



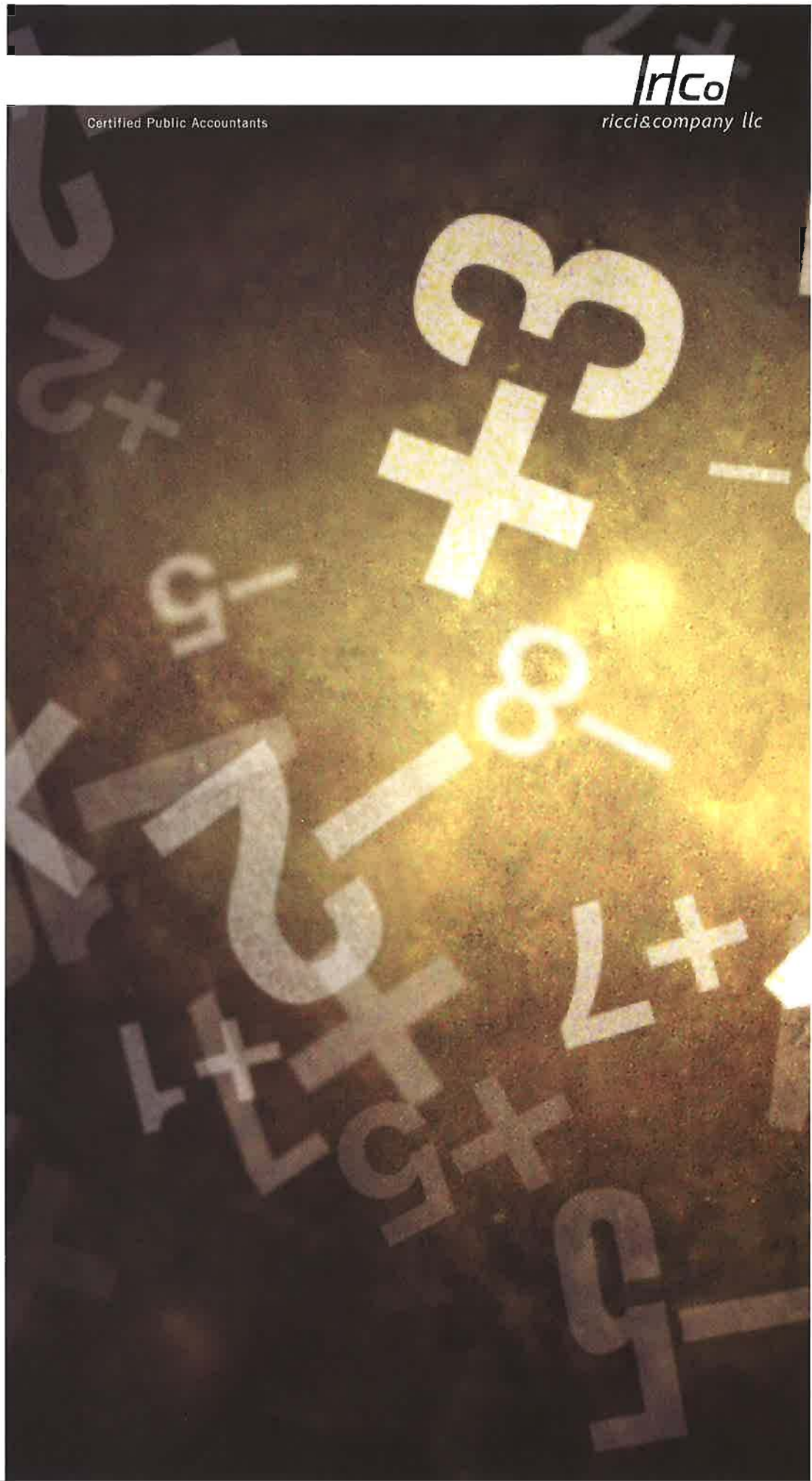
Certified Public Accountants

*ricci&company llc*

**STATE OF NEW MEXICO  
TOWN OF ESTANCIA**

**FINANCIAL STATEMENTS**

**JUNE 30, 2009**



**STATE OF NEW MEXICO  
TOWN OF ESTANCIA**

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**STATE OF NEW MEXICO  
TOWN OF ESTANCIA**

*Official Roster*

**Town Council**

<b><u>Name</u></b>	<b><u>Title</u></b>
Martin Hibbs	Mayor
Michelle Dunlap	Councilor
Becky Bailey	Councilor
Josie Richards	Councilor
Sylvia Chavez	Councilor

**Administration**

Tammy Meyer	Town Clerk
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## Independent Auditors' Report

Hector Balderas  
New Mexico State Auditor  
and  
Theodore Barela, Mayor  
Town Council Members  
Town of Estancia  
Estancia, New Mexico

We have audited the accompanying basic financial statements consisting of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information and budgetary comparison for the general fund of the Town of Estancia, New Mexico, as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Town's non-major governmental and fiduciary funds, and the budgetary comparisons for all non-major funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Town of Estancia, New Mexico's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Because of the inadequacy of accounting records related to capital assets, we were unable to form an opinion regarding the amounts at which property and equipment and accumulated depreciation were recorded in the accompanying balance sheets at June 30, 2009 or the amount of depreciation expense for the year then ended.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had records concerning property and equipment and related accumulated depreciation and depreciation expense been adequate, 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 Town of Estancia, New Mexico, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had records concerning property and equipment and related accumulated depreciation and depreciation expense been adequate, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental and fiduciary fund of the Town of Estancia, New Mexico, as of June 30 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for each non-major governmental fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2010, on our consideration of the Town of Estancia, New Mexico's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the basic financial statements and the combining and individual fund financial statements and budgetary comparisons presented as supplemental information. The accompanying statement of changes in fiduciary assets and liabilities and supporting schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Ricci & Company, LLC*

Albuquerque, New Mexico  
October 25, 2010

## **BASIC FINANCIAL STATEMENTS**

STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
June 30, 2009

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets			
Cash and temporary investments	\$ 175,196	-	175,196
Receivables	133,513	53,823	187,336
Internal balances	4,430	(4,430)	-
<b>Total current assets</b>	<b>313,139</b>	<b>49,393</b>	<b>362,532</b>
Noncurrent Assets			
Restricted cash	1,040,629	-	1,040,629
Internal balances	(149,419)	149,419	-
Capital assets	3,226,801	4,376,559	7,603,360
Less accumulated depreciation	-	(1,500,524)	(1,500,524)
<b>Total noncurrent assets</b>	<b>4,118,011</b>	<b>3,025,454</b>	<b>7,143,465</b>
<b>Total assets</b>	<b>\$ 4,431,150</b>	<b>3,074,847</b>	<b>7,505,997</b>
<b>LIABILITIES AND NET ASSETS</b>			
Current Liabilities			
Accounts payable	\$ 48,076	20,552	68,628
Accrued payroll	28,452	8,959	37,411
Accrued compensated absences	13,699	5,610	19,309
Current portion of long-term obligations	33,405	82,121	115,526
<b>Total current liabilities</b>	<b>123,632</b>	<b>117,242</b>	<b>240,874</b>
Long-term Liabilities			
Noncurrent portion of long-term obligations	129,780	448,877	578,657
<b>Total liabilities</b>	<b>253,412</b>	<b>566,119</b>	<b>819,531</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	3,063,616	2,345,037	5,408,653
Restricted for capital projects	1,040,629	-	1,040,629
Unrestricted	73,493	163,691	237,184
<b>Total net assets</b>	<b>4,177,738</b>	<b>2,508,728</b>	<b>6,686,466</b>
<b>Total liabilities and net assets</b>	<b>\$ 4,431,150</b>	<b>3,074,847</b>	<b>7,505,997</b>

The Notes to the Financial Statements are an integral part of this statement.



STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2009

<u>Functions/Programs</u>	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government</b>				
Governmental activities				
General government	\$ 441,234	89,084	306,596	1,000,866
Public safety	375,477	30,299	60,579	-
Culture and recreation	257,634	-	2,838	-
Health and welfare	44,868	-	-	-
Public works	63,972	-	52,136	73,543
Interest and other charges	1,806	-	-	-
Total governmental activities	1,184,991	119,383	422,149	1,074,409
Business-like activities				
Joint utilities	640,913	591,534	-	565,464
Total business-like activities	640,913	591,534	-	565,464
<b>Total primary government</b>	<b>\$ 1,825,904</b>	<b>710,917</b>	<b>422,149</b>	<b>1,639,873</b>

General Revenues  
Property taxes  
Gross receipts taxes  
Motor vehicle and fuel taxes  
Other taxes  
Miscellaneous revenue  
Transfers  
Unrestricted investment earnings

Total general revenues and transfers

Change in net assets

Beginning net assets  
Restatement  
Beginning net assets, restated

**Ending net assets**

*The Notes to the Financial Statements are an integral part of this statement.*

Net (Expense) Revenue and Changes in Net Assets

	Governmental Activities	Business-Type Activities	Total
\$	955,312	-	955,312
	(284,599)	-	(284,599)
	(254,796)	-	(254,796)
	(44,868)	-	(44,868)
	61,707	-	61,707
	(1,806)	-	(1,806)
	430,950	-	430,950
	-	516,085	516,085
	-	516,085	516,085
	430,950	516,085	947,035
\$	20,187	-	20,187
	601,532	-	601,532
	22,803	-	22,803
	2,621	-	2,621
	77,889	-	77,889
	(21,117)	21,117	-
	881	-	881
	704,796	21,117	725,913
	1,135,746	537,202	1,672,948
	3,041,976	1,971,526	5,013,502
	16	-	16
	3,041,992	1,971,526	5,013,518
\$	4,177,738	2,508,728	6,686,466

STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2009

	General Fund	Other Non-Major Funds	Total
<b>ASSETS</b>			
Current			
Cash and temporary investments	\$ 139,265	35,931	175,196
Accounts receivable	107,907	25,606	133,513
Due from other funds - deficit cash	4,616	-	4,616
Restricted			
Cash and temporary investments	1,040,629	-	1,040,629
<b>Total assets</b>	<b>\$ 1,292,417</b>	<b>61,537</b>	<b>1,353,954</b>
<b>LIABILITIES AND FUND BALANCE</b>			
Current Liabilities			
Accounts payable	\$ 48,076	-	48,076
Accrued payroll	28,452	-	28,452
Due to other funds	-	186	186
Long Term Liabilities			
Due to business-type activities	149,419	-	149,419
<b>Total liabilities</b>	<b>225,947</b>	<b>186</b>	<b>226,133</b>
Fund Balance			
Undesignated, reported in:			
General Fund	1,066,470	-	1,066,470
Special Revenue Funds	-	34,770	34,770
Capital Projects Fund	-	26,581	26,581
<b>Total fund balance</b>	<b>1,066,470</b>	<b>61,351</b>	<b>1,127,821</b>
<b>Total liabilities and fund balance</b>	<b>\$ 1,292,417</b>	<b>61,537</b>	<b>1,353,954</b>

*The Notes to the Financial Statements are an integral part of this statement.*

STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
June 30, 2009

<b>Total fund balance for the governmental fund (balance sheet)</b>	\$ 1,127,821
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	3,226,801
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
Capital leases	(163,185)
Compensated absences	(13,699)
	<hr/>
<b>Net assets of governmental activities (statement of net assets)</b>	<b><u><u>\$ 4,177,738</u></u></b>

*The Notes to the Financial Statements are an integral part of this statement.*

STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2009

	General Fund	Non-Major Governmental Funds	Total
<b>Revenues</b>			
Other general	\$ 522,835	298,894	821,729
Fines and forfeits	11,067	-	11,067
Taxes	334,139	22,803	356,942
Licenses and permits	5,735	30,229	35,964
Charges for services	36,418	-	36,418
Interest	881	-	881
Miscellaneous	77,712	-	77,712
Meter	275	-	275
Contributions - library	1,000,866	-	1,000,866
Capital projects revenue	-	-	-
Transfers	-	-	-
<b>Total revenues</b>	<b>1,989,928</b>	<b>351,926</b>	<b>2,341,854</b>
<b>Expenditures</b>			
Current:			
General government	444,538	-	444,538
Public safety	305,500	69,977	375,477
Culture and recreation	223,577	34,057	257,634
Health and welfare	44,868	-	44,868
Public works	-	63,972	63,972
Capital outlay	-	46,962	46,962
Debt service:			
Principal	-	31,781	31,781
Interest	-	1,806	1,806
Bond issuance costs	-	-	-
<b>Total expenditures</b>	<b>1,018,483</b>	<b>248,555</b>	<b>1,267,038</b>
<b>Excess of revenues over expenditures</b>	<b>971,445</b>	<b>103,371</b>	<b>1,074,816</b>
<b>Other Financing Sources (Uses)</b>			
Operating transfers in	-	877	877
Operating transfers out	(877)	(21,117)	(21,994)
Original issue discounts	-	-	-
Bond proceeds	-	-	-
<b>Total other financing sources (uses)</b>	<b>(877)</b>	<b>(20,240)</b>	<b>(21,117)</b>
<b>Net change in fund balance</b>	<b>970,568</b>	<b>83,131</b>	<b>1,053,699</b>
Fund balance, beginning of year	55,897	18,209	74,106
Restatement	40,005	(39,989)	16
Fund balance - beginning of year, restated	95,902	(21,780)	74,122
<b>Fund balance - end of year</b>	<b>\$ 1,066,470</b>	<b>61,351</b>	<b>1,127,821</b>

The Notes to the Financial Statements are an integral part of this statement.

**STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2009**

**Net change in fund balance - Governmental Fund**  
**(statement of revenues, expenditures and changes in fund balance)** **\$ 1,053,699**

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

Governmental funds capital outlays are reported 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	46,962
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The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, government funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

Capital lease adjustments	31,781
Decrease in accrued compensated absences	3,304
	35,085

<b>Change in net assets</b>	<b>\$ 1,135,746</b>
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*The Notes to the Financial Statements are an integral part of this statement.*

STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
GENERAL FUND  
Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Budget Basis	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 440,305	379,501	379,501	-
Intergovernmental	442,200	519,313	523,232	3,919
Licenses and fees	7,270	5,735	5,735	-
Charges for services	62,200	36,418	36,418	-
Investment income	3,900	880	880	-
Miscellaneous	84,700	88,844	88,844	-
<b>Total revenues</b>	<u>1,040,575</u>	<u>1,030,691</u>	<u>1,034,610</u>	<u>3,919</u>
<b>Expenditures</b>				
Current:				
General government	361,465	401,286	401,286	-
Public safety	320,566	299,746	299,746	-
Culture and recreation	251,570	218,934	218,934	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Miscellaneous	114,934	142,953	125,713	17,240
<b>Total expenditures</b>	<u>1,048,535</u>	<u>1,062,919</u>	<u>1,045,679</u>	<u>17,240</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(7,960)</u>	<u>(32,228)</u>	<u>(11,069)</u>	<u>21,159</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	-	6,117	6,117	-
Operating transfers out	-	(48,333)	(49,210)	(877)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(42,216)</u>	<u>(43,093)</u>	<u>(877)</u>
<b>Net change in fund balance</b>	<u>(7,960)</u>	<u>(74,444)</u>	<u>(54,162)</u>	<u>20,282</u>
Fund balance, beginning of year	(48,226)	(48,226)	(48,226)	-
Restatement	40,005	40,005	40,005	-
Fund balance, beginning of year , restated	<u>(8,221)</u>	<u>(8,221)</u>	<u>(8,221)</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ (16,181)</u>	<u>(82,665)</u>	<u>(62,383)</u>	<u>20,282</u>
<b>Reconciliation to GAAP Basis</b>				
Revenues, budgetary basis			\$ 1,034,610	
Changes in accounts receivable			(45,548)	
Unbudgeted - library contribution			1,000,866	
Revenues, GAAP basis			<u>\$ 1,989,928</u>	
Expenses, budgetary basis			\$ 1,045,679	
Changes in accounts payable			(16,244)	
Changes in accrued liabilities			(10,952)	
Expenses, GAAP basis			<u>\$ 1,018,483</u>	

The Notes to the Financial Statements are an integral part of this statement.

STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS - JOINT UTILITY FUND  
June 30, 2009

**ASSETS**

Current Assets

Cash and temporary investments	\$ -
Receivables	53,823
<b>Total current assets</b>	<u>53,823</u>

Noncurrent Assets

Internal balances	149,419
Capital assets	4,376,559
Less accumulated depreciation	<u>(1,500,524)</u>
<b>Total capital assets</b>	<u>3,025,454</u>

<b>Total assets</b>	<u><u>\$ 3,079,277</u></u>
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**LIABILITIES AND NET ASSETS**

Current Liabilities

Due to other funds	\$ 4,430
Accounts payable	20,552
Accrued payroll	8,959
Accrued compensated absences	5,610
Current portion of long-term obligations	<u>82,121</u>
<b>Total current liabilities</b>	121,672

Long-term Liabilities

Noncurrent portion of long-term obligations	<u>448,877</u>
<b>Total liabilities</b>	<u>570,549</u>

**NET ASSETS**

Invested in capital assets, net of related debt	2,345,037
Unrestricted	<u>163,691</u>
<b>Total net assets</b>	<u>2,508,728</u>

<b>Total liabilities and net assets</b>	<u><u>\$ 3,079,277</u></u>
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*The Notes to the Financial Statements are an integral part of this statement.*



STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS  
PROPRIETARY FUNDS - JOINT UTILITY FUND  
Year Ended June 30, 2009

Operating Revenues	
Charges for services	\$ 591,534
	<hr/>
<b>Total operating revenues</b>	<b>591,534</b>
	<hr/>
Operating Expenses	
Salaries	247,793
Travel	620
Supplies	8,678
Depreciation	121,091
Contract services	10,564
Other operating expenses	252,167
	<hr/>
<b>Total operating expenses</b>	<b>640,913</b>
	<hr/>
<b>Operating loss</b>	<b>(49,379)</b>
	<hr/>
Nonoperating Revenues (Expenses)	
State appropriation	565,464
Transfers in	21,117
	<hr/>
<b>Total nonoperating revenues</b>	<b>586,581</b>
	<hr/>
<b>Change in net assets</b>	<b>537,202</b>
	<hr/>
Total net assets - beginning	1,971,526
	<hr/>
<b>Total net assets - ending</b>	<b>\$ 2,508,728</b>
	<hr/> <hr/>

*The Notes to the Financial Statements are an integral part of this statement.*

STATE OF NEW MEXICO  
TOWN OF ESTANCLA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS - JOINT UTILITY  
Year Ended June 30, 2009

Cash Flows From Operating Activities	
Cash received from customers	\$ 564,197
Cash paid to suppliers and employees	(532,613)
<b>Net cash provided by operating activities</b>	<u>31,584</u>
Cash Flows From Capital and Related Financing Activities	
Loan and state appropriation	565,464
Purchase of capital assets	(645,061)
Proceeds from long-term debt	90,955
Capital lease principal payments	(94,206)
<b>Net cash used by capital and related financing activities</b>	<u>(82,848)</u>
Cash Flows From Noncapital and Related Financing Activities	
Transfers from governmental activities	21,117
Repayment of Internal Balances	48,333
<b>Net cash provided by noncapital and related financing activities</b>	<u>69,450</u>
<b>Net increase in cash and cash equivalents</b>	18,186
Cash and cash equivalents, beginning of year	<u>(18,186)</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ -</u>
<b>Reconciliation of Operating Income and Net Cash</b>	
<b>Provided by Operating Activities</b>	
Operating loss	\$ (49,379)
Adjustments to reconcile operating loss to net cash provided	
by operating activities	
Depreciation	121,091
Change in assets and liabilities	
Deficit cash	4,430
Accounts receivable	(27,337)
Accounts payable	(1,849)
Accrued liabilities	(14,632)
Accrued compensated absences	(740)
<b>Net cash provided by operating activities</b>	<u>\$ 31,584</u>

*The Notes to the Financial Statements are an integral part of this statement.*

**STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
June 30, 2009**

**ASSETS**

Cash and temporary investments	\$ -
<b>Total assets</b>	<b>\$ -</b>

**LIABILITIES**

Due to other entities	\$ -
<b>Total liabilities</b>	<b>\$ -</b>

*The Notes to the Financial Statements are an integral part of this statement.*

**STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Estancia (Town) was incorporated in 1909 under provisions of Chapter 3, Article 2, NMSA 1978 as amended. The Town operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire); highways and streets; water and sewer services; refuse collection; health and social services; culture-recreation; public improvements; planning and zoning; and general administrative services.

The Town of Estancia is a body politic and corporate under the name and form of government selected by its qualified electors. The Town 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.

The financial statements of the Town of Estancia (the "Town") have been prepared in conformity with accounting principles accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards 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 Town's accounting policies are described below.

STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Financial Reporting Entity**

GASB Statement No. 14 established criteria for determining the government reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the Town is considered a *primary government*, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Town may, without the approval or consent of another government entity, determine or modify its own budget, levy its own tax or set rates or charges, and issue bonded debt. The Town also has no *component units*, as defined by GASB Statement No. 14 and/or GASB Statement No. 39, as there are no other legally separate organizations for which the elected Town Councilors are financial accountable. There are no other primary governments with which the Town Councilors are financially accountable. There are no other primary governments with which the Town has a significant relationship.

**B. Government-Wide and Fund Financial Statements**

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

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

STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

Government 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 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 the 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.

Ad valorem taxes (property taxes), 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible accrual criteria have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

The *agency funds* are custodial in nature (assets equal liabilities) and do not present results of operations or have measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the Town holds for others in an agency capacity.

STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation  
(Continued)

Governmental funds are used to account for the Town's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets and the servicing of general long-term debt. Governmental funds include:

The *General Fund* is the primary operating fund of the Town, and accounts for all financial resources, except those required to be accounted for in other funds.

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

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

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

Under the requirements of GASB #34, the Town is required to present certain of its governmental funds as major based upon certain criteria. The only major fund presented in the fund financial statements is the General Fund.

The government reports its proprietary fund as a major fund.

Additionally, the government reports the following fund types:

The *fiduciary funds* are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. The Town's fiduciary funds are used to account for the collection and payment of motor vehicle taxes and special fees to other governmental agencies.

STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation  
(Continued)**

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their government-wide financial statements along with the proprietary fund statements, subject to this same limitation. The Town has elected not to follow subsequent private sector guidance.

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, because elimination of these charges would distort the direct costs and program revenues reported in the Statement of Activities.

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the Town's taxpayer or citizenry. As a whole; program revenues reduce the cost of the function to be financed from the Town's general revenues. Program revenues are categorized as (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, (b) program-specific operating grants, which include revenues received from federal and state sources to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues 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 and other items not properly included among program revenues.

The Town reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The Town does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function, except for that portion of depreciation that is identified as unallocated 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 Town's enterprise fund is charges for customer services including solid waste fees. 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 nonoperating revenues and expenses.



STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Assets or Equity

**Cash and Temporary Investments:** The Town'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 Town to invest in certificates of deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

Investments for the Town are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is same as the fair value of the pool shares.

**Restricted Cash.** Restricted cash is related to donor and debt service restrictions. During the year ended June 30, 2009, the Town received a \$1,000,000 contribution to be used for library improvements and expansion.

**Receivables and Payables:** Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "internal balances." Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements.

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

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 financial statements, delinquent property taxes are recorded when levied. In the governmental fund statements, property taxes are recorded when available.

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

**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.

STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

*Capital Assets:* Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column 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 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government-wide statements. Information technology equipment, including software, is being capitalized and included in furniture and equipment as the Town did not maintain internally developed software. Library books are expensed when purchased. 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. No interest was included as part of the cost of capital assets under construction during the year ended June 30, 2009.

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

<u>Assets</u>	<u>Years</u>
Infrastructure	40
Plant in service	40
Permanent buildings	30
Land improvements	20
Vehicles	3
Computer equipment	5
Other furniture and equipment	5-30

STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**Deferred Revenues:** The Town recognizes grant revenue at the time the eligibility restrictions have been met. Such restrictions include 1) the agency should have the characteristics specified by the provider, 2) the time requirements specified by the enabling legislation or provider have been met, 3) if applicable, the provider offers the resources on a reimbursement basis and the recipient has incurred allowable costs under the program, and 4) the provider's contingencies have been met. Amounts received and not meeting such restrictions in the special revenue funds are shown as deferred revenues.

Amounts receivable from the property taxes levied for the current year that are not considered to be "available" (uncollected within sixty days of year end) under the current financial resources measurement focus are reported as deferred revenues in the governmental fund financial statements.

**Compensated Absences:** Qualified employees are entitled to accumulate annual leave according to a graduated leave schedule, depending on length of service. Employees may accumulate annual leave and carry a maximum of 120 hours (15 days) forward from calendar year to calendar year. Upon termination, employees will be paid for up to 120 hours (15 days) of accrued annual leave.

Qualified employees are entitled to accumulate sick leave at a rate of eight days per year. Sick leave can be carried over from year to year with no limit. Upon resignation, lay-off or involuntary dismissal, employees receive no pay for unused sick leave.

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

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

For fund financial reporting, bond premiums, discounts as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

*Net Assets or Fund Equity:* In the fund financial statements, governmental funds report reservations of fund balance that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. These designations are established to earmark resources for specific future use and to indicate that the fund equity does not represent spendable resources.

In government-wide financial statements, fund equity is classified as net assets and is displayed in three components:

*Invested in capital assets, net of related debt:* Consists of capital assets including restricted 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.

*Restricted net assets:* Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net assets are restricted for “debt service or capital projects.”

*Unrestricted net assets:* All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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

*Interfund Transactions:* Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute any 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 nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

*Estimates:* The preparation of financial statements in conformity with the 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 affecting the Town's financial statements include management's estimate of the useful lives of capital assets.

**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

*Budgetary Information*

Annual budgets of the Town are prepared prior to June 1 and must be approved by resolution of the Town 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 Town 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. The Town has the following unbudgeted funds:

- EMS
- William Library
- Garnett Library
- Cemetery
- CDBG
- CDBG II

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

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

Formal budgetary integration is employed as a management control device during the year for the general fund, special revenue funds, debt service funds and capital projects funds.

The Town is required to balance its budgets each year. Accordingly, amounts that are excess or deficient are presented as changes in cash designated expenditures, not as an excess or deficiency of revenues over expenditures.

**STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

The accompanying Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (non-GAAP budgetary basis) and Actual presents 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, 2009 is presented.

**NOTE 3. CASH AND TEMPORARY INVESTMENTS**

State statutes authorize the investment of Town funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pools, money market accounts and United States government obligations. All invested funds of the Town properly followed state investment requirements as of June 30, 2009.

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 Town. 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 nondemand 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.

The collateral pledged is reported on page 57 of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

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

STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**NOTE 3. CASH AND TEMPORARY INVESTMENTS (CONTINUED)**

**Deposits**

New Mexico state statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the schools for at least one half of the amount on deposit with the institution.

A schedule of deposits and the collateral pledged against the deposits of the Town are shown on page 56 of this report.

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government 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, 2009, \$993 of the Town's bank balance of \$1,181,583 was exposed to custodial credit risk because it was uninsured and the collateral was held by the pledging bank's trust department, not in the Town's name.

**Investments**

As of June 30, 2009, the Town had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities Less than One Year
State Investment Pool	\$ 55,000	\$ 55,000

The State Treasurer local government investment pool is not SEC Registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment funds in the securities that are issued by the United States Government or by its departments or agencies and are either backed by the full faith and credit of the United States Government or are agencies sponsored by the United States Government. The local government investment pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares; at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in the amounts of the fund were invested. Any realized gain or loss on the portfolio is distributed through the investment yield on distribution dates. The carrying amount of the portfolio approximates the fair value of all investments at June 30, 2009. The State of New Mexico is regulatory oversight entity and participation in the pool is voluntary.

STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**NOTE 3. CASH AND TEMPORARY INVESTMENTS (CONTINUED)**

*Interest rate risk* is the risk that interest rate variations may adversely affect an investment's fair value. The prices of securities fluctuate with market interest rates and the securities held in a portfolio will decline if market interest rates rise. The portfolio's weighted average maturity (WAM) is a key determinant of the tolerance of a fund's investments to rising interest rates. At June 30, 2009, the Town's investment of New MexiGROW LGIP had a credit risk of AAAM, value of \$55,000 and a 43-day WAM.

**Reconciliation of Cash and Temporary Investments**

Government Funds - Balance Sheet	
Cash and cash equivalents per Statement of Net Assets	\$ 1,215,825
Less investments in State Investment Pool	<u>(55,000)</u>
	1,160,825
Add outstanding checks (subtract deposits in transit)	<u>20,758</u>
Bank balance of deposits and repurchase agreements	<u>\$ 1,181,583</u>

**NOTE 4. RECEIVABLES**

Receivables as of June 30, 2009, are as follows:

	Governmental <u>Activities</u> General Fund	Business-Type <u>Activities</u> Joint Utilities	Total
Taxes	\$ 107,907	-	107,907
Grants	25,420	-	25,420
Customers	-	53,823	53,823
Other	<u>186</u>	<u>-</u>	<u>186</u>
Net receivables	<u>\$ 133,513</u>	<u>53,823</u>	<u>187,336</u>

The above receivables are deemed 100% collectible. In accordance with GASB No. 33, the Town should record the entire property tax receivable balance. However, the County was unable to provide sufficient documentation to support the balance; therefore, the Town recorded property taxes received within sixty days of the fiscal year-end in accordance with the modified accrual basis.



STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Receivables and payables from interfund transactions as of June 30, 2009 are listed below. The majority of interfund balances were affected or created due to cash overdrafts and a few other balanced are carried forward from the prior year.

	Interfund Receivables	Interfund Payables
Governmental activities:		
Major funds:		
General Fund	\$ 4,616	149,419
Non-major funds:		
DWI	-	186
Total governmental activities	<u>4,616</u>	<u>149,605</u>
Business-type activities	<u>149,419</u>	<u>4,430</u>
<b>Total</b>	<u>\$ 154,035</u>	<u>154,035</u>

The following transfers occurred during the year. These transfers served the following purposes: (a) close out grant funds which had deficit fund balances, (b) subsidize the operations of the Joint Utilities Fund; and (c) transfer the required matching funds to grant funds.

Fund	To	Amount
Major fund		
General Fund	Correction Fees	\$ 600
General Fund	Fire Protection	277
Non-Major Fund		
Gas Tax	Joint Utilities	\$ 21,117

STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**NOTE 6. CAPITAL ASSETS**

A summary of capital assets and changes occurring during the year ended June 30, 2009, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land is not subject to depreciation. The Town does not maintain capital asset records.

**Governmental Activities**

	Balance 6/30/08	Additions	Deletions	Balance 6/30/09
General capital assets	\$ 3,179,839	46,962	-	<u>3,226,801</u>

**Business-like Activities**

	Balance 6/30/08	Additions	Deletions	Balance 6/30/09
Capital assets used in business-like activities:				
Depreciable assets:				
Buildings	\$ 206,200	-	-	206,200
Equipment	249,969	-	-	249,969
Vehicles	53,226	-	-	53,226
Plant in service	2,044,787	645,061	-	2,689,848
Nondepreciable assets:				
Land and improvements	1,177,316	-	-	1,177,316
Total	<u>3,731,498</u>	<u>645,061</u>	-	<u>4,376,559</u>

Less accumulated depreciation:

Buildings	60,552	5,155	-	65,707
Equipment	166,442	35,710	-	202,152
Vehicles	42,985	10,104	-	53,089
Plant in service	1,109,454	70,122	-	1,179,576
Total	<u>1,379,433</u>	<u>121,091</u>	-	<u>1,500,524</u>

**Net capital assets** \$ 2,352,065    523,970    -    2,876,035

Depreciation expense relating to business-type activities for the year ended June 30, 2009, totaled \$121,091.

STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**NOTE 7. LONG-TERM DEBT**

During the year ended June 30, 2009, the following changes occurred in the long-term debt:

	Balance 6/30/08	Additions & Adjustments	Retirements & Adjustments	Balance 6/30/09	Due Within One Year
<b>Governmental Activities</b>					
NMFA Fire Pumper	\$ 106,987	-	19,307	87,680	20,899
NMFA Library Renovation	87,989	-	12,484	75,505	12,506
Compensated absences	17,003	13,699	17,003	13,699	13,699
Total governmental	<u>211,979</u>	<u>13,699</u>	<u>48,794</u>	<u>176,884</u>	<u>47,104</u>
<b>Business-Type Activities</b>					
NMED Rural Infrastructure Program	-	90,955	-	90,955	3,722
NMED Wastewater Plant	315,000	-	45,000	270,000	45,000
WFB Utility Shop Bldg	85,057	-	18,432	66,625	19,369
NMFA Road Grader	134,192	-	30,774	103,418	14,030
Compensated absences	6,350	5,610	6,350	5,610	5,610
Total business-type	<u>540,599</u>	<u>96,565</u>	<u>100,556</u>	<u>536,608</u>	<u>87,731</u>
<b>Total long-term debt</b>	<b>\$ <u>752,578</u></b>	<b><u>110,264</u></b>	<b><u>149,350</u></b>	<b><u>713,492</u></b>	<b><u>134,835</u></b>

As of June 30, 2009, the annual requirements to amortize all governmental loans payable outstanding, including interest, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2010	\$ 33,405	1,218	34,623
2011	33,888	961	34,849
2012	34,420	680	35,100
2013	34,988	381	35,369
2014	12,631	63	12,694
2015-2019	<u>13,853</u>	<u>32</u>	<u>13,885</u>
<b>Total</b>	<b>\$ <u>163,185</u></b>	<b><u>3,335</u></b>	<b><u>166,520</u></b>

**STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

**NOTE 7. LONG-TERM DEBT (CONTINUED)**

As of June 30, 2009, the annual requirements to amortize all business-type loans payable outstanding, including interest, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2010	\$ 82,121	8,089	90,210
2011	83,483	6,726	90,209
2012	84,910	5,299	90,209
2013	69,446	4,015	73,461
2014	64,356	3,522	67,878
2015-2019	<u>146,682</u>	<u>21,587</u>	<u>168,270</u>
<b>Total</b>	<b><u>\$ 530,998</u></b>	<b><u>49,238</u></b>	<b><u>580,237</u></b>

In prior years, the General Fund was typically used to liquidate governmental long-term liabilities other than debt.

*Compensated Absences* – Employees of the Town are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2009, compensated absences decreased \$3,304 in the governmental funds and decreased \$740 in the proprietary funds over the prior year accrual. See Note 1 for more details.

**NOTE 8. RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries and natural disasters.

The Town of Estancia is a member and is insured through the New Mexico Self-Insurer's Fund. The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The Town pays an annual premium to the New Mexico Self-Insurer's Fund based on claim experience and the status of the pool. The risk management program includes workers' compensation, general and automobile liability, automobile physical damage, and property and crime coverage.

STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**NOTE 9. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

Generally accepted accounting principles require disclosures as part of the combined statements – overview of certain information concerning individual funds including:

A. Excess of expenditures over appropriations

The following funds exceeded approved budgetary authority for the year ended June 30, 2009:

Non-major Funds:	
Intergovernmental grants	\$ 7,257
Enterprise Funds	
Joint Utilities	\$ 3,719

**NOTE 10. PERA PENSION PLAN**

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

*Funding Policy.* Plan members are required to contribute 7% for municipal employees and 7% of gross salaries for law enforcement employees. The Town is required to contribute 7% for municipal employees and 10% for law enforcement plan members. In addition to the employer contributions, the Town of Estancia also makes 5.25% of the municipal and law enforcement employee contributions. This leaves all employees to contribute only 1.75% of their gross wages while the Town contributes 12.25% for municipal employees and 15.25% for law enforcement employees. The contribution requirements of the plan members and the Town of Estancia are established under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the Legislature. The Town’s contributions to PERA for the years ended June 30, 2009, 2008, 2007 were \$65,139, \$55,523, and \$57,579, respectively, equal to the amount of the required contributions for each year.

STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**NOTE 11. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN**

*Plan Description.* The Town contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit post-employment health care 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 health care 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 post-employment health care plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, New Mexico 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 health care benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan, plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us).

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary.

**STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

**NOTE 11. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN**

In the fiscal years ending June 30, 2011 through June 30, 2013, the contribution rates for employees who are not members of an enhanced retirement plan will be:

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

For employees who are members of an enhanced retirement plan (police), the contribution rates will be:

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

Employers joining the program after January 1, 1998 are also required to make a surplus amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The Town's contributions to the RHCA for the years ended June 30, 2009, 2008, and 2007 were \$6,232, \$5,051, and \$5,524, respectively, which equal the required contributions for each year.

**NOTE 12. CONTINGENT LIABILITIES**

The Town is party to various claims and lawsuits arising in the normal course of business. The Town is insured through the New Mexico Self-Insurer's Fund. In the opinion of management, the outcome of these matters will not have a material effect on the financial position of the Town.

STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**NOTE 13. FEDERAL AND STATE GRANTS**

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

**NOTE 14. RESTATEMENT**

As a result of an internal review of the Town’s fund balances during 2009, the Town discovered that fund balances had been incorrectly stated. The Town restated its financial statements for the year ended June 30, 2009. The restatement of fund balances does not have a material effect on the Town’s financial statements taken as a whole. The restatements for each fund are as follows:

General Fund	\$ 40,005
Correction Fees	1,136
EMS	(2,259)
Fire Protection	(18,609)
Law Enforcement Protection	(2,173)
Gas Tax	32,629
Recreation	1,960
Other/Trolley	(45,087)
Williams Library	4,487
Garnett Library	(2,507)
Cemetary	(19,687)
CDBG	(11)
CDBG II	6,450
Capital Projects	<u>3,682</u>
Total	<u>\$ 16</u>



**SUPPLEMENTARY INFORMATION**

## NON-MAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for a particular purpose.

**Correction Fees Fund** - To establish an additional source of funds to municipalities to offset the costs of corrections. The source of funds is a five dollar fee, which must be paid by all persons violating laws relating to the operation of a motor vehicle. Authority: NMSA 33-0-33.

**EMS Fund** - To account for grant funds received from state sources for development of an EMS system within the Town. Authority: Emergency Medical Services Act, 24-10A-1.

**Fire Protection Fund** - To account for the operations and maintenance of the fire department. Contributions and grants from the state fire allotment and state forestry provide funding. Authority is Fire Protection Act, Section 59A-53-1, NMSA 1978.

**Law Enforcement Protection Fund** - To account for revenue received for a grant which is restricted to law enforcement use. Authorized by Town ordinance. Law Enforcement Protection Fund, Section 29-13-1, NMSA 1978.

**Gas Tax Fund** - To account for the receipts of the state-wide increase of two cents per gallon of gasoline tax, which one cent is redistributed to municipalities for highway and street maintenance. Authority: NMSA 7-1-6.91 and 7-13-1 to 7-13-18.

**Recreation Fund** - To account for the operation and maintenance of recreational facilities of the Town. Financing is provided by a specific annual cigarette tax levy. Authority: NMSA 7-12-1 and 7-12-15.

**Inter-Governmental Grants** – To account for grant funds received from state sources for various Town projects. Authority: NM State Department of Finance and Administration.

**DWI** – To account for grant funds received from state sources for DWI related issues and awareness. Authority: NM State Department of Finance and Administration.

**Other/Trolley Fund** - To account for revenues and expenditures of trolley maintenance and repairs and initial cost of gas station. Authority: Village Council action.

**Williams Library** - To account for operations and maintenance of the library. Financing is provided by a grant. The grant provides for payment of all current operating costs and may be used only for that purpose. Authorized by Town ordinance. Section 18-2-4B, NMSA 1978.

**Garnett Library Fund** - To account for operations and maintenance of the library. Financing is provided by a grant. The grant provides for payment of all current operating costs and may be used only for that purpose. Authorized by Town ordinance. Section 18-2-4B, NMSA 1978.

**NON-MAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS**

**Cemetery Fund** - To account for operations and maintenance of the cemetery. Burial permits, lot sales and donations provide financing. Authorized by NMSA 1978 3-40-1.

**CDBG** - To account for federal funds for various projects. Funding is for a Community Development Block Grant through the State Department of Finance and Administration.

**CAPITAL PROJECTS FUNDS**

Capital Projects Funds are used to account for specific revenues and expenses that are for a particular capital project.

**CDBG II** - To account for federal funds for various projects. Funding is for a Community Development Block Grant through the State Department of Finance and Administration.

**Capital Projects Fund** - To account for proceeds from the New Mexico Department of Transportation for the road improvement project.

STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
June 30, 2009

	Special Revenue Funds				
	Correction Fees	EMS	Fire Protection	Law Enforcement Protection	Gas Tax
<b>ASSETS</b>					
Current					
Cash and temporary investments	\$ -	-	-	-	-
Accounts receivable	-	-	-	-	-
Restricted					
Cash and temporary investments	-	-	-	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES AND FUND BALANCE</b>					
Current Liabilities					
Due to other funds	\$ -	-	-	-	-
Accrued payroll	-	-	-	-	-
Interfund balances	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Deferred revenue - property taxes	-	-	-	-	-
<b>Total current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund Balance					
Unreserved					
Undesignated, reported in:					
Special Revenue Funds	-	-	-	-	-
Capital Projects Fund	-	-	-	-	-
<b>Total fund balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and fund balance</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

*The Notes to the Financial Statements are an integral part of this statement.*

Special Revenue Funds

Recreation	Inter-Governmental Grant	DWI	Other/Trolley	Williams Library	Garnett Library	Cemetery	CDBG	Total Special Revenue Funds
4,004	-	-	-	13,244	17,522	-	-	34,770
-	-	186	-	-	-	-	-	186
-	-	-	-	-	-	-	-	-
4,004	-	186	-	13,244	17,522	-	-	34,956
-	-	186	-	-	-	-	-	186
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	186	-	-	-	-	-	186
4,004	-	-	-	13,244	17,522	-	-	34,770
-	-	-	-	-	-	-	-	-
4,004	-	-	-	13,244	17,522	-	-	34,770
4,004	-	186	-	13,244	17,522	-	-	34,956

STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
June 30, 2009

	Capital Projects Funds			Non-Major Total
	CDBG II	Capital Projects	Total Capital Projects Funds	
<b>ASSETS</b>				
Current				
Cash and temporary investments	\$ -	1,161	1,161	35,931
Accounts receivable	-	25,420	25,420	25,606
Restricted				
Cash and temporary investments	-	-	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>26,581</b>	<b>26,581</b>	<b>61,537</b>
<b>LIABILITIES AND FUND BALANCE</b>				
Current Liabilities				
Due to other funds	\$ -	-	-	186
Accrued payroll	-	-	-	-
Interfund balances	-	-	-	-
Deferred revenue	-	-	-	-
Deferred revenue - property taxes	-	-	-	-
<b>Total current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>186</b>
Fund Balance				
Unreserved				
Undesignated, reported in:				
Special Revenue Funds	-	-	-	34,770
Capital Projects Funds	-	26,581	26,581	26,581
<b>Total fund balance</b>	<b>-</b>	<b>26,581</b>	<b>26,581</b>	<b>61,351</b>
<b>Total liabilities and fund balance</b>	<b>\$ -</b>	<b>26,581</b>	<b>26,581</b>	<b>61,537</b>

*The Notes to the Financial Statements are an integral part of this statement.*

STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
Year Ended June 30, 2009

	Special Revenue Funds				
	Correction		Fire	Law	
	Fees	EMS	Protection	Enforcement	Gas Tax
<b>Revenues</b>					
Taxes	\$ -	-	-	-	22,803
Intergovernmental	-	-	60,579	-	52,136
Licenses and fees	6,332	-	-	22,400	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total revenues</b>	<b>6,332</b>	<b>-</b>	<b>60,579</b>	<b>22,400</b>	<b>74,939</b>
<b>Expenditures</b>					
Current:					
General government	-	-	-	-	-
Public safety	6,932	-	39,129	22,428	-
Culture and recreation	-	-	-	-	-
Health and welfare	-	-	-	-	-
Public works	-	-	-	-	53,822
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	19,921	-	-
Interest	-	-	1,806	-	-
Bond issuance costs	-	-	-	-	-
<b>Total expenditures</b>	<b>6,932</b>	<b>-</b>	<b>60,856</b>	<b>22,428</b>	<b>53,822</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(600)</b>	<b>-</b>	<b>(277)</b>	<b>(28)</b>	<b>21,117</b>
<b>Other Financing Sources (Uses)</b>					
Operating transfers in	600	-	277	-	-
Operating transfers out	-	-	-	-	(21,117)
Bond proceeds	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>600</b>	<b>-</b>	<b>277</b>	<b>-</b>	<b>(21,117)</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(28)</b>	<b>-</b>
Fund balance - beginning of year	(1,136)	2,259	18,609	2,201	(32,629)
Restatement	1,136	(2,259)	(18,609)	(2,173)	32,629
Fund balance - beginning of year, restated	-	-	-	28	-
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The Notes to the Financial Statements are an integral part of this statement.

Special Revenue Funds

	Recreation	Inter-Governmental Grant	DWI	Other/Trolley	Williams Library	Garnett Library	Cemetery	CDBG	Total Special Revenue Funds
\$	-	-	-	-	-	-	-	-	22,803
	2,809	10,150	-	99,648	-	29	-	-	225,351
	-	-	1,488	-	9	-	-	-	30,229
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	2,809	10,150	1,488	99,648	9	29	-	-	278,383
	-	-	-	-	-	-	-	-	-
	-	-	1,488	-	-	-	-	-	69,977
	264	-	-	33,793	-	-	-	-	34,057
	-	-	-	-	-	-	-	-	-
	-	10,150	-	-	-	-	-	-	63,972
	-	-	-	-	-	-	-	-	-
	-	-	-	-	11,860	-	-	-	31,781
	-	-	-	-	-	-	-	-	1,806
	-	-	-	-	-	-	-	-	-
	264	10,150	1,488	33,793	11,860	-	-	-	201,593
	2,545	-	-	65,855	(11,851)	29	-	-	76,790
	-	-	-	-	-	-	-	-	877
	-	-	-	-	-	-	-	-	(21,117)
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	(20,240)
	2,545	-	-	65,855	(11,851)	29	-	-	56,550
	(501)	-	-	(20,768)	20,608	20,000	19,687	11	28,341
	1,960	-	-	(45,087)	4,487	(2,507)	(19,687)	(11)	(50,121)
	1,459	-	-	(65,855)	25,095	17,493	-	-	(21,780)
\$	4,004	-	-	-	13,244	17,522	-	-	34,770



STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
Year Ended June 30, 2009

	Capital Projects Funds			Non-Major Total
	CDBG II	Capital Projects	Total Capital Projects Funds	
<b>Revenues</b>				
Taxes	\$ -	-	-	22,803
Intergovernmental	-	73,543	73,543	298,894
Licenses and fees	-	-	-	30,229
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	-	73,543	73,543	351,926
<b>Expenditures</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	69,977
Culture and recreation	-	-	-	34,057
Health and welfare	-	-	-	-
Public works	-	-	-	63,972
Capital outlay	-	46,962	46,962	46,962
Debt service:				
Principal	-	-	-	31,781
Interest	-	-	-	1,806
Bond issuance costs	-	-	-	-
<b>Total expenditures</b>	-	46,962	46,962	248,555
Excess (deficiency) of revenues over expenditures	-	26,581	26,581	103,371
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	-	-	-	877
Operating transfers out	-	-	-	(21,117)
Bond proceeds	-	-	-	-
<b>Total other financing sources (uses)</b>	-	-	-	(20,240)
<b>Net change in fund balance</b>	-	26,581	26,581	83,131
Fund balance - beginning of year	(6,450)	(3,682)	(10,132)	18,209
Restatement	6,450	3,682	10,132	(39,989)
Fund balance - beginning of year, restated	-	-	-	(21,780)
<b>Fund balance - end of year</b>	\$ -	26,581	26,581	61,351

*The Notes to the Financial Statements are an integral part of this statement.*

STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL - NON-GAAP BUDGETARY BASIS  
CORRECTION FEES SPECIAL REVENUE FUND  
Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Budget Basis	Variance Favorable (Unfavorable)
Revenues				
Taxes	\$ -	-	-	-
Intergovernmental	-	-	-	-
Licenses and fees	6,000	6,332	6,332	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>6,000</u>	<u>6,332</u>	<u>6,332</u>	<u>-</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	6,000	6,932	6,932	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
<b>Total expenditures</b>	<u>6,000</u>	<u>6,932</u>	<u>6,932</u>	<u>-</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>(600)</u>	<u>(600)</u>	<u>-</u>
Other Financing Sources (Uses)				
Operating transfers in (out)	-	600	600	-
Designated cash	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>600</u>	<u>600</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - beginning of year	(1,136)	(1,136)	(1,136)	-
Restatement	1,136	1,136	1,136	-
Fund balance - beginning of year, restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reconciliation to GAAP Basis				
Revenues, budgetary basis			\$ 6,332	
Changes in accounts receivable			-	
Unbudgeted - library contribution			-	
Revenues, GAAP basis			<u>\$ 6,332</u>	
Expenses, budgetary basis			\$ 6,932	
Changes in accounts payable			-	
Changes in accrued liabilities			-	
Expenses, GAAP basis			<u>\$ 6,932</u>	

*The Notes to the Financial Statements are an integral part of this statement.*

STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL - NON-GAAP BUDGETARY BASIS  
FIRE PROTECTION SPECIAL REVENUE FUND  
Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Budget Basis	Variance Favorable (Unfavorable)
Revenues				
Taxes	\$ -	-	-	-
Intergovernmental	60,579	60,579	60,579	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>60,579</u>	<u>60,579</u>	<u>60,579</u>	-
Expenditures				
Current:				
General government	-	-	-	-
Public safety	60,579	60,856	60,856	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
<b>Total expenditures</b>	<u>60,579</u>	<u>60,856</u>	<u>60,856</u>	-
<b>Excess (deficiency) of revenues over expenditures</b>	-	(277)	(277)	-
Other Financing Sources (Uses)				
Operating transfers in (out)	-	277	277	-
Designed cash	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>277</u>	<u>277</u>	-
<b>Net change in fund balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	-
Fund balance - beginning of year	18,609	18,609	18,609	-
Restatement	(18,609)	(18,609)	(18,609)	-
Fund balance - beginning of year, restated	<u>-</u>	<u>-</u>	<u>-</u>	-
<b>Fund balance - end of year</b>	<u>\$ -</u>	<u>-</u>	<u>-</u>	-
Reconciliation to GAAP Basis				
Revenues, budgetary basis			\$ 60,579	
Changes in accounts receivable			-	
Unbudgeted - library contribution			-	
Revenues, GAAP basis			<u>\$ 60,579</u>	
Expenses, budgetary basis			\$ 60,856	
Changes in accounts payable			-	
Changes in accrued liabilities			-	
Expenses, GAAP basis			<u>\$ 60,856</u>	

*The Notes to the Financial Statements are an integral part of this statement.*

STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL - NON-GAAP BUDGETARY BASIS  
LAW ENFORCEMENT PROTECTION SPECIAL REVENUE FUND  
Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Budget Basis	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ -	-	-	-
Intergovernmental	21,200	22,400	22,400	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>21,200</u>	<u>22,400</u>	<u>22,400</u>	<u>-</u>
<b>Expenditures</b>				
Current:				
General government	-	-	-	-
Public safety	21,200	22,442	22,428	14
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
<b>Total expenditures</b>	<u>21,200</u>	<u>22,442</u>	<u>22,428</u>	<u>14</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>(42)</u>	<u>(28)</u>	<u>(14)</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in (out)	-	-	-	-
Designated cash	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>(42)</u>	<u>(28)</u>	<u>(14)</u>
Fund balance - beginning of year	2,201	2,201	2,201	-
Restatement	(2,173)	(2,173)	(2,173)	-
Fund balance - beginning of year, restated	<u>28</u>	<u>28</u>	<u>28</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ 28</u>	<u>(14)</u>	<u>-</u>	<u>(14)</u>
<b>Reconciliation to GAAP Basis</b>				
Revenues, budgetary basis			\$ 22,400	
Changes in accounts receivable			-	
Unbudgeted - library contribution			-	
Revenues, GAAP basis			<u>\$ 22,400</u>	
Expenses, budgetary basis			\$ 22,428	
Changes in accounts payable			-	
Changes in accrued liabilities			-	
Expenses, GAAP basis			<u>\$ 22,428</u>	

The Notes to the Financial Statements are an integral part of this statement.

STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
GAS TAX SPECIAL REVENUE FUND  
Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Budget Basis	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 18,825	22,803	22,803	-
Intergovernmental	52,136	52,136	52,136	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>70,961</u>	<u>74,939</u>	<u>74,939</u>	<u>-</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	55,961	53,822	53,822	-
<b>Total expenditures</b>	<u>55,961</u>	<u>53,822</u>	<u>53,822</u>	<u>-</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>15,000</u>	<u>21,117</u>	<u>21,117</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in (out)	(15,000)	(21,117)	(21,117)	-
Original issue premiums	-	-	-	-
Original issue discounts	-	-	-	-
Bond proceeds	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>(15,000)</u>	<u>(21,117)</u>	<u>(21,117)</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year	(32,629)	(32,629)	(32,629)	-
Restatement	32,629	32,629	32,629	-
Fund balance - beginning of year, restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Reconciliation to GAAP Basis</b>				
Revenues, budgetary basis			\$ 74,939	
Changes in accounts receivable			-	
Unbudgeted - library contribution			-	
Revenues, GAAP basis			<u>\$ 74,939</u>	
Expenses, budgetary basis			\$ 53,822	
Changes in accounts payable			-	
Changes in accrued liabilities			-	
Expenses, GAAP basis			<u>\$ 53,822</u>	

The Notes to the Financial Statements are an integral part of this statement.

STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL - NON-GAAP BUDGETARY BASIS  
RECREATION SPECIAL REVENUE FUND  
Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Budget Basis	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ -	-	-	-
Intergovernmental	1,520	2,809	2,809	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>1,520</u>	<u>2,809</u>	<u>2,809</u>	<u>-</u>
<b>Expenditures</b>				
<b>Current:</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	1,520	264	264	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
<b>Total expenditures</b>	<u>1,520</u>	<u>264</u>	<u>264</u>	<u>-</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>2,545</u>	<u>2,545</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in (out)	-	-	-	-
Designated cash	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>2,545</u>	<u>2,545</u>	<u>-</u>
Fund balance - beginning of year	(501)	(501)	(501)	-
Restatement	1,960	1,960	1,960	-
Fund balance - beginning of year, restated	<u>1,459</u>	<u>1,459</u>	<u>1,459</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ 1,459</u>	<u>4,004</u>	<u>4,004</u>	<u>-</u>
<b>Reconciliation to GAAP Basis</b>				
Revenues, budgetary basis			\$ 2,809	
Changes in accounts receivable			-	
Unbudgeted - library contribution			-	
Revenues, GAAP basis			<u>\$ 2,809</u>	
Expenses, budgetary basis			\$ 264	
Changes in accounts payable			-	
Changes in accrued liabilities			-	
Expenses, GAAP basis			<u>\$ 264</u>	

The Notes to the Financial Statements are an integral part of this statement.

STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL - NON-GAAP BUDGETARY BASIS  
INTERGOVERNMENTAL GRANTS SPECIAL REVENUE FUND  
Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Budget Basis	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ -	-	-	-
Intergovernmental	21,335	9,964	10,150	186
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>21,335</u>	<u>9,964</u>	<u>10,150</u>	<u>186</u>
<b>Expenditures</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	11,836	2,893	10,150	(7,257)
<b>Total expenditures</b>	<u>11,836</u>	<u>2,893</u>	<u>10,150</u>	<u>(7,257)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>9,499</u>	<u>7,071</u>	<u>-</u>	<u>(7,071)</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in (out)	-	-	-	-
Designated cash	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>9,499</u>	<u>7,071</u>	<u>-</u>	<u>(7,071)</u>
Fund balance - beginning of year	-	-	-	-
Restatement	-	-	-	-
Fund balance - beginning of year, restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ 9,499</u>	<u>7,071</u>	<u>-</u>	<u>(7,071)</u>
<b>Reconciliation to GAAP Basis</b>				
Revenues, budgetary basis			\$ 10,150	
Changes in accounts receivable			-	
Unbudgeted - library contribution			-	
Revenues, GAAP basis			<u>\$ 10,150</u>	
Expenses, budgetary basis			\$ 10,150	
Changes in accounts payable			-	
Changes in accrued liabilities			-	
Expenses, GAAP basis			<u>\$ 10,150</u>	

*The Notes to the Financial Statements are an integral part of this statement.*

STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL - NON-GAAP BUDGETARY BASIS  
DWI SPECIAL REVENUE FUND  
Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Budget Basis	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ -	-	-	-
Intergovernmental	-	-	-	-
Licenses and fees	-	5,406	1,488	(3,918)
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>5,406</u>	<u>1,488</u>	<u>(3,918)</u>
<b>Expenditures</b>				
Current:				
General government	-	-	-	-
Public safety	-	3,863	1,488	2,375
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>3,863</u>	<u>1,488</u>	<u>2,375</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>1,543</u>	<u>-</u>	<u>(1,543)</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in (out)	-	-	-	-
Designated cash	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>1,543</u>	<u>-</u>	<u>(1,543)</u>
Fund balance - beginning of year	-	-	-	-
Restatement	-	-	-	-
Fund balance - beginning of year, restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ -</u>	<u>1,543</u>	<u>-</u>	<u>(1,543)</u>
<b>Reconciliation to GAAP Basis</b>				
Revenues, budgetary basis			\$ 1,488	
Changes in accounts receivable			-	
Unbudgeted - library contribution			-	
Revenues, GAAP basis			<u>\$ 1,488</u>	
Expenses, budgetary basis			\$ 1,488	
Changes in accounts payable			-	
Changes in accrued liabilities			-	
Expenses, GAAP basis			<u>\$ 1,488</u>	

*The Notes to the Financial Statements are an integral part of this statement.*



STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL - NON-GAAP BUDGETARY BASIS  
TROLLY/OTHER SPECIAL REVENUE FUND  
Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Budget Basis	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ -	-	-	-
Intergovernmental	74,391	99,648	99,648	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>74,391</u>	<u>99,648</u>	<u>99,648</u>	<u>-</u>
<b>Expenditures</b>				
<b>Current:</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	74,391	39,665	33,793	5,872
Health and welfare	-	-	-	-
Public works	-	-	-	-
<b>Total expenditures</b>	<u>74,391</u>	<u>39,665</u>	<u>33,793</u>	<u>5,872</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>59,983</u>	<u>65,855</u>	<u>(5,872)</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in (out)	-	-	-	-
Designated cash	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>59,983</u>	<u>65,855</u>	<u>(5,872)</u>
Fund balance - beginning of year	(20,768)	(20,768)	(20,768)	-
Restatement	(45,087)	(45,087)	(45,087)	-
Fund balance - beginning of year, restated	<u>(65,855)</u>	<u>(65,855)</u>	<u>(65,855)</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ (65,855)</u>	<u>(5,872)</u>	<u>-</u>	<u>(5,872)</u>
<b>Reconciliation to GAAP Basis</b>				
Revenues, budgetary basis			\$ 99,648	
Changes in accounts receivable			-	
Unbudgeted - library contribution			-	
Revenues, GAAP basis			<u>\$ 99,648</u>	
Expenses, budgetary basis			\$ 33,793	
Changes in accounts payable			-	
Changes in accrued liabilities			-	
Expenses, GAAP basis			<u>\$ 33,793</u>	

The Notes to the Financial Statements are an integral part of this statement.

STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL - NON-GAAP BUDGETARY BASIS  
CAPITAL PROJECTS FUND  
Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Budget Basis	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ -	-	-	-
Intergovernmental	1,263,085	704,542	613,587	(90,955)
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>1,263,085</u>	<u>704,542</u>	<u>613,587</u>	<u>(90,955)</u>
<b>Expenditures</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	1,255,000	695,028	692,023	3,005
<b>Total expenditures</b>	<u>1,255,000</u>	<u>695,028</u>	<u>692,023</u>	<u>3,005</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>8,085</u>	<u>9,514</u>	<u>(78,436)</u>	<u>(87,950)</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in (out)	-	-	-	-
Designated cash	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>8,085</u>	<u>9,514</u>	<u>(78,436)</u>	<u>(87,950)</u>
Fund balance - beginning of year	(3,682)	(3,682)	(3,682)	-
Restatement	3,682	3,682	3,682	-
Fund balance - beginning of year, restated	-	-	-	-
<b>Fund balance - end of year</b>	<u>\$ 8,085</u>	<u>9,514</u>	<u>(78,436)</u>	<u>(87,950)</u>
<b>Reconciliation to GAAP Basis</b>				
Revenues, budgetary basis			\$ 613,587	
Revenues budgeted in this fund, but recorded in Joint Utilities			(565,464)	
Changes in accounts receivable			25,420	
Revenues, GAAP basis			<u>\$ 73,543</u>	
Expenses, budgetary basis			\$ 692,023	
Expenses budgeted in this fund, but capitalized in Joint Utilities			(645,061)	
Expenses, GAAP basis			<u>\$ 46,962</u>	

The Notes to the Financial Statements are an integral part of this statement.

STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
BUDGET AND ACTUAL - NON-GAAP BUDGETARY BASIS  
JOINT UTILITIES ENTERPRISE FUND  
Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Budget Basis	Variance Favorable (Unfavorable)
Operating Revenues				
Charges for services	\$ 567,800	564,197	564,197	-
<b>Total operating revenues</b>	<b>567,800</b>	<b>564,197</b>	<b>564,197</b>	<b>-</b>
Operating Expenses				
Salaries	266,307	266,307	280,386	(14,079)
Travel	2,765	2,765	620	2,145
Supplies	25,000	25,000	22,606	2,394
Contract services	74,000	86,814	86,814	-
Capital outlay	-	-	-	-
Principal payments	94,206	94,206	94,206	-
Other operating expenses	91,044	152,438	146,617	5,821
<b>Total operating expenses</b>	<b>553,322</b>	<b>627,530</b>	<b>631,249</b>	<b>(3,719)</b>
<b>Operating income (loss)</b>	<b>14,478</b>	<b>(63,333)</b>	<b>(67,052)</b>	<b>(3,719)</b>
Nonoperating Revenues (Expenses)				
Interest expense	-	-	-	-
Inter-governmental grant	-	-	-	-
Transfers	15,000	63,333	69,450	6,117
<b>Total nonoperating revenues (expenses)</b>	<b>15,000</b>	<b>63,333</b>	<b>69,450</b>	<b>6,117</b>
<b>Change in net assets</b>	<b>29,478</b>	<b>-</b>	<b>2,398</b>	<b>2,398</b>
Total net assets - beginning	255,637	255,637	255,637	-
Restatement	-	-	-	-
Total net assets - beginning, restated	255,637	255,637	255,637	-
<b>Total net assets - ending</b>	<b>\$ 285,115</b>	<b>255,637</b>	<b>258,035</b>	<b>2,398</b>
Reconciliation to GAAP Basis				
Revenues, budgetary basis			\$ 564,197	
Change in accounts receivable			27,337	
Revenues, GAAP basis			<u>\$ 591,534</u>	
Expenses, budgetary basis			\$ 631,249	
Change in accounts payable			(1,849)	
Change in accrued expenses			(15,372)	
Depreciation is expensed, but not budgeted			121,091	
Debt service that is not expensed, but budgeted			(94,206)	
Expenses, GAAP basis			<u>\$ 640,913</u>	

*The Notes to the Financial Statements are an integral part of this statement.*

**STATE OF NEW MEXICO**  
**TOWN OF ESTANCIA**  
**STATEMENT OF CHANGES FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**Year Ended June 30, 2009**

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
<b>ASSETS</b>				
Cash	\$ 1,971	-	(1,971)	-
<b>Total assets</b>	<b>\$ 1,971</b>	<b>-</b>	<b>(1,971)</b>	<b>-</b>
<b>LIABILITIES</b>				
Due to other entities	\$ 1,971	-	(1,971)	-
<b>Total liabilities</b>	<b>\$ 1,971</b>	<b>-</b>	<b>(1,971)</b>	<b>-</b>

*The Notes to the Financial Statements are an integral part of this statement.*

## **SUPPORTING SCHEDULES**

STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
SCHEDULE OF CASH AND TEMPORARY INVESTMENTS ACCOUNTS  
June 30, 2009

<u>Bank Account Type/Name</u>	Wells Fargo Bank	Bank of Albuquerque	NM State Investment Pool	State Employees Credit Union	My Bank	First Community	Totals
Library Account	\$ 13,244	-	-	-	-	-	13,244
Meter Deposits	22,378	-	-	-	-	-	22,378
Town of Estancia	17,523	-	-	-	-	-	17,523
Investment Account	77,186	-	-	-	-	-	77,186
Payroll Account	8,660	-	-	-	-	-	8,660
Municipal Court	971	-	-	-	-	-	971
Debt Service Reserve Funds	-	12,995	-	-	-	-	12,995
Debt Service Reserve Funds	-	14,780	-	-	-	-	14,780
Debt Service Reserve Funds	-	12,540	-	-	-	-	12,540
Program Funds	-	313	-	-	-	-	313
NM State Investment Pool	-	-	55,000	-	-	-	55,000
Certificate of Deposit	250,022	-	-	250,845	250,126	250,000	1,000,993
Total on deposit	389,984	40,628	55,000	250,845	250,126	250,000	1,236,583
Reconciling items	(20,758)	-	-	-	-	-	(20,758)
Reconciled balance, June 30, 2009	\$ 369,226	40,628	55,000	250,845	250,126	250,000	1,215,825
Petty Cash							-
Combined Balance Sheet Total June 30, 2009							\$ 1,215,825

**STATE OF NEW MEXICO**  
**TOWN OF ESTANCIA**  
**SCHEDULE OF PLEDGED COLLATERAL**  
**June 30, 2009**

	Wells Fargo Bank	Bank of Albuquerque	State Employees Credit Union	My Bank	First Community
Total on deposit	\$ 389,984	40,628	250,845	250,126	250,000
Less: FDIC coverage	(389,962)	(40,628)	(250,000)	(250,000)	(250,000)
Uninsured balance, June 30, 2009	22	-	845	126	-
50% pledged collateral at June 30, 2009	11	-	423	63	-
Pledged collateral security description:					
Fed Natl mtg Assn Pool 986245F, CUSIP # 31415QTA4, matures 7/1/2038, \$130,000, MN	106,195	-	-	-	-
Southern Sandoval NM Arroyo Flood, CUSIP # 843789DZ8, matures 8/1/2020	-	-	-	-	25,000
Total	106,195	-	-	-	25,000
Over (Under) Collateralized	\$ 106,184	-	(423)	(63)	25,000

STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
SCHEDULE OF JOINT POWERS  
June 30, 2009

<u>Participants</u>	<u>Party Responsible for Operations</u>	<u>Description</u>	<u>Beginning and Ending Dates</u>	<u>Total Estimated Amount of Project and Portion Applicable to Town</u>
Town of Estancia, Torrance County	Torrance County	Road work services	10-08-03, infinite	Unknown
Town of Estancia, Torrance County	Torrance County	House inmates	10-09-97, infinite	Unknown
Town of Estancia, Torrance County	Torrance County	Universal 911 addressing system	1998, infinite	Unknown
Town of Estancia, Torrance County	Torrance County	911 communication system	1999, infinite	Unknown
Town of Estancia, New Mexico Energy, Minerals and Natural Resource Development (EMNR)	EMNR	Resource mobilization plan to establish personnel and equipment for wildfire suppression and management	2007, infinite	Unknown
Town of Estancia, Torrance County Village of Encino City of Moriarty Village of Willard	Torrance County	Torrance County Solid Waste Authority	12-16-93, infinite	Unknown



<u>Amount the Town Contributed in the Current Fiscal Year</u>	<u>Audit Responsibility</u>	<u>Fiscal Agent</u>	<u>Name of Governmental Agency Where Revenues and Expenditures are Reported</u>
Unknown	Torrance County	Torrance County	Both
Unknown	Torrance County	Torrance County	Both
Unknown	Torrance County	Torrance County	Both
Unknown	Torrance County	Torrance County	Both
Unknown	EMNR	EMNR	Both
Unknown	Torrance County	Torrance County	Torrance County Solid Waste Authority

## **COMPLIANCE SECTION**

# Ricci & Company LLC

CERTIFIED PUBLIC ACCOUNTANTS  
6200 UPTOWN BLVD. NE - SUITE 400  
ALBUQUERQUE, NM 87110

## **Independent Auditors' 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***

New Mexico State Auditor  
and  
Theodore Barela, Mayor  
Town Council Members  
Town of Estancia  
Estancia, New Mexico

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information and budgetary comparisons of the Town of Estancia, New Mexico, as of and for the year ended June 30, 2009, and have issued our report thereon dated October 25, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 significant deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. Items 05-01, 07-03 and 07-05.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency. Item 09-03.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain matters that are required to be reported pursuant to *Government Auditing Standards* paragraphs 5.14 and 5.16 and pursuant to Section 12-6-5 NMSA 1978, which are described in the accompanying schedule of findings and responses as items 05-03, 05-05, 06-02, 09-01, and 09-02.

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

This report is intended solely for the information and use of management, others within the Town, Office of the State Auditor, New Mexico Legislature, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.

*Ricci & Company LLC*

Albuquerque, New Mexico  
October 25, 2010

**STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
SUMMARY OF FINDINGS AND RESPONSES  
Year Ended June 30, 2009**

**A. STATUS OF PRIOR YEAR FINDINGS**

FS 05-01	Capital Assets	Updated and Included
FS 05-02	Meter Deposits	Resolved
FS 05-03	Untimely Audit Report	Updated and Included
FS 05-05	Budget Deficits	Updated and Included
FS 06-02	Cash Disbursements, Purchase Orders and Requisitions	Updated and Included
FS 07-02	Agreement of DFA Reports to General Ledger	Resolved
FS 07-03	SAS 115 Compliance (Updated to SAS 115)	Updated and Included
FS 07-05	Trial Balance	Updated and Included
FS 08-01	Closing of Bank Account	Resolved
FS 08-02	Internal Controls - Receipts	Resolved
FS 08-03	Bank Reconciliation	Resolved

**STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended June 30, 2009**

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

**05-01 Capital Assets – Material Weakness**

**CRITERIA**

Per state statute 12-6-10, NMSA 1978 and regulation 2.20.1.15 NMAC, the Town should establish controls over its fixed assets for the primary purpose of safeguarding them and establishing accountability for their custody and use. At the end of the fiscal year, the Town should conduct a physical inventory of its fixed assets consisting of those with historical cost of \$5,000 (\$1,000 or more prior to July 1, 2005). These assets must be properly capitalized, classified, valued and depreciated.

**CONDITION**

The Town does not have a complete listing of capital assets and has not calculated and recorded depreciation expense on those assets.

**CAUSE**

The Town is unable to determine a historical cost for its buildings and land. In addition, the only physical inventory taken at year end was on vehicles.

**EFFECT**

The failure to maintain adequate capital asset records results in the inability of the Town to maintain control over the capital assets and also results in the Town being noncompliant with state regulations.

**RECOMMENDATION**

The Town should begin the process of inventorying all its capital assets, including newly developed infrastructure. Upon determining a complete capital assets listing, depreciation should be calculated.

**MANAGEMENT RESPONSE**

The Town Clerk and Mayor areas attending Asset Management courses to set up a system that will properly manage assets. Attended The New Mexico Environmental Finance Center user group on October 21, 2010.

**STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2009**

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

**05-03 Untimely Audit Report**

**CRITERIA**

Per 2.2.2.9.A(1)(d) NMAC, a municipality is required to deliver the annual financial report to the state auditor on or before the date specified in the audit contract, or December 1st for the Town.

**CONDITION**

The audit report was filed with the State Auditor's Office after the December 1st deadline.

**CAUSE**

The Town's 2008 audit report was finalized very late (July 2009). Because of this, the process of reconciling the Towns books and records for the year ending June 30, 2009 did not start in a timely manner.

**EFFECT**

The Town is not in compliance with 2.2.2.9.A(1)(d) NMAC, regarding a timely audit report.

**RECOMMENDATION**

The Town should continue its efforts to reconcile its books and records timely. The Town has also placed increased importance, and anticipates, to deliver the June 30, 2010 financial report in a timely manner.

**MANAGEMENT RESPONSE**

The Town of Estancia obtained a new audit firm in 2010 and has worked diligently to submit the 2009 audit. The 2010 audit is on schedule to be completed by the December 1, 2010 deadline.

**STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2009**

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

**05-05 Budget Deficits**

**CRITERIA**

The authority by which the Town can expend funds is the Town Council and the Department of Finance Administration approved budget (NMSA 1978, Section 6-6-6).

**CONDITION**

Expenditures in excess of budgeted amounts were expended in the following funds:

Intergovernmental grants	\$ 7,257
Joint Utilities Enterprise Fund	<u>3,719</u>
Total	<u>\$ 10,976</u>

**CAUSE**

Unforeseen expenditures were made at year end and a corresponding year end budget adjustment was not made.

**EFFECT**

The Town is in violation of applicable laws, regulations and policies established by the Town, State and Department of Finance and Administration.

**RECOMMENDATION**

We recommend that management implement procedures to prevent budget over expenditures.

**MANAGEMENT RESPONSE**

The Town Administrative Offices have a purchase order requisition process in place that helps prevent budget over expenditures. Emergencies, especially with the Water and Sewer Department, may occur that cannot be anticipated. No excuse for not making the budget adjustment.



**STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2009**

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

**06-02 Cash Disbursements, Purchase Orders and Requisitions**

**CRITERIA**

Good accounting practices suggest that all purchases are properly approved before the expense is incurred and the purchase must be supported by appropriate documentation.

**CONDITION**

During our test work of cash disbursements, we noted the following:

- In 2 of 15 tested, the purchase requisition, PO, and check were all processed on the same day and by the same person. Prior approval was not received. The total of the two was \$900.
- In 1 of 15 tested, the purchase order was not signed. The purchase was for \$25.
- Although not part of our internal control testing, we noted 1 instance in which a dual signature for a check was not obtained. The Town requires 2 signatures on all checks. The check was for \$500.
- In 1 of 15 tested, we noted finance charges were paid to a vendor in the amount of \$8.74.

**CAUSE**

The Town has not followed their policies and procedures regarding purchasing.

**EFFECT**

Inconsistency in applying or following internal policies can lead to improper purchases.

**RECOMMENDATION**

The Town needs to place additional emphasis on the importance of always following every policy and procedure the Town has in place.

**MANAGEMENT RESPONSE**

The Administrative Office work diligently to follow procedure. If a Mayoral signature is not obtained on time, a “verbal” either through email or via phone is almost always provided by the Mayor before a purchase is made. There are also many valid purchase orders that the Mayor may have signed in the morning and the purchase was made the same day, after approval was obtained. It is also policy that the Mayor can approve his own purchase order requests and sign checks.

**STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2009**

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

**07-03 SAS 115 Compliance – Material Weakness**

**CRITERIA**

Statement on Auditing Standards (SAS) 115, Communication of Internal Control Related Matters Identified in an Audit, required that management clearly accept responsibility for the internal controls over financial reporting.

**CONDITION**

The Town maintains its records on a cash basis. Although this is the best approach for monitoring the budgets, significant adjustments were required to be made to the records for a GAAP presentation. The significant adjustments include:

- Loan proceeds being recorded in an enterprise fund as revenues.
- Transfers were not being properly booked, they were recorded as increased to revenues or decreases to expenses, instead of as a transfer. This also led to transfers being out of balance.

Although the Town hired a consultant to assist with its GAAP conversion, the above errors were noted after the consultant made adjustments to the records. Although the Town was able to describe the transactions, the proper booking of these transactions did not occur until the later stages of the audit.

**CAUSE**

The Town has determined that, due to its size and complexity, it is most effective and beneficial to maintain ledgers on a basis consistent with its budgetary basis.

**EFFECT**

The Town does not have financial information readily available that is consistent with GAAP requirements.

**RECOMMENDATION**

The Town should continue to improve its knowledge of GAAP and when necessary, utilize consultants.

**STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2009**

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

**07-03 SAS 115 Compliance – Material Weakness**

**MANAGEMENT RESPONSE**

The Town continues to use an outside consultant to help with records. Transfers are properly booked now. The Loan was originally book as a revenue/loan proceeds in the Capital Projects Fund and was subsequently transferred to the Joint Utilities Fund using the same accounting treatment. Year-end audit adjustments corrected this error. The Town had noted the transactions for future reference.

**STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2009**

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

**07-05 Trial Balances – Material Weakness**

**CRITERIA**

Good accounting practices dictate that the Town's books should be maintained in such a way that a general ledger balances by fund.

**CONDITION**

The Town utilizes Quickbooks for its accounting software. Quickbooks is set up in a manner that is similar to a for profit enterprise and therefore, fund level trial balances are unable to be produced.

**CAUSE**

The initial set up of Quickbooks was in a manner more similar to a for profit enterprise than a governmental entity. The Town has determined that, due to its size and complexity, it is most effective and beneficial to maintain ledgers on a basis consistent with its budgetary basis.

**EFFECT**

The Town does not have an accurate day to day general ledger that allows them to make timely decisions based on sound financial information. Ultimately, this makes daily analysis difficult to complete.

**RECOMMENDATION**

The Town can either change accounting software or make changes to the current Quickbooks file so that all transactions are recorded in one file at the fund level and ensure each fund is self balancing.

**MANAGEMENT RESPONSE**

The Town cannot afford new accounting software and the goal is to record funds correctly to ensure that each fund is self balancing.

**STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2009**

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

**09-01 Checks Used Out of Sequence**

**CRITERIA**

Adequate controls over cash and disbursements state that checks should be used in sequential order.

**CONDITION**

As part of testing year end cut off, we noted that checks were printed out of sequence. The last check of the year ended June 30, 2009 was 23821, however we noted that the first check dated in July 2009 was 23794. We noted a total of 20 checks dated in July 2009 with check numbers less than 23821.

**CAUSE**

The cause was due to incorrect dating in the Quickbooks system as well as multiple users printing checks at the same time.

**EFFECT**

By not utilizing sequential checks, it is difficult to account for all issued checks as well as identifying a missing or stolen check.

**RECOMMENDATION**

The Town should always issue checks in sequential order. The Town should also determine if utilizing a blank check stock, in which the system prints the check number, would be beneficial.

**MANAGEMENT RESPONSE**

We believe that this was an error from the printing company.

**STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2009**

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

**09-02 Use of Fuel Cards**

**CRITERIA**

For credit card transactions, the Town should be matching all activity with actual receipts. In addition, for fuel purchases, fuel logs should be maintained for every vehicle.

**CONDITION**

It was noted that individuals are required to submit receipts for gas purchases; however, those receipts are not being reconciled/matched to the gas purchase statements. Also, the Town does not maintain fuel logs for its vehicles.

**CAUSE**

Due to its fleet size, the Town has never emphasized the need for tracking fuel costs.

**EFFECT**

Unauthorized purchases can go undetected since actual receipts are not reconciled to statements and fuel logs are not maintained

**RECOMMENDATION**

The Town should reconcile all receipts to the statements. In addition, the Town should start maintaining fuel logs for each vehicle and reconcile the logs to actual purchases. The fuel log can also be utilized for maintenance purposes.

**MANAGEMENT RESPONSE**

A policy is in place already to match credit card receipts to all statements. The fuel credit cards are the only cards where we are not following this policy. From this point forward, we will reconcile all statements to all receipts. Each department has been given logs in which to track their fuel. The odometer on the admin vehicle does not work and makes it difficult to track mileage on that specific vehicle.

**STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2009**

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

**09-03 Pledged Collateral**

**CRITERIA**

NMAC 2.2.2.10 N. (5)(b) requires entities to obtain pledged collateral from depository institutions for at least 50% of its uninsured balances.

**CONDITION**

In 2009, the Town received a \$1,000,000 contribution. In June 2009, four \$250,000 certificates of deposit were obtained from four different financial institutions. However, on June 30, 2009, two of the institutions credited the certificates with interest earned. The interest on the certificates caused the cash balances to go over the FDIC limits and the institutions did not provide pledged collateral.

**CAUSE**

Although the Town acted appropriately by obtaining the certificates, the interest caused the balances to exceed FDIC limits and pledged collateral was not secured for the interest portion.

**EFFECT**

The Town is at risk for a loss of funds and in violation of NMAC 2.2.2.10 N. (5)(b) .

**RECOMMENDATION**

The Town should continue to monitor its depository accounts as it relates to uninsured balances, paying particular attention to interest earnings. The Town could also consider obtaining certificates in amounts lower than FDIC limits that will allow for interest earnings to also be insured.

**MANAGEMENT RESPONSE**

When the money was initially deposited, it was anticipated that the money would be spent within one year. Steps have already been taken to invest the interest separately.

**STATE OF NEW MEXICO  
TOWN OF ESTANCIA  
EXIT CONFERENCE  
For the Year Ended June 30, 2009**

**Exit Conference**

An exit conference was held on November 10, 2010 to discuss the annual financial report. Attending were the following:

**Representing the Town of Estancia:**

Ted Barela, Mayor (Mayor starting September 2009)  
Tammy Meyer, Clerk  
Linda Warren, Deputy Clerk

**Representing the Independent Auditor:**

Herman Chavez, CPA

Note: Management is responsible for the context of the report, even though the financial statements were prepared substantially by the independent auditor.