>
Total	<u>\$ 183,626</u>	<u>\$ 9,299</u>

\$183,626 reported as deferred outflows of resources related to pensions resulting in the City's contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>Amount</u>
2017	\$ (16,278)
2018	(16,278)
2019	(16,278)
2020	(32,414)
<u>Thereafter</u>	<u>-</u>
Total	<u>\$ (81,248)</u>

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Valuation date to the Plan year ending June 30, 2016 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2016. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2016 actuarial valuation.

STATE OF NEW MEXICO
City of Belen
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 10. Pension Plan- Public Employees Retirement Association (continued)

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay, Open
Asset valuation method	Solved for based on statutory rates
Actuarial assumptions:	Fair value
Investment rate of return	7.75% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	3.50% annual rate
Projected salary increases	3.50% to 14.25% annual rate
Includes inflation at	3.00% annual rate
Mortality Assumption	RP-2000 Mortality Tables
Experience Study Dates	July 1, 2008 to June 30, 2013

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>ALL FUNDS - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	21.1%	5.00%
International Equity	24.8%	5.20%
Private Equity	7.0%	8.20%
Core and Global Fixed Income	26.1%	1.85%
Fixed Income Plus Sectors	5.0%	4.80%
Real Estate	5.0%	5.30%
Real Assets	7.0%	5.70%
Absolute Return	<u>4.0%</u>	4.15%
Total	100%	

STATE OF NEW MEXICO
City of Belen
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 10. Pension Plan- Public Employees Retirement Association (continued)

Discount rate

The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the City's net pension liability in each PERA Fund Division that the City participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

<u>PERA Fund Division Municipal Government</u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
City's proportionate share of the net pension liability	\$ 4,039,559	\$ 2,372,578	\$ 123,058
<u>PERA Fund Division Municipal Police</u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
City's proportionate share of the net pension liability	\$ 3,081,921	\$ 1,866,202	\$ 868,902
<u>PERA Fund Division Fire Government</u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
City's proportionate share of the net pension liability	\$ 1,859,158	\$ 1,370,810	\$ 968,345

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY16 Restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

STATE OF NEW MEXICO
City of Belen
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 11. 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. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15 (G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

STATE OF NEW MEXICO
City of Belen
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan (continued)

The City's contributions to the RHCA for the years ended June 30, 2016, 2015, and 2014 were \$65,089, \$57,507 and \$54,813, respectively, which equal the required contributions for each year.

NOTE 12. Subsequent Events

The date to which events occurring after June 30, 2016, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is November 3, 2016 which is the date on which the financial statements were available to be issued.

NOTE 13. Restricted net position

The government-wide statement of net position reports \$4,524,220 of restricted amounts, \$207,592 is restricted for security deposits and the remanining amount of \$4,316,628 is restricted by enabling legislation, For descriptions of the related enabling legislation for special revenue, capital projects, see page 34-35 and pages 72-75 for descriptions of the related restrictions for special revenue, debt service capital projects funds.

NOTE 14. 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 \$1,606,795 to the New Mexico Environment Department for the NMED CWSRF loan, issued in 2003. The loan is payable solely from utility customer net revenues (defined as all income and revenues directly or indirectly derived by operation of the City's Joint Water and Sewer System less the operation and maintenance expenses of the System and parity obligations) and state shared infrastructure 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 \$1,606,795 and \$130,770 respectively.

NOTE 15. Leases

The City has entered into a number of operating leases, which contain cancellation provisions and are subject to annual appropriations. The rent expenditures for these leases were primarily from the General Fund. Future minimum lease payments are:

<u>Fiscal year ending June 30,</u>	<u>Amount</u>
2017	\$ 21,532
2018	21,532
2019	10,766
2020	-
2021	-
Total	<u>\$ 53,830</u>

NOTE 16. Related Party

As of June 30, 2016, the City's management was not aware of any related party relationships.

STATE OF NEW MEXICO
City of Belen
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 17. Restatements

The City has recorded restatements to net position to prior year's financial statements to correct errors in accumulative depreciation, transfers, expenses, and payment dates of debt retirements.

Fund Name	Net position / Fund Balance June 30, 2015	Capital Assets	Bond Issuance Costs	Prior Period Expenses, Revenues and Transfers	Restated Net Position/Fund Balance June 30, 2015
Government Wide Restatements:					
Governmental Activities	\$ 18,150,698	\$ (251,753)	\$ 24,849	\$ 1,517,859	\$ 19,441,653
Business-type Activities	21,994,391	112,032		15,638	22,122,061
Total	\$ 40,145,089	\$ (139,721)	\$ 24,849	\$ 1,533,497	\$ 41,563,714
Major Governmental Funds Restatements:					
General Fund	\$ 2,699,357	\$ -	\$ -	\$ 143,320	\$ 2,842,677
Multi-Purpose Park Capital Project Fund	(426,504)	-	-	637,958	211,454
Camino Del Llano Capital Projects Fund	(628,319)	-	-	180,968	(447,351)
Christopher Road Capital Projects Fund	(84,775)	-	-	90,001	5,226
Total Major Governmental Funds	\$ 1,559,759	\$ -	\$ -	\$ 1,052,247	\$ 2,612,006
Non-major Governmental Funds Restatements:					
Parks & Recreation	\$ 43,949	\$ -	\$ -	\$ 1,766	\$ 45,715
Fire Protection	148,483	-	-	111,556	260,039
Jail	20,383	-	-	1,562	21,945
Law Enforcement	(30,800)	-	-	30,778	(22)
'Lodger's Tax	61,141	-	-	(237)	60,904
Judicial Fund	-	-	-	(382)	(382)
Technology Infrastructure Fee	76,819	-	-	30,170	106,989
RSVP	36,176	-	-	1,904	38,080
2005 GRT Revenue Bonds	656,610	-	-	61,630	718,240
Alexander Airoport	163,371	-	-	226,865	390,236
	\$ 1,176,132	\$ -	\$ -	\$ 465,612	\$ 1,641,744
Proprietary Fund Restatements:					
Waste Water	\$ 13,567,720	\$ (772,865)		\$ (151)	\$ 12,794,704
Water	7,784,117	909,097		15,744	8,708,958
Solid Waste	642,554	(24,200)		45	618,399
Total Proprietary Fund Restatements	\$ 21,994,391	\$ 112,032		\$ 15,638	\$ 22,122,061

The City recorded corrections to prior period capital asset in governmental funds in the amount of \$(251,753). This amount represented an increase in accumulative depreciation in the amount of \$40,705 and a net restatement to the net carrying cost of capital assets in the amount of \$(211,048). The City also reported restatements to business type activities in the amount of \$112,032. This amount represented a decrease in accumulative depreciation in the amount of \$14,306 and an increase in the net carrying cost of beginning capital assets of \$97,729. The City reported restatements in the fund financial statements in the amount of \$1,533,497. This amount consisted of various items relating to cutoff of revenues and expenses in the prior year's financial statements.

STATE OF NEW MEXICO
City of Belen
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 18. Subsequent Pronouncements

In June 2015, GASB Statement No. 73 Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2016. Earlier application is encouraged. The City is still evaluating how this pronouncement will affect the City's financial statements.

In June 2015, GASB Statement No. 74 Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2016. This pronouncement will not affect the City's financial statements.

In June 2015, GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2018. The City is still evaluating how this pronouncement will affect the City.

In August 2015, GASB Statement No. 77 Tax Abatement Disclosures, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged. The City will implement this standard during the fiscal year ended June 30, 2017. The City is still evaluating how this pronouncement will affect the financial statements.

GASB Statement No. 82, Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No.73. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged.

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REQUIRED SUPPLEMENTARY INFORMATION

Schedules of Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability of PERA
Fund Division – Municipal General
Public Employees Retirement Association (PERA) Plan Last 10 Fiscal Years*

MUNICIPAL GENERAL FUND

	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.2327	0.2383
City's proportionate share of the net pension liability (asset)	\$ 2,372,578	\$ 1,858,996
City's covered-employee payroll	\$ 1,713,991	\$ 1,480,104
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	138.42%	125.60%
Plan fiduciary net position as a percentage of the total pension liability	76.99%	81.29%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See Independent Auditors' Report

Schedules of Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability of PERA
Fund Division – Municipal Police
Public Employees Retirement Association (PERA) Plan Last 10 Fiscal Years*

MUNICIPAL POLICE FUND

	<u>2016</u>		<u>2015</u>
City's proportion of the net pension liability (asset)	0.3881		0.4182
City's proportionate share of the net pension liability (asset)	\$ 1,866,202	\$	1,363,286
City's covered-employee payroll	\$ 931,560	\$	807,916
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	200.33%		168.74%
Plan fiduciary net position as a percentage of the total pension liability	76.99%		81.29%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See Independent Auditors' Report

Schedules of Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability of PERA
Fund Division – Municipal Fire
Public Employees Retirement Association (PERA) Plan Last 10 Fiscal Years*

MUNICIPAL FIRE FUND

	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.2656	0.2680
City's proportionate share of the net pension liability (asset)	\$ 1,370,810	\$ 1,118,630
City's covered-employee payroll	\$ 452,185	\$ 281,072
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	303.15%	397.99%
Plan fiduciary net position as a percentage of the total pension liability	76.99%	81.29%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See Independent Auditors' Report

STATE OF NEW MEXICO
City of Belen
Schedules of Contributions
Public Employees Retirement Association (PERA) Plan
PERA Fund Division - Municipal General
Last 10 Years*

MUNICIPAL GENERAL FUND

	<u>2016</u>		<u>2015</u>
Contractually required contribution	\$ 317,945	\$	297,152
Contributions in relation to the contractually required contribution	\$ 316,684	\$	297,152
Contribution deficiency (excess)	\$ 1,261	\$	-
City's covered-employee payroll	\$ 1,713,991	\$	1,619,650
Contributions as a percentage of covered-employee payroll	18.48%		18.35%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See Independent Auditors' Report

STATE OF NEW MEXICO
City of Belen
Notes to Schedule
Schedules of Contributions
Public Employees Retirement Association (PERA) Plan
PERA Fund Division - Municipal Police
Last 10 Years*

MUNICIPAL POLICE FUND

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 201,683	\$ 218,958
Contributions in relation to the contractually required contribution	\$ 247,231.00	\$ 218,958.00
Contribution deficiency (excess)	\$ (45,548)	\$ -
City's covered-employee payroll	\$ 931,560	\$ 807,916
Contributions as a percentage of covered-employee payroll	26.54%	27.10%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See Independent Auditors' Report

STATE OF NEW MEXICO
City of Belen
Notes to Schedule
Schedules of Contributions
Public Employees Retirement Association (PERA) Plan
PERA Fund Division - Municipal Fire
Last 10 Years*

MUNICIPAL FIRE FUND

	<u>2016</u>	<u>2016</u>
Contractually required contribution	\$ 85,463	\$ 94,208
Contributions in relation to the contractually required contribution	\$ 100,729.00	\$ 94,208.00
Contribution deficiency (excess)	\$ (15,266)	\$ -
City's covered-employee payroll	\$ 452,185	\$ 315,078
Contributions as a percentage of covered-employee payroll	22.28%	29.90%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See Independent Auditors' Report

STATE OF NEW MEXICO
City of Belen
Notes to the Schedule of Required Supplementary Information
For the Year Ended June 30, 2016

Changes of benefit terms.

The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY15 audit available at:

http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2015.pdf.

Changes of assumptions.

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2015 report is available at http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2015%20PERA%20Valuation%20Report_FINAL.pdf.

See Independent Auditors' Report

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
City of Belen
Nonmajor Fund Description
June 30, 2016

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.

Department of Justice

To account for grant funds provided for law enforcement services within the City. 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."

STATE OF NEW MEXICO
City of Belen
Nonmajor Fund Description
June 30, 2016

Special Revenue Funds (continued)

Confiscated Fund

To account for the seizure and forfeiture of property used or intended to be used in the commission of a crime. Authorization is by City Council.

Lodger's Tax

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

Property Abatement Fund

To account for the condemnation and cleanup of certain abandoned and dangerous properties within the City limits. 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.

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STATE OF NEW MEXICO
City of Belen
Nonmajor Fund Description
June 30, 2016

Debt Service Funds

2008 GRT Revenue Bonds

To account for the proceeds from the issuance of the 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.

Debt Service

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

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.

Library Renovation

To account for funds used to renovate the City Library. Authorized by the City Council.

Becker Avenue Project

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

Road/Infrastructure Improvements

To account for improvements to various roadways and infrastructure assets owned by the City. Authorized by the City Council.

STATE OF NEW MEXICO
City of Belen
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	<u>Special Revenue</u>			
	<u>Parks & Recreation</u>	<u>Fire Protection</u>	<u>EMS Rescue</u>	<u>1/8 GRT Infrastructure</u>
Assets				
Cash and cash equivalents	\$ 63,139	\$ 21,131	\$ -	\$ 574,080
Restricted cash	-	69,492	-	-
Other receivables	-	-	-	80,508
Total assets	\$ 63,139	\$ 90,623	\$ -	\$ 654,588
Liabilities and fund balance				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	-	-	-	-
Fund balance				
Spendable:				
Restricted for:				
General government	-	-	-	-
Public safety	-	90,623	-	-
Public works	-	-	-	-
Culture and recreation	63,139	-	-	-
Debt service expenditures	-	-	-	-
Capital projects	-	-	-	654,588
Unassigned	-	-	-	-
Total fund balance	63,139	90,623	-	654,588
Total liabilities and fund balance	\$ 63,139	\$ 90,623	\$ -	\$ 654,588

See Independent Auditors' Report and Notes to Financial Statements

Special Revenue

Department of Justice	Jail	Evidence	Law Enforcement	Confiscated Funds	Lodger's Tax
\$ 3,928	\$ -	\$ 45,357	\$ -	\$ 4,460	\$ 39,202
-	-	-	-	-	-
-	28,100	-	-	-	7,124
<u>\$ 3,928</u>	<u>\$ 28,100</u>	<u>\$ 45,357</u>	<u>\$ -</u>	<u>\$ 4,460</u>	<u>\$ 46,326</u>
\$ -	\$ 12,380	\$ -	\$ -	\$ -	\$ 8,324
-	-	-	-	-	-
-	3,419	-	-	-	-
<u>-</u>	<u>15,799</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,324</u>
-	-	-	-	-	-
3,928	12,301	45,357	-	4,460	-
-	-	-	-	-	-
-	-	-	-	-	38,002
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>3,928</u>	<u>12,301</u>	<u>45,357</u>	<u>-</u>	<u>4,460</u>	<u>38,002</u>
<u>\$ 3,928</u>	<u>\$ 28,100</u>	<u>\$ 45,357</u>	<u>\$ -</u>	<u>\$ 4,460</u>	<u>\$ 46,326</u>

STATE OF NEW MEXICO
City of Belen
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Special Revenue			
	Property Abatement	Judicial Fund	Martin Luther King	Technology Infrastructure Fee
Assets				
Cash and cash equivalents	\$ 5,688	589	\$ 592	\$ 118,879
Restricted cash	-	-	-	-
Other receivables	-	-	-	-
Total assets	\$ 5,688	\$ 589	\$ 592	\$ 118,879
Liabilities and fund balance				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	-	-	-	-
Fund balance				
Spendable:				
Restricted for:				
General government	-	-	-	118,879
Public safety	5,688	589	-	-
Public works	-	-	-	-
Culture and recreation	-	-	592	-
Debt service expenditures	-	-	-	-
Capital projects	-	-	-	-
Unassigned	-	-	-	-
Total fund balance	5,688	589	592	118,879
Total liabilities and fund balance	\$ 5,688	\$ 589	\$ 592	\$ 118,879

See Independent Auditors' Report and Notes to Financial Statements

Special Revenue		Debt Service			Capital Projects
RSVP	Street Paving	2008 GRT Revenue Bonds	Debt Service	2005 GRT Revenue Bonds	Alexander Airoport
\$ 42,038	\$ 217,482	\$ 653,148	\$ -	\$ -	\$ -
-	-	-	1,364,801	696,423	-
3,185	26,927	-	-	-	129,208
<u>\$ 45,223</u>	<u>\$ 244,409</u>	<u>\$ 653,148</u>	<u>\$ 1,364,801</u>	<u>\$ 696,423</u>	<u>\$ 129,208</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 168,855
2,975	-	-	-	-	-
-	-	-	-	-	165,097
<u>2,975</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>333,952</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	244,409	-	-	-	-
42,248	-	-	-	-	-
-	-	653,148	1,364,801	696,423	-
-	-	-	-	-	-
-	-	-	-	-	(204,744)
<u>42,248</u>	<u>244,409</u>	<u>653,148</u>	<u>1,364,801</u>	<u>696,423</u>	<u>(204,744)</u>
<u>\$ 45,223</u>	<u>\$ 244,409</u>	<u>\$ 653,148</u>	<u>\$ 1,364,801</u>	<u>\$ 696,423</u>	<u>\$ 129,208</u>

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STATE OF NEW MEXICO
City of Belen
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

Statement A-1
Page 3 of 3

	Capital Projects	
	Road Infrastructure Improvements	Total Nonmajor Governmental Funds
Assets		
Cash and cash equivalents	\$ 309,097	\$ 2,098,810
Restricted cash	-	2,130,716
Other receivables	-	275,052
Total assets	\$ 309,097	\$ 4,504,578
Liabilities and fund balance		
Liabilities		
Accounts payable	\$ 102,695	\$ 292,254
Accrued salaries and benefits	-	2,975
Due to other funds	-	168,516
Total liabilities	102,695	463,745
Fund balance		
Spendable:		
Restricted for:		
General government	-	118,879
Public safety	-	162,946
Public works	-	244,409
Culture and recreation	-	143,981
Debt service expenditures	-	2,714,372
Capital projects	206,402	860,990
Unassigned	-	(204,744)
Total fund balance	206,402	4,040,833
Total liabilities and fund balance	\$ 309,097	\$ 4,504,578

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
City of Belen
Combining Statement of Revenues, Expenses, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	<u>Special Revenue</u>			
	<u>Parks & Recreation</u>	<u>Fire Protection</u>	<u>EMS Rescue</u>	<u>1/8 GRT Infrastructure</u>
Revenues				
Taxes:				
Gross receipt taxes	\$ -	\$ -	\$ -	\$ 522,718
Gas tax	-	-	-	-
Lodger's tax	-	-	-	-
State operating grants	-	194,633	8,880	-
State capital grants	-	-	-	-
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
Charges for services	75,284	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous income	-	-	-	-
Total revenue	<u>75,284</u>	<u>194,633</u>	<u>8,880</u>	<u>522,718</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	154,176	2,739	-
Public works	-	-	-	14,372
Culture and recreation	57,860	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	98,518	6,141	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>57,860</u>	<u>252,694</u>	<u>8,880</u>	<u>14,372</u>
Excess (deficiency) of revenues over expenditures	<u>17,424</u>	<u>(58,061)</u>	<u>-</u>	<u>508,346</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	(111,355)	-	(497,900)
Bonds and notes issued	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(111,355)</u>	<u>-</u>	<u>(497,900)</u>
Net change in fund balance	17,424	(169,416)	-	10,446
Fund balance - beginning of year	43,949	148,483	-	644,142
Restatement (Note 17)	1,766	111,556	-	-
Fund balance - beginning of year, restated	<u>45,715</u>	<u>260,039</u>	<u>-</u>	<u>644,142</u>
Fund balance - end of year	<u>\$ 63,139</u>	<u>\$ 90,623</u>	<u>\$ -</u>	<u>\$ 654,588</u>

See Independent Auditors' Report and Notes to Financial Statements

Special Revenue

<u>Department of Justice</u>	<u>Jail</u>	<u>Evidence</u>	<u>Law Enforcement</u>	<u>Confiscated Funds</u>	<u>Lodger's Tax</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	53,075
-	-	-	32,000	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	156,181	1,387	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	156,181	1,387	32,000	-	53,075
-	-	-	-	-	-
-	165,825	1,272	-	7,000	-
-	-	-	-	-	-
-	-	-	-	-	75,977
-	-	-	-	-	-
-	-	-	31,978	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	165,825	1,272	31,978	7,000	75,977
-	(9,644)	115	22	(7,000)	(22,902)
-	-	-	-	6,000	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	6,000	-
-	(9,644)	115	22	(1,000)	(22,902)
3,928	20,383	45,242	(30,800)	5,460	61,141
-	1,562	-	30,778	-	(237)
3,928	21,945	45,242	(22)	5,460	60,904
\$ 3,928	\$ 12,301	\$ 45,357	\$ -	\$ 4,460	\$ 38,002

STATE OF NEW MEXICO
City of Belen
Combining Statement of Revenues, Expenses, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue			
	Property Abatement	Judicial Fund	Martin Luther King	Technology Infrastructure Fee
Revenues				
Taxes:				
Gross receipt taxes	\$ -	\$ -	\$ -	\$ -
Gas tax	-	-	-	54,583
Lodger's tax	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	1,000	-
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
Charges for services	-	971	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous income	-	-	1,861	-
Total revenue	<u>-</u>	<u>971</u>	<u>2,861</u>	<u>54,583</u>
Expenditures				
Current				
General government	-	-	-	42,693
Public safety	-	-	-	-
Public works	5,013	-	3,275	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>5,013</u>	<u>-</u>	<u>3,275</u>	<u>42,693</u>
excess (deficiency) of revenues over expenditures	<u>(5,013)</u>	<u>971</u>	<u>(414)</u>	<u>11,890</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Bonds and notes issued	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(5,013)	971	(414)	11,890
Fund balance - beginning of year	10,701	-	1,006	76,819
Restatement (Note 17)	-	(382)	-	30,170
Fund balance - beginning of year, restated	<u>10,701</u>	<u>(382)</u>	<u>1,006</u>	<u>106,989</u>
Fund balance - end of year	<u>\$ 5,688</u>	<u>\$ 589</u>	<u>\$ 592</u>	<u>\$ 118,879</u>

See Independent Auditors' Report and Notes to Financial Statements

Special Revenue		Debt Service			Capital Projects
RSVP	Street Paving	2008 GRT Revenue Bonds	Debt Service	2005 GRT Revenue Bonds	Alexander Airport
\$ -	\$ 169,640	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
19,180	-	-	-	-	-
-	-	-	-	-	5,078,721
22,995	-	-	-	-	-
-	-	-	-	-	381,592
-	-	-	-	-	-
-	-	-	-	-	-
-	-	612	5,185	7,163	-
415	-	-	-	-	-
<u>42,590</u>	<u>169,640</u>	<u>612</u>	<u>5,185</u>	<u>7,163</u>	<u>5,460,313</u>
-	-	-	-	-	3,341
-	-	-	-	-	-
-	14,622	-	-	-	-
-	-	-	-	-	-
70,858	-	-	-	-	-
-	-	-	-	-	6,051,952
-	-	235,000	992,253	430,000	-
-	-	306,875	203,150	33,725	-
<u>70,858</u>	<u>14,622</u>	<u>541,875</u>	<u>1,195,403</u>	<u>463,725</u>	<u>6,055,293</u>
<u>(28,268)</u>	<u>155,018</u>	<u>(541,263)</u>	<u>(1,190,218)</u>	<u>(456,562)</u>	<u>(594,980)</u>
32,436	-	542,369	1,042,715	434,745	-
-	(209,444)	-	-	-	-
-	-	-	-	-	-
<u>32,436</u>	<u>(209,444)</u>	<u>542,369</u>	<u>1,042,715</u>	<u>434,745</u>	<u>-</u>
4,168	(54,426)	1,106	(147,503)	(21,817)	(594,980)
36,176	298,835	652,042	1,512,304	656,610	163,371
1,904	-	-	-	61,630	226,865
<u>38,080</u>	<u>298,835</u>	<u>652,042</u>	<u>1,512,304</u>	<u>718,240</u>	<u>390,236</u>
<u>\$ 42,248</u>	<u>\$ 244,409</u>	<u>\$ 653,148</u>	<u>\$ 1,364,801</u>	<u>\$ 696,423</u>	<u>\$ (204,744)</u>

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**STATE OF NEW MEXICO
City of Belen**

Statement A-2
Page 3 of 3

**Combining Statement of Revenues, Expenses, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2016**

	Capital Projects	Total Nonmajor Governmental Funds
	Road Infrastructure Improvements	Funds
Revenues		
Taxes:		
Gross receipt taxes	\$ -	\$ 692,358
Gas tax	-	54,583
Lodger's tax	-	53,075
State operating grants	-	254,693
State capital grants	134,696	5,214,417
Federal operating grants	-	22,995
Federal capital grants	-	381,592
Charges for services	-	76,255
Licenses and fees	-	157,568
Interest income	-	12,960
Miscellaneous income	26,962	29,238
Total revenue	161,658	6,949,734
Expenditures		
Current		
General government	-	46,034
Public safety	-	331,012
Public works	80,275	117,557
Culture and recreation	-	133,837
Health and welfare	-	70,858
Capital outlay	528,048	6,716,637
Debt service:		
Principal	-	1,657,253
Interest	-	543,750
Total expenditures	608,323	9,616,938
Excess (deficiency) of revenues over expenditures	(446,665)	(2,667,204)
Other financing sources (uses)		
Transfers in	367,444	2,425,709
Transfers out	(102,695)	(921,394)
Bonds and notes issued	103,300	103,300
Total other financing sources (uses)	368,049	1,607,615
Net change in fund balance	(78,616)	(1,059,589)
Fund balance - beginning of year	285,018	4,634,810
Restatement (Note 17)	-	465,612
Fund balance - beginning of year, restated	285,018	5,100,422
Fund balance - end of year	\$ 206,402	\$ 4,040,833

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-1

City of Belen

Parks & Recreation

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	77,500	77,500	75,284	(2,216)
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>77,500</u>	<u>77,500</u>	<u>75,284</u>	<u>(2,216)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	60,850	60,850	59,808	1,042
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>60,850</u>	<u>60,850</u>	<u>59,808</u>	<u>1,042</u>
Excess (deficiency) of revenues over expenditures	<u>16,650</u>	<u>16,650</u>	<u>15,476</u>	<u>(1,174)</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	(16,650)	(16,650)	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	(16,650)	16,650	15,476	(1,174)
Fund balance - beginning of year	-	-	45,715	45,715
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,191</u>	<u>\$ 61,191</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>15,476</u>	
Adjustments to revenue for taxes			1,948	
Adjustment to expenditures			-	
Net Change in fund balance (GAAP basis)			<u>\$ 17,424</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-2

City of Belen

Fire Protection

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	145,945	194,633	194,633	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>145,945</u>	<u>194,633</u>	<u>194,633</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	106,850	140,142	154,382	(14,240)
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	0	99,990	99,990	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>106,850</u>	<u>240,132</u>	<u>254,372</u>	<u>(14,240)</u>
Excess (deficiency) of revenues over expenditures	<u>39,095</u>	<u>(45,499)</u>	<u>(59,739)</u>	<u>(14,240)</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	(39,095)	45,499		
Transfers in	0	-	-	-
Transfers out	(51,685)	(111,355)	(111,355)	-
Total other financing sources (uses)	<u>(51,685)</u>	<u>(111,355)</u>	<u>(111,355)</u>	<u>-</u>
Net Change in fund balance	(12,590)	(156,854)	(171,094)	(171,094)
Fund balance - beginning of year	-	-	260,039	260,039
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,945</u>	<u>\$ 88,945</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>(171,094)</u>	
Adjustments to revenue for taxes			1,678.00	
Adjustment to expenditures			-	
Net Change in fund balance (GAAP basis)			<u>\$ (169,416)</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-3

City of Belen

EMS Rescue

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	8,880	8,880	8,880	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>8,880</u>	<u>8,880</u>	<u>8,880</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	2,000	2,000	1,794	206
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	6,880	6,880	7,086	(206)
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>8,880</u>	<u>8,880</u>	<u>8,880</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>-</u>	
Adjustments to revenue			-	
Adjustment to expenditures			-	
Net Change in fund balance (GAAP basis)			<u>\$ -</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-4

City of Belen

1/8 GRT Infrastructure

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	460,000	526,382	526,382	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>460,000</u>	<u>526,382</u>	<u>526,382</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	15,000	17,108	17,108	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>15,000</u>	<u>17,108</u>	<u>17,108</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>445,000</u>	<u>509,274</u>	<u>509,274</u>	<u>-</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	(445,000)	(509,274)		
Transfers in	-	-	-	-
Transfers out	(497,900)	(497,900)	(497,900)	-
Total other financing sources (uses)	<u>(497,900)</u>	<u>(497,900)</u>	<u>(497,900)</u>	<u>-</u>
Net Change in fund balance	(52,900)	11,374	11,374	11,374
Fund balance - beginning of year	-	-	644,142	644,142
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 655,516</u>	<u>\$ 655,516</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>11,374</u>	
Adjustments to revenue for taxes			2,736.00	
Adjustment to expenditures for fees			(3,664)	
Net Change in fund balance (GAAP basis)			<u>\$ 10,446</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-5

City of Belen

Department of Justice

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	3,928	3,928
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,928</u>	<u>\$ 3,928</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>-</u>	
Adjustments to revenue			-	
Adjustment to expenditures			-	
Net Change in fund balance (GAAP basis)			<u>\$ -</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
City of Belen
Jail

Statement B-6

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	89,400	160,364	157,694	(2,670)
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>89,400</u>	<u>160,364</u>	<u>157,694</u>	<u>(2,670)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	89,400	89,400	155,673	(66,273)
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>89,400</u>	<u>89,400</u>	<u>155,673</u>	<u>(66,273)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>70,964</u>	<u>2,021</u>	<u>(68,943)</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	(70,964)		
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	-	70,964	2,021	2,021
Fund balance - beginning of year	-	-	20,383	20,383
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,404</u>	<u>\$ 22,404</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>2,021</u>	
Adjustments to revenue			-	
Adjustment to expenditures for care of prisoners			(11,665)	
Net Change in fund balance (GAAP basis)			<u>\$ (9,644)</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-7

City of Belen

Evidence

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	1,387	1,387
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>1,387</u>	<u>1,387</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	1,272	(1,272)
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>1,272</u>	<u>(1,272)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>115</u>	<u>115</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	-	-	115	115
Fund balance - beginning of year	-	-	45,242	45,242
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,357</u>	<u>\$ 45,357</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>115</u>	
Adjustments to revenue for taxes			-	
Adjustment to expenditures			-	
Net Change in fund balance (GAAP basis)			<u>\$ 115</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-8

City of Belen

Law Enforcement

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	31,400	32,000	32,000	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>31,400</u>	<u>32,000</u>	<u>32,000</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	31,400	31,636	31,978	(342)
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>31,400</u>	<u>31,636</u>	<u>31,978</u>	<u>(342)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>364</u>	<u>22</u>	<u>(342)</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	(364)	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	-	-	22	22
Fund balance - beginning of year	-	-	(22)	(22)
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>22</u>	
Adjustments to revenue for taxes			-	
Adjustment to expenditures for salaries, maintenance, and supplies			-	
Net Change in fund balance (GAAP basis)			<u>\$ 22</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-9

City of Belen

Confiscated Funds

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	5,000	6,000	7,000	(1,000)
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>5,000</u>	<u>6,000</u>	<u>7,000</u>	<u>(1,000)</u>
Excess (deficiency) of revenues over expenditures	<u>(5,000)</u>	<u>(6,000)</u>	<u>(7,000)</u>	<u>(1,000)</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	5,000	6,000	-	-
Transfers in	5,000	6,000	6,000	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>5,000</u>	<u>6,000</u>	<u>6,000</u>	<u>-</u>
Net Change in fund balance	-	-	(1,000)	(1,000)
Fund balance - beginning of year	-	-	5,460	5,460
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,460</u>	<u>\$ 4,460</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>(1,000)</u>	
Adjustments to revenue			-	
Adjustment to expenditures			-	
Net Change in fund balance (GAAP basis)			<u>\$ (1,000)</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-10

City of Belen

Lodgers Tax

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	52,000	52,000	52,466	466
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>52,000</u>	<u>52,000</u>	<u>52,466</u>	<u>466</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	52,000	60,465	70,655	(10,190)
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>52,000</u>	<u>60,465</u>	<u>70,655</u>	<u>(10,190)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(8,465)</u>	<u>(18,189)</u>	<u>(9,724)</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	8,465	-	-
Transfers in	589,216	589,216	-	(589,216)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>589,216</u>	<u>589,216</u>	<u>-</u>	<u>(589,216)</u>
Net Change in fund balance	589,216	580,751	(18,189)	(18,189)
Fund balance - beginning of year			60,904	60,904
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,715</u>	<u>\$ 42,715</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>(18,189)</u>	
Adjustments to revenues for lodgers taxes			609	
Adjustment to expenditures for salaries, advertising			<u>(5,322)</u>	
Net Change in fund balance (GAAP basis)			<u>\$ (22,902)</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-11

City of Belen

Property Abatement

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	5,013	5,013	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>5,013</u>	<u>5,013</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(5,013)</u>	<u>(5,013)</u>	<u>-</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	5,013	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	-	(5,013)	(5,013)	(5,013)
Fund balance - beginning of year	-	-	10,701	10,701
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,688</u>	<u>\$ 5,688</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>(5,013)</u>	
Adjustments to revenue			-	
Adjustment to expenditures			-	
Net Change in fund balance (GAAP basis)			<u>\$ (5,013)</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-12

City of Belen

Judicial Funds

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	971	971
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>971</u>	<u>971</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>971</u>	<u>971</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	-	-	971	971
Fund balance - beginning of year	-	-	(382)	(382)
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 589</u>	<u>\$ 589</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>971</u>	
Adjustments to revenue for taxes			-	
Adjustment to expenditures			-	
Net Change in fund balance (GAAP basis)			<u>\$ 971</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-13

City of Belen

Martin Juther King

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	500	1,000	1,000	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	1,861	1,861
Total revenue	<u>500</u>	<u>1,000</u>	<u>2,861</u>	<u>1,861</u>
Expenditures				
Current				
General government	500	1,000	3,275	(2,275)
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>500</u>	<u>1,000</u>	<u>3,275</u>	<u>(2,275)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(414)</u>	<u>(414)</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	-	-	(414)	(414)
Fund balance - beginning of year	-	-	1,006	1,006
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 592</u>	<u>\$ 592</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>(414)</u>	
Adjustments to revenue			-	
Adjustment to expenditures			-	
Net Change in fund balance (GAAP basis)			<u>\$ (414)</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-14

City of Belen

Technology Infrastructure Fee

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	60,000	60,000	60,663	663
Total revenue	60,000	60,000	60,663	663
Expenditures				
Current				
General government	65,500	65,500	42,693	22,807
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	65,500	65,500	42,693	22,807
Excess (deficiency) of revenues over expenditures	(5,500)	(5,500)	17,970	23,470
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	5,500	5,500	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net Change in fund balance	(5,500)	(5,500)	17,970	17,970
Fund balance - beginning of year	-	-	76,819	76,819
Fund balance - end of year	\$ -	\$ -	\$ 94,789	\$ 94,789
Net change in fund balance (non-GAAP budgetary basis)			17,970	
Adjustments to revenue for taxes			-	
Adjustment to expenditures for maintenance			(6,080)	
Net Change in fund balance (GAAP basis)			\$ 11,890	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
City of Belen
RSVP

Statement B-15

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	32,436	32,436	22,995	1,995
Federal capital grants	-	-	-	-
State operating grants	21,000	21,000	20,296	20,296
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	415	415
Total revenue	53,436	53,436	43,706	(9,730)
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	87,256	88,421	70,526	17,895
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	87,256	88,421	70,526	17,895
Excess (deficiency) of revenues over expenditures	(33,820)	(34,985)	(26,820)	8,165
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	33,820	34,985		
Transfers in	32,436	32,436	32,436	-
Transfers out	-	-	-	-
Total other financing sources (uses)	32,436	32,436	32,436	-
Net Change in fund balance	(1,384)	(2,549)	5,616	5,616
Fund balance - beginning of year	-	-	38,080	38,080
Fund balance - end of year	\$ -	\$ -	\$ 43,696	\$ 43,696
Net change in fund balance (non-GAAP budgetary basis)			5,616	
Adjustments to revenue			-	
Adjustment to expenditures for salaries			(1,448)	
Net Change in fund balance (GAAP basis)			\$ 4,168	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-16

City of Belen

Street Paving

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	140,000	156,826	156,826	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>140,000</u>	<u>156,826</u>	<u>156,826</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	14,622	(14,622)
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>14,622</u>	<u>(14,622)</u>
Excess (deficiency) of revenues over expenditures	<u>140,000</u>	<u>156,826</u>	<u>142,204</u>	<u>(14,622)</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	(140,000)	(156,826)		
Transfers in	-	-	-	-
Transfers out	(209,444)	(209,444)	(209,444)	-
Total other financing sources (uses)	<u>(209,444)</u>	<u>(209,444)</u>	<u>(209,444)</u>	<u>-</u>
Net Change in fund balance	(69,444)	(52,618)	(67,240)	(67,240)
Fund balance - beginning of year	-	-	298,835	298,835
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 231,595</u>	<u>\$ 231,595</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>(67,240)</u>	
Adjustments to revenue for taxes			12,814	
Adjustment to expenditures			-	
Net Change in fund balance (GAAP basis)			<u>\$ (54,426)</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-17

City of Belen

2008 GRT Revenue Bonds Debt Service Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	235,000	235,000	-
Interest	307,369	307,369	306,875	494
Total expenditures	<u>307,369</u>	<u>542,369</u>	<u>541,875</u>	<u>494</u>
Excess (deficiency) of revenues over expenditures	<u>(307,369)</u>	<u>(542,369)</u>	<u>(541,875)</u>	<u>494</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	307,369	542,369		
Transfers in	542,369	542,369	542,369	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>542,369</u>	<u>542,369</u>	<u>542,369</u>	<u>-</u>
Net Change in fund balance	235,000	-	494	494
Fund balance - beginning of year			652,042	652,042
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 652,536</u>	<u>\$ 652,536</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>494</u>	
Adjustments to revenue			612	
Adjustment to expenses			-	
Net Change in fund balance (GAAP basis)			<u>\$ 1,106</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-18

City of Belen

Debt Service Debt Service Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	5,185	5,185
Miscellaneous	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>5,185</u>	<u>5,185</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	718,752	1,028,540	633,777	394,763
Interest	202,918	204,250	561,626	(357,376)
Total expenditures	<u>921,670</u>	<u>1,232,790</u>	<u>1,195,403</u>	<u>37,387</u>
Excess (deficiency) of revenues over expenditures	<u>(921,670)</u>	<u>(1,232,790)</u>	<u>(1,190,218)</u>	<u>42,572</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	921,670	1,232,790	-	-
Transfers in	(983,523)	(1,188,724)	-	1,188,724
Transfers out	-	-	1,042,715	1,042,715
Total other financing sources (uses)	<u>(983,523)</u>	<u>(1,188,724)</u>	<u>1,042,715</u>	<u>2,231,439</u>
Net Change in fund balance	(1,905,193)	(2,421,514)	(147,503)	(147,503)
Fund balance - beginning of year			1,512,304	1,512,304
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,364,801</u>	<u>\$ 1,364,801</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>(147,503)</u>	
Adjustments to revenue			-	
Adjustment to contractual services			-	
Net Change in fund balance (GAAP basis)			<u>\$ (147,503)</u>	

See Independent Auditors' Report and Notes to 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 (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	430,000	430,000	430,000	-
Interest	38,225	38,225	33,725	4,500
Total expenditures	<u>468,225</u>	<u>468,225</u>	<u>463,725</u>	<u>4,500</u>
Excess (deficiency) of revenues over expenditures	<u>(468,225)</u>	<u>(468,225)</u>	<u>(463,725)</u>	<u>4,500</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	468,225	468,225		
Transfers in	434,745	434,745	434,745	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>434,745</u>	<u>434,745</u>	<u>434,745</u>	<u>-</u>
Net Change in fund balance	(33,480)	(33,480)	(28,980)	(28,980)
Fund balance - beginning of year			718,240	718,240
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 689,260</u>	<u>\$ 689,260</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>(28,980)</u>	
Adjustments to revenue			7,163	
Adjustment to expenses			-	
Net Change in fund balance (GAAP basis)			<u>\$ (21,817)</u>	

See Independent Auditors' Report and Notes to 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 (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	254,223	254,223
State operating grants	-	-	-	-
State capital grants	5,207,678	5,207,678	5,078,721	(128,957)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>5,207,678</u>	<u>5,207,678</u>	<u>5,332,944</u>	<u>125,266</u>
Expenditures				
Current				
General government	7,678	7,678	3,341	4,337
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	5,200,000	5,200,000	5,910,597	(710,597)
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>5,207,678</u>	<u>5,207,678</u>	<u>5,913,938</u>	<u>(706,260)</u>
Excess (deficiency) of revenues over expenditures	-	-	(580,994)	(580,994)
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net Change in fund balance	-	-	(580,994)	(580,994)
Fund balance - beginning of year	-	-	390,236	390,236
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (190,758)</u>	<u>\$ (190,758)</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>(580,994)</u>	
Adjustments to revenue			127,369	
Adjustment to expenses			(141,355)	
Net Change in fund balance (GAAP basis)			<u>\$ (594,980)</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-21

City of Belen

Road Infrastructure Improvements Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	328,333	376,031	162,696	(213,335)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	26,962	26,962	-
Total revenue	<u>328,333</u>	<u>402,993</u>	<u>189,658</u>	<u>(213,335)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	437,777	547,777	142,887	404,890
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	149,696	464,237	(314,541)
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>437,777</u>	<u>697,473</u>	<u>607,124</u>	<u>90,349</u>
Excess (deficiency) of revenues over expenditures	<u>(109,444)</u>	<u>(294,480)</u>	<u>(417,466)</u>	<u>(122,986)</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	109,444	294,480		
Transfers in	109,444	367,444	367,444	-
Transfers out	0	0	(102,695)	(102,695)
Bond Proceeds			103,300	
Total other financing sources (uses)	<u>109,444</u>	<u>367,444</u>	<u>368,049</u>	<u>(102,695)</u>
Net Change in fund balance	-	72,964	(49,417)	(49,417)
Fund balance - beginning of year	-	-	285,018	285,018
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 235,601</u>	<u>\$ 235,601</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>(49,417)</u>	
Adjustments to revenue			-	
Adjustment to expenses for capital outlay			<u>(29,199)</u>	
Net Change in fund balance (GAAP basis)			<u>\$ (78,616)</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-22

City of Belen

Multi-Purpose Park Capital Projects Fund (Major)

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	429,620	-	(429,620)
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>-</u>	<u>429,620</u>	<u>-</u>	<u>(429,620)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	223,767	594,848	(371,081)
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>223,767</u>	<u>594,848</u>	<u>(371,081)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>205,853</u>	<u>(594,848)</u>	<u>(800,701)</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	(205,853)	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Bond Proceeds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	-	-	(594,848)	(594,848)
Fund balance - beginning of year	-	-	637,958	637,958
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,110</u>	<u>\$ 43,110</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>(594,848)</u>	
Adjustments to revenue for state capital grants			383,394.00	
Adjustment to expenses			-	
Net Change in fund balance (GAAP basis)			<u>\$ (211,454)</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-23

City of Belen

Camino Del Llano Capital Projects Fund (Major)
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	1,625,000	1,625,000	893,869	(731,131)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>1,625,000</u>	<u>1,625,000</u>	<u>893,869</u>	<u>(731,131)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	1,625,000	1,669,564	622,492	1,047,072
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>1,625,000</u>	<u>1,669,564</u>	<u>622,492</u>	<u>1,047,072</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(44,564)</u>	<u>271,377</u>	<u>315,941</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	44,564		
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Bond Proceeds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	-	-	271,377	271,377
Fund balance - beginning of year	-	-	(447,351)	(447,351)
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (175,974)</u>	<u>\$ (175,974)</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>271,377</u>	
Adjustments to revenue			-	
Adjustment to expenses for capital outlay			-	
Net Change in fund balance (GAAP basis)			<u>\$ 271,377</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-24

City of Belen

Christopher Road Capital Projects Fund (Major)
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	-	-	-	-
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	106,543	(106,543)
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	106,543	(106,543)
Excess (deficiency) of revenues over expenditures	-	-	(106,543)	(106,543)
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Bond Proceeds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net Change in fund balance	-	-	(106,543)	(106,543)
Fund balance - beginning of year	-	-	5,226	5,226
Fund balance - end of year	\$ -	\$ -	\$ (101,317)	\$ (101,317)
Net change in fund balance (non-GAAP budgetary basis)			(106,543)	
Adjustments to revenue			-	
Adjustment to expenses for capital outlay			-	
Net Change in fund balance (GAAP basis)			\$ (106,543)	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-25

City of Belen

Waste Water Proprietary Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance Favorable (unfavorable)
	Original	Final	GAAP Basis	Final to actual
Operating revenues:				
Charges for services	\$ 1,147,500	\$ 1,267,796	\$ 1,250,665	\$ (17,131)
Total operating revenues	<u>1,147,500</u>	<u>1,267,796</u>	<u>1,250,665</u>	<u>(17,131)</u>
Operating expenses:				
Personnel services	365,148	369,693	366,366	3,327
Contractual services	18,000	18,000	0	18,000
Supplies	-	-	0	-
Maintenance and Materials	190,750	265,571	264,036	1,535
Utilities	150,000	150,000	156,064	(6,064)
Miscellaneous	116,200	116,200	99,571	16,629
Total operating expense	<u>840,098</u>	<u>919,464</u>	<u>886,037</u>	<u>33,427</u>
Operating income (loss)	<u>307,402</u>	<u>348,332</u>	<u>364,628</u>	<u>16,296</u>
Non-operating revenues (expense):				
Principal payments	-	-	-	-
Capital outlay	(370,000)	(370,000)	(250,957)	119,043
Gross receipts taxes	-	-	-	-
Interest income	-	-	-	-
Interest expense	-	-	-	-
Governmental contributions	-	-	-	-
Miscellaneous income (expense)	-	-	-	-
Total non-operating revenues (expense)	<u>(370,000)</u>	<u>(370,000)</u>	<u>(250,957)</u>	<u>119,043</u>
Income (loss) before contributions and transfers				
Transfers in	-	-	-	-
Transfers out	(213,475)	(213,475)	(1,384,630)	(1,171,155)
State and federal capital grants	-	-	-	-
State and federal operating grants	-	-	-	-
Total contributions and transfers	<u>(213,475)</u>	<u>(213,475)</u>	<u>(1,384,630)</u>	<u>(1,171,155)</u>
Change in Net Position	<u>\$ (276,073)</u>	<u>\$ (235,143)</u>	<u>(1,270,959)</u>	<u>\$ (1,035,816)</u>
Reconciliation to GAAP basis:				
Adjustments to revenues for decrease in accounts receivable			-1455	
Adjustments to expenditures for salaries, maintenance, depreciation and capital outlay			-184675	
Change in net position			<u>(1,457,089)</u>	
Net Position, beginning of year			<u>12,794,704</u>	
Net Position - end of the year			<u>\$ 11,337,615</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-26

City of Belen

Water Proprietary Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance Favorable (unfavorable)
	Original	Final	GAAP Basis	Final to actual
Operating revenues:				
Charges for services	\$ 1,527,500	\$ 1,511,643	\$ 1,766,466	\$ 254,823
Total operating revenues	<u>1,527,500</u>	<u>1,511,643</u>	<u>1,766,466</u>	<u>254,823</u>
Operating expenses:				
Personnel services	534,102	547,009	513,108	33,901
Contractual services	25,250	34,380	33,182	1,198
Supplies	4,000	4,000	3,132	868
Maintenance and Materials	212,000	270,262	390,367	(120,105)
Utilities	150,000	150,000	140,729	9,271
Miscellaneous	213,200	213,200	262,825	(49,625)
Total operating expense	<u>1,138,552</u>	<u>1,218,851</u>	<u>1,343,343</u>	<u>(124,492)</u>
Operating income (loss)	<u>388,948</u>	<u>292,792</u>	<u>423,123</u>	<u>130,331</u>
Non-operating revenues (expense):				
Principal payments	(24,000)	(24,000)	(19,646)	4,354
Capital outlay	(1,489,500)	(1,687,646)	(775,146)	912,500
Gross receipts taxes	-	-	-	-
Interest income	500	500	117	(383)
Interest expense	-	-	(3,720)	(3,720)
Governmental contributions	190,000	220,705	220,705	-
Miscellaneous income (expense)	-	-	-	-
Total non-operating revenues (expense)	<u>(1,323,000)</u>	<u>(1,490,441)</u>	<u>(577,690)</u>	<u>912,751</u>
Income (loss) before contributions and transfers				
Transfers in	900,000	900,000	1,160,584	260,584
Transfers out	(210,475)	(210,475)	(210,475)	-
State and federal capital grants	-	-	-	-
State and federal operating grants	300,000	300,000	3,298	(296,702)
Total contributions and transfers	<u>989,525</u>	<u>989,525</u>	<u>953,407</u>	<u>(36,118)</u>
Change in Net Position	<u>\$ 55,473</u>	<u>\$ (208,124)</u>	<u>798,840</u>	<u>\$ 1,006,964</u>
Reconciliation to GAAP basis:				
Adjustments to revenues for decrease in accounts receivable			10,424	
Adjustments to expenditures for capital outlay, principal payments, utilities,			534,512	
Change in net position			<u>1,343,776</u>	
Net Position, beginning of year			<u>8,708,958</u>	
Net Position - end of the year			<u>\$ 10,052,734</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-27

City of Belen

Solid Waste Proprietary Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance Favorable (unfavorable)
	Original	Final	GAAP Basis	Final to actual
Operating revenues:				
Charges for services	\$ 1,291,000	\$ 1,391,553	\$ 1,296,824	\$ (94,729)
Total operating revenues	<u>1,291,000</u>	<u>1,391,553</u>	<u>1,296,824</u>	<u>(94,729)</u>
Operating expenses:				
Personnel services	146,205	147,952	136,395	11,557
Contractual services	975,750	1,102,256	1,092,506	9,750
Supplies	-	-	-	-
Maintenance and Materials	76,000	180,367	119,705	60,662
Utilities	4,000	4,000	4,750	(750)
Miscellaneous	-	-	47,282	(47,282)
Total operating expense	<u>1,201,955</u>	<u>1,434,575</u>	<u>1,400,638</u>	<u>33,937</u>
Operating income (loss)	<u>89,045</u>	<u>(43,022)</u>	<u>(103,814)</u>	<u>(60,792)</u>
Non-operating revenues (expense):				
Principal payments	-	-	-	-
Capital outlay	-	-	-	-
Gross receipts taxes	-	-	-	-
Interest income	-	-	-	-
Interest expense	-	-	-	-
Governmental contributions	90,000	131,595	131,595	-
Miscellaneous income (expense)	-	-	-	-
Total non-operating revenues (expense)	<u>90,000</u>	<u>131,595</u>	<u>131,595</u>	<u>-</u>
Income (loss) before contributions and transfers				
Transfers in	-	-	113,266	113,266
Transfers out	-	-	(4,000)	(4,000)
State and federal capital grants	-	-	-	-
State and federal operating grants	-	-	-	-
Total contributions and transfers	<u>-</u>	<u>-</u>	<u>109,266</u>	<u>109,266</u>
Change in Net Position	<u>\$ 179,045</u>	<u>\$ 88,573</u>	<u>137,047</u>	<u>\$ 48,474</u>
Reconciliation to GAAP basis:				
Adjustments to revenues			-	
Adjustments to expenditures for capital outlay, principal payments, utilities,			(16,019)	
Change in net position			<u>121,028</u>	
Net Position, beginning of year			<u>618,399</u>	
Net Position - end of the year			<u>\$ 739,427</u>	

See Independent Auditors' Report and Notes to Financial Statements

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
City of Belen
Schedule of Deposits and Investments
June 30, 2016

Schedule III

Bank Name/Account Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
Wells Fargo:					
Operational	Checking	\$ 5,795,500	\$ 166,700	\$ 311,086	\$ 5,651,114
1/12 Reserve	Savings	1,074,200	-	-	1,074,200
Total Wells Fargo Bank, N.A.		<u>6,869,700</u>	<u>166,700</u>	<u>311,086</u>	<u>6,725,314</u>
My Bank:					
Meter Deposits	Checking	117,599	-	-	117,599
Total US bank		<u>117,599</u>	<u>-</u>	<u>-</u>	<u>117,599</u>
US Bank:					
Fire Truck Reserve	Checking	69,492	-	-	69,492
Certificate of Deposit	CD	223,127	-	-	223,127
Certificate of Deposit	CD	562,867	-	-	562,867
Total US Bank		<u>855,486</u>	<u>-</u>	<u>-</u>	<u>855,486</u>
Bank of Albuquerque:					
Certificate of Deposit	CD	298,092	-	-	298,092
Total Bank of Albuquerque		<u>298,092</u>	<u>-</u>	<u>-</u>	<u>298,092</u>
New Mexico Finance Authority:					
Belen Cash & Reserves	State Tr. Debt Se	582,527	-	-	582,527
Total New Mexico Finance Authority		<u>582,527</u>	<u>-</u>	<u>-</u>	<u>582,527</u>
Total		<u>\$ 8,723,404</u>	<u>\$ 166,700</u>	<u>\$ 311,086</u>	8,579,018
Petty cash					600
Total Deposits					<u>\$ 8,579,618</u>

See Independent Auditors' Report

STATE OF NEW MEXICO
City of Belen
Schedule of Collateral Pledged by Depository for Public Funds
June 30, 2016

Schedule IV

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity Date</u>	<u>CUSIP / Description</u>	<u>Fair Market Value</u>
Wells Fargo:				
	FNMA FNMS	11/1/2026	3138AVTE5	\$ 181,211
	FNMA FNMS	5/1/2042	31417BZm2	<u>3,637,158</u>
Total Wells Fargo				<u>3,818,369</u>
US Bank:				
	FNMA POOL	9/1/2036	31410PWN9	104,153
	FNMA POOL	9/1/2036	31410PWP4	287,206
	FNMA POOL	8/1/2024	31412QD22	<u>158,615</u>
Total US Bank				<u>549,974</u>
Pinnacle Bank:				
	FHMS	10/25/2020	3137A8PN2	<u>50,860</u>
Total Pinnacle Bank				<u>50,860</u>
Total Pledged Collateral				<u>\$ 4,419,203</u>

See Independent Auditors' Report

**Schedule of Joint Powers Agreements and Memo of Understanding
June 30, 2016**

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
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 2016
Amount of project	
City contributions	Unknown
Audit responsibility	Both parties

See Independent Auditors' Report

**Schedule of Joint Powers Agreements and Memo of Understanding
June 30, 2016**

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	\$3,750/year
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

**Schedule of Joint Powers Agreements and Memo of Understanding
June 30, 2016**

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	2012 through project completion
Amount of project	Unknown
City contributions	Unknown
Audit responsibility	Valencia County City of Belen

License Agreement between the Belen Consolidated Schools and the City of Belen Regarding the Belen High School Pond

Participants	Belen Consolidated Schools City of Belen
Responsible party	Belen Consolidated Schools City of Belen
Description	Agreement for the Schools to grant to the City a License to construct, improve, expand, operate, maintain, and repair, at the City's expense, an expansion to the High School Pond to accommodate additional storm water run off in accordance with the Drainage Master Plan developed by the City.
Term of agreement	Indefinite
Amount of project	Unknown
City contributions	Unknown
Audit responsibility	Belen Consolidated Schools City of Belen

**Schedule of Joint Powers Agreements and Memo of Understanding
June 30, 2016**

Memorandum of Understanding between City of Belen and City of Rio Communities for Animal Control Services

Participants	City of Belen City of Rio Communities
Description	Agreement to extend emergency animal control services provided by the City of Belen to the city and residents of Rio Communities. Compensation shall be provided from the City of
Term of agreement	November 2014 through November 2015 with automatic one year
Amount of project	Unknown
City contributions	Unknown
Audit responsibility	City of Belen City of Rio Communities

STATE OF NEW MEXICO
City of Belen
Schedule of Vendor Information for Purchases Exceeding \$60,000
June 30, 2016

Prepared By: Roseann Peralta Finance Director

Agency Number	Agency Name	Agency Type	RFB#/RFP# (If applicable)	Type of Procurement	Vendor Name	Did Vendor Win Contract?
6012	City of Belen New Mexico	Municipalities	BLN131-21	Competitive (RFP or RFB)	Molzen-Corbin & Assoc.	Winner
6012	City of Belen New Mexico	Municipalities	30-000-13-00054	Competitive (RFP or RFB)	4 Rivers Equipment, LLC	Winner
6012	City of Belen New Mexico	Municipalities	146003800	Competitive (RFP or RFB)	Star Paving Inc.	Winner
6012	City of Belen New Mexico	Municipalities	146003800	Competitive (RFP or RFB)	NM Underground Constructor, Inc.	Loser
6012	City of Belen New Mexico	Municipalities	146003800	Competitive (RFP or RFB)	Advanced Enviornmental Solutions, I	Loser
6012	City of Belen New Mexico	Municipalities	2016-02	Competitive (RFP or RFB)	TLC Plumbing & Utility, Inc.	Winner
6012	City of Belen New Mexico	Municipalities	2016-02	Competitive (RFP or RFB)	Advanced Enviornmental Solutions, I	Loser
6012	City of Belen New Mexico	Municipalities	2016-02	Competitive (RFP or RFB)	Mevacon, LLC	Loser
6012	City of Belen New Mexico	Municipalities	2015-4504	Competitive (RFP or RFB)	Cooperative Education Service	Winner
6012	City of Belen New Mexico	Municipalities	2015-4505	Competitive (RFP or RFB)		Loser
6012	City of Belen New Mexico	Municipalities	24-052422	Competitive (RFP or RFB)		Loser
6012	City of Belen New Mexico	Municipalities	24-051720	Competitive (RFP or RFB)		Loser
6012	City of Belen New Mexico	Municipalities	24-053876	Competitive (RFP or RFB)		Loser
6012	City of Belen New Mexico	Municipalities	24-055391	Competitive (RFP or RFB)		Loser
6012	City of Belen New Mexico	Municipalities	24-055391	Competitive (RFP or RFB)		Loser
6012	City of Belen New Mexico	Municipalities	BLN131-12	Competitive (RFP or RFB)	Mountain States Construction	Winner
6012	City of Belen New Mexico	Municipalities	BLN131-12	Competitive (RFP or RFB)	Albuquerque Asphalt, INC	Loser
6012	City of Belen New Mexico	Municipalities	22-000-00-00105	Competitive (RFP or RFB)	Summit Truck Group	Winner
6012	City of Belen New Mexico	Municipalities	BLN131-13	Competitive (RFP or RFB)	D & H United Fueling Solutions, Inc.	Winner
6012	City of Belen New Mexico	Municipalities	BLN142-20	Competitive (RFP or RFB)	TLC Plumbing & Utility, Inc.	Winner
6012	City of Belen New Mexico	Municipalities	BLN101-11	Competitive (RFP or RFB)	RMCI, Inc.	Winner
6012	City of Belen New Mexico	Municipalities	BLN101-11	Competitive (RFP or RFB)	TLC Plumbing & Heating	Loser
6012	City of Belen New Mexico	Municipalities	BLN101-11	Competitive (RFP or RFB)	Lone Mountain Contracting, Inc.	Loser

See Independent Auditors' Report

Schedule VI

<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Physical address of vendor (City, State)</i>	<i>Did the Vendor provide documentation of eligibility for in-state preference?</i>	<i>Did the Vendor provide documentation of eligibility for veterans' preference?</i>	<i>Brief Description of the Scope of Work</i>
\$144,683.43		2701 Miles SE Ste 200 Albuquerque, NM 87106	Yes	No	Crosswind Observation
\$109,055.00		2301 Candelaria Rd. NE Albuquerque, NM 87107	Yes	No	John Deere Loader Backhoe State Contract
\$526,202.84		3109 Love Rd Sw Albuquerque, NM 87121	Yes	No	Camino Del Llano Ponds
	N/A	6201 Industry Way SE Albuquerque, NM 87105	No	No	Camino Del Llano Ponds
	N/A	2318 Roldan Dr. Belen, NM 87002	No	No	Camino Del Llano Ponds
\$316,063.62		5000 Edith NE Albuquerque, NM 87107	Yes	No	Belen WWTP Sludge Bed
	N/A	2318 Roldan Dr. Belen, NM 87002	No	No	Belen WWTP Sludge Bed
	N/A	3505 Carlisle Blvd NE Albuquerque, NM 87110	No	No	Belen WWTP Sludge Bed
\$779,514.51		4216 Balloon Park Rd NE Albuquerque, NM 87109	Yes Yes Yes Yes Yes Yes	No No No No No No	East Ross Ave. Roadway Orchard Road Vivian Fields Lighting Project Transfer Station Repairs Perizzite/Esperanza Dr. Pavement Road Old River Road pavement and asphalt Wisconsin Pavement
\$5,398,788.94		3601 Pan American Freeway NE Albuquerque, NM 87107	Yes	No	Belen Alexander Crosswind Runway
	N/A	PO Box 66450 Albuquerque, NM 87119	No	No	Belen Alexander Crosswind Runway
\$93,692.00		1623 Aspen Ave Albuquerque, NM 87401	Yes	No	Dump Truck 2016
\$253,144.29		PO Box 92407 Albuquerque, NM 87199	Yes	No	Belen Alexander Airport Fuel Farm
\$114,977.46		5000 Edith NE Albuquerque, NM 87107	Yes	No	Mesa Road HSIP Improvements
\$93,060.53		6211 Chappell Rd NE Albuquerque, NM 87113	Yes	No	Eagle Water Tank
	N/A	5000 Edith Blvd. NE Albuquerque, NM 87107	No	No	Eagle Water Tank
	N/A	125 Bosque Farms Blvd. Bosque Farms, NM 87068	No	No	Eagle Water Tank

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COMPLIANCE SECTION



Southwest Accounting Solutions, LLC

Auditors ~ Business Consultants ~ CPA

INDEPENDENT AUDITOR'S 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

Honorable Tim Keller
New Mexico State Auditor
The City Council
City of Belen
Belen, New Mexico

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Belen New Mexico (the City) as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 3, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and 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 questioned costs to be material weaknesses (FS 2009-001, FS 2016-001).

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 in the accompany schedule of findings and questioned costs to be significant deficiencies (FS 2009-004, FS 2013-002).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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 questioned costs as items (FS 2009-001, FS 2009-004, FS 2013-002, FS 2014-003).

City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Southwest Accounting Solutions, LLC

Southwest Accounting Solutions, LLC
Albuquerque, New Mexico
November 3, 2016

**STATE OF NEW MEXICO
City of Belen
Schedule of Findings and Responses
June 30, 2016**

SUMMARY OF AUDIT RESULTS

Financials Statements:

- | | |
|--|-------------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | Yes |
| b. Significant deficiencies identified? | Yes |
| c. Noncompliance material to the financial statements? | Yes |

**STATE OF NEW MEXICO
City of Belen
Schedule of Findings and Responses
June 30, 2016**

Prior Year Audit Findings

Financial Statement Findings

FS 2009-001	PERA Reporting and Contribution Remittances	Modified and repeated
FS 2009-004	Expenditures in Excess of Budget	Modified and repeated
FS 2010-001	Design Deficiencies in Internal Control over Financial Reporting	Resolved
FS 2013-001	Incorrect Travel and Per Diem Payments	Resolved
FS 2013-002	Department of Finance and Administration Cash Report	Modified and repeated
FS 2014-001	Utility Customer Accounts	Resolved
FS 2014-003	Compliance with the Anti-Donation Clause – In-Kind Services	Repeated
FS 2015-001	Leased Property Noncompliance	Resolved
FS 2015-002	Preparation of Accrual Balances	Resolved

STATE OF NEW MEXICO
City of Belen
Schedule of Findings and Responses
June 30, 2016

FS 2009-001 (FS 2009-01) PERA Reporting and Contribution Remittances – Material Weakness - Noncompliance

Condition: During the year ended June 30, 2016, PERA reports were not correctly completed. The total amount overpaid was \$617. This error existed from July of 2008 through year end. Further PERA reported 3 payment reports being submitted late.

Criteria: PERA contribution requirements for the City and the City's employees, including those requirements related to retired elected officials, are established in State statute under Chapter 10, Article 11, and NMSA 1978.

Effect: The City is not in compliance with Public Employees Retirement Act reporting requirements and is not properly submitting the correct contributions to PERA. Further if PERA payments were underpaid in prior fiscal years the City could be have unrecorded liabilities to PERA that are not properly disclosed and could material to the financial statements.

Cause: Poor system integration into PERA reporting, a lack of understanding of the requirements, and inadequate internal controls resulted in incomplete reporting and improper remittances.

Auditors' Recommendation: We recommend that the City reconcile and review PERA reports and contribution amounts prior to submittal and payment. Further we recommend that the city perform a reconciliation of PERA submittals for at least fiscal years 2008 through 2016.

Management Response: The Payroll Clerk is currently reconciling the PERA reports and contribution amounts. The City will perform PERA reconciliation for the past 6 years.

Managements Progress: The City is working with PERA and there CPA to reconcile the problem before fiscal year end 2017.

Responsible Parties: Payroll Clerk

Timeline: Fiscal year 2017

STATE OF NEW MEXICO
City of Belen
Schedule of Findings and Responses
June 30, 2016

FS 2009-004 (FS 2009-04) Expenditures in Excess of Budget and Budgeted Cash in Excess of Available Balance – Significant Deficiency - Noncompliance

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

<u>Fund</u>	<u>Amount</u>
General Fund	\$ 393,774
Evidence	\$ 1,272
Confiscated Funds	\$ 1,000
Martin Luther King	\$ 2,275
Street Paving	\$ 14,622
Alexander Airport	\$ 706,260
Multi-Purpose Park Capital Project Fund	\$ 371,081
Christopher Road Capital Projects Fund	\$ 106,543
Fire Protection Fund	\$ 14,240
Jail SRF	\$ 66,273
Law Enforcement	\$ 342
Lodgers Tax	\$ 10,190
1/2 GRT Infrastructure	\$ 4,367

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.

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.

Cause: There was inadequate monitoring of budgeting procedures during the fiscal year end June 30, 2016.

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.

Management Progress:

Management Response: The Finance Director will review the financial statements monthly and submit the required budget adjustments to keep the budget compliant.

Managements Progress: Management has employed an additional individual in the finance department who will be assigned this task.

Responsible Parties: Finance Director

Timeline: Fiscal Year 2017

STATE OF NEW MEXICO
City of Belen
Schedule of Findings and Responses
June 30, 2016

**FS 2013-002 – Department of Finance and Administration Cash Report – Significant Deficiency
- Noncompliance**

Condition: During testwork, we noted that the City's Cash Report to the Department of Finance and Administration would not tie to the City's general ledger cash by \$2,144,656. Upon review of the report, it appears that the difference is due to differences in the beginning cash balance amounts going back several years in DFA reports. Further cash balances reported in the ending

Criteria: NMSA 1978 6.6.3 states that every local public body shall make all reports as may be required by the local government division. The local government division requires that municipalities file quarterly financial reports for review by the local government division.

Effect: The City is unable to provide the Department of Finance and Administration cash balances which tie to the City's cash.

Cause: The City has not been reconciling cash balances to the Department of Finance and Administration reports quarterly.

Auditors' Recommendations: We recommend the City collaborate with DFA to address the discovery of the issue that created the differences in cash balances reported in the City's general ledger and the amounts reported to DFA.

Management Response: The Finance Director will work with the DFA Budget Analyst to get the correct cash balances changed on the DFA report.

Managements Progress: Management has been working with their DFA Analyst to correct the problem.

Responsible Parties: Finance Director

Timeline: Fiscal Year 2017

STATE OF NEW MEXICO
City of Belen
Schedule of Findings and Responses
June 30, 2016

FS 2014-003 – Compliance with the Anti-Donation Clause – In-Kind Services – Other Noncompliance

Condition: During our audit, we noted that the City has begun to implement policies and procedures designed to eliminate the provision of in-kind services for local events without payment, in violation of the Anti-Donation Clause of the Constitution of the State of New Mexico. The City has implemented a corrective action plan as follows: a policy whereby entities desiring to utilize the City's staff, equipment, property, and other items and services for local events must complete a form and provide recompense to the City for such utilization has been put into place, but has not been consistently followed.

Criteria: Article 9, Section 14 of the New Mexico Constitution states that "neither the state nor any county, school district or municipality...shall directly or indirectly lend or pledge its credit or make any donation to or in aid of any person, association or public or private corporation...". The various exemptions included in this section do not address the hosting of public events as an exemption from the Anti-Donation clause.

Effect: The City has violated the provisions of Article 9, Section 14 of the New Mexico Constitution.
Cause: While the process exists for entities to request the use of City facilities and services, and reimburse the City for such use, the policy is not being consistently applied.

Auditors' Recommendations: We recommend that the City establish policies to charge for the use of City employees, services, equipment, and facilities, and apply those policies to all entities seeking to use City resources.

Management Response: The City Manager will create a Policy establishing the process and cost of City services requested by the public.

Responsible Parties: City Manager

Managements Progress: The City Manager is creating a policy and forms to implement internal controls to correct the problem.

Timeline: Fiscal Year 2017

STATE OF NEW MEXICO
City of Belen
Schedule of Findings and Responses
June 30, 2016

FS 2016-001 — COSO Framework Monitoring Deficiencies – Material Weakness

Condition: During our process of understanding the entity and its environment, we noted instances where elements of the framework of Committee of Sponsoring Organizations (COSO) were nonexistent or deficient. We noted that the risk assessment element and monitoring element were not documented or sufficiently designed. We also noted the following deficiencies:

- During our audit procedures, we noted that the City has insufficient internal controls to properly identify and assess fraud risks.
- During audit review and testing procedures performed, we noted the City lacked proper written policies and procedures at the entity wide level.
- During our audit procedures we noted the City does not have a secondary person review bank reconciliations, and journal entries that are prepared by the finance director.

Criteria: The Committee of Sponsoring Organizations (COSO) internal control integrated framework consists of five critical elements that must be present in carrying out the achievement objectives of an organization. These elements are known as the control environment, risk assessment, control activities, information and communication and monitoring.

Effect: Without all of the five elements of the COSO framework present, the City is exposing itself to the risk of misappropriation of assets and does not have set processes in place to maximize the resources of the City.

Cause: The City has not performed a formalized and documented risk assessment process for key controls to be in place to prevent and detect errors or fraud. The City does not properly monitor duties and responsibilities to ensure, laws, statutes, and best practices are being followed.

Auditors' Recommendations: The City should create a comprehensive and written internal control structure over financial reporting that is documented and implemented.

Management's Response: The Finance Director will work on creating a set of standard operating procedures for the Finance Department.

Managements Progress: New Finding

Timeline: Fiscal year 2018.

STATE OF NEW MEXICO
City of Belen
Exit Conference
June 30, 2016

Exit Conference

An exit conference was held on November 3, 2016. In attendance were the following:

Representing the City of Belen:

Roseann Peralta	Finance Director
Elena Garcia	Finance Clerk
Rhianna Chavez	Finance Clerk
Leona Vigil	City Manager
Wayne Gallegos	City Councilor
David Carter	City Councilor

Representing Southwest Accounting Solutions, LLC

Robert Peixotto, CPA Managing Member

Auditor Prepared Financial Statements

Southwest Accounting Solutions, LLC 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.