



**KRIEGEL/GRAY/SHAW & CO., P.C.**

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**STATE OF NEW MEXICO  
CITY OF GRANTS**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**JUNE 30, 2009**

**CITY OF GRANTS**  
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**CITY OF GRANTS**  
**OFFICIAL ROSTER**  
**JUNE 30, 2009**

**ELECTED OFFICIALS**

<b><u>Name</u></b>	<b><u>Title</u></b>
<i>Joe Murrietta</i>	<i>Mayor</i>
<i>Fred Rodarte</i>	<i>Mayor Pro-Tem</i>
<i>Walter Jaramillo</i>	<i>Councilor</i>
<i>Martin Hicks</i>	<i>Councilor</i>
<i>Ron Ortiz</i>	<i>Councilor</i>

**ADMINISTRATIVE STAFF**

<i>Bob Horacek</i>	<i>City Manager</i>
<i>Michelle Lucero</i>	<i>Systems Analyst</i>

INDEPENDENT AUDITORS' REPORT

Mr. Hector H. Balderas, State Auditor and  
The Mayor and City Council  
City of Grants  
Grants, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Grants (the "City"), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents.

We also have audited the financial statements of each of the City's nonmajor governmental, nonmajor enterprise, and fiduciary 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 City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Grants, as of June 30, 2009, the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison of the General Fund and the Gasoline Road Tax Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental and nonmajor enterprise fund of the City of Grants as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital projects fund, nonmajor governmental and enterprise funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Mr. Hector H. Balderas, State Auditor and  
The Mayor and City Council  
City of Grants  
Grants, New Mexico  
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In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2009 on our consideration of the City of Grants' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 4 through 11 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, and combining and individual fund financial statements and budgetary comparisons. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The Financial Data Schedule (FDS) is presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development, and is not a required part of the basic financial statements of the City of Grants. The additional schedules listed as "other supplementary information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
Kriegel/Gray/Shaw & Co., P.C.

November 18, 2009

**CITY OF GRANTS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2009**

As management of the City of Grants, we offer our residents and others who may read the City of Grants' financial statements this narrative overview and analysis of the financial activities of the City of Grants for fiscal year ended June 30, 2009.

**FINANCIAL HIGHLIGHTS**

- The City's total net assets increased over the course of this year's operations.
- During the year the City's expenses were \$3,922,254 less than the \$13,223,804 generated in taxes and other revenues for governmental programs.
- In the City's business-type activities, revenues increased 14.6% to \$7,076,690 while expenses increased 5.8%.
- The general fund reported a surplus this year of \$445,537.

**OVERVIEW OF FINANCIAL STATEMENTS**

The discussion and analysis is intended to serve as an introduction to the City of Grants' basic financial statements. The City of Grants' basic financial statements consist of three separate components: 1) government-wide financial statements: 2) fund financial statements: and 3) notes to the financial statements. This report also contains other supplementary information, including budgetary comparison information, in addition to the basic financial statements.

Certain items in the prior year financial statements have been reclassified for comparison purposes.

**Governmental-Wide Financial Statements**

The government-wide financial statements include a statement of net assets with all government funds and account types. In addition, a statement of activities for government activities and business activities are included.

The statement of net assets reports all financial and capital resources. The statement of net assets presents information on all the City of Grants' assets and liabilities using the accrual basis of accounting. Over time increases or decreases in net assets may determine whether the financial position of the City of Grants is improving or deteriorating.

The statements of accounts illustrate the statement of activities for the City of Grants. The statement of activities presents information, which illustrates how the City's net assets changed during the most recent fiscal year. Again, revenues and expenses are recorded using the accrual basis of accounting. The statement of activities includes revenues from governmental activities as well as business-type activities.

The City of Grants, also known as the primary government, is predominantly financed through taxes, intergovernmental revenues, and other non-exchange revenues. These governmental activities include general government, public safety, public works, health and welfare and cultural and recreation. These governmental activities are classified and reported in governmental funds and special revenue funds. The business type activities are financed primarily from user fees charged to external parties for goods and or services. These activities are reported in enterprise funds in our financial statements. The City of Grants' business type activities include water and sewer systems, refuse, the City golf course, and housing.

The government-wide financial statements can be found on pages 12 through 13 of this report.



**CITY OF GRANTS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2009**

**Fund Financial Statements**

The City of Grants accounts for its finances through several fiscal and accounting entities called funds. We, like other state and local governments use fund accounting to comply with state statutes regarding all finance-related transactions. The City of Grants has created its respective funds to establish a measure of flow from financial resources and/or to determine net income or net loss. These funds allow the City of Grants to manage its finances more effectively and more efficiently. The City of Grants maintains the following categories of fund types: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds**

The governmental funds for the City of Grants include the general fund, special revenue funds, capital projects funds, and debt service funds. The governmental funds reporting focuses predominantly on the sources, uses, and balances of current financial resources that have been established by an approved appropriated budget. The governmental funds provide a detailed short-term view of the City's general government operations and the basic services it provides. The financial information contained in the governmental funds is useful in helping determine whether or not there are sufficient financial assets to provide funding for the City's current programs.

**Proprietary Funds**

Proprietary funds are used to account for activities similar to those in the private sector and focuses on the determination of operating income, changes in net assets, financial position, and cash flows. Proprietary funds are reported in the same manner that all activities are reported in the Statement of Net Assets and Statement of Activities (revenues and expenses). In fact, the City's enterprise funds are the same as the business-type activities that are reported in the government-wide statements; however, they provide more detail in regards to cash flows for proprietary funds. The City's intent is that costs of providing the goods or services to the general public on a continuing basis will be financed or recovered through user charges. The City has the following enterprise funds: Utility Fund, Low Rent, Golf Course Operating Fund and Project home.

**Fiduciary Funds**

Fiduciary fund reporting focuses on assets and liabilities that are held in a trustee or agency capacity for other government agencies and therefore cannot be used to support the City's own programs. Fiduciary funds are not reflected in the government-wide financial statement for the reason that their resources are not available to the City. Agency funds are custodial in nature and do not involve measurement of results of operations.

**Notes to the Financial Statements**

The City's notes to the financial statements provide additional information that is necessary for a better understanding of all data that is illustrated in the government-wide and fund financial statements.

**CITY OF GRANTS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2009**

**Government-Wide Financial Analysis**

**City of Grants**  
**Summary of Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
<b>Assets:</b>						
Current assets and other assets	\$9,730,914	\$8,643,316	\$3,537,017	\$2,837,878	\$13,267,931	\$11,481,194
Capital	36,436,168	33,150,180	17,014,086	16,452,299	53,450,254	49,602,479
<i>Total assets</i>	<b>\$46,167,082</b>	<b>\$41,793,496</b>	<b>\$20,551,103</b>	<b>\$19,290,177</b>	<b>\$66,718,185</b>	<b>\$61,083,673</b>
<b>Liabilities:</b>						
Current and other liabilities	\$1,081,637	\$538,958	\$993,958	\$906,451	\$2,075,595	\$1,445,409
Long-term liabilities	1,404,089	1,495,436	3,453,446	3,944,714	4,857,535	5,440,150
<i>Total liabilities</i>	2,485,726	2,034,394	4,447,404	4,851,165	6,933,130	6,885,559
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	35,232,750	31,782,662	13,122,482	12,051,909	48,355,232	43,834,571
Restricted net assets	1,209,946	1,982,724	701,579	1,913,621	1,911,525	3,896,345
Unrestricted net assets	7,238,660	5,993,716	2,279,638	473,482	9,518,298	6,467,198
<i>Total net assets</i>	43,681,356	39,759,102	16,103,699	14,439,012	59,785,055	54,198,114
<i>Total liabilities and net assets</i>	<b>\$46,167,082</b>	<b>\$41,793,496</b>	<b>\$20,551,103</b>	<b>\$19,290,177</b>	<b>\$66,718,185</b>	<b>\$61,083,673</b>

Capital assets (net of accumulated depreciation) make up 80.1% of the City's total assets from governmental activities. Investments in capital assets include: land, buildings, machinery and equipment, and infrastructure. The City of Grants utilizes these assets to provide services to its citizens; therefore, these assets are not available for future spending.

At the end of the current fiscal year, the City of Grants reported a positive balance in all three categories of net assets.

In evaluating the operating performances of an agency, the rate of return on assets is probably one of the most useful measures of the entity's profitability and efficiency. The return on assets ratio for the city is 8.4% for fiscal year ending June 30, 2009. This ratio aids management in gauging the effectiveness of its use of assets.

In the Governmental activities total liabilities have been increased by 22.2% due to an increase in accounts payable and the settlement payable. Total assets have increased in 2009 due to the following factors. Taxes increased in 2009 by \$91,495, Grants and contributions increased by \$3,622,173, and charges for services decreased by \$20,412. Investment income decreased in fiscal year 2009 due to a decrease in interest rates. Administrative fees from the Utility Fund have increased due to scheduled rate increases implemented. These factors primarily affect the increase in current assets in 2009 compared to 2008.

Net assets for business-type activities have increased by \$1,664,687, an increase of 11.5%. The increase is due primarily to a five-year rate increase for water, wastewater and refuse implemented in fiscal year 2006-2007. Overall, liabilities were reduced due to annual reductions in long-term debt. No additional debt was incurred in fiscal year 2009.

**CITY OF GRANTS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2009**

**Financial Analysis of the City's Major Funds**

**GENERAL FUND**

The General Fund is the major operating fund for the City. The General Fund is the single largest fund pertaining to revenues and expenditures. Total revenues in fiscal year 2008 were \$7,707,688 and \$7,907,865 in 2009, an increase of \$200,177 (2.6%) for comparative years. The difference is due to across the board increases in most line items as follows:

	<b>2009</b>	<b>2008</b>
Taxes and State Shared Taxes	\$5,506,637	\$5,387,054
Intergovernmental Revenue	608,398	525,503
Fees, Service Charges, Rental Revenue	1,176,715	1,082,000
Investment income	65,888	187,207
Franchise fees	314,095	330,711
License and permits	23,605	77,330
<b>Total</b>	<b>\$7,695,338</b>	<b>\$7,589,805</b>

Difference: Increase from 2008 to 2009 \$105,533.

Expenditures in the General Fund for fiscal year 2008 were \$5,714,739 and \$6,671,833 for fiscal year 2009, an increase of \$957,094 (16.7%). The increase was due primarily to an increase in expenses in 2009 in General Government of \$988,034. The majority of this increase results from the settlement payments made to various home owners for water seepage problems of \$668,330. The General Fund fund balance increased in 2009 in the amount of \$445,537 with revenues exceeding expenditures less transfers for an ending fund balance of \$5,670,624 as of June 30, 2009.

**GENERAL GOVERNMENT IMPROVEMENTS FUND**

The General Government Improvements Fund accounts for the City's capital outlay projects primarily funded from the state legislative appropriations, federal grants, and City monies. In the fiscal year 2007/2008 the City accounted for \$406,078 in federal grant revenues and \$1,307,084 in state grants for total grant revenues of \$1,713,162. In fiscal year 2008/2009 the total grant revenues of \$3,055,304 consisted of federal grant revenues of \$967,942 and state grant revenues of \$2,087,362.

The revenues received by the City will fluctuate as a result of grant appropriations received from year to year. Fluctuations will also occur when monies are expended and received annually.

Expenditures in fiscal year 2007/2008 were \$1,593,532. The majority of the expenditures were incurred for the waste water treatment plant, playground equipment, police vehicles, airport improvements, cemetery improvements, and various other small equipment purchases. Expenditures in fiscal year 2008/2009 were \$2,749,144 with an additional capital transfer out of \$1,606,571. The capital transfer was due to project Grants Funds expended and incurred in the General Government Improvements Fund for the benefit of other funds. Expenditures were incurred for the City's wastewater treatment plant, animal shelter building, water tank improvements, park improvements, arts building renovations, judicial building renovations, police vehicles, airport improvements, street drainage projects, and various other small equipment purchases.

**CITY OF GRANTS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2009**

**UTILITY FUND**

The Utility Fund is used to account for all water, sewer and refuse revenues and expenses. It is the major proprietary fund for the City. Total operating revenues for 2007/2008 fiscal year was \$5,181,974 and \$5,499,305 for 2008/2009; an increase of \$317,331 (6.1%). The increase is due to implementation of a utility rate increase as a result of a utility rate study that initially took place in January of 2007 and continued through January 2009. The decrease in net income for 2009 versus 2008 of \$386,209 is due to a loss on an abandoned well project. Operating expenses increased in fiscal year 2008/2009 compared to 2007/2008 by \$328,389, which is 7.6%.

**General Fund Budgetary Highlights**

The City of Grants total actual expenditures for fiscal year 2008/2009 were 3.6% under the budgeted expenditure amounts for the year. Public safety is responsible for 31.4% and general government is responsible for 41.3% of the General Fund expenditures.

The City's total gross receipts tax amount for fiscal year 2008/2009 increased by 2.9% over fiscal year 2007/2008. Overall gross receipts increases slowed down in relation to the overall economic slow down.

The City implemented a water and refuse rate increase in fiscal year 2007/2008. The approximate increase in 2008/2009 for water was 18% and the increase for refuse was 12%.

The variation between original and final budget amount pertains to an adjustment for settlements paid to home owners for water seepage (\$346,263).

**CITY OF GRANTS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2009**

**City of Grants**  
**Summary of Changes in Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
<b>Revenues:</b>						
<u>Program Revenues:</u>						
Charges for services	\$1,266,579	\$1,286,991	\$5,871,725	\$5,479,614	\$7,138,304	\$6,766,605
Operating grants and contributions	1,394,479	1,374,381	69,201	51,173	1,463,680	1,425,554
Capital grants and contributions	5,397,031	1,794,956	0	0	5,397,031	1,794,956
<u>General Revenue:</u>						
Taxes	6,324,800	6,233,305	0	0	6,324,800	6,233,305
Investment income	94,589	254,404	41,953	71,972	136,542	326,376
Miscellaneous	265,647	184,757	(356,309)	2,969	(90,662)	187,726
<i>Total revenue</i>	14,743,125	11,128,794	5,626,570	5,605,728	20,369,695	16,734,522
<b>Expenses:</b>						
General Government	4,440,375	2,965,609	0	0	4,440,375	2,965,609
Public Safety	2,521,524	2,398,220	0	0	2,521,524	2,398,220
Public Works	534,160	1,169,854	0	0	534,160	1,169,854
Health and Welfare	1,068,673	1,104,368	0	0	1,068,673	1,104,368
Culture and Recreation	682,320	808,228	0	0	682,320	808,228
Interest and fees on long-term debt	54,498	58,828	0	0	54,498	58,828
Water, sewer and refuse	0	0	4,724,167	4,404,974	4,724,167	4,404,974
Golf	0	0	615,883	636,693	615,883	636,693
Rental	0	0	141,154	139,615	141,154	139,615
<i>Total expenses</i>	9,301,550	8,505,107	5,481,204	5,181,282	5,481,204	13,686,389
Increase in net assets before transfers	5,441,575	2,623,687	145,366	424,446	5,586,941	3,048,133
Transfers	(1,519,321)	(629,609)	1,519,321	629,609	0	0
<i>Change in Net Assets</i>	3,922,254	1,994,078	1,664,687	1,054,055	5,586,941	3,048,133
Net Assets - July 1, 2008 and 2007	39,759,102	37,765,024	14,439,012	13,384,957	54,198,114	51,149,981
<i>Net Assets - June 30</i>	<b>\$43,681,356</b>	<b>\$39,759,102</b>	<b>\$16,103,699</b>	<b>\$14,439,012</b>	<b>\$59,785,055</b>	<b>\$54,198,114</b>

**CITY OF GRANTS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2009**

**Government Activities**

Revenue received from program and general activities was predominantly less than expenses for fiscal year 2009, with the exception of capital grants where amounts expended have been capitalized and the donation of a \$1,300,000 building for use as a library.

**Business-Type Activities**

Business-type activities income before transfers increased the City's net assets by \$145,366. Increases in charges for services were responsible for this increase.

**Financial Analysis of the City's Funds**

As mentioned earlier, the City of Grants uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As of the end of current fiscal year, the City of Grants governmental funds reported combined ending balances of \$9,753,120, which is an increase from the prior year ending fund balances. The City's proprietary funds provide the same type of information found in the government-wide financial statement, but in more detail. The business-type activities have demonstrated sufficient revenue and sufficient cash flow to guarantee that all expenditures, including long-term debt will be paid in a timely manner.

**Capital Assets and Debt Administration**

**Capital Assets**

The City of Grants net capital assets for its government type activities as of June 30, 2009 amounted to \$36,436,168. This investment in capital assets includes land improvements, building improvements, vehicles, machinery and equipment, and infrastructure. The most significant impact on capital assets during the year resulted from the following:

- Wastewater-Treatment Plant Improvements
- Animal Shelter Building
- Water Tank Renovation
- Street Improvements and Drainage Projects
- Donation of a Building for use as a Library

**Long-term Debt**

The City's total debt (excluding compensated absences and lease payable) as of June 30, 2009 is \$5,049,161, which decreased by \$614,360, which represents payments of outstanding debt. The majority of this amount is due to the outstanding loan amount of \$3,335,743 that was from the New Mexico Environmental Department, for construction and acquisition of equipment for a wastewater treatment plant facility previously constructed in 1992.

More detailed information regarding these activities and funds is included in Note 5.

The City of Grants issued no new long-term debt during the current fiscal year. The City has no general obligation bonds outstanding at June 30, 2009.

**CITY OF GRANTS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2009**

**Economic Factors**

The City of Grants base gross receipts taxes which is the City's largest resource increased by 10.9% from fiscal year 2005/2006 to fiscal year 2006/2007, 2% from fiscal year 2006/2007 to fiscal year 2007/2008, 2% from fiscal year 2007/2008 to fiscal year 2008/2009. The prior growth trend has slowed significantly. The current year shows a continued slow down in relation to the overall economy.

The City has completed a utility rate structure study done by an engineering firm in order to enable the City to solidify their utility fund. The City implemented the rate increases in the Utility Fund in March 2007. The City makes every effort possible to ensure that the resources available are maximized to provide services to the public.

**City of Grants**  
**Outstanding Bonds and Liabilities to Financial Institutions**

	Governmental Activities		Business-type Activities		Total Activities	
	2009	2008	2009	2008	2009	2008
Revenue Bonds	\$685,000	\$810,000	\$510,000	\$625,000	\$1,195,000	\$1,435,000
General Obligation Bonds	0	0	0	0	0	0
Notes Payable	518,418	557,518	3,335,743	3,671,003	3,854,161	4,228,521
Capital Leases	0	0	45,859	104,387	45,859	104,387
<i><b>Total</b></i>	<b>\$1,203,418</b>	<b>\$1,367,518</b>	<b>\$3,891,602</b>	<b>\$4,400,390</b>	<b>\$5,095,020</b>	<b>\$5,767,908</b>

**Requests for Information**

This financial report is designed to provide a general overview of the City of Grants' finances for those interested in the government finances. Questions concerning any of the information provided in the report or request for additional financial information should be addressed to the City of Grants, City Manager at 600 West Santa Fe Avenue, Grants, New Mexico 87020.

**CITY OF GRANTS**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2009**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>Assets</b>			
Cash and investments	\$6,371,358	\$1,773,916	\$8,145,274
Cash held with trustee	490,653	0	490,653
Investments	602,490	211,808	814,298
Grant revenue receivable	595,459	0	595,459
Accounts receivable, net	164,303	565,481	729,784
State taxes receivable	1,478,708	0	1,478,708
Property taxes receivable	16,394	0	16,394
Interest receivable	0	177	177
Internal balances	(7,127)	7,127	0
Inventories	0	72,092	72,092
Other assets	18,676	0	18,676
Restricted Assets:			
Cash - loan reserve environmental division	0	701,517	701,517
Cash - customer deposits	0	204,899	204,899
Capital Assets:			
Capital assets not depreciated	5,656,039	3,502,602	9,158,641
Capital assets, depreciated	41,890,548	32,534,247	74,424,795
Accumulated depreciation	(11,110,419)	(19,022,763)	(30,133,182)
<i>Total capital assets</i>	36,436,168	17,014,086	53,450,254
<i>Total assets</i>	46,167,082	20,551,103	66,718,185
<b>Liabilities</b>			
Accounts payable	437,420	242,064	679,484
Accrued payroll	149,993	33,441	183,434
Customer deposits	0	208,309	208,309
Settlement payable	325,000	0	325,000
Prepaid rents	0	2,320	2,320
Long-term liabilities:			
Due within one year	169,224	507,824	677,048
Due in more than one year	1,404,089	3,453,446	4,857,535
<i>Total liabilities</i>	2,485,726	4,447,404	6,933,130
<b>Net Assets</b>			
Invested in capital assets, net of related debt	35,232,750	13,122,482	48,355,232
Restricted for			
Debt service	631,408	701,517	1,332,925
Capital projects	578,538	0	578,538
Customer deposits	0	62	62
Unrestricted (deficit)	7,238,660	2,279,638	9,518,298
<i>Total net assets</i>	<b>\$43,681,356</b>	<b>\$16,103,699</b>	<b>\$59,785,055</b>

The Notes to Financial Statements are an integral part of these statements.



**CITY OF GRANTS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating	Capital	Primary Government		
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Primary Government</b>							
<b>Governmental Activities:</b>							
General government	\$4,440,375	\$264,374	\$230,805	\$0	(\$3,945,196)	\$0	(\$3,945,196)
Public safety	2,521,524	24,625	219,888	0	(2,277,011)	0	(2,277,011)
Public works	534,160	905,284	0	4,040,368	4,411,492	0	4,411,492
Health and welfare	1,068,673	35,892	925,730	56,663	(50,388)	0	(50,388)
Cultural and recreational	682,320	36,404	18,056	1,300,000	672,140	0	672,140
Interest and fees on long-term debt	54,498	0	0	0	(54,498)	0	(54,498)
<b>Total governmental activities</b>	<b>9,301,550</b>	<b>1,266,579</b>	<b>1,394,479</b>	<b>5,397,031</b>	<b>(1,243,461)</b>	<b>0</b>	<b>(1,243,461)</b>
<b>Business-Type Activities:</b>							
Water, sewer and refuse	4,724,167	5,499,305	0	0	0	775,138	775,138
Golf	615,883	315,759	0	0	0	(300,124)	(300,124)
Rental	141,154	56,661	69,201	0	0	(15,292)	(15,292)
<b>Total business-type activities</b>	<b>5,481,204</b>	<b>5,871,725</b>	<b>69,201</b>	<b>0</b>	<b>0</b>	<b>459,722</b>	<b>459,722</b>
<b>Total primary government</b>	<b>\$14,782,754</b>	<b>\$7,138,304</b>	<b>\$1,463,680</b>	<b>\$5,397,031</b>	<b>(\$1,243,461)</b>	<b>\$459,722</b>	<b>(\$783,739)</b>

**General Revenues**

Taxes:

Gross receipts/state shared	\$5,164,884	\$0	\$5,164,884
Property	459,009	0	459,009
Lodgers' tax	386,812	0	386,812
Franchise tax	314,095	0	314,095
Investment income	94,589	41,953	136,542
Other	346,572	5,483	352,055
Loss on asset disposals	(80,925)	(361,792)	(442,717)
Operating transfers, net	87,250	(87,250)	0
Capital transfers, net	(1,606,571)	1,606,571	0
<b>Total general revenues and transfers</b>	<b>5,165,715</b>	<b>1,204,965</b>	<b>6,370,680</b>

Change in net assets	3,922,254	1,664,687	5,586,941
Net assets (deficit), beginning of year,	39,759,102	14,439,012	54,198,114
Net assets (deficit), end of year	\$43,681,356	\$16,103,699	\$59,785,055

The Notes to Financial Statements are an integral part of these statements.

**CITY OF GRANTS**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEETS**  
**JUNE 30, 2009**

	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Gasoline Road Tax	General Government Improvements		
<b>ASSETS</b>					
Pooled cash and investments	\$4,656,368	\$608,799	\$349,216	\$756,975	\$6,371,358
Cash held with trustee	0	0	0	490,653	490,653
Investments	602,490	0	0	0	602,490
Accounts receivable, net allowance	956,754	660,000	506,660	131,450	2,254,864
Due from other funds	30,000	0	0	3,755	33,755
<b>Total assets</b>	<b>\$6,245,612</b>	<b>\$1,268,799</b>	<b>\$855,876</b>	<b>\$1,382,833</b>	<b>\$9,753,120</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$94,403	\$56,758	\$276,938	\$9,321	\$437,420
Accrued payroll	146,385	0	0	3,608	149,993
Due to other funds	9,200	0	0	31,682	40,882
Settlement payable	325,000	0	0	0	325,000
<b>Total liabilities</b>	<b>574,988</b>	<b>56,758</b>	<b>276,938</b>	<b>44,611</b>	<b>953,295</b>
<b>Fund Balances:</b>					
Reserved for:					
Capital projects	0	0	578,938	0	578,938
Debt service - principal and interest	0	0	0	631,408	631,408
Unreserved reported in:					
General fund	5,670,624	0	0	0	5,670,624
Special revenue funds	0	1,212,041	0	706,814	1,918,855
<b>Total fund balance</b>	<b>5,670,624</b>	<b>1,212,041</b>	<b>578,938</b>	<b>1,338,222</b>	<b>8,799,825</b>
<b>Total liabilities and fund balance</b>	<b>\$6,245,612</b>	<b>\$1,268,799</b>	<b>\$855,876</b>	<b>\$1,382,833</b>	<b>\$9,753,120</b>

The Notes to Financial Statements are an integral part of these statements.

**CITY OF GRANTS**  
**RECONCILIATION OF THE FUND BALANCE GOVERNMENTAL FUNDS**  
**TO GOVERNMENTAL ACTIVITIES NET ASSETS**  
**JUNE 30, 2009**

<b>FUND BALANCE of Governmental Funds</b>	<b>\$8,799,825</b>
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.	36,436,168
Some liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.	(1,573,313)
Bond issuance costs are capitalized and amortized and therefore, are not expensed (\$46,696 capitalized and \$28,020 amortized).	18,676
<hr/> <b><i>Net assets of governmental activities</i></b>	<hr/> <b>\$43,681,356</b>

The Notes to Financial Statements are an integral part of these statements.

**CITY OF GRANTS**  
**GOVERNMENTAL FUNDS**  
**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Gasoline Road Tax	General Government Improvements		
<b>REVENUES</b>					
Intergovernmental revenue	\$608,398	\$985,064	\$3,055,304	\$810,344	\$5,459,110
Taxes	3,300,060	113,113	0	4,143	3,417,316
State shared taxes	2,206,577	0	0	0	2,206,577
Lodgers' tax	17,000	0	0	369,812	386,812
Licenses and permits	23,605	0	0	0	23,605
Franchise tax	314,095	0	0	0	314,095
Other subsidies	32,400	0	0	0	32,400
Fees, service charges, and rental revenue	1,176,715	0	18,920	47,339	1,242,974
Investment income	65,888	5,716	0	22,985	94,589
Sale of property	24,585	0	0	16,390	40,975
Miscellaneous	138,542	0	133,333	33,720	305,595
<i>Total revenues</i>	<i>7,907,865</i>	<i>1,103,893</i>	<i>3,207,557</i>	<i>1,304,733</i>	<i>13,524,048</i>
<b>EXPENDITURES</b>					
<b>Current:</b>					
General government	3,119,254	76,032	0	326,048	3,521,334
Public safety	2,000,384	0	0	344,167	2,344,551
Public works	521,572	0	0	4,800	526,372
Health and welfare	360,036	0	0	591,837	951,873
Cultural and recreational	670,587	0	0	51	670,638
Capital outlay	0	428,752	2,749,144	43,424	3,221,320
<b>Debt Service:</b>					
Principal	0	0	0	164,100	164,100
Interest and other charges	0	0	0	46,565	46,565
Fees	0	0	0	3,263	3,263
<i>Total expenditures</i>	<i>6,671,833</i>	<i>504,784</i>	<i>2,749,144</i>	<i>1,524,255</i>	<i>11,450,016</i>
<i>Revenues over (under) expenditures</i>	<i>1,236,032</i>	<i>599,109</i>	<i>458,413</i>	<i>(219,522)</i>	<i>2,074,032</i>
<b>Other Financing Sources (Uses):</b>					
Transfers in	389,409	300,000	700,000	547,316	1,936,725
Transfers out	(1,179,904)	0	0	(669,571)	(1,849,475)
Capital transfer out	0	0	(1,606,571)	0	(1,606,571)
<i>Total other financing sources (uses)</i>	<i>(790,495)</i>	<i>300,000</i>	<i>(906,571)</i>	<i>(122,255)</i>	<i>(1,519,321)</i>
<i>Net changes in fund balances</i>	<i>445,537</i>	<i>899,109</i>	<i>(448,158)</i>	<i>(341,777)</i>	<i>554,711</i>
<b>FUND BALANCE</b>					
Fund balance, July 1	5,225,087	312,932	1,027,096	1,679,999	8,245,114
<b><i>Fund balance, June 30</i></b>	<b><i>\$5,670,624</i></b>	<b><i>\$1,212,041</i></b>	<b><i>\$578,938</i></b>	<b><i>\$1,338,222</i></b>	<b><i>\$8,799,825</i></b>

The Notes to Financial Statements are an integral part of these statements.

**CITY OF GRANTS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCE OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

<b>Net change in fund balances - Governmental Funds</b>	<b>\$554,711</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$3,221,320) exceeded depreciation (\$1,154,407) donated assets of \$1,300,000, and disposal of assets with a net book value of (\$80,923).	3,285,990
Repayment of bond and notes payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	164,100
Some expenses (or reduction thereof) reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds - accrued compensated absences.	(77,877)
Bond issuance costs are amortized.	(4,670)
<b><i>Change in net assets of governmental activities</i></b>	<b>\$3,922,254</b>

**CITY OF GRANTS**  
**GENERAL FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$2,458,912	\$2,458,912	\$2,836,522	\$377,610
State shared taxes	2,332,125	2,332,125	2,717,060	384,935
Franchise fees	275,200	275,200	316,280	41,080
Fine and forfeits	100,000	100,000	24,361	(75,639)
Licenses and permits	19,500	19,500	23,605	4,105
Intergovernmental revenue	489,926	489,926	623,672	133,746
Fees and service charges	852,250	852,250	1,107,558	255,308
Donations	500	500	0	(500)
Investment income	15,000	15,000	83,975	68,975
Sale of property	14,000	14,000	24,585	10,585
Other revenue	26,747	26,747	138,543	111,796
<i>Total revenues</i>	<u>6,584,160</u>	<u>6,584,160</u>	<u>7,896,161</u>	<u>1,312,001</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government	2,433,180	2,779,443	2,633,247	146,196
Public safety	2,153,867	2,153,867	2,004,732	149,135
Public works	708,184	708,184	698,175	10,009
Cultural and recreational	592,301	592,301	664,335	(72,034)
Health and welfare	367,994	367,994	361,403	6,591
Capital outlay	8,500	8,500	6,859	1,641
<i>Total expenditures</i>	<u>6,264,026</u>	<u>6,610,289</u>	<u>6,368,751</u>	<u>241,538</u>
<i>Excess (deficiency) of revenues over expenditures</i>	320,134	(26,129)	1,527,410	1,553,539
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	50,000	396,263	389,409	(6,854)
Operating transfers (out)	(1,179,905)	(1,179,905)	(1,179,904)	1
<i>Total other financing sources (uses)</i>	<u>(1,129,905)</u>	<u>(783,642)</u>	<u>(790,495)</u>	<u>(6,853)</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(809,771)	(809,771)	<u>\$736,915</u>	<u>\$1,546,686</u>
Budgeted cash carryover	809,771	809,771		
	<u>\$0</u>	<u>\$0</u>		

The Notes to Financial Statements are an integral part of these statements.

**CITY OF GRANTS**  
**GASOLINE ROAD TAX FUND**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
Intergovernmental	\$1,001,000	\$1,001,000	\$325,064	(\$675,936)
Taxes	105,000	105,000	113,113	8,113
Interest on investments	0	0	5,717	5,717
Miscellaneous revenue	0	0	0	0
<i>Total revenues</i>	<u>1,106,000</u>	<u>1,106,000</u>	<u>443,894</u>	<u>(662,106)</u>
<b>EXPENDITURES</b>				
Personnel	75,216	75,216	49,143	26,073
Operating	0	0	0	0
Capital outlay	1,507,800	1,507,800	398,883	1,108,917
<i>Total expenditures</i>	<u>1,583,016</u>	<u>1,583,016</u>	<u>448,026</u>	<u>1,134,990</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(477,016)	(477,016)	(4,132)	472,884
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	300,000	300,000	300,000	0
Operating transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(177,016)	(177,016)	<u>\$295,868</u>	<u>\$472,884</u>
Budgeted cash carryover	<u>177,016</u>	<u>177,016</u>		
	<u>\$0</u>	<u>\$0</u>		

The Notes to Financial Statements are an integral part of these statements.

**CITY OF GRANTS**  
**PROPRIETARY FUNDS**  
**STATEMENT OF FUND NET ASSETS**  
**JUNE 30, 2009**

	Utilities	Nonmajor Proprietary Funds	Total
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$1,672,974	\$100,942	\$1,773,916
Investments	0	211,808	211,808
Accounts receivable - other	0	46,022	46,022
Accounts receivable - tenants	0	4,899	4,899
Accounts receivable, water and sewer (net of allowance)	514,560	0	514,560
Interest receivable	0	177	177
Inventory	72,092	0	72,092
Due from other funds	0	34,199	34,199
<i>Total current assets</i>	<i>2,259,626</i>	<i>398,047</i>	<i>2,657,673</i>
<b>Non-Current Assets</b>			
<b>Restricted Assets:</b>			
Cash - debt reserves	701,517	0	701,517
Cash - customer deposits	204,899	0	204,899
<i>Total restricted assets</i>	<i>906,416</i>	<i>0</i>	<i>906,416</i>
<b>Capital Assets:</b>			
Capital assets - not depreciated	3,369,282	133,320	3,502,602
Capital assets - depreciated	29,636,660	2,897,587	32,534,247
Less accumulated depreciation	(17,701,342)	(1,321,421)	(19,022,763)
<i>Net capital assets</i>	<i>15,304,600</i>	<i>1,709,486</i>	<i>17,014,086</i>
<i>Total assets</i>	<i>18,470,642</i>	<i>2,107,533</i>	<i>20,578,175</i>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts payable	226,498	15,566	242,064
Accrued payroll	13,880	19,561	33,441
Tenant security deposits/utility deposits	204,837	3,472	208,309
Prepaid rents	0	2,320	2,320
Due to other funds	0	27,072	27,072
Current portion of long-term debt	461,965	45,859	507,824
<i>Total current liabilities</i>	<i>907,180</i>	<i>113,850</i>	<i>1,021,030</i>
<b>Non-Current Liabilities:</b>			
Long-term debt	3,383,778	0	3,383,778
Compensated absences	30,367	39,301	69,668
Leases payable	0	0	0
<i>Total noncurrent liabilities</i>	<i>3,414,145</i>	<i>39,301</i>	<i>3,453,446</i>
<i>Total liabilities</i>	<i>4,321,325</i>	<i>153,151</i>	<i>4,474,476</i>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	11,458,855	1,663,627	13,122,482
Restricted for debt service	701,517	0	701,517
Restricted for customer deposits	62	0	62
Unrestricted	1,988,883	290,755	2,279,638
<i>Total net assets</i>	<i>\$14,149,317</i>	<i>\$1,954,382</i>	<i>\$16,103,699</i>

The Notes to Financial Statements are an integral part of these statements.



# CITY OF GRANTS

## PROPRIETARY FUNDS

### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Utilities	Nonmajor Proprietary Funds	Total
<b>OPERATING REVENUES</b>			
Water, sewer and refuse sales	\$5,499,305	\$0	\$5,499,305
Golf fees	0	315,759	315,759
Rental income	0	56,661	56,661
<i>Total operating revenues</i>	5,499,305	372,420	5,871,725
<b>OPERATING EXPENSES</b>			
Operating expenses	4,044,376	653,730	4,698,106
Depreciation	587,367	103,307	690,674
<i>Total operating expenses</i>	4,631,743	757,037	5,388,780
<i>Net income (loss) from operations</i>	867,562	(384,617)	482,945
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Federal grants and subsidies	0	69,201	69,201
Interest earnings	34,590	7,363	41,953
Interest expense	(90,862)	0	(90,862)
Other gain (loss)	(361,792)	0	(361,792)
Other miscellaneous income	5,354	129	5,483
Other debt expense	(1,562)	0	(1,562)
<i>Total non-operating revenues (expenses)</i>	(414,272)	76,693	(337,579)
<i>Net income (loss) before contributions and transfers</i>	453,290	(307,924)	145,366
Operating transfers in	1,020,316	325,400	1,345,716
Operating transfers (out)	(1,432,966)	0	(1,432,966)
Capital transfers in	1,489,002	117,569	1,606,571
Capital transfers (out)	0	0	0
<i>Change in net assets</i>	1,529,642	135,045	1,664,687
Total fund net assets, at beginning of year	12,619,675	1,819,337	14,439,012
<b><i>Total fund net assets, at end of year</i></b>	<b>\$14,149,317</b>	<b>\$1,954,382</b>	<b>\$16,103,699</b>

The Notes to Financial Statements are an integral part of these statements.

**CITY OF GRANTS**  
**PROPRIETARY FUND TYPES**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Utilities	Nonmajor Proprietary Funds	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers (including other funds)	\$5,484,978	\$328,696	\$5,813,674
Cash paid to suppliers	(3,624,763)	(276,283)	(3,901,046)
Cash paid to employees	(338,080)	(355,996)	(694,076)
<i>Net cash provided (used) by operating activities</i>	1,522,135	(303,583)	1,218,552
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Advances (to) from other funds	0	(4,937)	(4,937)
Transfers in (out)	(412,650)	325,400	(87,250)
<i>Net cash provided (used) by noncapital financing activities</i>	(412,650)	320,463	(92,187)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Purchase of property and equipment	(5,354)	(2,328)	(7,682)
Disposition of assets	0	0	0
Principal paid: revenue bonds/lease purchase/advances	(450,260)	(58,529)	(508,789)
Purchase of investments	0	(11,808)	(11,808)
Grants and subsidies	0	69,201	69,201
Interest paid: revenue bonds/lease purchase/advances	0	0	0
Other gain (loss)	5,354	129	5,483
Other debt expense	(1,561)	0	(1,561)
Due from other funds	0	0	0
<i>Net cash provided (used) by capital and related financing activities</i>	(451,821)	(3,335)	(455,156)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received	(56,272)	12,073	(44,199)
<i>Net increase (decrease) in pooled cash</i>	601,392	25,618	627,010
Pooled cash and investments, beginning of year	1,977,998	75,324	2,053,322
<b><i>Pooled cash and investments, end of year</i></b>	<b>\$2,579,390</b>	<b>\$100,942</b>	<b>\$2,680,332</b>
Cash and cash equivalents	\$1,672,974	\$100,942	\$1,773,916
Restricted cash	906,416	0	906,416
<b><i>Total cash</i></b>	<b>\$2,579,390</b>	<b>\$100,942</b>	<b>\$2,680,332</b>
<b>Non Cash Transactions:</b>			
Capital assets transferred in	\$1,489,002	\$117,569	\$1,606,571

The Notes to Financial Statements are an integral part of these statements.

**CITY OF GRANTS**  
**PROPRIETARY FUND TYPES**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Utilities	Nonmajor Proprietary Funds	Total
<b>Reconciliation of operating income to net cash provided (used) by operating activities</b>			
Operating income (loss)	\$867,562	(\$384,617)	\$482,945
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	587,367	103,307	690,674
Provision for uncollectible accounts	0	0	0
Book value of assets transferred	0	0	0
<b>Change in assets and liabilities:</b>			
<b>(Increase) Decrease in assets:</b>			
Accounts receivable	8,749	(45,771)	(37,022)
Due from/(to) other funds	0	0	0
Inventories	(23,074)	0	(23,074)
Prepays	0	0	0
<b>Increase (Decrease) in liabilities:</b>			
Accounts and contracts payable	62,281	10,386	72,667
Wages payable	1,610	4,599	6,209
Compensated absences	7,235	6,502	13,737
Other deferred charges: Tenant deposits	10,405	(35)	10,370
Tenants prepaid rent	0	2,046	2,046
<b>Total adjustments</b>	<b>654,573</b>	<b>81,034</b>	<b>735,607</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$1,522,135</b>	<b>(\$303,583)</b>	<b>\$1,218,552</b>

The Notes to Financial Statements are an integral part of these statements.

**CITY OF GRANTS**  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS  
JUNE 30, 2009

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash, certificates of deposits and investments	\$25,296
<b><i>Total assets</i></b>	<b><i>\$25,296</i></b>
<b>LIABILITIES</b>	
<b>LIABILITIES</b>	
Due to others	\$25,296
<b><i>Total liabilities</i></b>	<b><i>\$25,296</i></b>

The Notes to Financial Statements are an integral part of these statements.

**CITY OF GRANTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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

**Description and Reporting Entity**

The municipality was originally incorporated in the year 1941 as the Town of Grants. On October 20, 1966, an ordinance was adopted pursuant to Section 14-1-3, New Mexico Statutes, 1952 Annotated, as amended proclaiming the Town as City of Grants (the "City") effective December 1, 1966. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: Public Safety - (Police, Fire, and Emergency Ambulance), Highways and Streets, Sanitation, Health and Social Services, Culture-Recreation, Water and Sewer Facilities, Housing Public Improvements, Planning and Zoning, and General Administrative Services. The City operates the following enterprises: water, sewer, public housing, and a golf course.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statement. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The more significant of the City's accounting policies are described below.

**Reporting Entity**

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB 14. The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the City and/or its citizens, or whether the activity is conducted within the geographic boundaries of the City and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities.

Based upon the application of these criteria, the City of Grants Housing Authority is the only component unit, which has been blended with the other funds of the City in the special revenue funds (Housing Capital Funds Program and Housing Authority Vouchers) and enterprise funds (Low Rent and Home Program). The Housing Authority Board is appointed by the City Council.

**CITY OF GRANTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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

**Basis of Presentation, Basis of Accounting**

Government-Wide Statements – The statement of net assets and the statement of activities display information about the primary government (the City). These statements include the financial activities of the overall government, except for fiduciary fund activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements – The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category (governmental, proprietary, and fiduciary) are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the general fund as a major governmental fund:

Primary Operating Fund – It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major funds:

General Government Improvements Fund – Accounts for construction and improvements funds received from various sources for the improvement of City properties.

Enterprise – Utilities fund accounts for the provision of water, sewer, and refuse services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operation, maintenance, financing and related debt service, and billing and collection.

Agency Funds – are used to account for monies held by the City in a custodial capacity. They do not report operations or have a measurement focus.

Gasoline Road Tax – To account for state funds for maintenance of roads. Authorized as a special revenue fund by city resolution and NMSA 7-1-6.9.

**CITY OF GRANTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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

**Measurement Focus, Basis of Accounting**

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements – the government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from sales taxes and franchise taxes are recognized if they are collected within sixty days after year-end. These derived tax revenues are recognized when the underlying transaction takes place (when the retail sale is generated). Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements - Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

All governmental and business-type activities and enterprise funds of the City follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

**CITY OF GRANTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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

**Budgets and Budgetary Accounting**

The City Council adopts an annual budget for the General, Special Revenue, Capital Projects, Enterprise, and Debt Service Funds, which are prepared by management and approved by the City Council and by the Local Government Division of the Department of Finance and Administration.

These budgets are prepared on the non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. Because the budget process in the State of New Mexico requires that the beginning cash balances be appropriated in the budget of the subsequent fiscal year, such appropriated balance is legally restricted and is therefore used in the calculation to determine the balance.

Actual expenditures may not exceed the budget on a fund basis, i.e. budgeted expenditures must be within budgeted amounts. Budgets may be amended in two ways. All budget transfers that will exceed a cumulative of five percent of a department's total budget require approval from the Local Governmental Division of the Department of Finance and Administration. Transfers, which do not exceed the five percent limit, require approval by the City Council. Resolutions for budget increases will only be approved in the event of an emergency.

The budgets for the Housing Authority follow HUD requirements in that certain programs are not budgeted (HOME program) and other program budgets are guidelines only and therefore, budgets are not amended.

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

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

Prior to June 1, the City submits a proposed budget to the Local Government Division of the Department of Finance and Administration. The budget submitted has been approved by the City Council after presentation by the City Manager. The operating budget includes proposed expenditures and the means of financing them.

The Local Government Division, in relation to the City, shall:

- a. Examine each proposed budget, and on or before July 1 of each year, approve and certify to the City an operating budget for use pending approval of final budget.
- b. Hold public hearings on proposed budgets.
- c. Make such corrections; revisions, and amendments to proposed budgets as may be necessary to meet the requirements of law.
- d. Certify a final budget for the City prior to the first Monday in September of each year. Such budgets, when approved, shall be binding upon all tax officials of the State.



**CITY OF GRANTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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

- e. Upon the approval of the Secretary of Finance and Administration, authorize the transfer of funds from one budget item to another budget item when such transfer is required or an emergency condition exists meriting such transfer and such transfer is not prohibited by law. In case of emergency necessitating the expenditures for item or items not provided for in the budget, upon approval of the Secretary of Finance and Administration, the budget may be revised to authorize such expenditures.
- f. With written approval of the Secretary of Finance and Administration and the Attorney General, increase the total budget of the City in the event the City undertakes an activity, service, project, or construction program which was not contemplated at the time the final budget was adopted and approved and which activity, service, project, or construction program will produce sufficient revenue to cover such increase in the budget or the City has surplus funds on hand not necessary to meet the expenditures provided for in the budget with which to cover such increase in the budget.
- g. Supervise the disbursement of funds to the end that expenditures will not be made in excess of budgeted items or for items not budgeted, and that there will not be illegal expenditures.
- h. Prescribe the form for all budgets, books, records, and accounts for the City.
- i. With the approval of the Secretary of Finance and Administration, make rules and regulations relating to budgets, records, reports, handling and disbursement of public funds, or in any manner relating to the financial affairs of the City.

The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council and the Local Government Division of the Department of Finance and Administration (DFA). Unexpended budget appropriations lapse at year-end.

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 Fund.

**Assets Liabilities and Equity**

**Cash Equivalents**

The City pools idle cash from all funds for the purpose of increasing income through investment activities. A "Pooled Cash" concept is used in maintaining the cash and investment accounts in the accounting records. Under this method, all cash is pooled for investment purposes and each fund has equity in the pooled amount.

**CITY OF GRANTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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

**Investments**

The City's investments are regulated by state law, as well as by guidelines and rules promulgated by the State Investment Council and the State Treasurer. All investments are generally highly liquid in nature and are integrated with cash on the financial statements with appropriate disclosure. Investments are stated at fair value, which is determined using selected bases. Certificates of deposit are reported at carrying amount, which reasonably estimates fair value. Additional cash, investment information, and fair values are presented in Note 2.

The City participates in the State Treasurer Local Government Investment Pool. This pool is regulated by state law and regulations. Investment in the pool is reported at carrying amount, which reasonably estimates fair value.

**Restricted Cash and Investments**

The amount of cash held representing utility deposits and rental are deposits classified as restricted on the Statement of Net Assets - Proprietary Funds.

**Receivables and Payables**

Under generally accepted accounting principles the City would normally include property taxes receivable subsequent to sixty days after year-end as revenue and accounts receivable. Cibola County has been unable to determine this amount as of June 30, 2009 and therefore, this amount has not been recorded on the records of the City. The unrecorded revenue is not material to the financial statements as of June 30, 2009.

Accrued expenses are accrued payroll and payroll related liabilities (withheld taxes and deductions).

**Proprietary Fund Types**

Accounts receivable consists of charges to users for utility services provided, and for unpaid charges from customers of the golf course, and for rental assistance provided to citizens.

Management has determined that accounts receivable are fully collectible at June 30, 2009 with the exception of certain receivables from utility services provided to customers. Accordingly, an \$80,190 allowance for doubtful accounts has been recorded in the Joint Utility Enterprise Fund.

**Inventories**

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

**CITY OF GRANTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. The City defines capital assets as assets with lives greater than one-year and a cost or donated value of \$5,000 or greater in accordance with New Mexico State Statutes.

Donated capital assets are recorded at their estimated fair value at the date of donation. Infrastructure assets have been recorded (predominantly roads and utilities). The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Land improvements	10 – 50
Infrastructure	25 – 50
Buildings and improvements	30 – 50
Machinery and Equipment	3 – 15

The City has not capitalized library books as their net book value has been determined to be immaterial.

It is the policy of the City to capitalize interest for construction projects incurred through the proprietary funds.

Property Taxes

The City of Grants receives property taxes from the Cibola County Treasurer for operational purposes. Property taxes are assessed on January 1 of each year, except on livestock, and are payable in two equal installments on November 10th of the year in which the tax bill is prepared and April 10th of the following year, with the levies becoming delinquent 30 days thereafter. The authorized municipal tax rate for general operating purposes is .004555 per \$1,000 of net taxable value of both residential and non-residential property allocated to the municipality. In addition, tax levies are authorized by statute to service payments due on general obligation bonds which have been authorized pursuant to state law. Currently, the City has no outstanding general obligation bonds.

The Mill Levy tax rates for the City of Grants for 2009 were as follows:

	<u>Residential</u>	<u>Non-Residential</u>
General Operating	.004555	.004555

These are the tax rates applied to each \$1,000 of property value taxable by the City.

Deferred Revenue

Deferred revenues relate to grant funds received prior to expenditures. The funds are considered unearned and therefore have been reported as deferred revenues.

**CITY OF GRANTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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

**Income Taxes**

As a local government entity, the City is not subject to federal or state income taxes.

**Compensated Absences**

The City allows employees to accrue annual leave based on years of service. Upon termination, accrued annual leave is paid in full. Employees are eligible to be paid half of their accrued sick leave up to 240 hours upon termination.

As of June 30, 2009, the liability for accrued compensated absences is \$439,563. The amount applicable to the Enterprise Funds Utility is \$30,367 and nonmajor proprietary funds of \$39,301. The amount applicable to Government Activities is \$369,895. These liabilities will be liquidated as leave time is utilized from the various funding sources from which each employee is paid.

**Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the proprietary fund type considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

**Inventory**

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the General Fund consists of expendable supplies held for consumption.

**Interfund Transactions**

There are transactions that constitute reimbursements to a fund for expenditures initially expended from one fund that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditure in the fund that is reimbursed.

Interfund payables and receivables are reflected in the appropriate fund.

**Interfund Transfers In (Out)**

	<b>Transfers out</b>			<b>Totals</b>
	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Utilities</b>	
<b>Transfers In:</b>				
General fund	\$50,000	\$339,409	\$0	\$389,409
Gasoline road tax	300,000	0	0	300,000
General governmental improvements	500,000	0	200,000	700,000
Nonmajor governmental funds	217,154	330,162	0	547,316
Utilities	112,750	0	907,566	1,020,316
Nonmajor proprietary funds	0	0	325,400	325,400
<b>Totals</b>	<b>\$1,179,904</b>	<b>\$669,571</b>	<b>\$1,432,966</b>	<b>\$3,282,441</b>

**CITY OF GRANTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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

<u>Capital Transfers In (Out)</u>	<u>Transfers out</u>	
	General Government Improvements	Totals
<b>Transfers In:</b>		
Utilities	\$1,489,002	\$1,489,002
Nonmajor proprietary funds	117,569	117,569
<b>Totals</b>	<b>\$1,606,571</b>	<b>\$1,606,571</b>

<u>Due From (to) Other Funds</u>	<u>Due to:</u>			Totals
	General Fund	Nonmajor Governmental Funds	Nonmajor Proprietary Funds	
<b>Due From:</b>				
General fund	\$9,200	\$20,800	\$0	\$30,000
Nonmajor governmental funds	0	0	3,755	3,755
Nonmajor proprietary funds	0	10,882	23,317	34,199
<b>Totals</b>	<b>\$9,200</b>	<b>\$31,682</b>	<b>\$27,072</b>	<b>\$67,954</b>

**Net Assets**

Net assets are displayed in three components:

Invested in Capital Assets, net of related debt – This component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any related debt attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets – Net assets are reported as restricted when constraints placed on net asset use are either (1) externally imposed by creditors, grantors, contributions or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets – Net assets that do not meet the definition of “restricted” and “Invested in capital assets, net of related debt.”

**Fund Balance**

Reserved – The portion of fund balance that is not appropriable for expenditure or is legally segregated for specific future use.

Unreserved – The portion of fund balance that is not reserved but may be designated as noted below.

Designated – The position of fund balance established to indicate tentative plans for financial resources utilization in a future period.

**CITY OF GRANTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 2. CASH AND INVESTMENTS**

The City's cash balances are reserved from subsequent years and consist of demand deposits, interest bearing savings accounts, certificates of deposit and short-term investment funds. The certificates of deposit have varying interest rates and maturity dates. The majority of City cash and investments are co-mingled. All interest income is accounted for in the related funds.

The City's investments are governed by state law. State regulations require that uninsured demand deposits and deposit-type investments such as certificates of deposit be collateralized by the depository thrift or banking institution. At present, state statutes require that a minimum of fifty percent of uninsured balances on deposit with any one institution must be collateralized, with higher requirements up to 100% for financially troubled institutions.

Cash and certificates of deposit at June 30, 2009 consisted of the following:

	<b>CASH</b>		Account Type
	Reconciled Balance	On Deposit June 30, 2009	
Petty Cash – Cibola Senior Center	\$66		
Petty Cash – General Operating	1,340		
Petty Cash – Utilities Operating	500		
Petty Cash – Water Meter Deposits	200		
Petty Cash – Appearance Bonds	1,000		
Grants State Bank	1,423,991	\$1,814,494	Checking
Wells Fargo Bank Government Imp.	349,216	349,216	Checking
Wells Fargo Bank Payroll	0	1,037	Checking
First Community Bank Housing Authority – Vouchers	148,156	149,439	Checking
First Community Bank Housing Authority – Low Rent	27,781	27,781	Checking
First Community Bank Housing Home Program	4,929	4,929	Checking
<b><i>Total cash</i></b>	<b>\$1,957,179</b>	<b>\$2,346,896</b>	

**CITY OF GRANTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 2. CASH AND INVESTMENTS (CONTINUED)**

Held and Directed by Trustee

The City has investments that are directed by the New Mexico Mortgage Finance Authority for debt service as follows:

	Cost	Market	Risk Rating	Percent of Investment Portfolio
<b>Bank of Albuquerque:</b>				
U.S. Treasury Fd #0052	\$66,175	\$66,175	Aaa	
U.S. Treasury Fd #0052	149,581	149,581	Aaa	
U.S. Treasury Fd #0052	106,057	106,057	Aaa	
U.S. Treasury Fd #0052	167,953	167,953	Aaa	
U.S. Treasury Fd #0052	84,326	84,326	Aaa	
U.S. Treasury Fd #0052	106,945	106,945	Aaa	
	681,037	681,037		8%

Investment

	Cost	Market		Percent of Investment Portfolio
<b>First Community Bank:</b>				
Certificate of Deposit	\$500,000	\$500,000		
Certificate of Deposit	500,000	500,000		
Certificate of Deposit	500,000	500,000		
Certificate of Deposit	500,000	500,000		
Certificate of Deposit	211,808	211,808		
<i>Total Certificates of Deposit</i>	2,211,808	2,211,808		27%
<b>State Treasurer:</b>				
Pool – Reserve Contingency Fund	\$120,577	\$102,490		1%
Pool – LGIP Fund	5,429,423	5,429,423		64%
<i>Total Investments</i>	8,442,845	8,424,758		100%

<b><i>Total Cash and Investments</i></b>	<b>\$10,400,024</b>	<b>\$10,381,937</b>
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Governmental Activities	\$6,862,011
Business-Type Activities	1,773,916
Business-Type Activities Restricted	906,416
Fiduciary Funds	25,296
	9,567,639
Governmental Activities – Investments	602,490
Business-Type Activities - Investments	211,808
	<b>\$10,381,937</b>

**CITY OF GRANTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 2. CASH AND INVESTMENTS (CONTINUED)**

<u>Investment Type</u>	<u>Cost Basis</u>	<u>Market Value</u>	<u>Credit Risk- Rating</u>	<u>Weighted Average Maturity Days</u>
U.S. Treasury Funds	\$681,037	\$681,037	Aaa	
State Investment Pool** - LGIP	5,429,423	5,429,423	AAAm	43
State Investment Pool – Reserve Contingency Fund	120,577	102,490		◆
CD's	2,213,142	2,213,142	NR	698
	8,444,179	8,426,092		
Less investments reported as cash equivalents	7,991,217	7,991,217		
	<b>\$452,962</b>	<b>\$434,875</b>		

\*\* The City's investment in the State Investment Pool was not rated, although the securities within the pool are rated.

- a. The investments are valued at fair value based on quoted market prices as of the valuation date;
- b. The State Treasurer Local Government Investment Pool is not SEC registered. The State Treasurer is authorized to invest the short-term investment funds with the advice and consent of the State Board of Finance in accordance with Sections 6-10-10 I through 6-10-10 P and Sections 6-10-10 1A and E, NMSA 1978.
- c. The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts fund were invested; and
- d. Participation in the local government investment pool is voluntary.
- e. Separately issued financial statements are available from the New Mexico State Treasurer that does disclose the collateral pledged to secure State Treasurer cash and investments.

◆ The Reserve Contingency Fund was established from the State Investment Pool LGIP's remaining position in the Reserve Primary Fund. The Reserve Contingency Fund, which is not rated, is a non-performing asset and, as such, a WAM cannot be calculated. The remaining balance of the fund has been written down to 85% based on the estimated recoverable amount.

*Concentration of Credit Risk* – Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's policies place no limit on the amount the City may invest in any one issuer.

*Credit Risk* – The City's investments shall be in accordance with State Law, 6-10-10, and 6-10-10.1 NMSA 1978, including but not limited to the following: Treasury Bills, Notes, Bonds, Strips, and US Government securities which are backed by the full faith and credit of the U.S. Government. Negotiable securities of the State of New Mexico or any county, municipality, or school district with the advice and consent of the Board of Finance per 6-10-44 NMSA 1978, 6-10-10FNMSA 1978, 6-10-10NMSA 1978.



**CITY OF GRANTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 2. CASH AND INVESTMENTS (CONTINUED)**

*Interest Rate Risk* – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the City investments. The City’s investment policy follows New Mexico State Statute Section 6-1 0-36E (NMSA, 1978 Comp) requiring the interest rate on time deposits shall not be less than the rate fixed 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.

*Foreign Currency Risk* – Deposits and Investments – The City is not exposed to the risk that changes in exchange rates will adversely affect the fair value of an investment as none of the investments pools nor certificates of deposit are dominated in a foreign currency.

**NOTE 3. PLEDGED COLLATERAL**

	First Community Bank	Grants State Bank	Wells Fargo
Cash in bank, per June 30, 2009 (Note 2)	\$182,149	\$1,814,494	\$350,253
Certificate of deposit (Note 2)	2,213,142	0	0
Less: FDIC coverage	(250,000)	(250,000)	(250,000)
Uninsured public funds	2,145,291	1,564,494	100,253
100% collateral requirement	393,957	0	0
50% collateral requirements	875,667	782,247	50,127
Pledged securities	1,810,490	3,030,000	955,129
<b>Over (under) Collateralized</b>	<b>\$540,866</b>	<b>\$2,247,753</b>	<b>\$905,002</b>

	Cusip Number	Maturity Date	Amount Pledged
<b>First Community Bank</b>			FMV/Par
FNR 2001 – 71QE, 6%	31392AXR4	12/25/2016	\$521,422
FHLB Agency note	3133X8CS9	08/14/2009	215,927
FHR 2768 GM, Note, 4.5%	31394TA54	03/15/2034	173,495
MBS GNMA II 1-year TS4 ARM 5/1	36225ELJZ	08/20/2038	899,646
<b>Total Pledged</b>			<b>\$1,810,490</b>

Securities are held at Federal Home Loan Bank Dallas (Dallas, Texas).

**CITY OF GRANTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 3. PLEDGED COLLATERAL (CONTINUED)**

<u>Grants State Bank</u>			<u>Par Value</u>
Gallup McKinley Cnty NMSD Non-Call Bond	364010NZ7	08/01/2012	\$300,000
Dulce ISD Non-Call Fr, Bond	264430FH7	07/11/2011	100,000
Dulce ISD Non-Call Fr, Bond	264430GF0	05/01/2012	200,000
Dulce ISD Non-Call Fr, Bond	264430GJ2	05/01/2015	300,000
Grants & Cibola County's NM Sch Dist., Bond	388240CG6	10/01/2010	125,000
Catron & Cibola County's Non-Callable, Bond	149321BN0	07/15/2012	110,000
Clovis Community College Call, Bond	18934NAM4	06/01/2013	110,000
Chama SD Non-Call, Bond	157670CR9	08/01/2016	265,000
Cobre Consol, SD No.2 Non-Call FR, Bond	19105RAC8	08/01/2011	200,000
Grants & Cibola County's NMSch Dist., Bond	38824DDX8	11/15/2017	125,000
Alamogordo Wtr/Swr NC FR Bond	011500FS9	06/01/2013	120,000
Chaves County Non-Call Bond	162634BG3	08/01/2012	200,000
Bernalillo Muni SD Non-Call Fr, Bond	085279LR6	08/01/2011	100,000
Eastern NM Univ. Non-Call, Bond	27678NAH6	08/15/2009	300,000
Grant County Non-Call FR	38776GBC1	09/01/2015	275,000
Grants & Cibola County SD Non-Call	38824OEJ8	11/15/2013	200,000
<b>Total Pledged</b>			<b>\$3,030,000</b>

Securities are held at The Independent Bankers Bank (Dallas, Texas).

<u>Wells Fargo</u>			<u>FMV</u>
FNLC, note 831087, 6%	31407HJ80	11/01/35	\$955,129
<b>Total Pledged</b>			<b>\$955,129</b>

Securities are held at Wells Fargo Bank California (San Francisco, California).

**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. As of June 30, 2009 \$3,810,038 of the government's bank balances of \$4,558,704 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized held by a member bank other than the depositing bank.	\$334,801
Uninsured and collateralized held by a member bank other than the depositing bank.	3,475,237
<b>\$3,810,038</b>	

**CITY OF GRANTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 4. CAPITAL ASSETS**

Capital asset activity for the City's primary government for the year ended June 30, 2009 was as follows:

	Balance 06/30/2008	Additions	Deletions	Transfers	Balance 06/30/2009
<b>Governmental Activities:</b>					
<b>Capital Assets:</b>					
Non-Depreciable:					
Art	\$122,897	\$0	\$0	\$0	\$122,897
Land	3,358,224	66,563	0	0	3,424,787
Construction in process	1,136,839	2,836,645	(74,559)	(1,790,570)	2,108,355
Depreciable:					
Buildings	8,143,361	1,342,430	0	1,392,549	10,878,340
Land improvements	5,186,730	71,226	0	126,881	5,384,837
Machinery and equipment	5,218,614	204,456	(100,450)	271,140	5,593,760
Infrastructure	20,033,611	0	0	0	20,033,611
<i>Total</i>	43,200,276	4,521,320	(175,009)	0	47,546,587
Less Accumulated Depreciation:					
Buildings	(2,707,886)	(262,002)	0	0	(2,969,888)
Land improvements	(874,180)	(123,450)	0	0	(997,630)
Machinery and equipment	(3,628,469)	(368,516)	94,084	0	(3,902,901)
Infrastructure	(2,839,561)	(400,439)	0	0	(3,240,000)
<i>Total accumulated depreciation</i>	(10,050,096)	(1,154,407)	94,084	0	(11,110,419)
<i>Net capital assets</i>	\$33,150,180	\$3,366,913	(\$80,925)	\$0	\$36,436,168

Depreciation expense for governmental activities is \$1,154,407 for the year.

**CITY OF GRANTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 4. CAPITAL ASSETS (CONTINUED)**

	Balance 06/30/2008	Additions	Deletions	Transfers	Balance 06/30/2009
<b>Business-Type Activities:</b>					
<b>Capital Assets:</b>					
Non-Depreciable:					
Land	\$2,279,374	\$0	\$0	0	\$2,279,374
Construction in process	2,320,057	0	(361,792)	(860,649)	1,097,616
Water rights	125,612	0	0	0	125,612
Depreciable:					
Buildings	1,960,144	0	0	0	1,960,144
Land improvements	836,121	0	0	2,195,689	3,031,810
Machinery and equipment	2,386,660	7,682	(10,169)	150,070	2,534,243
Infrastructure	24,886,589	0	0	121,461	25,008,050
<i>Total</i>	34,794,557	7,682	(371,961)	1,606,571	36,036,849
Less Accumulated Depreciation:					
Buildings	(744,401)	(49,883)	0	0	(794,284)
Land improvements	(137,940)	(32,117)	0	0	(170,057)
Machinery and equipment	(1,365,632)	(197,642)	10,169	0	(1,553,105)
Infrastructure	(16,094,285)	(411,032)	0	0	(16,505,317)
<i>Total accumulated depreciation</i>	(18,342,258)	(690,674)	10,169	0	(19,022,763)
<i>Net capital assets</i>	\$16,452,299	(\$682,992)	(\$361,792)	\$1,606,571	\$17,014,086

Depreciation expense for business-type activities is \$690,674 for the year.

Depreciation expense was charged to functions as follows:

	Governmental Activities	Business-Type Activities
General Government	\$895,678	\$0
Public Safety	148,159	0
Health and Welfare	110,570	0
Recreation	0	0
Water	0	308,807
Sewer	0	278,562
Golf	0	68,817
Housing	0	34,488
<i>Total</i>	\$1,154,407	\$690,674

**CITY OF GRANTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 5. CHANGES IN LONG-TERM DEBT**

The following summarized the changes in the long-term debt for government activities during 2009:

	Balance 06/30/2008	Additions	Deletions/ Transfers	Balance 06/30/2009	Amount Due Within One Year
Bond payable	\$810,000	\$0	\$125,000	\$685,000	\$130,000
Notes payable	557,518	0	39,100	518,418	39,224
Accrued compensated absences	292,018	196,119	118,242	369,895	0
<b><i>Totals</i></b>	<b>\$1,659,536</b>	<b>\$196,119</b>	<b>\$282,342</b>	<b>\$1,573,313</b>	<b>\$169,224</b>

Bonds and notes payable have been and are liquidated by gross receipts tax revenues. Accrued compensated absences have been liquidated in the past by the fund to which the employees are assigned.

Series: New Mexico Finance Authority  
Purpose: 1993A and B Refunding  
Original Issue: \$1,495,000  
Principal: August 1  
Interest: February 1 and August 1  
Rates: .620% - 3.110%

Amortized as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$130,000	\$17,578	\$147,578
2011	130,000	14,367	144,367
2012	140,000	10,670	150,670
2013	140,000	6,595	146,595
2014	145,000	2,255	147,255
<b><i>Totals</i></b>	<b>\$685,000</b>	<b>\$51,465</b>	<b>\$736,465</b>

**CITY OF GRANTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 5. CHANGES IN LONG-TERM DEBT (CONTINUED)**

Purpose: Construction of Building to be leased for use as museum  
Date of Issue: December 1, 1998  
Original Issue: \$844,445  
Principal: May 1  
Interest: November 1 and May 1  
Rate: 3.150% - 5.150%

Amortized as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$39,224	\$24,547	\$63,771
2011	44,350	22,838	67,188
2012	44,481	20,858	65,339
2013	49,615	18,835	68,450
2014	49,754	16,526	66,280
2015 – 2019	290,994	44,575	335,569
<b><i>Totals</i></b>	<b>\$518,418</b>	<b>\$148,179</b>	<b>\$666,597</b>

The annual principal payment requirements for debt outstanding as of June 30, 2009, in governmental activities, are summarized as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal Payment</u>
2010	\$169,224
2011	174,350
2012	184,481
2013	189,615
2014	194,754
2015 – 2019	660,889
	<b>\$1,573,313</b>

**CITY OF GRANTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 5. CHANGES IN LONG-TERM DEBT (CONTINUED)**

The following summarizes the changes in the Business-Type Activities Long-Term Debt during 2009:

	Balance 06/30/2008	Additions	Deletions/ Transfers	Balance 06/30/2009	Amount Due Within One Year
Bonds payable	\$625,000	\$0	\$115,000	\$510,000	\$120,000
Notes payable	3,671,003	0	335,260	3,335,743	341,965
Leases payable	104,387	0	58,529	45,859	45,859
Accrued compensated absences	55,931	34,908	21,171	69,668	0
<b><i>Totals</i></b>	<b>\$4,456,321</b>	<b>\$34,908</b>	<b>\$529,960</b>	<b>\$3,961,270</b>	<b>\$507,824</b>

Bonds outstanding reported in the Proprietary Fund at June 30, 2009, consist of the following issues.

Series: New Mexico Finance Authority  
Purpose: Series 1993 Water and Sewer Refunding  
Original Issue: \$1,060,000  
Principal: February 1  
Interest: February 1 and August 1  
Rates: .62% - 3.110%

Amortized as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$120,000	\$14,785	\$134,785
2011	125,000	11,629	136,629
2012	125,000	8,079	133,079
2013	140,000	4,354	144,354
<b><i>Totals</i></b>	<b>\$510,000</b>	<b>\$38,847</b>	<b>\$548,847</b>

**CITY OF GRANTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 5. CHANGES IN LONG-TERM DEBT (CONTINUED)**

Notes outstanding reported in the Proprietary Fund at June 30, 2009, consist of the following:

**New Mexico Environmental Department Loan**

Purpose: Construction and Acquisition of Equipment for Waste Water Treatment Plant  
 Original Issue: \$6,600,000  
 Principal: August 15  
 Interest: August 15  
 Rates: 3.00%

Amortized as follows:

<u>Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$341,965	\$66,715	\$408,680
2011	348,804	59,876	408,680
2012	355,781	52,899	408,680
2013	362,896	45,784	408,680
2014	370,154	38,526	408,680
2015 – 2018	1,556,143	78,578	1,634,721
<i><b>Totals</b></i>	<b>\$3,335,743</b>	<b>\$342,378</b>	<b>\$3,678,121</b>

**Amarillo National Bank - Lease**

Purpose: Golf Carts for Golf Course  
 Original Issue: \$196,061  
 Principal: Monthly  
 Interest: Monthly  
 Rate: 3.81%

Amortized as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$45,859	\$263	\$46,122
<i><b>Totals</b></i>	<b>\$45,859</b>	<b>\$263</b>	<b>\$46,122</b>



**CITY OF GRANTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 5. CHANGES IN LONG-TERM DEBT (CONTINUED)**

The following summarizes the combined aggregate maturities for long-term borrowing in the Proprietary Fund for the next five years following June 30, 2009:

<u>June 30,</u>	<u>Principal Payment</u>
2010	\$507,824
2011	473,804
2012	480,781
2013	502,896
2014	370,154
2015 – 2018	1,625,811
<b><i>Total</i></b>	<b>\$3,961,270</b>

**Lease Purchase Contracts**

At June 30, 2009 the City had machinery and equipment capitalized under purchase agreements, as follows:

Machinery and equipment	\$192,514
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Of the total interest cost incurred on long-term debt of \$137,427 none was capitalized at June 30, 2009.

**NOTE 6. PERA PENSION PLAN**

*Plan Description.* Substantially all of the City of Grants' full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, survivor benefits, and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. The 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 9.15% of their gross salary, police contribute 7.0% and fire employees contribute 8.0%. The City of Grants is required to contribute 18.5% of the gross salaries for police employees, 17.5% for fire employees, and 9.15% for other employees. The contribution requirements of plan members and the City of Grants are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The City of Grants contributions to PERA for the fiscal years ending June 30, 2009, 2008 and 2007 respectively were \$295,533, \$297,199 and \$304,155, which equal the amount of the required contributions for each fiscal year.

**CITY OF GRANTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 7. POST EMPLOYMENT BENEFITS**

The City of Grants has chosen not to participate in Retiree Health Care or any other post employment benefit program.

**NOTE 8. COMMITMENTS AND CONTINGENCIES**

**Grant Audit**

The City receives Federal and State Grants for specific purposes that are subject to review and audit by the funding agencies. Such audits could result in a request for reimbursement by the agency for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the City management, such disallowances, if any, will not be significant.

**NOTE 9. BUDGETARY - GAAP REPORTING RECONCILIATION**

The accompanying combined statement of Revenues and Expenditures, Budget (Non-GAAP) and Actual (Cash Basis), all Governmental Fund Types, presents comparisons of the adopted Budget (more fully disclosed in Note 1) 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 accounting principles generally accepted in the United States of America, a reconciliation of resultant basis, timing, perspective, and entity differences in excess (deficiency) of revenues over expenditures for the year ended June 30, 2009, is presented below:

	Major Funds		
	General	Gasoline Road Tax	General Government Improvements
Excess (deficiency) of revenues and other financial sources over expenditures and other financial uses (budgetary basis)	\$736,915	\$295,868	(\$384,978)
Adjustments for revenue accruals, transfers, earnings on investments	11,704	659,998	99,566
Adjustments for expenditures for payables, inventory, other expenditure accruals	(303,082)	(56,758)	1,443,825
Capital transfers out	0	0	(1,606,571)
Excess (deficiency) of revenues and other financial sources over expenditures and other financial uses (GAAP basis)	<b>\$445,537</b>	<b>\$899,109</b>	<b>(\$448,158)</b>

**CITY OF GRANTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 10. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

Accounting principles generally accepted in the United States of America require disclosure, as part of the basic financial statements, of certain information concerning individual funds including:

1.	Net Working Capital:		
	<b>Enterprise Fund:</b>		
	Utility	\$1,352,448	
	Low Rent	68,427	
	Home Program	189,506	
	Golf Course	\$26,264	
2.	Excess of Expenditures Over Appropriations:		
	Low Rent – Enterprise Fund		\$2,663
3.	The following funds experienced a deficit fund balance:		
	Litter Control and Beautification		\$599
	Local Government Corrections		\$5,804

Management intends to transfer sufficient funds from the general fund to cover any deficits.

**NOTE 11. SURETY BOND**

Surety bonds are in force per the following schedule:

<u>Insurance Company</u>	<u>Type of Bond</u>	<u>Coverage From - To</u>	<u>Coverage Limits</u>
Western Surety	Position	09/30/2008 09/30/2009	\$10,000 each on Cashiers, Mayor, Pro-Tem Mayor, Project Assistant
Western Surety	Employee Theft/ Dishonesty	07/01/2008 06/30/2009	\$10,000 each incident \$20,000 aggregate all employees
Western Surety	Municipal Judge Bond	08/24/2008 08/24/2009	City Manager - \$50,000 Municipal Judge - \$50,000
National Union	Airport	07/01/2008 06/30/2009	\$10,000 each incident

**CITY OF GRANTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 12. PARTICIPATION IN PUBLIC ENTITY RISK POOL**

The City is a member of the New Mexico Self-Insurers' Fund (the "Fund"). The Fund was created to formulate, develop, and administer a program of modified self-funding for the Fund's membership, obtain lower costs for insurance coverage, and develop a comprehensive loss control program. The City pays an annual premium to the Fund for its workers' compensation liability, general liability, auto liability, auto physical damage, and property coverage. The City's agreement with the Fund provides that the Fund will be self-sustaining through member premiums, and will provide, through commercial companies reinsurance contracts, individual stop loss coverage for member cities.

The City paid premiums of \$510,994 for the year ended June 30, 2009.

**NOTE 13. OPERATING LEASES**

The City of Grants has entered into three thirty-six (36) month operating leases with IBM covering an "AS/400" computer and various peripherals calling for monthly payments of \$1,964 beginning July 1, 1997. The lease was renewed April 1, 2009 for one year.

The City of Grants has entered into two 48-month operating leases with Lanier World (now Ricoh) covering copiers calling for monthly payments of \$144 and \$275 beginning January 2008.

The City of Grants has entered into 48 month operating leases with Lanier World (now Ricoh) covering a copier for city hall calling for monthly payments of \$448 beginning May 2007.

The City of Grants has entered into a 12 month operating lease with Sunguard Hte, Inc. covering a software lease calling for an annual payment of \$33,558 beginning May 2009.

The City of Grants has entered into a 60 month operating lease with Avaya Financial covering a telephone lease calling for monthly payments of \$912 beginning March 2005.

The City of Grants has entered into a 48 month operating lease with Ricoh covering a copier and for monthly payments of \$605 beginning October 2008.

Future minimum lease payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2010	\$20,385
2011	14,512
2012	11,068
<b><i>Total</i></b>	<b>\$45,965</b>

All of above leases contain provisions for termination in the event budgetary constraints prevent the City from meeting financed obligations under said leases.

**CITY OF GRANTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 14. SEGMENT INFORMATION**

The City issued revenue bonds to finance the construction and improvements of the water and waste water (sewer) facilities. Both the water and sewer departments are accounted for in the utilities fund, which also accounts for refuse services. However, the revenue bonds rely solely on the revenue generated by the water and sewer activities for repayment. Summary financial information for the water and sewer departments is presented below.

**CONDENSED STATEMENT OF NET ASSETS**

	Water	Sewer
Assets:		
Current assets	(\$264,839)	\$1,191,925
Restricted assets	555,858	350,758
Capital assets	7,538,301	7,766,299
<i>Total assets</i>	7,829,320	9,308,982
Liabilities:		
Current liabilities	542,414	295,430
Noncurrent liabilities	1,704,311	1,701,399
<i>Total liabilities</i>	2,246,725	1,996,829
Net Assets:		
Invested in capital assets, net of related debt	5,615,429	5,843,428
Restricted	351,021	350,758
Unrestricted	(383,855)	1,117,967
<i>Total net assets</i>	\$5,582,595	\$7,312,153

**CITY OF GRANTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 14. SEGMENT INFORMATION (CONTINUED)**

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

	Water	Sewer
Water/sewer charges, pledged against bonds	\$1,957,148	\$1,833,730
Depreciation expense	(308,807)	(278,560)
Operating expense	(2,135,032)	(1,538,457)
<i>Operating income</i>	(486,691)	16,713
Interest income	12,971	12,972
Interest expense and other debt expense	(46,212)	(46,212)
Loss on asset disposal	(361,792)	0
Miscellaneous income	0	5,354
Operating transfers, net	(137,550)	(137,550)
Capital transfers, net	532,736	956,266
<i>Change in net assets</i>	(486,538)	807,543
<b>Beginning net assets</b>	<b>6,069,133</b>	<b>6,504,610</b>
<b>Ending net assets</b>	<b>\$5,582,595</b>	<b>\$7,312,153</b>

CONDENSED STATEMENT OF CASH FLOWS

	Water	Sewer
Net Cash Provided (Used) By:		
Operating activities	(\$178,684)	\$271,671
Noncapital financing activities	(137,550)	(137,550)
Capital and related financing activities	(225,130)	(226,691)
Investing activities	12,971	12,972
<i>Net increase (decrease)</i>	(528,393)	(79,598)
Beginning cash and cash equivalents	555,302	1,450,204
<b>Ending cash and cash equivalents</b>	<b>\$26,909</b>	<b>\$1,370,606</b>
Cash and Cash Equivalents:		
Cash (included in current assets)	(\$528,949)	\$1,019,848
Cash (restricted assets)	555,858	350,758
	<b>\$26,909</b>	<b>\$1,370,606</b>

**CITY OF GRANTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 15. COMMITMENTS**

The City had outstanding construction contracts at June 30, 2009.

	Contract Amount	Spent to Date	Commitment Remaining	Source of Payment
Mullen Heller Architecture				
Library Renovation	\$107,235	\$6,655	\$100,580	State
J3 Systems LLC				
Club House Roof	\$179,506	\$70,824	\$108,682	State
Foresgren & Assoc.				
Wastewater Treatment Plan	\$68,466	\$31,385	\$37,081	City
Armstrong Consultants				
Airport Improvements	\$56,860	\$0	\$56,860	Federal & State
Riley Industrial Services				
Water Tank	\$453,721	\$442,140	\$11,581	State
Wilson & Co.				
Water Well	\$13,864	\$0	\$13,864	City
Valdez & Sons Construction				
Park Improvements	\$315,126	\$0	\$315,126	State
Fox Builders				
Park Improvements	\$33,798	\$19,898	\$13,900	State

The City has entered into a settlement agreement as a result of a number of residents that objected to the issuance of a permit for ground water discharge. The residents complained of high ground water problems at their properties outside the city limits allegedly caused at least in part by the City's operation of the Wastewater Treatment Facility and Coyote de Mal Pais Golf Course. As part of the settlement, the City purchased some homes and began the process of making payments into a settlement fund. All payments required to date have been made. As of June 30, 2009, the City has paid \$343,330 and accrued an additional \$325,000 in accordance with the agreement. The City has received insurance proceeds in the amount of \$125,000 to offset these costs. In addition, the City will need to construct a ground water drain and acquire some additional land for that purpose. We are unable to predict the cost of this project because NMED has not approved the ground water drain plans at this time.

SUPPLEMENTARY INFORMATION



**CITY OF GRANTS**  
**SPECIAL REVENUE FUNDS**  
**JUNE 30, 2009**

**Special Revenue Funds**

Special Revenue Funds are used to account for the proceeds of specific revenue sources, other than expendable trusts and major capital projects that are legally restricted to expenditures for specific purposes.

Cemetery Perpetual Care – To account for the portion of the sale of cemetery lots to be used for the perpetual care and maintenance of the city cemetery. Authorized by city resolution and NMSA 3-40-1.

Emergency Medical Services – To account for the state funding for the acquisition of emergency medical equipment. Authority NMSA 24-10A-1.

Fire Protection – To account for the state funding and for the acquisition and maintenance of adequate fire protection facilities in the Grants-Milan area. Authority NMSA 59A-53-1.

Foster Grandparents Program – To account for state funding for senior citizens. Authorized by city resolution.

Housing Authority Capital Funds Program – To account for federal funding made available by Housing and Urban Development (HUD) to Public Housing Authorities for their capital activities, including modernization and development of public housing. Financing is authorized by federal regulations.

Housing Authority Vouchers – To account for the Federal funding assistance payments and modernization provided by HUD, Section 8 grants used for housing rental of homes. Financing is authorized by Federal regulations.

Juvenile Recreation – To account for the revenues generated by cigarette taxes, which are restricted to expenditures for recreational purposes. Authority NMSA 7-12-15.

Law Enforcement Protection – To account for the state funding for law enforcement, which is used to provide adequate police protection. Authority NMSA 29-13-3.

Litter Control and Beautification – To account for funding for cleanup and beautification from the State Highway Department. Authorized by city resolution and NMSA 67-16-14.

Local Government Corrections – To account for state grant monies received by the municipality for prisoner care. Authority NMSA 33-3-25.

Lodgers' Tax – To account for the collection and administration of the lodgers= tax which is imposed on overnight motel and motel accommodations. Authority NMSA 3-38-14.

Lodgers' Tax Promotional – To account for the expenditure of lodgers= tax funds, which are used to promote commerce and tourism. Authority NMSA 3-38-14.

Senior Companion Program – To account for provision of nutrition services, transportation, information, and referrals. Authorized by city resolution.

Senior Employment Program – To account for state funding for the employment of seniors. Authorized by city resolution.

**CITY OF GRANTS**  
**SPECIAL REVENUE FUNDS**  
**JUNE 30, 2009**

**Special Revenue Funds (Continued)**

Special Library Donation – To account for memorial donations and the purchase of books for the library. Authorized by city resolution.

State and Local (S & L) Narcotics Assistance Control Program – To account for the Federal funding for law enforcement activities against narcotics use and trafficking. Authorized enforcement by Federal regulations PL 99-570.

**CITY OF GRANTS**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEETS**  
**JUNE 30, 2009**

	Cemetery Perpetual Care	Emergency Medical Services	Fire Protection	Foster Grandparents
<b>ASSETS</b>				
Cash	\$102,077	\$32	\$48,367	\$35
Accounts receivable	0	0	0	12,580
Grant revenue receivable	0	0	0	0
Due from other funds	0	0	0	0
Other deferred charges	0	0	0	0
<b>Total assets</b>	<b>\$102,077</b>	<b>\$32</b>	<b>\$48,367</b>	<b>\$12,615</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities:</b>				
Accounts payable	\$0	\$0	\$0	\$0
Accrued payroll	0	0	0	1,592
Deferred revenue	0	0	0	0
Due to other funds	0	0	0	6,900
<b>Total liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,492</b>
<b>Fund Balance:</b>				
Unreserved, undesignated	102,077	32	48,367	4,123
<b>Total fund balance</b>	<b>102,077</b>	<b>32</b>	<b>48,367</b>	<b>4,123</b>
<b>Total liabilities and fund balance</b>	<b>\$102,077</b>	<b>\$32</b>	<b>\$48,367</b>	<b>\$12,615</b>

The Notes to Financial Statements are an integral part of these statements.

**CITY OF GRANTS**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEETS**  
**JUNE 30, 2009**

	Housing Authority Capital Funds Program	Housing Authority Vouchers	Juvenile Recreation	Law Enforcement Protection	Litter Control and Beautification
<b>ASSETS</b>					
Cash	\$0	\$148,156	\$86,062	\$14,793	\$1
Accounts receivable	0	1,888	0	27,200	3,600
Grant revenue receivable	0	0	0	0	0
Due from other funds	0	3,755	0	0	0
Other deferred charges	0	0	0	0	0
<b>Total assets</b>	<b>\$0</b>	<b>\$153,799</b>	<b>\$86,062</b>	<b>\$41,993</b>	<b>\$3,601</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities:</b>					
Accounts payable	\$0	\$1,788	\$0	\$0	\$0
Accrued payroll	0	299	0	0	0
Deferred revenue	0	0	0	0	0
Due to other funds	0	10,882	0	0	4,200
<b>Total liabilities</b>	<b>0</b>	<b>12,969</b>	<b>0</b>	<b>0</b>	<b>4,200</b>
<b>Fund Balance:</b>					
Unreserved, undesignated	0	140,830	86,062	41,993	(599)
<b>Total fund balance</b>	<b>0</b>	<b>140,830</b>	<b>86,062</b>	<b>41,993</b>	<b>(599)</b>
<b>Total liabilities and fund balance</b>	<b>\$0</b>	<b>\$153,799</b>	<b>\$86,062</b>	<b>\$41,993</b>	<b>\$3,601</b>

The Notes to Financial Statements are an integral part of these statements.

**CITY OF GRANTS**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEETS**  
**JUNE 30, 2009**

	Local Government Corrections	Lodgers' Tax	Lodgers' Tax Promotional	Senior Companion Program	Senior Employment Program
<b>ASSETS</b>					
Cash	\$1,729	\$138,046	\$53,305	\$77	\$19
Accounts receivable	0	34,805	0	13,573	5,209
Grant revenue receivable	0	0	0	0	0
Due from other funds	0	0	0	0	0
Other deferred charges	0	0	0	0	0
<b>Total assets</b>	<b>\$1,729</b>	<b>\$172,851</b>	<b>\$53,305</b>	<b>\$13,650</b>	<b>\$5,228</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities:</b>					
Accounts payable	\$7,533	\$0	\$0	\$0	\$0
Accrued payroll	0	0	0	0	1,717
Deferred revenue	0	0	0	0	0
Due to other funds	0	0	0	6,800	2,900
<b>Total liabilities</b>	<b>7,533</b>	<b>0</b>	<b>0</b>	<b>6,800</b>	<b>4,617</b>
<b>Fund Balance:</b>					
Unreserved, undesignated	(5,804)	172,851	53,305	6,850	611
<b>Total fund balance</b>	<b>(5,804)</b>	<b>172,851</b>	<b>53,305</b>	<b>6,850</b>	<b>611</b>
<b>Total liabilities and fund balance</b>	<b>\$1,729</b>	<b>\$172,851</b>	<b>\$53,305</b>	<b>\$13,650</b>	<b>\$5,228</b>

The Notes to Financial Statements are an integral part of these statements.

**CITY OF GRANTS**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEETS**  
**JUNE 30, 2009**

	Special Library Donation	State and Local Narcotics Assistance Control	Totals
<b>ASSETS</b>			
Cash	\$15,120	\$8,401	\$616,220
Accounts receivable	0	32,595	131,450
Grant revenue receivable	0	0	0
Due from other funds	0	0	3,755
Other deferred charges	0	0	0
<b><i>Total assets</i></b>	<b>\$15,120</b>	<b>\$40,996</b>	<b>\$751,425</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Accounts payable	\$0	\$0	\$9,321
Accrued payroll	0	0	3,608
Deferred revenue	0	0	0
Due to other funds	0	0	31,682
<b><i>Total liabilities</i></b>	<b>0</b>	<b>0</b>	<b>44,611</b>
<b>Fund Balance:</b>			
Unreserved, undesignated	15,120	40,996	706,814
<b><i>Total fund balance</i></b>	<b>15,120</b>	<b>40,996</b>	<b>706,814</b>
<b><i>Total liabilities and fund balance</i></b>	<b>\$15,120</b>	<b>\$40,996</b>	<b>\$751,425</b>

The Notes to Financial Statements are an integral part of these statements.

# CITY OF GRANTS

## NONMAJOR SPECIAL REVENUE FUNDS

### COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Cemetery Perpetual Care	Emergency Medical Services	Fire Protection	Foster Grandparents
<b>REVENUES</b>				
Intergovernmental	\$0	\$0	\$134,620	\$75,599
Taxes	0	0	0	0
Lodgers' Tax	0	0	0	0
Fees	0	0	0	0
Investment income	1,489	32	1,668	0
Sales of property	16,390	0	0	0
Miscellaneous	0	0	0	0
<i>Total revenues</i>	<u>17,879</u>	<u>32</u>	<u>136,288</u>	<u>75,599</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government	150	0	0	0
Public safety	0	0	213,969	0
Public works	0	0	0	0
Health and welfare	0	7,386	0	74,778
Culture and recreation	0	0	0	0
Capital outlay	0	0	0	0
<i>Total expenditures</i>	<u>150</u>	<u>7,386</u>	<u>213,969</u>	<u>74,778</u>
<i>Excess (deficiency) of revenues over expenditures</i>	17,729	(7,354)	(77,681)	821
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	0	0	0	0
Operating transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net changes in fund balances</i>	17,729	(7,354)	(77,681)	821
Fund balance, beginning of year	84,348	7,386	126,048	3,302
<b><i>Fund balance (deficit), end of year</i></b>	<b><u>\$102,077</u></b>	<b><u>\$32</u></b>	<b><u>\$48,367</u></b>	<b><u>\$4,123</u></b>

The Notes to Financial Statements are an integral part of these statements.

# CITY OF GRANTS

## NONMAJOR SPECIAL REVENUE FUNDS

### COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Housing Authority Capital Funds Program	Housing Authority Vouchers	Juvenile Recreation	Law Enforcement Protection	Litter Control and Beautification
<b>REVENUES</b>					
Intergovernmental	\$56,663	\$393,217	\$0	\$27,200	\$4,800
Taxes	0	0	4,143	0	0
Lodgers' Tax	0	0	0	0	0
Fees	0	0	0	0	0
Investment income	0	1,401	1,416	110	0
Sales of property	0	0	0	0	0
Miscellaneous	0	0	0	0	0
<i>Total revenues</i>	<u>56,663</u>	<u>394,618</u>	<u>5,559</u>	<u>27,310</u>	<u>4,800</u>
<b>EXPENDITURES</b>					
<b>Current:</b>					
General government	0	0	0	0	0
Public safety	0	0	0	21,196	0
Public works	0	0	0	0	4,800
Health and welfare	13,239	374,876	0	0	0
Culture and recreation	0	0	0	0	0
Capital outlay	43,424	0	0	0	0
<i>Total expenditures</i>	<u>56,663</u>	<u>374,876</u>	<u>0</u>	<u>21,196</u>	<u>4,800</u>
<i>Excess (deficiency) of revenues over expenditures</i>	0	19,742	5,559	6,114	0
<b>Other Financing Sources (Uses):</b>					
Operating transfers in	0	0	0	0	0
Operating transfers (out)	0	0	0	0	0
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net changes in fund balances</i>	0	19,742	5,559	6,114	0
Fund balance, beginning of year	0	121,088	80,503	35,879	(599)
<b><i>Fund balance (deficit), end of year</i></b>	<b><u>\$0</u></b>	<b><u>\$140,830</u></b>	<b><u>\$86,062</u></b>	<b><u>\$41,993</u></b>	<b><u>(\$599)</u></b>

The Notes to Financial Statements are an integral part of these statements.



# CITY OF GRANTS

## NONMAJOR SPECIAL REVENUE FUNDS

### COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Local Government Corrections	Lodgers' Tax	Lodgers' Tax Promotional	Senior Companion Program	Senior Employment Program
<b>REVENUES</b>					
Intergovernmental	\$0	\$0	\$0	\$85,165	\$33,080
Taxes	0	0	0	0	0
Lodgers' Tax	0	369,812	0	0	0
Fees	47,339	0	0	0	0
Investment income	100	2,569	0	0	0
Sales of property	0	0	0	0	0
Miscellaneous	0	0	0	0	0
<i>Total revenues</i>	<u>47,439</u>	<u>372,381</u>	<u>0</u>	<u>85,165</u>	<u>33,080</u>
<b>EXPENDITURES</b>					
<b>Current:</b>					
General government	0	55,506	270,392	0	0
Public safety	109,002	0	0	0	0
Public works	0	0	0	0	0
Health and welfare	0	0	0	87,693	33,865
Culture and recreation	0	0	0	0	0
Capital outlay	0	0	0	0	0
<i>Total expenditures</i>	<u>109,002</u>	<u>55,506</u>	<u>270,392</u>	<u>87,693</u>	<u>33,865</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(61,563)	316,875	(270,392)	(2,528)	(785)
<b>Other Financing Sources (Uses):</b>					
Operating transfers in	52,000	0	274,045	0	0
Operating transfers (out)	0	(324,045)	0	0	0
<i>Total other financing sources (uses)</i>	<u>52,000</u>	<u>(324,045)</u>	<u>274,045</u>	<u>0</u>	<u>0</u>
<i>Net changes in fund balances</i>	(9,563)	(7,170)	3,653	(2,528)	(785)
Fund balance, beginning of year	3,759	180,021	49,652	9,378	1,396
<b><i>Fund balance (deficit), end of year</i></b>	<b><u>(\$5,804)</u></b>	<b><u>\$172,851</u></b>	<b><u>\$53,305</u></b>	<b><u>\$6,850</u></b>	<b><u>\$611</u></b>

The Notes to Financial Statements are an integral part of these statements.

# CITY OF GRANTS

## NONMAJOR SPECIAL REVENUE FUNDS

### COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Special Library Donation	State and Local Narcotics Assistance Control	Totals
<b>REVENUES</b>			
Intergovernmental	\$0	\$0	\$810,344
Taxes	0	0	4,143
Lodgers' Tax	0	0	369,812
Fees	0	0	47,339
Investment income	239	0	9,024
Sales of property	0	0	16,390
Miscellaneous	1,125	32,595	33,720
<i>Total revenues</i>	<u>1,364</u>	<u>32,595</u>	<u>1,290,772</u>
<b>EXPENDITURES</b>			
<b>Current:</b>			
General government	0	0	326,048
Public safety	0	0	344,167
Public works	0	0	4,800
Health and welfare	0	0	591,837
Culture and recreation	51	0	51
Capital outlay	0	0	43,424
<i>Total expenditures</i>	<u>51</u>	<u>0</u>	<u>1,310,327</u>
<i>Excess (deficiency) of revenues over expenditures</i>	1,313	32,595	(19,555)
<b>Other Financing Sources (Uses):</b>			
Operating transfers in	0	0	326,045
Operating transfers (out)	0	0	(324,045)
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>0</u>	<u>2,000</u>
<i>Net changes in fund balances</i>	1,313	32,595	(17,555)
Fund balance, beginning of year	13,807	8,401	724,369
<b><i>Fund balance (deficit), end of year</i></b>	<b><u>\$15,120</u></b>	<b><u>\$40,996</u></b>	<b><u>\$706,814</u></b>

The Notes to Financial Statements are an integral part of these statements.

**CITY OF GRANTS**  
**CEMETERY PERPETUAL CARE FUND**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
Sale of lots	\$7,000	\$7,000	\$16,390	\$9,390
Interest on investments	0	0	1,489	1,489
Donations	0	0	0	0
<i>Total revenues</i>	7,000	7,000	17,879	10,879
<b>EXPENDITURES</b>				
Personnel	0	0	0	0
Operating	0	0	150	(150)
Capital outlay	50,000	50,000	0	50,000
<i>Total expenditures</i>	50,000	50,000	150	49,850
<i>Excess (deficiency) of revenues over expenditures</i>	(43,000)	(43,000)	\$17,729	\$60,729
<i>Budgeted cash carryover</i>	43,000	43,000		
	\$0	\$0		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$17,729
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)</b>	<b>\$17,729</b>

The Notes to Financial Statements are an integral part of these statements.

**CITY OF GRANTS**  
**EMERGENCY MEDICAL SERVICES FUND**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
Intergovernmental	\$7,993	\$7,993	\$0	(\$7,993)
Interest on investments	0	0	32	32
<i>Total revenues</i>	<u>7,993</u>	<u>7,993</u>	<u>32</u>	<u>(7,961)</u>
<b>EXPENDITURES</b>				
Personnel	0	0	0	0
Operating	0	0	7,386	(7,386)
Capital outlay	9,993	15,379	0	15,379
<i>Total expenditures</i>	<u>9,993</u>	<u>15,379</u>	<u>7,386</u>	<u>7,993</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(2,000)	(7,386)	<u>(\$7,354)</u>	<u>\$32</u>
Budgeted cash carryover	2,000	7,386		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$7,354)
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)</b>	<b><u>(\$7,354)</u></b>

The Notes to Financial Statements are an integral part of these statements.

**CITY OF GRANTS**  
**FIRE PROTECTION FUND**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
Intergovernmental	\$123,334	\$128,750	\$134,620	\$5,870
Miscellaneous	0	0	0	0
Interest on investments	0	0	1,668	1,668
<i>Total revenues</i>	<u>123,334</u>	<u>128,750</u>	<u>136,288</u>	<u>7,538</u>
<b>EXPENDITURES</b>				
Personnel	0	0	0	0
Operating	64,797	169,405	167,063	2,342
Capital outlay	98,537	79,977	46,906	33,071
<i>Total expenditures</i>	<u>163,334</u>	<u>249,382</u>	<u>213,969</u>	<u>35,413</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(40,000)	(120,632)	<u>(\$77,681)</u>	<u>\$42,951</u>
Budgeted cash carryover	40,000	120,632		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$77,681)
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)</b>	<b>(\$77,681)</b>

**CITY OF GRANTS**  
**FOSTER GRANDPARENTS PROGRAM FUND**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
Intergovernmental	\$87,705	\$87,705	\$73,852	(\$13,853)
<b>EXPENDITURES</b>				
Personnel	21,976	21,976	58,060	(36,084)
Operating	51,223	51,223	15,126	36,097
Capital outlay	0	0		0
<i>Total expenditures</i>	73,199	73,199	73,186	13
<i>Excess (deficiency) of revenues over expenditures</i>	14,506	14,506	666	(13,840)
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	16,000	16,000	0	(16,000)
Operating transfers (out)	(16,000)	(16,000)	0	16,000
<i>Total other financing sources (uses)</i>	0	0	0	0
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	\$14,506	\$14,506	\$666	(\$13,840)

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$666
Adjustments for revenue accruals	1,747
Adjustments for expenditures accruals	(1,592)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$821

The Notes to Financial Statements are an integral part of these statements.

**CITY OF GRANTS**  
**HOUSING AUTHORITY CAPITAL FUNDS PROGRAM**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
Intergovernmental	\$89,580	\$89,580	\$56,663	(\$32,917)
Interest on investments	0	0	0	0
<i>Total revenues</i>	<u>89,580</u>	<u>89,580</u>	<u>56,663</u>	<u>(32,917)</u>
<b>EXPENDITURES</b>				
Personnel	0	0	0	0
Operating	3,448	3,448	13,239	(9,791)
Capital outlay	86,132	86,132	43,424	42,708
<i>Total expenditures</i>	<u>89,580</u>	<u>89,580</u>	<u>56,663</u>	<u>32,917</u>
<i>Excess (deficiency) of revenues over expenditures</i>	0	0	0	0
<b>Other Financing Sources (Uses):</b>				
Operating transfers (out)	0	0	0	0
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$0
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$0</u>

The Notes to Financial Statements are an integral part of these statements.

**CITY OF GRANTS**  
**HOUSING AUTHORITY VOUCHERS FUND**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
Intergovernmental	\$500,000	\$500,000	\$392,863	(\$107,137)
Interest on investments	0	0	1,401	1,401
Miscellaneous income	0	0	354	354
<i>Total revenues</i>	500,000	500,000	394,618	(105,382)
<b>EXPENDITURES</b>				
Personnel	24,000	24,000	22,108	1,892
Operating	14,810	14,810	17,705	(2,895)
Housing assistance payments	460,000	460,000	335,063	124,937
Capital outlay	0	0	0	0
<i>Total expenditures</i>	498,810	498,810	374,876	123,934
<i>Excess (deficiency) of revenues over expenditures</i>	\$1,190	\$1,190	\$19,742	\$18,552

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$19,742
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$19,742

The Notes to Financial Statements are an integral part of these statements.



**CITY OF GRANTS**  
**JUVENILE RECREATION FUND**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
Taxes	\$5,000	\$5,000	\$4,143	(\$857)
Interest on investments	0	0	1,416	1,416
<i>Total revenues</i>	<u>5,000</u>	<u>5,000</u>	<u>5,559</u>	<u>559</u>
<b>EXPENDITURES</b>				
Personnel	0	0	0	0
Operating	60,000	60,000	0	60,000
Capital outlay	0	0	0	0
<i>Total expenditures</i>	<u>60,000</u>	<u>60,000</u>	<u>0</u>	<u>60,000</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(55,000)	(55,000)	<u>\$5,559</u>	<u>\$60,559</u>
Budgeted cash carryover	55,000	55,000		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$5,559
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$5,559</u>

The Notes to Financial Statements are an integral part of these statements.

**CITY OF GRANTS**  
**LAW ENFORCEMENT PROTECTION FUND**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
Intergovernmental	\$27,800	\$29,600	\$29,600	\$0
Miscellaneous	0	0	0	0
Interest on investments	0	0	110	110
<i>Total revenues</i>	<u>27,800</u>	<u>29,600</u>	<u>29,710</u>	<u>110</u>
<b>EXPENDITURES</b>				
Personnel	0	0	0	0
Operating	20,000	13,079	21,196	(8,117)
Capital outlay	22,800	22,800	0	22,800
<i>Total expenditures</i>	<u>42,800</u>	<u>35,879</u>	<u>21,196</u>	<u>14,683</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(15,000)	(6,279)	<u>\$8,514</u>	<u>\$14,793</u>
Budgeted cash carryover	<u>15,000</u>	<u>6,279</u>		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$8,514
Adjustments for revenue accruals	(2,400)
Adjustments for expenditures accruals	0
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)</b>	<u>\$6,114</u>

The Notes to Financial Statements are an integral part of these statements.

**CITY OF GRANTS**  
**LITTER CONTROL AND BEAUTIFICATION FUND**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
Intergovernmental	\$7,100	\$7,100	\$4,700	(\$2,400)
<b>EXPENDITURES</b>				
Personnel	7,100	7,100	0	7,100
Operating	0	0	4,800	(4,800)
Capital outlay	0	0	0	0
<i>Total expenditures</i>	7,100	7,100	4,800	2,300
<i>Excess (deficiency) of revenues over expenditures</i>	\$0	\$0	(\$100)	(\$100)

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$100)
Adjustments for revenue accruals	100
Adjustments for expenditures accruals	0
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)</b>	<b>\$0</b>

The Notes to Financial Statements are an integral part of these statements.

**CITY OF GRANTS**  
**LOCAL GOVERNMENT CORRECTIONS FUND**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
Court fees	\$80,000	\$80,000	\$47,339	(\$32,661)
Interest on investments	0	0	100	100
<i>Total revenues</i>	<u>80,000</u>	<u>80,000</u>	<u>47,439</u>	<u>(32,561)</u>
<b>EXPENDITURES</b>				
Personnel	0	0	0	0
Operating	125,000	123,000	110,994	12,006
Capital outlay	0	0	0	0
<i>Total expenditures</i>	<u>125,000</u>	<u>123,000</u>	<u>110,994</u>	<u>12,006</u>
Excess (deficiency) of revenues over expenditures	(45,000)	(43,000)	(63,555)	(20,555)
<b>Other Financing Sources (Uses):</b>				
Operating transfers (in)	30,000	30,000	52,000	22,000
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(15,000)	(13,000)	<u>(\$11,555)</u>	<u>\$1,445</u>
Budgeted cash carryover	15,000	13,000		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$11,555)
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	1,992
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)</b>	<b><u>(\$9,563)</u></b>

The Notes to Financial Statements are an integral part of these statements.

**CITY OF GRANTS**  
**LODGERS' TAX FUND**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
Taxes	\$340,000	\$340,000	\$371,242	\$31,242
Interest on investments	0	0	2,569	2,569
<i>Total revenues</i>	<u>340,000</u>	<u>340,000</u>	<u>373,811</u>	<u>33,811</u>
<b>EXPENDITURES</b>				
Personnel	0	0	0	0
Operating	63,119	63,119	55,506	7,613
Capital outlay	0	0	0	0
<i>Total expenditures</i>	<u>63,119</u>	<u>63,119</u>	<u>55,506</u>	<u>7,613</u>
<i>Excess (deficiency) of revenues over expenditures</i>	276,881	276,881	318,305	41,424
<b>Other Financing Sources (Uses):</b>				
Operating transfers (out)	(324,045)	(324,045)	(324,045)	0
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(47,164)	(47,164)	<u>(\$5,740)</u>	<u>\$41,424</u>
Budgeted cash carryover	47,164	47,164		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$5,740)
Adjustments for revenue accruals	(1,430)
Adjustments for expenditures accruals	0
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)</b>	<u><b>(\$7,170)</b></u>

The Notes to Financial Statements are an integral part of these statements.

**CITY OF GRANTS**  
**LODGERS' TAX PROMOTIONAL FUND**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>	\$0	\$0	\$0	\$0
<b>EXPENDITURES</b>				
Personnel	0	0	0	0
Operating	274,045	274,045	270,392	3,653
Capital outlay	0	0	0	0
<i>Total expenditures</i>	274,045	274,045	270,392	3,653
<i>Excess (deficiency) of revenues over expenditures</i>	(274,045)	(274,045)	(270,392)	3,653
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	274,045	274,045	274,045	0
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	\$0	\$0	\$3,653	\$3,653

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$3,653
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$3,653

The Notes to Financial Statements are an integral part of these statements.

**CITY OF GRANTS**  
**SENIOR COMPANION PROGRAM FUND**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
Intergovernmental	\$94,838	\$94,838	\$84,940	(\$9,898)
<b>EXPENDITURES</b>				
Personnel	22,604	22,604	22,820	(216)
Operating	65,234	65,234	64,873	361
Capital outlay	0	0	0	0
<i>Total expenditures</i>	87,838	87,838	87,693	145
<i>Excess (deficiency) of revenues over expenditures</i>	7,000	7,000	(2,753)	(9,753)
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	12,000	12,000	0	(12,000)
Operating transfers (out)	(12,000)	(12,000)	0	12,000
<i>Total other financing sources (uses)</i>	0	0	0	0
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	\$7,000	\$7,000	(\$2,753)	(\$9,753)

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$2,753)
Adjustments for revenue accruals	225
Adjustments for expenditures accruals	0
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)</b>	<b>(\$2,528)</b>

**CITY OF GRANTS**  
**SENIOR EMPLOYMENT PROGRAM FUND**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
Intergovernmental	\$33,460	\$33,460	\$32,032	(\$1,428)
<b>EXPENDITURES</b>				
Personnel	30,460	33,460	32,804	656
Operating	0	0	260	(260)
<i>Total expenditures</i>	30,460	33,460	33,064	396
<i>Excess (deficiency) of revenues over expenditures</i>	3,000	0	(1,032)	(1,032)
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	6,000	6,000	0	(6,000)
Operating transfers (out)	(6,000)	(6,000)	0	6,000
<i>Total other financing sources (uses)</i>	0	0	0	0
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	\$3,000	\$0	(\$1,032)	(\$1,032)

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$1,032)
Adjustments for revenue accruals	1,048
Adjustments for expenditures accruals	(801)
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)</b>	<b>(\$785)</b>

The Notes to Financial Statements are an integral part of these statements.



**CITY OF GRANTS**  
**SPECIAL LIBRARY DONATION FUND**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
Donations	\$500	\$500	\$1,125	\$625
Interest on investments	200	200	239	39
<i>Total revenues</i>	<u>700</u>	<u>700</u>	<u>1,364</u>	<u>664</u>
<b>EXPENDITURES</b>				
Personnel	0	0	0	0
Operating	3,500	3,500	51	3,449
Capital outlay	5,000	5,000	0	5,000
<i>Total expenditures</i>	<u>8,500</u>	<u>8,500</u>	<u>51</u>	<u>8,449</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(7,800)	(7,800)	<u>\$1,313</u>	<u>\$9,113</u>
Budgeted cash carryover	<u>7,800</u>	<u>7,800</u>		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$1,313
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$1,313</u>

The Notes to Financial Statements are an integral part of these statements.

**CITY OF GRANTS**  
**STATE AND LOCAL NARCOTICS ASSISTANCE CONTROL PROGRAM FUND**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
Intergovernmental	\$65,000	\$65,000	\$0	(\$65,000)
Miscellaneous	0	0	0	0
<i>Total revenues</i>	<u>65,000</u>	<u>65,000</u>	<u>0</u>	<u>(65,000)</u>
<b>EXPENDITURES</b>				
Personnel	60,000	60,000	0	60,000
Operating	5,000	5,000	0	5,000
Capital outlay	0	0	0	0
<i>Total expenditures</i>	<u>65,000</u>	<u>65,000</u>	<u>0</u>	<u>65,000</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$0
Adjustments for revenue accruals	32,595
Adjustments for expenditures accruals	0
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)</b>	<b><u>\$32,595</u></b>

The Notes to Financial Statements are an integral part of these statements.

**CITY OF GRANTS**  
**DEBT SERVICE FUNDS**  
JUNE 30, 2009

**Debt Service Funds**

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Interest and Sinking Fund – To accumulate funds for payment of principal and interest.

GRT Revenue Bond Debt Service Fund 1993A – To accumulate funds for payment of refunding debt.

GRT Revenue Bond Reserve Fund 1993A – To accumulate funds per refunding bond agreement to insure future payment.

NMFA Loan – To accumulate funds for payment of loan to be paid from proceeds of a statewide gross receipts tax distributed by the New Mexico Taxation and Revenue Department.

NMFA Reserve – To accumulate funds for payment of loan to be paid from proceeds of gross receipts tax.

**CITY OF GRANTS**  
**NONMAJOR DEBT SERVICE FUNDS**  
**COMBINING BALANCE SHEETS**  
**JUNE 30, 2009**

	G.O. Bonds Interest and Sinking Fund	GRT Revenue Bond Debt Service	GRT Revenue Bond Reserve
<b>ASSETS</b>			
Cash	\$0	\$140,755	\$0
Cash held with trustee	0	167,952	149,581
<b><i>Total assets</i></b>	<b>\$0</b>	<b>\$308,707</b>	<b>\$149,581</b>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities	\$0	\$0	\$0
<b>Fund Balance:</b>			
Reserved for debt service	0	308,707	149,581
<b><i>Total fund balance</i></b>	<b>0</b>	<b>308,707</b>	<b>149,581</b>
<b><i>Total liabilities and fund balance</i></b>	<b>\$0</b>	<b>\$308,707</b>	<b>\$149,581</b>

The Notes to Financial Statements are an integral part of these statements.

**CITY OF GRANTS**  
**NONMAJOR DEBT SERVICE FUNDS**  
**COMBINING BALANCE SHEETS**  
**JUNE 30, 2009**

	NMFA Loan	NMFA Reserve	Totals
<b>ASSETS</b>			
Cash	\$0	\$0	\$140,755
Cash held with trustee	106,945	66,175	490,653
<b><i>Total assets</i></b>	<b>\$106,945</b>	<b>\$66,175</b>	<b>\$631,408</b>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities	\$0	\$0	\$0
<b>Fund Balance:</b>			
Reserved for debt service	106,945	66,175	631,408
<b><i>Total fund balance</i></b>	<b>106,945</b>	<b>66,175</b>	<b>631,408</b>
<b><i>Total liabilities and fund balance</i></b>	<b>\$106,945</b>	<b>\$66,175</b>	<b>\$631,408</b>

The Notes to Financial Statements are an integral part of these statements.

**CITY OF GRANTS**  
**NONMAJOR DEBT SERVICE FUNDS**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	G.O. Bonds Interest and Sinking Fund	GRT Revenue Bond Debt Service	GRT Revenue Bond Reserve
<b>REVENUES</b>			
Taxes	\$0	\$0	\$0
Investment income	5,145	1,473	1,874
<i>Total revenues</i>	5,145	1,473	1,874
<b>EXPENDITURES</b>			
<b>Debt Service:</b>			
Principal	0	125,000	0
Interest	0	20,348	0
Fees	0	1,869	0
<i>Total expenditures</i>	0	147,217	0
Excess (deficiency) of revenues over expenditures	5,145	(145,744)	1,874
<b>Other Financing Sources (Uses):</b>			
Operating transfers in	0	147,549	0
Operating transfers (out)	(339,409)	0	(2,201)
<i>Total other financing sources (uses)</i>	(339,409)	147,549	(2,201)
<i>Net changes in fund balances</i>	(334,264)	1,805	(327)
Fund balance, beginning of year	334,264	306,902	149,908
<b><i>Fund balance, end of year</i></b>	<b>\$0</b>	<b>\$308,707</b>	<b>\$149,581</b>

The Notes to Financial Statements are an integral part of these statements.

**CITY OF GRANTS**  
**NONMAJOR DEBT SERVICE FUNDS**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	NMFA Loan	NMFA Reserve	Totals
<b>REVENUES</b>			
Taxes	\$0	\$0	\$0
Investment income	1,543	3,926	13,961
<i>Total revenues</i>	1,543	3,926	13,961
<b>EXPENDITURES</b>			
<b>Debt Service:</b>			
Principal	39,100	0	164,100
Interest	26,217	0	46,565
Fees	1,394	0	3,263
<i>Total expenditures</i>	66,711	0	213,928
Excess (deficiency) of revenues over expenditures	(65,168)	3,926	(199,967)
<b>Other Financing Sources (Uses):</b>			
Operating transfers in	73,722	0	221,271
Operating transfers (out)	0	(3,916)	(345,526)
<i>Total other financing sources (uses)</i>	73,722	(3,916)	(124,255)
<i>Net changes in fund balances</i>	8,554	10	(324,222)
Fund balance, beginning of year	98,391	66,165	955,630
<b><i>Fund balance, end of year</i></b>	<b>\$106,945</b>	<b>\$66,175</b>	<b>\$631,408</b>

The Notes to Financial Statements are an integral part of these statements.

**CITY OF GRANTS**  
**INTEREST AND SINKING FUND**  
**DEBT SERVICE FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
Intergovernmental	\$0	\$0	\$0	\$0
Interest on investments	10,000	12,000	5,145	(6,855)
<i>Total revenues</i>	10,000	12,000	5,145	(6,855)
<b>EXPENDITURES</b>				
Interest	5,000	0	0	0
Fees	0	0	0	0
<i>Total expenditures</i>	5,000	0	0	0
<i>Excess (deficiency) of revenues over expenditures</i>	5,000	12,000	5,145	(6,855)
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	0	0	0	0
Operating transfers (out)	0	(346,263)	(339,409)	6,854
<i>Total other financing sources (uses)</i>	0	(346,263)	(339,409)	6,854
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	<u>\$5,000</u>	<u>(334,263)</u>	<u>(\$334,264)</u>	<u>(\$1)</u>
Budgeted cash carryover		<u>334,263</u>		
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>		<u>\$0</u>		
 Budgetary - GAAP Reporting Reconciliation:				
Excess (deficiency) of revenues over expenditures and other financing sources (uses)			(\$334,264)	
Adjustments for revenue accruals			0	
Adjustments for expenditures accruals			0	
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)</i>			<u>(\$334,264)</u>	

The Notes to Financial Statements are an integral part of these statements.



**CITY OF GRANTS**  
**GRT REVENUE BOND DEBT SERVICE FUND 1993A**  
**DEBT SERVICE FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
Interest on investments	\$0	\$0	\$1,473	\$1,473
<b>EXPENDITURES</b>				
Paying agent fees	4,000	4,000	1,869	2,131
Bond interest	20,349	20,349	20,348	1
Bond principal	125,000	125,000	125,000	0
<i>Total expenditures</i>	<i>149,349</i>	<i>149,349</i>	<i>147,217</i>	<i>2,132</i>
<i>Excess (deficiency) of revenues over expenditures</i>	<i>(149,349)</i>	<i>(149,349)</i>	<i>(145,744)</i>	<i>3,605</i>
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	152,848	152,848	147,549	(5,299)
Operating transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	<i>152,848</i>	<i>152,848</i>	<i>147,549</i>	<i>(5,299)</i>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	<i>\$3,499</i>	<i>\$3,499</i>	<i>\$1,805</i>	<i>(\$1,694)</i>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$1,805
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$1,805

The Notes to Financial Statements are an integral part of these statements.

**CITY OF GRANTS**  
**GRT REVENUE BOND RESERVE FUND 1993A**  
**DEBT SERVICE FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
Interest	\$7,500	\$7,500	\$1,874	(\$5,626)
<b>EXPENDITURES</b>				
Management fees	500	500	0	500
<i>Excess (deficiency) of revenues over expenditures</i>	7,000	7,000	1,874	(5,126)
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	0	0	0	0
Operating transfers (out)	(7,500)	(7,500)	(2,201)	5,299
<i>Total other financing sources (uses)</i>	(7,500)	(7,500)	(2,201)	5,299
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(500)	(500)	(\$327)	\$173
Budgeted cash carryover	500	500		
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	\$0	\$0		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$327)
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	(\$327)

The Notes to Financial Statements are an integral part of these statements.

**CITY OF GRANTS**  
**NMFA LOAN FUND**  
**DEBT SERVICE FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
Interest	\$0	\$0	\$1,543	\$1,543
<b>EXPENDITURES</b>				
Principal	39,100	39,100	39,100	0
Interest	26,217	26,217	26,217	0
Fees	2,000	2,000	1,394	606
<i>Total expenditures</i>	67,317	67,317	66,711	606
<i>Excess (deficiency) of revenues over expenditures</i>	(67,317)	(67,317)	(65,168)	2,149
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	74,807	74,807	73,722	(1,085)
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	\$7,490	\$7,490	\$8,554	\$1,064

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$8,554
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)</b>	<b>\$8,554</b>

The Notes to Financial Statements are an integral part of these statements.

**CITY OF GRANTS**  
**NMFA RESERVE FUND**  
**DEBT SERVICE FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
Interest on investments	\$5,000	\$5,000	\$3,926	(\$1,074)
<b>EXPENDITURES</b>				
Principal	0	0	0	0
Interest	0	0	0	0
Fees	0	0	0	0
<i>Total expenditures</i>	0	0	0	0
<i>Excess (deficiency) of revenues over expenditures</i>	5,000	5,000	3,926	(1,074)
<b>Other Financing Sources (Uses):</b>				
Operating transfers (out)	(5,000)	(5,000)	(3,916)	1,084
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	\$0	\$0	\$10	\$10

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$10
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$10

The Notes to Financial Statements are an integral part of these statements.

**CITY OF GRANTS**  
**TOTAL ALL NONMAJOR GOVERNMENTAL FUND TYPES**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2009**

	Special Revenue	Debt Service	Total
<b>ASSETS</b>			
Cash	\$616,220	\$140,755	\$756,975
Cash held with trustee	0	490,653	490,653
Accounts receivable	131,450	0	131,450
Grant revenue receivable	0	0	0
Due from other funds	3,755	0	3,755
Other deferred charges	0	0	0
<b><i>Total assets</i></b>	<b>\$751,425</b>	<b>\$631,408</b>	<b>\$1,382,833</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Accounts payable	\$9,321	\$0	\$9,321
Accrued payroll	3,608	0	3,608
Deferred revenue	0	0	0
Due to other funds	31,682	0	31,682
<b><i>Total liabilities</i></b>	<b>44,611</b>	<b>0</b>	<b>44,611</b>
<b>Fund Balances:</b>			
Reserved for debt service	0	631,408	631,408
Unreserved, undesignated	706,814	0	706,814
<b><i>Total fund balances</i></b>	<b>706,814</b>	<b>631,408</b>	<b>1,338,222</b>
<b><i>Total liabilities and fund balances</i></b>	<b>\$751,425</b>	<b>\$631,408</b>	<b>\$1,382,833</b>

The Notes to Financial Statements are an integral part of these statements.

# CITY OF GRANTS

## TOTAL ALL NONMAJOR GOVERNMENTAL FUND TYPES COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Special Revenue	Debt Service	Total
<b>REVENUES</b>			
Intergovernmental	\$810,344	\$0	\$810,344
Taxes	4,143	0	4,143
Lodgers' Tax	369,812	0	369,812
Fees	47,339	0	47,339
Investment income	9,024	13,961	22,985
Sales of property	16,390	0	16,390
Miscellaneous	33,720	0	33,720
<i>Total revenues</i>	<u>1,290,772</u>	<u>13,961</u>	<u>1,304,733</u>
<b>EXPENDITURES</b>			
<b>Current:</b>			
General government	326,048	0	326,048
Public safety	344,167	0	344,167
Public works	4,800	0	4,800
Health and welfare	591,837	0	591,837
Culture and recreation	51	0	51
Capital outlay	43,424	0	43,424
<b>Debt Service:</b>			
Principal	0	164,100	164,100
Interest	0	46,565	46,565
Fees	0	3,263	3,263
<i>Total expenditures</i>	<u>1,310,327</u>	<u>213,928</u>	<u>1,524,255</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(19,555)	(199,967)	(219,522)
<b>Other Financing Sources (Uses):</b>			
Operating transfers in	326,045	221,271	547,316
Operating transfers (out)	(324,045)	(345,526)	(669,571)
<i>Total other financing sources (uses)</i>	<u>2,000</u>	<u>(124,255)</u>	<u>(122,255)</u>
<i>Net changes in fund balances</i>	(17,555)	(324,222)	(341,777)
Fund balance, July 1	724,369	955,630	1,679,999
<b><i>Fund balance, June 30</i></b>	<b><u>\$706,814</u></b>	<b><u>\$631,408</u></b>	<b><u>\$1,338,222</u></b>

The Notes to Financial Statements are an integral part of these statements.

**CITY OF GRANTS**  
**CAPITAL PROJECTS FUNDS**  
JUNE 30, 2009

**Capital Projects Funds**

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

General Government Improvements Fund – Accounts for construction and improvement funds received from various sources for the improvement of City properties.

**CITY OF GRANTS**  
**GENERAL GOVERNMENT IMPROVEMENTS**  
**CAPITAL PROJECTS FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
<b>REVENUES</b>				
Intergovernmental	\$5,684,001	\$5,684,001	\$2,955,738	(\$2,728,263)
Other	0	0	133,333	133,333
Rental revenue	17,250	17,250	18,920	1,670
<i>Total revenues</i>	<u>5,701,251</u>	<u>5,701,251</u>	<u>3,107,991</u>	<u>(2,593,260)</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Capital outlay	7,304,968	7,129,968	4,192,969	2,936,999
<i>Total expenditures</i>	<u>7,304,968</u>	<u>7,129,968</u>	<u>4,192,969</u>	<u>2,936,999</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(1,603,717)	(1,428,717)	(1,084,978)	343,739
<b>Other Financing Sources (Uses):</b>				
Capital transfers (out)	0	0	0	0
Operating transfers in	700,000	700,000	700,000	0
Operating transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(903,717)	(728,717)	<u>(\$384,978)</u>	<u>\$343,739</u>
<i>Budgeted cash carryover</i>	<u>903,717</u>	<u>728,717</u>		
	<u>\$0</u>	<u>\$0</u>		
<b>Budgetary - GAAP Reporting Reconciliation:</b>				
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>			(\$384,978)	
Adjustments for revenue accruals			99,566	
Capital transfers out			(1,606,571)	
<i>Adjustments for expenditures accruals</i>			<u>1,443,825</u>	
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)</i>			<u>(\$448,158)</u>	

The Notes to Financial Statements are an integral part of these statements.



**CITY OF GRANTS**  
**ENTERPRISE FUNDS**  
**JUNE 30, 2009**

**PROPRIETARY FUND TYPES**

**Enterprise Funds**

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Golf Course Operating Fund – To account for the operation of the municipal golf course.

Home Program – A HUD-funded program passed through the New Mexico Mortgage Finance Authority. The program is designed to provide decent, safe, and sanitary housing for eligible low-income families and the elderly.

Low Rent – A direct HUD-funded program designed to provide decent, safe and sanitary housing and related facilities for eligible low-income families and the elderly through an authorized Public Housing Authority (PHA) or Indian Housing Authority (IHA).

**CITY OF GRANTS**  
**NONMAJOR PROPRIETARY FUNDS**  
**COMBINING BALANCE SHEETS**  
**JUNE 30, 2009**

	Golf Course	Home Program	Low Rent	Total
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$68,232	\$4,929	\$27,781	\$100,942
Investments	0	211,808	0	211,808
Accounts receivable tenants (net of allowance)	0	0	4,899	4,899
Accounts receivable	21,703	0	24,319	46,022
Interest receivable	0	177	0	177
Prepaid insurance	0	0	0	0
Other deferred charges	0	0	0	0
Due from other funds	0	0	34,199	34,199
<i>Total current assets</i>	<u>89,935</u>	<u>216,914</u>	<u>91,198</u>	<u>398,047</u>
<b>Restricted Assets:</b>				
Customer Deposits:	0	0	0	0
Cash and cash equivalents	0	0	0	0
<i>Total restricted assets</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Capital Assets</b>				
	1,837,943	4,721	1,188,243	3,030,907
Less accumulated depreciation	(777,665)	(4,546)	(539,210)	(1,321,421)
<i>Net capital assets</i>	<u>1,060,278</u>	<u>175</u>	<u>649,033</u>	<u>1,709,486</u>
<b>Total assets</b>	<b><u>\$1,150,213</u></b>	<b><u>\$217,089</u></b>	<b><u>\$740,231</u></b>	<b><u>\$2,107,533</u></b>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts payable	\$2,200	\$136	\$13,230	\$15,566
Accrued payroll	15,612	200	3,749	19,561
Due to other funds	0	27,072	0	27,072
Deferred revenue	0	0	0	0
Tenant security deposits	0	0	3,472	3,472
Tenants prepaid rent	0	0	2,320	2,320
Current portion of long-term debt	45,859	0	0	45,859
<i>Total current liabilities</i>	<u>63,671</u>	<u>27,408</u>	<u>22,771</u>	<u>113,850</u>
<b>Non-Current Liabilities:</b>				
Accrued compensated absences	34,999	461	3,841	39,301
Leases payable	0	0	0	0
<i>Total noncurrent liabilities</i>	<u>34,999</u>	<u>461</u>	<u>3,841</u>	<u>39,301</u>
<b>Total liabilities</b>	<b><u>98,670</u></b>	<b><u>27,869</u></b>	<b><u>26,612</u></b>	<b><u>153,151</u></b>
<b>Net Assets:</b>				
Invested in capital assets, net of related debt	1,014,419	175	649,033	1,663,627
Unrestricted	37,124	189,045	64,586	290,755
<i>Total fund net assets</i>	<u>1,051,543</u>	<u>189,220</u>	<u>713,619</u>	<u>1,954,382</u>
<b>Total liabilities and fund net assets</b>	<b><u>\$1,150,213</u></b>	<b><u>\$217,089</u></b>	<b><u>\$740,231</u></b>	<b><u>\$2,107,533</u></b>

The Notes to Financial Statements are an integral part of these statements.

**CITY OF GRANTS**  
**NONMAJOR PROPRIETARY FUNDS**  
**COMBINING STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Golf Course	Home Program	Low Rent	Total
<b>OPERATING REVENUES</b>				
Golf fees	\$315,759	\$0	\$0	\$315,759
Rental income	3,600	0	53,061	56,661
<i>Total operating revenues</i>	319,359	0	53,061	372,420
<b>OPERATING EXPENSES</b>				
Operating expenses	547,065	6,928	99,737	653,730
Depreciation	68,818	64	34,425	103,307
<i>Total operating expenses</i>	615,883	6,992	134,162	757,037
<i>Operating income (loss)</i>	(296,524)	(6,992)	(81,101)	(384,617)
<b>NON-OPERATING REVENUE AND (EXPENSES)</b>				
Federal grants and subsidies	0	0	69,201	69,201
Interest earnings	0	7,098	265	7,363
Other	0	0	129	129
<i>Total non-operating revenue and (expenses)</i>	0	7,098	69,595	76,693
<i>Net income (loss) before contributions and transfers</i>	(296,524)	106	(11,506)	(307,924)
Operating transfers in	325,400	0	0	325,400
Capital transfers in	117,569	0	0	117,569
<i>Change in net assets</i>	146,445	106	(11,506)	135,045
Total fund net assets, at beginning of year	905,098	189,114	725,125	1,819,337
<b><i>Total fund net assets, at end of year</i></b>	<b>\$1,051,543</b>	<b>\$189,220</b>	<b>\$713,619</b>	<b>\$1,954,382</b>

The Notes to Financial Statements are an integral part of these statements.

**CITY OF GRANTS**  
**NONMAJOR ENTERPRISE FUNDS**  
**COMBINING STATEMENTS OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Golf Course	Home Program	Low Rent	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers (including other funds)	\$298,564	\$0	\$30,132	\$328,696
Cash paid to suppliers	(247,330)	(692)	(28,261)	(276,283)
Cash paid to employees	(293,708)	(6,158)	(56,130)	(355,996)
<i>Net cash provided (used) by operating activities</i>	(242,474)	(6,850)	(54,259)	(303,583)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Advances (to) from other funds	0	6,850	(11,787)	(4,937)
Transfers in (out)	325,400	0	0	325,400
<i>Net cash provided by (used) by noncapital financing activities</i>	325,400	6,850	(11,787)	320,463
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Purchase of property and equipment	(1,859)	0	(469)	(2,328)
Disposition of assets	0	0	0	0
Principal paid: revenue bonds/lease purchase/advances	(58,529)	0	0	(58,529)
Purchase of investment	0	(11,808)	0	(11,808)
Grants and subsidies	0	0	69,201	69,201
Other gain (loss)	0	0	129	129
<i>Net cash provided (used) by capital and related financing activities</i>	(60,388)	(11,808)	68,861	(3,335)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest received	0	11,808	265	12,073
<i>Net increase (decrease) in cash</i>	22,538	0	3,080	25,618
Cash and restricted cash, beginning of year	45,694	4,929	24,701	75,324
<b><i>Cash and restricted cash, end of year</i></b>	<b>\$68,232</b>	<b>\$4,929</b>	<b>\$27,781</b>	<b>\$100,942</b>
<b>Non Cash Transactions:</b>				
Capital assets transferred in	\$117,569	\$0	\$0	\$117,569

The Notes to Financial Statements are an integral part of these statements.

**CITY OF GRANTS**  
**NONMAJOR ENTERPRISE FUNDS**  
**COMBINING STATEMENTS OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Golf Course	Home Program	Low Rent	Total
<b>Reconciliation of operating income to net cash provided (used) by operating activities</b>				
Operating income (loss)	(\$296,524)	(\$6,992)	(\$81,101)	(\$384,617)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	68,818	64	34,425	103,307
Provision for uncollectible accounts	0	0	0	0
<b>Change in assets and liabilities:</b>				
(Increase) Decrease in assets:				
Accounts receivables	(20,795)	0	(24,976)	(45,771)
Due from/(to) other funds	0	0	0	0
Inventories	0	0	0	0
Prepays and deposits	0	0	0	0
Increase (Decrease) in liabilities:				
Accounts and contracts payable	(334)	(66)	10,786	10,386
Wages payable	1,862	24	2,713	4,599
Compensated absences	4,499	120	1,883	6,502
Other deferred charges: Tenant deposits	0	0	(35)	(35)
Tenants prepaid rent	0	0	2,046	2,046
<i>Total adjustments</i>	54,050	142	26,842	81,034
<b><i>Net cash provided (used) by operating activities</i></b>	<b><i>(\$242,474)</i></b>	<b><i>(\$6,850)</i></b>	<b><i>(\$54,259)</i></b>	<b><i>(\$303,583)</i></b>

The Notes to Financial Statements are an integral part of these statements.

**CITY OF GRANTS**  
**GOLF COURSE OPERATING FUND**  
**ENTERPRISE FUNDS**  
**STATEMENT OF REVENUES AND EXPENSES**  
**BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
<b>REVENUES</b>				
Golf course fees	\$250,000	\$260,000	\$293,942	\$33,942
Rental income	0	0	3,600	3,600
Other	0	0	179	179
<i>Total revenues</i>	<u>250,000</u>	<u>260,000</u>	<u>297,721</u>	<u>37,721</u>
<b>OPERATING EXPENSES</b>				
Personnel	357,142	357,142	289,778	67,364
Operating	308,065	308,065	310,025	(1,960)
Capital outlay	9,000	9,000	1,859	7,141
<i>Total operating expenses</i>	<u>674,207</u>	<u>674,207</u>	<u>601,662</u>	<u>72,545</u>
<i>Operating income (loss)</i>	(424,207)	(414,207)	(303,941)	110,266
<b>Non-Operating Revenue (Expenses)</b>				
Transfers in	325,000	375,000	325,400	(49,600)
Transfers (out)	0	0	0	0
<i>Total non-operating revenue (expenses)</i>	<u>325,000</u>	<u>375,000</u>	<u>325,400</u>	<u>(49,600)</u>
<i>Net income (loss) after transfers</i>	(99,207)	(39,207)	<u>\$21,459</u>	<u>\$60,666</u>
Budgeted cash carryover	99,207	39,207		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$21,459
Adjustments for revenue accruals	21,638
Capital transfers	117,569
Adjustments for expenditures accruals	<u>(14,221)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$146,445</u>

The Notes to Financial Statements are an integral part of these statements.

**CITY OF GRANTS**  
**HOME PROGRAM**  
**ENTERPRISE FUNDS**  
**STATEMENT OF REVENUES AND EXPENSES**  
**BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
<b>REVENUES</b>				
Rental income	\$0	\$0	\$0	\$0
Interest on investments	0	0	7,098	7,098
Miscellaneous income	0	0	0	0
Gain (loss) on sale of assets	0	0	0	0
<i>Total revenues</i>	0	0	7,098	7,098
<b>OPERATING EXPENSES</b>				
Personnel	0	0	0	0
Operating	0	0	6,928	(6,928)
<i>Total operating expenses</i>	0	0	6,928	(6,928)
<i>Operating income (loss)</i>	\$0	\$0	\$170	\$170

Note: Project Home - sale of housing units is not a budgeted program per HUD.

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$170
Adjustments for revenue accruals	0
<u>Adjustments for expenditures accruals and depreciation</u>	<u>(64)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$106</u>

**CITY OF GRANTS**  
**LOW RENT**  
**ENTERPRISE FUNDS**  
**STATEMENT OF REVENUES AND EXPENSES**  
**BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
<b>REVENUES</b>				
Rental income	\$31,410	\$31,410	\$51,301	\$19,891
<i>Total revenues</i>	<u>31,410</u>	<u>31,410</u>	<u>51,301</u>	<u>19,891</u>
<b>OPERATING EXPENSES</b>				
Personnel	60,020	60,020	68,535	(8,515)
Operating	37,050	37,050	31,198	5,852
Capital outlay	0	0	0	0
<i>Total operating expenses</i>	<u>97,070</u>	<u>97,070</u>	<u>99,733</u>	<u>(2,663)</u>
<i>Operating income (loss)</i>	(65,660)	(65,660)	(48,432)	17,228
<b>Non-Operating Revenue (Expenses)</b>				
HUD grants and subsidy	59,760	59,760	69,201	9,441
Interest	120	120	265	145
Other	1,000	1,000	1,889	889
Transfers in	0	0	0	0
<i>Total non-operating revenue (expenses)</i>	<u>60,880</u>	<u>60,880</u>	<u>71,355</u>	<u>10,475</u>
<i>Net income (loss) after non-operating revenue</i>	(4,780)	(4,780)	<u>\$22,923</u>	<u>\$27,703</u>
Budgeted cash carryover	4,780	4,780		
	<u>\$0</u>	<u>\$0</u>		

Note: The budget is used only as a guideline and is not required by HUD to be amended.

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$22,923
Adjustments for revenue accruals	0
Adjustments for expenditures accruals and depreciation	(34,429)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>(\$11,506)</u>

The Notes to Financial Statements are an integral part of these statements.



**CITY OF GRANTS**  
**UTILITIES**  
**ENTERPRISE FUNDS**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
<b>REVENUES</b>				
Refuse collection	\$1,225,000	\$1,225,000	\$1,574,230	\$349,230
Water sales (net)	1,459,000	1,459,000	1,831,877	372,877
Sewer charges	1,575,000	1,575,000	1,704,272	129,272
Total government tax	213,750	213,750	264,851	51,101
Other	80,000	80,000	119,605	39,605
<i>Total revenues</i>	<u>4,552,750</u>	<u>4,552,750</u>	<u>5,494,835</u>	<u>942,085</u>
<b>OPERATING EXPENSES</b>				
Public works	3,888,779	3,928,778	3,973,569	(44,791)
Capital outlay	385,000	485,000	16,831	468,169
<i>Total operating expenses</i>	<u>4,273,779</u>	<u>4,413,778</u>	<u>3,990,400</u>	<u>423,378</u>
<i>Operating income (loss)</i>	278,971	138,972	1,504,435	1,365,463
<b>Non-Operating Revenue (Expenses)</b>				
Interest income	33,500	33,500	34,589	1,089
Transfers in	957,755	1,007,755	1,020,316	12,561
Transfers (out)	(1,386,005)	(1,486,005)	(1,432,966)	53,039
Interest expense	(450,260)	(450,260)	(450,260)	0
Principal payments	(92,862)	(92,862)	(90,861)	2,001
Debt service fees	(4,500)	(4,500)	(1,562)	2,938
Set aside - NMED	0	0	0	0
Reserve	(408,680)	(408,680)	0	408,680
<i>Total non-operating revenue (expenses)</i>	<u>(1,351,052)</u>	<u>(1,401,052)</u>	<u>(920,744)</u>	<u>480,308</u>
<i>Net income (loss)</i>	(1,072,081)	(1,262,080)	<u>\$583,691</u>	<u>\$1,845,771</u>
Budgeted cash carryover	1,072,081	1,262,080		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$583,691
Adjustments for revenue accruals	9,825
Capital transfers in (out) - net	1,489,002
Adjustments for expenditures accruals	(552,876)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$1,529,642</u>

The Notes to Financial Statements are an integral part of these statements.

OTHER SUPPLEMENTARY INFORMATION

**CITY OF GRANTS**  
**AGENCY FUNDS**  
**JUNE 30, 2009**

**FIDUCIARY FUND TYPES**

**Agency Funds**

Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments, or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Appearance Bond Fund -- To account for collection and payments of Appearance Bonds from individuals arrested or cited by City Police.

Senior Citizens -- To account for funds raised by members of the City of Grants Senior Citizen Organization to be used by and for Senior Citizen functions.

**CITY OF GRANTS**  
**ALL AGENCY FUNDS**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Balance June 30, 2008	Increase	Decrease	Balance June 30, 2009
<b>Appearance Bond Fund:</b>				
<b>Assets</b>				
Petty cash	\$500	\$0	\$0	\$500
Cash in bank	19,971	41,539	39,677	21,833
	<u>\$20,471</u>	<u>\$41,539</u>	<u>\$39,677</u>	<u>\$22,333</u>
<b>Liabilities</b>				
Deposits held for others	\$20,471	\$41,539	\$39,677	\$22,333
<b>Senior Activity Account:</b>				
<b>Assets</b>				
Cash in bank	\$3,301	\$4,334	\$4,672	\$2,963
<b>Liabilities</b>				
Funds held for Seniors	\$3,301	\$4,334	\$4,672	\$2,963
<b>Total Agency Funds:</b>				
<b>Assets</b>				
Petty cash	\$500	\$0	\$0	\$500
Cash in bank	23,772	45,873	44,349	24,796
<b>Total assets</b>	<u>\$24,272</u>	<u>\$45,873</u>	<u>\$44,349</u>	<u>\$25,296</u>
<b>Liabilities</b>				
Deposits held for others	\$24,272	\$45,873	\$44,349	\$25,296

The Notes to Financial Statements are an integral part of these statements.

**CITY OF GRANTS**  
**SCHEDULE OF JOINT POWERS AGREEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Participants	Responsible Party for Operations	Descriptions	Beginning and Ending dates	Total Estimated Amount of Project	Contribution 6/30/2009	Audit Responsibility	Revenues and Expenditures Reported on:
City of Grants NW New Mexico Solid Waste Authority	NW New Mexico Solid Waste Authority	Solid waste disposal services.	July 1, 2008 June 30, 2009	N/A	\$8,816	NW NM Solid Waste	REV: NW NMSW EXP: City of Grants
City of Grants County of Cibola Village of Milan	Village of Milan	Operation of Public Transit System	September 1, 2006 and Continuing	N/A	\$0	Village of Milan	REV:Village of Milan Cibola County Zia Bus Sales EXP:City of Grants

The Notes to Financial Statements are an integral part of these statements.

ADDITIONAL FEDERAL INFORMATION

**CITY OF GRANTS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Federal Grantor/Program Title	Federal CFDA Number or Agency Prefix	Project Number	Award Amount	Accrued or (Deferred) Revenue at June 30, 2008	Receipts	Expenditures	Accrued or (Deferred) Revenue at June 30, 2009
<b><u>U.S. Department of Agriculture</u></b>							
<b>Passed through State of New Mexico:</b>							
<b>Passed through North Central</b>							
<b>New Mexico Economic Development District:</b>							
Area Agency on Aging		Contract					
Nutritional Service Incentive Program	10.558	No. 2008-09	\$23,047	\$3,344	(\$23,433)	\$23,047	\$2,958
<i>Total U.S. Department of Agriculture</i>			\$23,047	\$3,344	(\$23,433)	\$23,047	\$2,958
<b><u>U.S. Department of Defense</u></b>							
<b>Army Corps of Engineers</b>							
Sec 595 Water Resources Development Act	12.xxx		\$1,007,587	\$169,634	(\$833,087)	\$663,453	\$0
<i>Total U.S. Department of Agriculture</i>			\$1,007,587	\$169,634	(\$833,087)	\$663,453	\$0
<b><u>U.S. Department of Health and Human Services</u></b>							
<b>Passed through North Central</b>							
<b>New Mexico Economic Development District:</b>							
Special Programs for the Aging Title III B	93.044	Contract	\$40,342	\$0	(\$34,715)	\$40,342	\$5,627
Title III C	93.045	No. 3	31,840	650	(31,670)	31,840	820
<i>Total U.S. Department of Health and Human Services</i>			\$72,182	\$650	(\$66,385)	\$72,182	\$6,447
<b><u>U.S. Department of Housing and Urban Development</u></b>							
<b>Passed through NM Dept. of Finance and Administration</b>							
<b>Community Development Block Grant -</b>							
Comprehensive Plan	14.228	05-C-NR-I-1-G-62	\$0	\$0	\$0	\$0	\$0
Storm Water Drainage Impr. Program	14.288	07-CNR-I-01-G-36	300,000	0	0	300,000	300,000
<b>Direct Funding:</b>							
Low Rent Public Housing Operating Subsidy - Housing	14.850		69,201	0	(69,201)	69,201	0
Section 8 Rental Voucher Program - Housing	14.871		392,863	(2,600)	(390,975)	395,463	1,888
Public Housing Capital Fund	14.872		71,478	0	(32,344)	56,663	24,319
<i>Total U.S. Department of Housing and Urban Development</i>			\$833,542	(\$2,600)	(\$492,520)	\$821,327	\$326,207
<i>Total Federal Financial Assistance</i>			\$1,936,358	\$171,028	(\$1,415,425)	\$1,580,009	\$335,612

**CITY OF GRANTS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Federal Grantor/Program Title	Federal CFDA Number or Agency Prefix	Project Number	Award Amount	Accrued or (Deferred) Revenue at June 30, 2007	Receipts	Expenditures	Accrued or (Deferred) Revenue at June 30, 2008
<hr/>							
Grant revenue receivable (page 12) (\$595,459 less state grant receivables of \$259,847)							\$335,612
<hr/>							
							<b>\$335,612</b>
<hr/>							

N/A - Not Available

**Basis of Presentation:**

The above schedule of expenditures of federal awards includes the federal grant activity of City of Grants and is presented on the accrual basis of accounting.

This information in this schedule is presented in accordance with the requirements of OMB Circular A.133, Audits of State, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.



**Balance Sheet**

Cyan - Colored Cells are Self - Populating

Yellow - Colored Cells are Detail Links

Gray - Colored Cells are disallowed entry

Line Item No.	Description	Total Projects	NM030000001
111	Cash-unrestricted	\$ 24,309	\$24,309
112	Cash-restricted-modernization and development	\$ -	
113	Cash-other restricted	\$ -	
114	Cash-tenant security deposits	\$ 3,472	\$3,472
115	Cash - Restricted for payment of current liability	\$ -	
100	<b>Total Cash</b>	<b>\$ 27,781</b>	<b>\$ 27,781</b>

121	Accounts receivable - PHA projects	\$ -	
122-010	Accounts receivable - HUD other projects - Operating Subsidy	\$ -	
122-020	Accounts receivable - HUD other projects - Capital fund	\$ 2,110	\$2,110
122-030	Accounts receivable - HUD other projects - Other	\$ -	
122	<b>Accounts receivable - HUD other projects</b>	<b>\$ 2,110</b>	<b>\$ 2,110</b>
124	Account receivable - other government	\$ -	
125-010	Account receivable - miscellaneous - Not For Profit	\$ -	
125-020	Account receivable - miscellaneous - Partnership	\$ -	
125-030	Account receivable - miscellaneous - Joint Venture	\$ -	
125-040	Account receivable - miscellaneous - Tax Credit	\$ -	
125-050	Account receivable - miscellaneous - Other	\$ -	
125-060	Other - Comment	\$ -	
125	<b>Account receivable - miscellaneous</b>	<b>\$ -</b>	<b>\$ -</b>
126	Accounts receivable - tenants	\$ 4,976	\$4,976
126.1	Allowance for doubtful accounts - tenants	\$ (77)	-\$77
126.2	Allowance for doubtful accounts - other	\$ -	
127	Notes, Loans, & Mortgages Receivable - Current	\$ -	
128	Fraud recovery	\$ -	
128.1	Allowance for doubtful accounts - fraud	\$ -	
129	Accrued interest receivable	\$ -	
120	<b>Total receivables, net of allowance for doubtful accounts</b>	<b>\$ 7,009</b>	<b>\$ 7,009</b>

131	Investments - unrestricted	\$ -	
132	Investments - restricted	\$ -	
135	Investments - Restricted for payment of current liability	\$ -	
142	Prepaid expenses and other assets	\$ -	
143	Inventories	\$ -	
143.1	Allowance for obsolete inventories	\$ -	
144	Inter program - due from	\$ 56,407	\$56,407
145	Assets held for sale	\$ -	
150	<b>Total Current Assets</b>	<b>\$ 91,197</b>	<b>\$ 91,197</b>

161	Land	\$ 46,724	\$46,724
162	Buildings	\$ 1,409,113	\$1,409,113
163	Furniture, equipment and machinery - dwellings	\$ 19,375	\$19,375
164	Furniture, equipment and machinery - administration	\$ 23,157	\$23,157
165	Leasehold improvements	\$ 25,544	\$25,544
166	Accumulated depreciation	\$ (655,023)	-\$655,023
167	Construction in progress	\$ -	
168	Infrastructure	\$ -	
160	<b>Total capital assets, net of accumulated depreciation</b>	<b>\$ 868,890</b>	<b>\$ 868,890</b>

171-010	Notes, Loans, & mortgages receivable - Non-current - Not For Profit	\$ -	
171-020	Notes, Loans, & mortgages receivable - Non-current - Partnership	\$ -	
171-030	Notes, Loans, & mortgages receivable - Non-current - Joint Venture	\$ -	

**Balance Sheet**

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Yellow - Colored Cells are Detail Links

Gray - Colored Cells are disallowed entry

Line Item No.	Description	Total Projects	NM030000001
171-040	Notes, Loans, & mortgages receivable - Non-current - Tax Credit	\$ -	
171-050	Notes, Loans, & mortgages receivable - Non-current - Other	\$ -	
171-060	Other - Comment		
171	<b>Notes, Loans, &amp; mortgages receivable – Non-current</b>	\$ -	\$ -
172-010	Notes, Loans, & mortgages receivable - Non-current - past due - Not For Profit	\$ -	
172-020	Notes, Loans, & mortgages receivable - Non-current - Partnership	\$ -	
172-030	Notes, Loans, & mortgages receivable - Non-current - Joint Venture	\$ -	
172-040	Notes, Loans, & mortgages receivable - Non-current - Tax Credit	\$ -	
172-050	Notes, Loans, & mortgages receivable - Non-current - Other	\$ -	
172-060	Other - Comment		
172	<b>Notes, Loans, &amp; mortgages receivable – Non-current - past due</b>	\$ -	\$ -
173	Grants receivable – Non-current	\$ -	
174-010	Other assets - Not For Profit	\$ -	
174-020	Other assets - Partnership	\$ -	
174-030	Other assets - Joint Venture	\$ -	
174-040	Other assets - Tax Credit	\$ -	
174-050	Other assets - Other	\$ -	
174-060	Other - Comment		
174	<b>Other assets</b>	\$ -	\$ -
176-010	Investment in Joint venture - Not For Profit	\$ -	
176-020	Investment in Joint venture - Partnership	\$ -	
176-030	Investment in Joint venture - Joint Venture	\$ -	
176-040	Investment in Joint venture - Tax Credit	\$ -	
176-050	Investment in Joint venture - Other	\$ -	
176-060	Other - Comment		
176	<b>Investment in joint venture</b>	\$ -	\$ -
180	<b>Total Non-current Assets</b>	\$ 868,890	\$ 868,890
190	<b>Total Assets</b>	\$ 960,087	\$ 960,087
311	Bank overdraft	\$ -	
312	Accounts payable <= 90 days	\$ 12,936	\$12,936
313	Accounts payable > 90 days past due	\$ -	
321	Accrued wage/payroll taxes payable	\$ 4,036	\$4,036
322	Accrued compensated absences - current portion	\$ 1,931	\$1,931
324	Accrued contingency liability	\$ -	
325	Accrued interest payable	\$ -	
331-010	Accounts payable - HUD PHA Programs - Operating Subsidy	\$ -	
331-020	Accounts payable - HUD PHA Programs - Capital fund	\$ -	
331-030	Accounts payable - HUD PHA Programs - Other	\$ -	
331	<b>Accounts payable - HUD PHA Programs</b>	\$ -	\$ -
332	Accounts payable - PHA Projects	\$ -	
333	Accounts payable - other government	\$ -	
341	Tenant security deposits	\$ 3,472	\$3,472
342-010	Deferred revenue - Operating Subsidy	\$ -	
342-020	Deferred revenue - Capital fund	\$ -	
342-030	Deferred revenue - Other	\$ 2,320	\$2,320
342	<b>Deferred revenue</b>	\$ 2,320	\$ 2,320
343-010	CFFP	\$ -	
343-020	Capital Projects/ Mortgage Revenue	\$ -	
343	<b>Current portion of long-term debt - capital projects/mortgage revenue bonds</b>	\$ -	\$ -
344	Current portion of long-term debt - operating borrowings	\$ -	

**Balance Sheet**

**Cyan - Colored Cells are Self - Populating**

**Yellow - Colored Cells are Detail Links**

**Gray - Colored Cells are disallowed entry**

Line Item No.	Description	Total Projects	NM030000001
345	Other current liabilities	\$ -	
346	Accrued liabilities - other	\$ -	
347	Inter program - due to	\$ -	
348-010	Loan liability - current - Not For Profit	\$ -	
348-020	Loan liability - current - Partnership	\$ -	
348-030	Loan liability - current - Joint Venture	\$ -	
348-040	Loan liability - current - Tax Credit	\$ -	
348-050	Loan liability - current - Other	\$ -	
348-060	Other - Comment		
348	<b>Loan liability - current</b>	<b>\$ -</b>	<b>\$ -</b>
310	<b>Total Current Liabilities</b>	<b>\$ 24,695</b>	<b>\$ 24,695</b>
351-010	Long-term debt - CFFP	\$ -	
351-020	Long-term - Capital Projects/ Mortgage Revenue	\$ -	
351	<b>Capital Projects/ Mortgage Revenue Bonds</b>	<b>\$ -</b>	<b>\$ -</b>
352	Long-term debt, net of current - operating borrowings	\$ -	
353	Non-current liabilities - other	\$ -	
354	Accrued compensated absences- Non-current	\$ 1,910	\$1,910
355-010	Loan liability - Non-current - Not For Profit	\$ -	
355-020	Loan liability - Non-current - Partnership	\$ -	
355-030	Loan liability - Non-current - Joint Venture	\$ -	
355-040	Loan liability - Non-current - Tax Credit	\$ -	
355-050	Loan liability - Non-current - Other	\$ -	
355-060	Other - Comment		
355	<b>Loan liability -- Non-current</b>	<b>\$ -</b>	<b>\$ -</b>
356	FASB 5 Liabilities	\$ -	
357	Accrued Pension and OPEB Liability	\$ -	
350	<b>Total Non-Current Liabilities</b>	<b>\$ 1,910</b>	<b>\$ 1,910</b>
300	<b>Total Liabilities</b>	<b>\$ 26,605</b>	<b>\$ 26,605</b>
508.1	Invested in capital assets, net of related debt	\$ 868,890	\$868,890
511.1	Restricted Net Assets	\$ -	
512.1	Unrestricted Net Assets	\$ 64,592	\$64,592
513	<b>Total Equity/Net Assets</b>	<b>\$ 933,482</b>	<b>\$ 933,482</b>
600	<b>Total Liabilities and Equity/Net assets</b>	<b>\$ 960,087</b>	<b>\$ 960,087</b>

**Income Statement**

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Line Item No.	Description	Total Projects	NM030000001	Operating Fund Program	Capital Fund Program
70300	Net tenant rental revenue	\$ 51,301	\$ 51,301	\$51,301	
70400	Tenant revenue - other	\$ -	\$ -		
70500	<b>Total Tenant Revenue</b>	<b>\$ 51,301</b>	<b>\$ 51,301</b>	<b>\$ 51,301</b>	
70600-010	Housing assistance payments	\$ -	\$ -		
70600-020	Ongoing administrative fees earned	\$ -	\$ -		
70600-030	Hard to house fee revenue	\$ -	\$ -		
70600-031	FSS Coordinator	\$ -	\$ -		
70600-040	Actual independent public accountant audit costs	\$ -	\$ -		
70600-050	Total preliminary fees earned	\$ -	\$ -		
70600-060	All other fees	\$ -	\$ -		
70600-070	Admin fee calculation description	\$ -	\$ -		
70600	<b>HUD PHA operating grants</b>	<b>\$ 82,439</b>	<b>\$ 82,439</b>	<b>\$69,201</b>	<b>\$13,238</b>
70610	Capital grants	\$ 21,216	\$ 21,216		\$21,216
70710	Management Fee	\$ -	\$ -		
70720	Asset Management Fee	\$ -	\$ -		
70730	Book-Keeping Fee	\$ -	\$ -		
70740	Front Line Service Fee	\$ -	\$ -		
70750	Other Fees	\$ -	\$ -		
70700	<b>Total Fee Revenue</b>	<b>\$ -</b>	<b>\$ -</b>		
70800	Other government grants	\$ -	\$ -		
71100-010	Housing Assistance Payment	\$ -	\$ -		
71100-020	Administrative Fee	\$ -	\$ -		
71100	<b>Investment income - unrestricted</b>	<b>\$ 265</b>	<b>\$ 265</b>	<b>\$265</b>	
71200	Mortgage interest income	\$ -	\$ -		
71300	Proceeds from disposition of assets held for sale	\$ -	\$ -		
71310	Cost of sale of assets	\$ -	\$ -		
71400-010	Housing Assistance Payment	\$ -	\$ -		
71400-020	Administrative Fee	\$ -	\$ -		
71400	<b>Fraud recovery</b>	<b>\$ -</b>	<b>\$ -</b>		
71500	Other revenue	\$ 1,889	\$ 1,889	\$1,889	
71600	Gain or loss on sale of capital assets	\$ -	\$ -		
72000-010	Housing Assistance Payment	\$ -	\$ -		
72000-020	Administrative Fee	\$ -	\$ -		
72000	<b>Investment income - restricted</b>	<b>\$ -</b>	<b>\$ -</b>		
70000	<b>Total Revenue</b>	<b>\$ 157,110</b>	<b>\$ 157,110</b>	<b>\$ 122,656</b>	<b>\$ 34,454</b>
91100	Administrative salaries	\$ 41,822	\$ 41,822	\$41,822	
91200	Auditing fees	\$ -	\$ -		
91300	Management Fee	\$ -	\$ -		
91310	Book-Keeping Fee	\$ -	\$ -		
91400	Advertising and Marketing	\$ -	\$ -		
91500	Employee benefit contributions - administrative	\$ 15,138	\$ 15,138	\$15,138	
91600	Office Expenses	\$ 4,647	\$ 4,647	\$3,375	\$1,272
91700	Legal Expense	\$ -	\$ -		
91800	Travel	\$ 4,644	\$ 4,644	\$568	\$4,076
91810	Allocated Overhead	\$ -	\$ -		
91900	Other	\$ 2,566	\$ 2,566	\$2,566	
91000	<b>Total Operating-Administrative</b>	<b>\$ 68,817</b>	<b>\$ 68,817</b>	<b>\$ 63,469</b>	<b>\$ 5,348</b>
92000	Asset Management Fee	\$ -	\$ -		
92100	Tenant services - salaries	\$ -	\$ -		
92200	Relocation Costs	\$ -	\$ -		
92300	Employee benefit contributions - tenant services	\$ -	\$ -		
92400	Tenant services - other	\$ 40	\$ 40	\$40	
92500	<b>Total Tenant Services</b>	<b>\$ 40</b>	<b>\$ 40</b>	<b>\$ 40</b>	
93100	Water	\$ 1,237	\$ 1,237	\$1,237	
93200	Electricity	\$ 2,236	\$ 2,236	\$2,236	
93300	Gas	\$ 796	\$ 796	\$796	
93400	Fuel	\$ -	\$ -		
93500	Labor	\$ -	\$ -		
93600	Sewer	\$ -	\$ -		
93700	Employee benefit contributions - utilities	\$ -	\$ -		
93800	Other utilities expense	\$ -	\$ -		

93000	<b>Total Utilities</b>	\$ 4,269	\$ 4,269	\$ 4,269	\$ -
94100	Ordinary maintenance and operations - labor	\$ 8,944	\$ 8,944	\$ 8,944	
94200	Ordinary maintenance and operations - materials and other	\$ 6,677	\$ 6,677	\$ 5,561	\$ 1,116
94300-010	Ordinary Maintenance and Operations Contracts - Garbage and Trash Removal Contracts	\$ 660	\$ 660	\$ 660	
94300-020	Ordinary Maintenance and Operations Contracts - Heating & Cooling Contracts	\$ 2,110	\$ 2,110	\$ 2,110	
94300-030	Ordinary Maintenance and Operations Contracts - Snow Removal Contracts	\$ -	\$ -		
94300-040	Ordinary Maintenance and Operations Contracts - Elevator Maintenance Contracts	\$ -	\$ -		
94300-050	Ordinary Maintenance and Operations Contracts - Landscape & Grounds Contracts	\$ -	\$ -		
94300-060	Ordinary Maintenance and Operations Contracts - Unit Turnaround Contracts	\$ 93	\$ 93	\$ 93	
94300-070	Ordinary Maintenance and Operations Contracts - Electrical Contracts	\$ 173	\$ 173	\$ 173	
94300-080	Ordinary Maintenance and Operations Contracts - Plumbing Contracts	\$ 5,071	\$ 5,071	\$ 5,071	
94300-090	Ordinary Maintenance and Operations Contracts - Extermination Contracts	\$ 113	\$ 113	\$ 113	
94300-100	Ordinary Maintenance and Operations Contracts - Janitorial Contracts	\$ 234	\$ 234	\$ 234	
94300-110	Ordinary Maintenance and Operations Contracts - Routine Maintenance Contracts	\$ -	\$ -		
94300-120	Ordinary Maintenance and Operations Contracts - Misc Contracts	\$ 2,067	\$ 2,067	\$ 2,067	
94300	<b>Ordinary Maintenance and Operations Contracts</b>	\$ 10,521	\$ 10,521	\$ 10,521	\$ -
94500	Employee benefit contribution - ordinary maintenance	\$ 748	\$ 748	\$ 748	
94000	<b>Total Maintenance</b>	\$ 26,890	\$ 26,890	\$ 25,774	\$ 1,116
95100	Protective services - labor	\$ -	\$ -		
95200	Protective services - other contract costs	\$ -	\$ -		
95300	Protective services - other	\$ -	\$ -		
95500	Employee benefit contributions - protective services	\$ -	\$ -		
95000	<b>Total Protective Services</b>	\$ -	\$ -	\$ -	\$ -
96110	Property Insurance	\$ 6,774	\$ 6,774		\$ 6,774
96120	Liability Insurance	\$ -	\$ -		
96130	Workmen's Compensation	\$ 2,427	\$ 2,427	\$ 2,427	
96140	All other Insurance	\$ -	\$ -		
96100	<b>Total Insurance Premiums</b>	\$ 9,201	\$ 9,201	\$ 2,427	\$ 6,774
96200	Other general expenses	\$ 28	\$ 28	\$ 28	
96210	Compensated absences	\$ 1,883	\$ 1,883	\$ 1,883	
96300	Payments in lieu of taxes	\$ -	\$ -		
96400	Bad debt - tenant rents	\$ 193	\$ 193	\$ 193	
96500	Bad debt - mortgages	\$ -	\$ -		
96600	Bad debt - other	\$ -	\$ -		
96800	Severance expense	\$ -	\$ -		
96000	<b>Total Other General Expenses</b>	\$ 2,104	\$ 2,104	\$ 2,104	\$ -
96710	Interest of Mortgage (or Bonds) Payable	\$ -	\$ -		
96720	Interest on Notes Payable (Short and Long Term)	\$ -	\$ -		
96730	Amortization of Bond Issue Costs	\$ -	\$ -		
96700	<b>Total Interest Expense and Amortization Cost</b>	\$ -	\$ -	\$ -	\$ -
96900	<b>Total Operating Expenses</b>	\$ 111,321	\$ 111,321	\$ 98,083	\$ 13,238
97000	<b>Excess Revenue Over Operating Expenses</b>	\$ 45,789	\$ 45,789	\$ 24,573	\$ 21,216
97100	Extraordinary maintenance	\$ -	\$ -		
97200	Casualty losses- Non-capitalized	\$ 1,650	\$ 1,650	\$ 1,650	
97300-010	Mainstream 1 & 5 year	\$ -	\$ -		
97300-020	Home-Ownership	\$ -	\$ -		
97300-025	Litigation	\$ -	\$ -		
97300-030	Hope IV	\$ -	\$ -		
97300-035	Moving to Work	\$ -	\$ -		
97300-040	Tenant Protection	\$ -	\$ -		
97300-050	All Other	\$ -	\$ -		
97300	<b>Housing assistance payments</b>	\$ -	\$ -		
97350	HAP Portability-in	\$ -	\$ -		
97400	Depreciation expense	\$ 60,196	\$ 60,196	\$ 57,064	\$ 3,132
97500	Fraud losses	\$ -	\$ -		
97800	Dwelling units rent expense	\$ -	\$ -		
90000	<b>Total Expenses</b>	\$ 173,167	\$ 173,167	\$ 156,797	\$ 16,370
10010	Operating transfer in	\$ -	\$ -		
10020	Operating transfer out	\$ -	\$ -		
10030-010	Not For Profit	\$ -	\$ -		
10030-020	Partnership	\$ -	\$ -		
10030-030	Joint Venture	\$ -	\$ -		
10030-040	Tax Credit	\$ -	\$ -		
10030-050	Other	\$ -	\$ -		
10030-060	Other - Comment	\$ -	\$ -		
10030	<b>Operating transfers from / to primary government</b>	\$ -	\$ -	\$ -	\$ -
10040	Operating transfers from / to component unit	\$ -	\$ -		
10070	Extraordinary items, net gain/loss	\$ -	\$ -		
10080	Special items, net gain/loss	\$ -	\$ -		

10091	Inter Project Excess Cash Transfer In	\$ -	\$ -		
10092	Inter Project Excess Cash Transfer Out	\$ -	\$ -		
10093	Transfers between Programs and Projects - in	\$ -	\$ -		
10094	Transfers between Programs and Projects - out	\$ -	\$ -		
10100	<b>Total other financing sources (uses)</b>	\$ -	\$ -	\$ -	\$ -
10000	<b>Excess (Deficiency) of Revenue Over (Under) Expenses</b>	\$ (16,057)	\$ (16,057)	\$ (34,141)	\$ 18,084
11020	Required Annual Debt Principal Payments	\$ -	\$ -		
11030	Beginning equity	\$ 927,330	\$ 927,330	\$ 839,674	\$ 87,656
11040-010	Prior period adjustments and correction of errors - Editable	\$ -	\$ -		
11040-020	Prior period adjustments and correction of errors - Editable	\$ -	\$ -		
11040-030	Prior period adjustments and correction of errors - Editable	\$ -	\$ -		
11040-040	Prior period adjustments and correction of errors - Editable	\$ -	\$ -		
11040-050	Prior period adjustments and correction of errors - Editable	\$ -	\$ -		
11040-060	Prior period adjustments and correction of errors - Editable	\$ -	\$ -		
11040-070	Equity Transfers	\$ -	\$ -	\$ 29,560	-\$ 29,560
11040-080	Equity Transfers	\$ -	\$ -	\$ 22,957	-\$ 22,957
11040-090	Equity Transfers	\$ -	\$ -	\$ 27,424	-\$ 27,424
11040-100	Equity Transfers	\$ 22,209	\$ 22,209		\$ 22,209
11040-110	Equity Transfers	\$ -	\$ -		
11040	<b>Prior period adjustments, equity transfers, and correction of errors</b>	\$ 22,209	\$ 22,209	\$ 79,941	\$ (57,732)
11170-001	Administrative Fee Equity- Beginning Balance	\$ -	\$ -		
11170-010	Administrative Fee Revenue	\$ -	\$ -		
11170-020	Hard to House Fee Revenue	\$ -	\$ -		
11170-021	FSS Coordinator Grant	\$ -	\$ -		
11170-030	Audit Costs	\$ -	\$ -		
11170-040	Investment Income	\$ -	\$ -		
11170-045	Fraud Recovery Revenue	\$ -	\$ -		
11170-050	Other Revenue	\$ -	\$ -		
11170-051	Comment for Other Revenue	\$ -	\$ -		
11170-060	Total Admin Fee Revenues	\$ -	\$ -		
11170-080	Total Operating Expenses	\$ -	\$ -		
11170-090	Depreciation	\$ -	\$ -		
11170-095	Housing Assistance Portability In	\$ -	\$ -		
11170-100	Other Expenses	\$ -	\$ -		
11170-101	Comment for Other Expense	\$ -	\$ -		
11170-110	Total Expenses	\$ -	\$ -		
11170-002	Net Administrative Fee	\$ -	\$ -		
11170-003	Administrative Fee Equity- Ending Balance	\$ -	\$ -		
11170	<b>Administrative Fee Equity</b>	\$ -	\$ -		
11180-001	Housing Assistance Payments Equity - Beginning Balance	\$ -	\$ -		
11180-010	Housing Assistance Payment Revenues	\$ -	\$ -		
11180-015	Fraud Recovery Revenue	\$ -	\$ -		
11180-020	Net Housing Assistance Payments	\$ -	\$ -		
11180-021	Comment for Other Revenue	\$ -	\$ -		
11180-025	Investment Income	\$ -	\$ -		
11180-030	Total HAP Revenues	\$ -	\$ -		
11180-080	Housing Assistance Payments	\$ -	\$ -		
11180-090	Other Expenses	\$ -	\$ -		
11180-091	Comments for Other Expenses	\$ -	\$ -		
11180-100	Total Housing Assistance Payments Expenses	\$ -	\$ -		
11180-002	Net Housing Assistance Payments	\$ -	\$ -		
11180-003	Housing Assistance Payments Equity-Ending Balance	\$ -	\$ -		
11180	<b>Housing Assistance Payments Equity</b>	\$ -	\$ -		
11190-210	Total ACC HCV Units	0	0		
11190-220	Unfunded Units	0	0		
11190-230	Other Adjustments	0	0		
11190	<b>Unit Months Available</b>	240	240	240	
11210	<b>Unit Months Leased</b>	231	231	231	
11270	<b>Excess Cash</b>	\$ 66,502	\$ 66,502	\$ 66,502	
11610	Land Purchases	\$ -	\$ -		
11620	Building Purchases	\$ 42,431	\$ 42,431		\$ 42,431
11630	Furniture & Equipment-Dwelling Purchases	\$ -	\$ -		
11640	Furniture & Equipment-Administrative Purchases	\$ -	\$ -		
11650	Leasehold Improvements Purchases	\$ 994	\$ 994		\$ 994
11660	Infrastructure Purchases	\$ -	\$ -		
13510	CFFP Debt Service Payments	\$ -	\$ -		
13901	Replacement Housing Factor Funds	\$ -	\$ -		



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Line Item No.	Description	Total Programs	Business Activities	Housing Choice Vouchers	Formula Capital Fund Stimulus Grant
	<b>Balance Sheet</b>				
111	Cash-unrestricted	\$ 21,693	\$4,929	\$16,764	
112	Cash-restricted-modernization and development	\$ -			
113	Cash-other restricted	\$ 131,392		\$131,392	
114	Cash-tenant security deposits	\$ -			
115	Cash - Restricted for payment of current liability	\$ -			
100	<b>Total Cash</b>	<b>\$ 153,085</b>	<b>\$ 4,929</b>	<b>\$ 148,156</b>	<b>\$ -</b>
121	Accounts receivable - PHA projects	\$ -			
122-010	Accounts receivable - HUD other projects - Operating Subsidy	\$ -			
122-020	Accounts receivable - HUD other projects - Capital fund	\$ -			
122-030	Accounts receivable - HUD other projects - Other	\$ -			
122	<b>Accounts receivable - HUD other projects</b>	<b>\$ 24,097</b>		\$1,888	\$22,209
124	Account receivable - other government	\$ -			
125-010	Account receivable - miscellaneous - Not For Profit	\$ -			
125-020	Account receivable - miscellaneous - Partnership	\$ -			
125-030	Account receivable - miscellaneous - Joint Venture	\$ -			
125-040	Account receivable - miscellaneous - Tax Credit	\$ -			
125-050	Account receivable - miscellaneous - Other	\$ -			
125-060	Other - Comment	\$ -			
125	<b>Account receivable - miscellaneous</b>	<b>\$ -</b>	<b>\$ -</b>		
126	Accounts receivable - tenants	\$ -			
126.1	Allowance for doubtful accounts - tenants	\$ -			
126.2	Allowance for doubtful accounts - other	\$ -			
127	Notes, Loans, & Mortgages Receivable - Current	\$ -			
128	Fraud recovery	\$ -			
128.1	Allowance for doubtful accounts - fraud	\$ -			
129	Accrued interest receivable	\$ 177	\$177		
120	<b>Total receivables, net of allowance for doubtful accounts</b>	<b>\$ 24,274</b>	<b>\$ 177</b>	<b>\$ 1,888</b>	<b>\$ 22,209</b>
131	Investments - unrestricted	\$ 211,808	\$211,808		
132	Investments - restricted	\$ -			
135	Investments - Restricted for payment of current liability	\$ -			
142	Prepaid expenses and other assets	\$ -			
143	Inventories	\$ -			
143.1	Allowance for obsolete inventories	\$ -			
144	Inter program - due from	\$ 3,755		\$3,755	
145	Assets held for sale	\$ -			
150	<b>Total Current Assets</b>	<b>\$ 392,922</b>	<b>\$ 216,914</b>	<b>\$ 153,799</b>	<b>\$ 22,209</b>
161	Land	\$ -			
162	Buildings	\$ -			
163	Furniture, equipment and machinery - dwellings	\$ 446	\$446		
164	Furniture, equipment and machinery - administration	\$ 13,089	\$4,275	\$8,814	
165	Leasehold improvements	\$ -			
166	Accumulated depreciation	\$ (13,360)	-\$4,546	-\$8,814	
167	Construction in progress	\$ -			
168	Infrastructure	\$ -			
160	<b>Total capital assets, net of accumulated depreciation</b>	<b>\$ 175</b>	<b>\$ 175</b>	<b>\$ -</b>	<b>\$ -</b>
171-010	Notes, Loans, & mortgages receivable - Non-current - Not For Profit	\$ -			
171-020	Notes, Loans, & mortgages receivable - Non-current - Partnership	\$ -			
171-030	Notes, Loans, & mortgages receivable - Non-current - Joint Venture	\$ -			
171-040	Notes, Loans, & mortgages receivable - Non-current - Tax Credit	\$ -			
171-050	Notes, Loans, & mortgages receivable - Non-current - Other	\$ -			
171-060	Other - Comment	\$ -			
171	<b>Notes, Loans, &amp; mortgages receivable - Non-current</b>	<b>\$ -</b>	<b>\$ -</b>		
172-010	Notes, Loans, & mortgages receivable - Non-current - past due - Not For Profit	\$ -			
172-020	Notes, Loans, & mortgages receivable - Non-current - Partnership	\$ -			
172-030	Notes, Loans, & mortgages receivable - Non-current - Joint Venture	\$ -			
172-040	Notes, Loans, & mortgages receivable - Non-current - Tax Credit	\$ -			
172-050	Notes, Loans, & mortgages receivable - Non-current - Other	\$ -			
172-060	Other - Comment	\$ -			
172	<b>Notes, Loans, &amp; mortgages receivable - Non-current - past due</b>	<b>\$ -</b>	<b>\$ -</b>		

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Line Item No.	Description	Total Programs	Business Activities	Housing Choice Vouchers	Formula Capital Fund Stimulus Grant
			1	14,871	14,885
173	Grants receivable – Non-current	\$			
174-010	Other assets - Not For Profit	\$			
174-020	Other assets - Partnership	\$			
174-030	Other assets - Joint Venture	\$			
174-040	Other assets - Tax Credit	\$			
174-050	Other assets - Other	\$			
174-060	Other - Comment				
174	Other assets	\$	\$		
176-010	Investment in Joint venture - Not For Profit	\$			
176-020	Investment in Joint venture - Partnership	\$			
176-030	Investment in Joint venture - Joint Venture	\$			
176-040	Investment in Joint venture - Tax Credit	\$			
176-050	Investment in Joint venture - Other	\$			
176-060	Other - Comment				
176	Investment in joint venture	\$	\$		
180	Total Non-current Assets	\$ 175	\$ 175	\$	\$
190	Total Assets	\$ 393,097	\$ 217,089	\$ 153,799	\$ 22,209
311	Bank overdraft	\$			
312	Accounts payable <= 90 days	\$ 1,887	\$123	\$1,764	
313	Accounts payable > 90 days past due	\$			
321	Accrued wage/payroll taxes payable	\$ 537	\$215	\$322	
322	Accrued compensated absences - current portion	\$ 643	\$257	\$386	
324	Accrued contingency liability	\$			
325	Accrued interest payable	\$			
331-010	Accounts payable - HUD PHA Programs - Operating Subsidy	\$			
331-020	Accounts payable - HUD PHA Programs - Capital fund	\$			
331-030	Accounts payable - HUD PHA Programs - Other	\$			
331	Accounts payable - HUD PHA Programs	\$			
332	Accounts payable - PHA Projects	\$			
333	Accounts payable - other government	\$			
341	Tenant security deposits	\$			
342-010	Deferred revenue - Operating Subsidy	\$			
342-020	Deferred revenue - Capital fund	\$			
342-030	Deferred revenue - Other	\$			
342	Deferred revenue	\$			
343-010	CFFP	\$			
343-020	Capital Projects/ Mortgage Revenue	\$			
343	Current portion of long-term debt - capital projects/mortgage revenue bonds	\$			
344	Current portion of long-term debt - operating borrowings	\$			
345	Other current liabilities	\$			
346	Accrued liabilities - other	\$			
347	Inter program - due to	\$ 60,162	\$27,071	\$10,882	\$22,209
348-010	Loan liability - current - Not For Profit	\$			
348-020	Loan liability - current - Partnership	\$			
348-030	Loan liability - current - Joint Venture	\$			
348-040	Loan liability - current - Tax Credit	\$			
348-050	Loan liability - current - Other	\$			
348-060	Other - Comment				
348	Loan liability - current	\$	\$		
310	Total Current Liabilities	\$ 63,229	\$ 27,666	\$ 13,354	\$ 22,209
351-010	Long-term debt - CFFP	\$			
351-020	Long-term - Capital Projects/ Mortgage Revenue	\$			
351	Capital Projects/ Mortgage Revenue Bonds	\$			
352	Long-term debt, net of current - operating borrowings	\$			
353	Non-current liabilities - other	\$			
354	Accrued compensated absences- Non-current	\$ 509	\$204	\$305	
355-010	Loan liability - Non-current - Not For Profit	\$			
355-020	Loan liability - Non-current - Partnership	\$			
355-030	Loan liability - Non-current - Joint Venture	\$			
355-040	Loan liability - Non-current - Tax Credit	\$			
355-050	Loan liability - Non-current - Other	\$			
355-060	Other - Comment				



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Line Item No.	Description	Total Programs	1	14,871	14,885
			Business Activities	Housing Choice Vouchers	Formula Capital Fund Stimulus Grant
355	Loan liability -- Non-current	\$ -	\$ -		
356	FASB 5 Liabilities	\$ -			
357	Accrued Pension and OPEB Liability	\$ -			
350	<b>Total Non-current liabilities</b>	\$ 509	\$ 204	\$ 305	\$ -
300	<b>Total Liabilities</b>	\$ 63,738	\$ 27,870	\$ 13,659	\$ 22,209
508.1	Invested in capital assets, net of related debt	\$ 175	\$ 175		
511.1	Restricted Net Assets	\$ 131,393		\$ 131,393	
512.1	Unrestricted Net Assets	\$ 197,791	\$ 189,044	\$ 8,747	
513	<b>Total Equity/Net Assets</b>	\$ 329,359	\$ 189,219	\$ 140,140	\$ -
600	<b>Total Liabilities and Equity/Net assets</b>	\$ 393,097	\$ 217,089	\$ 153,799	\$ 22,209

Income Statement					
70300	Net tenant rental revenue	\$ -			
70400	Tenant revenue - other	\$ -			
70500	<b>Total Tenant Revenue</b>	\$ -	\$ -	\$ -	\$ -

70600-010	Housing assistance payments	\$ 352,520		\$ 352,520	
70600-020	Ongoing administrative fees earned	\$ 40,343		\$ 40,343	
70600-030	Hard to house fee revenue	\$ -			
70600-031	FSS Coordinator	\$ -			
70600-040	Actual independent public accountant audit costs	\$ -			
70600-050	Total preliminary fees earned	\$ -			
70600-060	All other fees	\$ -			
70600-070	Admin fee calculation description	\$ -			
70600	<b>HUD PHA operating grants</b>	\$ 392,863		\$ 392,863	

70610	Capital grants	\$ 22,209			\$ 22,209
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70710	Management Fee	\$ -			
70720	Asset Management Fee	\$ -			
70730	Book-Keeping Fee	\$ -			
70740	Front Line Service Fee	\$ -			
70750	Other Fees	\$ -			
70700	<b>Total Fee Revenue</b>	\$ -			

70800	Other government grants	\$ -			
71100-010	Housing Assistance Payment	\$ -			
71100-020	Administrative Fee	\$ 30		\$ 30	
71100	<b>Investment income - unrestricted</b>	\$ 7,128	\$ 7,098	\$ 30	
71200	Mortgage interest income	\$ -			
71300	Proceeds from disposition of assets held for sale	\$ -			
71310	Cost of sale of assets	\$ -			
71400-010	Housing Assistance Payment	\$ 354		\$ 354	
71400-020	Administrative Fee	\$ 354		\$ 354	
71400	<b>Fraud recovery</b>	\$ 708		\$ 708	
71500	Other revenue	\$ -			
71600	Gain or loss on sale of capital assets	\$ -			
72000-010	Housing Assistance Payment	\$ 1,371		\$ 1,371	
72000-020	Administrative Fee	\$ -			
72000	<b>Investment income - restricted</b>	\$ 1,371		\$ 1,371	
70600	<b>Total Revenue</b>	\$ 424,279	\$ 7,098	\$ 394,972	\$ 22,209

91100	Administrative salaries	\$ 19,165	\$ 4,128	\$ 15,037	
91200	Auditing fees	\$ -			
91300	Management Fee	\$ -			
91310	Book-Keeping Fee	\$ -			
91400	Advertising and Marketing	\$ -			
91500	Employee benefit contributions - administrative	\$ 8,586	\$ 1,933	\$ 6,653	
91600	Office Expenses	\$ 8,522		\$ 8,522	
91700	Legal Expense	\$ -			

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Line Item No.	Description	Total Programs	1	14,871	14,885
			Business Activities	Housing Choice Vouchers	Formula Capital Fund Stimulus Grant
91800	Travel	\$ 1,703		\$1,703	
91810	Allocated Overhead	\$ -			
91900	Other	\$ 7,286	\$510	\$6,776	
91000	<b>Total Operating-Administrative</b>	<b>\$ 45,262</b>	<b>\$ 6,571</b>	<b>\$ 38,691</b>	<b>\$ -</b>
92000	Asset Management Fee	\$ -			
92100	Tenant services - salaries	\$ -			
92200	Relocation Costs	\$ -			
92300	Employee benefit contributions - tenant services	\$ -			
92400	Tenant services - other	\$ -			
92500	<b>Total Tenant Services</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
93100	Water	\$ -			
93200	Electricity	\$ -			
93300	Gas	\$ -			
93400	Fuel	\$ -			
93500	Labor	\$ -			
93600	Sewer	\$ -			
93700	Employee benefit contributions - utilities	\$ -			
93800	Other utilities expense	\$ -			
93000	<b>Total Utilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
94100	Ordinary maintenance and operations - labor	\$ -			
94200	Ordinary maintenance and operations - materials and other	\$ -			
94300-010	Ordinary Maintenance and Operations Contracts - Garbage and Trash Removal Contracts	\$ -			
94300-020	Ordinary Maintenance and Operations Contracts - Heating & Cooling Contracts	\$ -			
94300-030	Ordinary Maintenance and Operations Contracts - Snow Removal Contracts	\$ -			
94300-040	Ordinary Maintenance and Operations Contracts - Elevator Maintenance Contracts	\$ -			
94300-050	Ordinary Maintenance and Operations Contracts - Landscape & Grounds Contracts	\$ -			
94300-060	Ordinary Maintenance and Operations Contracts - Unit Turnaround Contracts	\$ -			
94300-070	Ordinary Maintenance and Operations Contracts - Electrical Contracts	\$ -			
94300-080	Ordinary Maintenance and Operations Contracts - Plumbing Contracts	\$ -			
94300-090	Ordinary Maintenance and Operations Contracts - Extermination Contracts	\$ -			
94300-100	Ordinary Maintenance and Operations Contracts - Janitorial Contracts	\$ -			
94300-110	Ordinary Maintenance and Operations Contracts - Routine Maintenance Contracts	\$ -			
94300-120	Ordinary Maintenance and Operations Contracts - Misc Contracts	\$ -			
94300	<b>Ordinary Maintenance and Operations Contracts</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
94500	Employee benefit contribution - ordinary maintenance	\$ -			
94000	<b>Total Maintenance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
95100	Protective services - labor	\$ -			
95200	Protective services - other contract costs	\$ -			
95300	Protective services - other	\$ -			
95500	Employee benefit contributions - protective services	\$ -			
95000	<b>Total Protective Services</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
96110	Property Insurance	\$ -			
96120	Liability Insurance	\$ -			
96130	Workmen's Compensation	\$ 940	\$236	\$704	
96140	All Other Insurance	\$ -			
96100	<b>Total Insurance Premiums</b>	<b>\$ 940</b>	<b>\$ 236</b>	<b>\$ 704</b>	<b>\$ -</b>
96200	Other general expenses	\$ -			
96210	Compensated absences	\$ 120	\$120		
96300	Payments in lieu of taxes	\$ -			
96400	Bad debt - tenant rents	\$ -			
96500	Bad debt - mortgages	\$ -			
96600	Bad debt - other	\$ -			
96800	Severance expense	\$ -			

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Line Item No.	Description	Total Programs	Business Activities	Housing Choice Vouchers	Formula Capital Fund Stimulus Grant
			1	-14,871	14,885
96000	Total Other General Expenses	\$ 120	\$ 120	\$ -	\$ -
96710	Interest of Mortgage (or Bonds) Payable	\$ -			
96720	Interest on Notes Payable (Short and Long Term)	\$ -			
96730	Amortization of Bond Issue Costs	\$ -			
96700	Total Interest Expense and Amortization Cost	\$ -	\$ -	\$ -	\$ -
96900	Total Operating Expenses	\$ 46,322	\$ 6,927	\$ 39,395	\$ -
97000	Excess Revenue Over Operating Expenses	\$ 377,957	\$ 171	\$ 355,577	\$ 22,209
97100	Extraordinary maintenance	\$ -			
97200	Casualty losses- Non-capitalized	\$ -			
97300-010	Mainstream 1 & 5 year	\$ -			
97300-020	Home-Ownership	\$ -			
97300-025	Litigation	\$ -			
97300-030	Hope IV	\$ -			
97300-035	Moving to Work	\$ -			
97300-040	Tenant Protection	\$ -			
97300-050	All Other	\$ 335,417		\$ 335,417	
97300	Housing assistance payments	\$ 335,417		\$ 335,417	
97350	HAP Portability-in	\$ -			
97400	Depreciation expense	\$ 66	\$ 64	\$ 2	
97500	Fraud losses	\$ -			
97800	Dwelling units rent expense	\$ -			
90000	Total Expenses	\$ 381,805	\$ 6,991	\$ 374,814	\$ -
10010	Operating transfer in	\$ -			
10020	Operating transfer out	\$ -			
10030-010	Not For Profit	\$ -			
10030-020	Partnership	\$ -			
10030-030	Joint Venture	\$ -			
10030-040	Tax Credit	\$ -			
10030-050	Other	\$ -			
10030-060	Other Comment	\$ -			
10030	Operating transfers from / to primary government	\$ -	\$ -		
10040	Operating transfers from / to component unit	\$ -			
10070	Extraordinary items, net gain/loss	\$ -			
10080	Special items, net gain/loss	\$ -			
10091	Inter Project Excess Cash Transfer In	\$ -			
10092	Inter Project Excess Cash Transfer Out	\$ -			
10093	Transfers between Programs and Projects - in	\$ -			
10094	Transfers between Programs and Projects - out	\$ -			
10100	Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	\$ 42,474	\$ 107	\$ 20,158	\$ 22,209
11020	Required Annual Debt Principal Payments	\$ -			
11030	Beginning equity	\$ 309,094	\$ 189,112	\$ 119,982	\$ 0
11040-010	Prior period adjustments and correction of errors - Editable	\$ -			
11040-020	Prior period adjustments and correction of errors - Editable	\$ -			
11040-030	Prior period adjustments and correction of errors - Editable	\$ -			
11040-040	Prior period adjustments and correction of errors - Editable	\$ -			
11040-050	Prior period adjustments and correction of errors - Editable	\$ -			
11040-060	Prior period adjustments and correction of errors - Editable	\$ -			
11040-070	Equity Transfers	\$ (22,209)			\$ -22,209
11040-080	Equity Transfers	\$ -			
11040-090	Equity Transfers	\$ -			
11040-100	Equity Transfers	\$ -			
11040-110	Equity Transfers	\$ -			
11040	Prior period adjustments, equity transfers, and correction of errors	\$ (22,209)	\$ -	\$ -	\$ (22,209)
11170-001	Administrative Fee Equity- Beginning Balance	\$ 7,417		\$ 7,417	

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Line Item No.	Description	Total Programs	1	14.871	14.885
			Business Activities	Housing Choice Vouchers	Formula Capital Fund Stimulus Grant
11170-010	Administrative Fee Revenue	\$ 40,343		\$ 40,343	
11170-020	Hard to House Fee Revenue	\$ -		\$ -	
11170-021	FSS Coordinator Grant	\$ -		\$ -	
11170-030	Audit Costs	\$ -		\$ -	
11170-040	Investment Income	\$ 30		\$ 30	
11170-045	Fraud Recovery Revenue	\$ 354		\$ 354	
11170-050	Other Revenue	\$ -		\$ -	
11170-051	Comment for Other Revenue	\$ -		\$ -	
11170-060	Total Admin Fee Revenues	\$ 40,727		\$ 40,727	
11170-080	Total Operating Expenses	\$ 39,395		\$ 39,395	
11170-090	Depreciation	\$ 2		\$ 2	
11170-095	Housing Assistance Portability In	\$ -		\$ -	
11170-100	Other Expenses	\$ -		\$ -	
11170-101	Comment for Other Expense	\$ -		\$ -	
11170-110	Total Expenses	\$ 39,397		\$ 39,397	
11170-002	Net Administrative Fee	\$ 1,330		\$ 1,330	
11170-003	Administrative Fee Equity- Ending Balance	\$ 8,747		\$ 8,747	
11170	Administrative Fee Equity	\$ 8,747		\$ 8,747	
11180-001	Housing Assistance Payments Equity - Begining Balance	\$ 112,565		\$ 112,565	
11180-010	Housing Assistance Payment Revenues	\$ 352,520		\$ 352,520	
11180-015	Fraud Recovery Revenue	\$ 354		\$ 354	
11180-020	Other Revenue	\$ -		\$ -	
11180-021	Comment for Other Revenue	\$ -		\$ -	
11180-025	Investment Income	\$ 1,371		\$ 1,371	
11180-030	Total HAP Revenues	\$ 354,245		\$ 354,245	
11180-080	Housing Assistance Payments	\$ 335,417		\$ 335,417	
11180-090	Other Expenses	\$ -		\$ -	
11180-091	Comments for Other Expenses	\$ -		\$ -	
11180-100	Total Housing Assistance Payments Expenses	\$ 335,417		\$ 335,417	
11180-002	Net Housing Assistance Payments	\$ 18,828		\$ 18,828	
11180-003	Housing Assistance Payments Equity-Ending Balance	\$ 131,393		\$ 131,393	
11180	Housing Assistance Payments Equity	\$ 131,393		\$ 131,393	
11190-210	Total ACC HCV Units	1176		1,176	
11190-220	Unfunded Units	-290		-290	
11190-230	Other Adjustments	0			
11190	Unit Months Available	886		886	
11210	Unit Months Leased	843		843	
11270	Excess Cash	\$ -		\$ -	
11610	Land Purchases	\$ -		\$ -	
11620	Building Purchases	\$ -		\$ -	
11630	Furniture & Equipment-Dwelling Purchases	\$ -		\$ -	
11640	Furniture & Equipment-Administrative Purchases	\$ -		\$ -	
11650	Leasehold Improvements Purchases	\$ -		\$ -	
11660	Infrastructure Purchases	\$ -		\$ -	
13510	CFFP Debt Service Payments	\$ -		\$ -	
13901	Replacement Housing Factor Funds	\$ -		\$ -	

**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***

Mr. Hector H. Balderas, State Auditor and  
The Mayor and City Council  
City of Grants  
Grants, New Mexico

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund and the combining and individual funds presented as supplementary information of the City of Grants (the "City") as of and for the year ended June 30, 2009, and have issued our report thereon dated November 18, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting, findings 2009-01, 2009-02, and 2009-03.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Mr. Hector H. Balderas, State Auditor and  
The Mayor and City Council  
City of Grants  
Grants, New Mexico  
Page Two

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2008-03 and 2008-04.

The City of Grants' responses to the findings identified in our audit were described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the City Council, the State Auditor, the New Mexico Legislature, the New Mexico Department of Finance and Administration, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Kriegel (Gray) Shaw & Co., P. C.*  
Kriegel/Gray/Shaw & Co., P.C.

November 18, 2009

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Mr. Hector H. Balderas, State Auditor and  
The Mayor and City Council  
City of Grants  
Grants, New Mexico

**Compliance**

We have audited the compliance of the City of Grants with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The City of Grants' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Grants' management. Our responsibility is to express an opinion on the City of Grants' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Grants' compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Grants' compliance with those requirements.

In our opinion, the City of Grants complied in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

**Internal Control Over Compliance**

The management of the City of Grants is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Grants' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Mr. Hector H. Balderas, State Auditor and  
The Mayor and City Council  
City of Grants  
Grants, New Mexico  
Page Two

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affect the entity's ability to administer a federal program such that there is more than a remote likelihood that non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the City Council, the State Auditor, the New Mexico Legislature, the New Mexico Department of Finance and Administration, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
Kriegel/Gray/Shaw & Co., P.C.

November 18, 2009



**CITY OF GRANTS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**SECTION I – SUMMARY OF AUDITOR'S RESULTS**

**FINANCIAL STATEMENTS**

Type of Auditor's Report issued: **Unqualified**

**Internal Control Over Financial Reporting:**

Material weakness(es) identified? \_\_\_\_\_ Yes   X   No

Significant deficiencies identified that are not considered to be material weaknesses?   X   Yes \_\_\_\_\_ No

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes   X   No

**FEDERAL AWARDS**

**Internal Control Over Major Programs:**

Material weakness(es) identified? \_\_\_\_\_ Yes   X   No

Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes   X   No

Type of Auditor's Report issued on compliance for major programs: **Unqualified**

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? \_\_\_\_\_ Yes   X   No

**Identification of Major Programs:**

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
12.xxx	Sec 595 Water Resources Development Act
14.288	Community Development Block Grant – Storm Water Drainage Improvement Program
14.871	Section 8 Rental Voucher Program
14.850	Low Rent Public Housing Operating Subsidy

Dollar threshold used to distinguish between Type A and Type B Programs: \$300,000.00

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes   X   No

**CITY OF GRANTS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

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**CURRENT YEAR SIGNIFICANT DEFICIENCIES:**

**2009-01 Payout of Sick Leave**

**Statement of Condition** – Public Safety employees are allowed to cash out sick leave in addition to working full regular hours.

**Criteria** – Sick leave is intended to supplement the regular established work hours not enhance a fully worked pay period.

**Cause** – Unusual work hours and fill in hours when employee calls in sick.

**Effect** – The employees are cashing out sick leave otherwise not payable by policy. Potential exists for abuse in allowing employees to supplement their pay.

**Recommendation** – The City should clarify the sick leave policy and apply the policy consistently.

**Management's Response** – The City's sick leave policies allow all employees to use accrued sick leave for absences during scheduled work hours due to illness, injury or medical appointments. Consistent with its policies, the City allows Public Safety employees to use accrued sick leave for absences during scheduled work hours due to illness, injury or medical appointments. The City will continue to monitor the use of sick leave by its Public Safety employees to ensure compliance with City policies.

**CITY OF GRANTS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

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**CURRENT YEAR SIGNIFICANT DEFICIENCIES (CONTINUED):**

**2009-02 Commission Appointed Committees Expending City Funds**

**Statement of Condition** – A Commission appointed committee is committing and expending City funds outside of the purchasing system. The committee purchased plants in the amount of \$6,358. Subsequently, the committee presented the receipts to the City for payment.

**Criteria** – Good internal controls require that all purchases be made through the City’s purchasing system and that all purchases are made by City personnel.

**Cause** – The committee was inadvertently given authority to make purchases on behalf of the City by the Commission

**Effect** – Potential for the committee to inappropriately commit City funds and violate procurement policies.

**Recommendation** – The Commission should revisit all ordinances that establish committees to ensure that they are operating only in an advisory capacity and are not making commitments on behalf of the City.

**Management’s Response** – The City of Grants will no longer allow the Committee to purchase items. Purchases will be done through the Accounting and Finance Purchasing department. The City will review all ordinances to ensure that all committees are acting in an advisory capacity only.

**CITY OF GRANTS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

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**CURRENT YEAR SIGNIFICANT DEFICIENCIES (CONTINUED):**

**2009-03 Sole Source Not Documented**

**Statement of Condition** – During our testwork of procurement, we noted one purchase (1 of 15) which was processed as sole source but was not clearly documented.

**Criteria** – City procurement policy and procedures require a written explanation for sole source purchases as to the review of the available sources and why there is only one source for the procurement.

**Cause** – Oversight.

**Effect** – Lack of clear documentation provides the potential for non-qualifying purchases to be accepted as sole source in violation of procurement requirements.

**Recommendation** – All sole source purchases should clearly document the reasons for such prior to final approval. In addition, we would recommend that the City maintain a log of all sole source and emergency purchases to provide additional perspective and oversight to those purchases requiring special treatment.

**Management's Response** – The City will maintain a log for all Sole Source and Emergency purchases. The City currently requires sole and emergency purchases documentation that is filed with the purchasing department.

**CITY OF GRANTS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

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**CURRENT STATUS ON PRIOR YEAR FINDINGS:**

**2008-01 Lump Sum Payment to Employee – Not Part of Payroll**

Resolved and not repeated.

**2008-02 Disbursement Checks Post Dated**

Resolved and not repeated.

**2008-03 Terminated Employees Not Paid Within Five-Day Requirement**

Repeated with modification.

**Statement of Condition** – Four terminated employees (involuntary terminations) were not paid their final pay within the required five days. We tested fifteen terminations (5 resignations, 10 involuntary terminations).

**Criteria** – NMSA 1978 Section 50-4-4 says employers must be paid within five days from the day they are discharged.

**Cause** – Lack of timely communication between department and finance.

**Effect** – Potential for the employee to make a claim for additional compensation.

**Recommendation** – The City should establish and implement a policy that all forced terminations are to be paid within five days of termination.

**Management's Response** – The City of Grants will continue to work towards establishing a policy that will comply with NMSA Section 50-4-4. The City currently has some difficulty with paying temporary summer recreational workers that terminate through out the summer months in the required five days.

**CITY OF GRANTS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

---

**CURRENT STATUS ON PRIOR YEAR FINDINGS (CONTINUED):**

**NON-COMPLIANCE**

**2008-04 Budgeted Expenditures Exceeded**

Repeated with modification.

**Statement of Condition** – The City exceeded its budget in the Low Rent Program (by \$2,663).

**Criteria** – The budget provisions as stated in 6-6-6 NMSA 1978 require that expenditures at the fund level cannot exceed budget expenditures.

**Cause** – The Housing Authority, although a part of the City, budgets in accordance with HUD requirements, which uses a budget only as a guideline.

**Effect** – Noncompliance with New Mexico budgeting statutes.

**Recommendation** – The City should adopt budgets and monitor and amend those budgets in accordance with New Mexico State Statutes.

**Management's Response** – The City of Grants will continue to monitor all budgets to ensure that there are no budgeted fund amounts that are exceeded. The City currently reviews all budgets per funds.

**CITY OF GRANTS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

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**CURRENT YEAR FINDINGS AND QUESTIONED COSTS –  
MAJOR FEDERAL AWARD PROGRAM AUDIT:**

None.

**PRIOR YEAR FINDINGS AND QUESTIONED COSTS –  
MAJOR FEDERAL AWARD PROGRAM AUDIT:**

None.

**CITY OF GRANTS**  
**EXIT CONFERENCE**  
**JUNE 30, 2009**

**EXIT CONFERENCE:**

The exit conference was held November 19, 2009 and was attended by the following:

**From City of Grants:**

Ron Ortiz, Councilman  
Bob Horacek, City Manager  
Michelle Lucero, Systems Analyst

**From Kriegel/Gray/Shaw & Co., P.C.:**

Debbie Gray, CPA, Shareholder

**FINANCIAL STATEMENTS PREPARATION**

Preparation of financial statements is the responsibility of management. Although, the City of Grants' personnel provided significant assistance in the preparation, the statements and related footnotes were prepared by Kriegel/Gray/Shaw & Co., P.C.