



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

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**STATE OF NEW MEXICO
CITY OF GRANTS**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2010

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CITY OF GRANTS
OFFICIAL ROSTER
JUNE 30, 2010

ELECTED OFFICIALS

<u>Name</u>	<u>Title</u>
<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, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the City of Grants (the "City"), as of and for the year ended June 30, 2010, 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 the budgetary comparisons for the major capital project fund, major proprietary funds, and all nonmajor funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards, generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons of the general fund and major special revenue funds 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital projects fund, major proprietary funds, and all nonmajor 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, 2010 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 are 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. 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.

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

November 18, 2010

CITY OF GRANTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010

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, 2010.

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 \$1,462,990 less than the \$10,794,337 generated in taxes and other revenues for governmental programs.
- In the City's business-type activities, revenues increased 2% to \$6,159,471 while expenses increased 11%.
- The general fund reported a surplus this year of \$309,780.

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, 2010

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, 2010

Government-Wide Financial Analysis

City of Grants
Summary of Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009 Restated	2010	2009 Restated	2010	2009 Restated
Assets:						
Current assets and other assets	\$10,183,041	\$9,730,914	\$3,725,831	\$3,515,300	\$13,908,872	\$13,246,214
Capital	37,312,498	36,416,217	16,873,791	17,012,441	54,186,289	53,428,658
<i>Total assets</i>	\$47,495,539	\$46,147,131	\$20,599,622	\$20,527,741	\$68,095,161	\$66,674,872
Liabilities:						
Current and other liabilities	\$1,093,688	\$1,112,374	\$1,191,709	\$1,137,216	\$2,285,397	\$2,249,590
Long-term liabilities	1,308,193	1,404,089	3,262,147	3,453,446	4,570,340	4,857,535
<i>Total liabilities</i>	2,401,881	2,516,463	4,453,856	4,590,662	6,855,737	7,107,125
Net Assets:						
Invested in capital assets, net of related debt	36,075,304	35,212,799	13,136,086	13,120,837	49,211,390	48,333,636
Restricted net assets	1,743,456	1,209,946	736,391	701,579	2,479,847	1,911,525
Unrestricted net assets	7,274,898	7,207,923	2,273,289	2,114,663	9,548,187	9,322,586
<i>Total net assets</i>	45,093,658	43,630,668	16,145,766	15,937,079	61,239,424	59,567,747
<i>Total liabilities and net assets</i>	\$47,495,539	\$46,147,131	\$20,599,622	\$20,527,741	\$68,095,161	\$66,674,872

Capital assets (net of accumulated depreciation) make up 78% 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 2.4% for fiscal year ending June 30, 2010. This ratio aids management in gauging the effectiveness of its use of assets.

In the Governmental activities total liabilities have been decreased by 3.4% due to a decrease in the settlement payable. Total assets have increased in 2010 due to the following factors. Taxes increased in 2010 by \$741,767, Grants and contributions decreased by \$3,808,072, and charges for services increased by \$30,854. Investment income decreased in fiscal year 2010 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 2010 compared to 2009.

Net assets for business-type activities have increased by \$208,687, an increase of 1.30%. The increase is due primarily to a five-year rate increase for water, wastewater and refuse implemented in fiscal year 2007-2008. Overall, liabilities were reduced due to annual reductions in long-term debt. Additional debt was incurred in fiscal year 2010, to purchase golf course equipment and golf carts through the use of capital leases.

CITY OF GRANTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010

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 2009 were \$7,907,865 and \$8,004,647 in 2010, a slight increase of \$96,782 (1.2%) for comparative years. The majority of the difference is due to an increase in taxes.

Expenditures in the General Fund for fiscal year 2009 were \$6,671,833 and \$6,152,233 for fiscal year 2010, a decrease of \$519,600 (7.8%). The decrease was due primarily to a conscious effort to maintain expenditure levels in a declining economy. The General Fund fund balance increased in 2010 in the amount of \$309,780 with revenues exceeding expenditures less transfers for an ending fund balance of \$5,630,472 as of June 30, 2010.

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 2008/2009 the City accounted for \$967,942 in federal grant revenues and \$2,087,362 in state grants for total grant revenues of \$3,055,304. In fiscal year 2009/2010 the total grant revenues of \$1,589,396 consisted of federal grant revenues of \$836,431 and state grant revenues of \$752,964.

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 2008/2009 were \$2,749,144. 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 2009/2010 were \$2,094,896 with an additional capital transfer out of \$248,668. 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 Nimitz Bridge, roads, city hall building, downtown masterplan, airport improvements, street drainage projects, and various other small equipment purchases.

UTILITY FUND

The Utility Fund is used to account for all water, sewer and refuse revenues and expenses. It is a major proprietary fund for the City. Total operating revenues for 2008/2009 fiscal year were \$5,499,305 and \$5,696,211 for 2009/2010; an increase of \$196,906 (3.6%). 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 2008 and continued through January 2010. Net income increased only slightly for 2010 versus 2009 by \$1,800. Operating expenses increased in fiscal year 2009/2010 compared to 2008/2009 by \$538,653, which is 11.6%.

CITY OF GRANTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010

General Fund Budgetary Highlights

The City of Grants total actual expenditures for fiscal year 2009/2010 were 2.1% under the budgeted expenditure amounts for the year. Public safety is responsible for 35.3% and general government is responsible for 21.9% of the General Fund expenditures.

The City's total state shared and other tax amount for fiscal year 2009/2010 increased by 5.6% over fiscal year 2008/2009. The Grants economy continued to show growth in spite of the overall economic down turns in the State and County.

There were no variations between original and final budget amounts per the General Fund Statement of Revenues and Expenditures. Actual Expenditures were 2% under final budget amounts.

CITY OF GRANTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010

City of Grants
Summary of Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009 Restated	2010	2009 Restated	2010	2009 Restated
Revenues:						
Program Revenues:						
Charges for services	\$1,297,433	\$1,266,579	\$6,072,468	\$5,850,008	\$7,369,901	\$7,116,587
Operating grants and contributions	1,394,042	1,394,479	64,444	69,201	1,458,486	1,463,680
Capital grants and contributions	1,589,396	5,397,031	0	0	1,589,396	5,397,031
General Revenue:						
Taxes	7,066,567	6,324,800	0	0	7,066,567	6,324,800
Investment income	51,764	94,589	15,818	41,953	67,582	136,542
Miscellaneous	(438,798)	265,647	6,690	(356,309)	432,108	(90,662)
<i>Total revenue</i>	10,960,404	14,743,125	6,159,420	5,604,853	17,119,824	20,347,978
Expenses:						
General Government	2,501,508	4,491,063	0	0	2,501,508	4,491,063
Public Safety	2,455,282	2,521,524	0	0	2,455,282	2,521,524
Public Works	2,277,864	534,160	0	0	2,277,864	534,160
Health and Welfare	992,066	1,068,673	0	0	992,066	1,068,673
Culture and Recreation	1,051,987	682,320	0	0	1,051,987	682,320
Interest and fees on long-term debt	52,640	54,498	0	0	52,640	54,498
Water, sewer and refuse	0	0	5,253,171	4,695,075	5,253,171	4,695,075
Golf	0	0	701,273	615,883	701,273	615,883
Rental	0	0	162,356	141,154	162,356	141,154
<i>Total expenses</i>	9,331,347	9,352,238	6,116,800	5,452,112	15,448,147	14,804,350
Increase in net assets before transfers	1,629,057	5,390,887	42,620	152,741	1,671,677	5,543,628
Transfers	(166,067)	(1,519,321)	166,067	1,519,321	0	0
<i>Change in Net Assets</i>	1,462,990	3,871,566	208,687	1,672,062	1,671,677	5,543,628
Net Assets – July 1	43,630,668	39,759,102	15,937,079	14,439,012	59,567,747	54,198,114
Restatements	0	0	0	(173,995)	0	(173,995)
Net Assets – July 1, restated	43,630,668	39,759,102	15,937,079	14,265,017	59,567,747	54,024,119
<i>Net Assets - June 30</i>	\$45,093,658	\$43,630,668	\$16,145,766	\$15,937,079	\$61,239,424	\$59,567,747

CITY OF GRANTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010

Government Activities

Revenue received from program and general activities was predominantly less than expenses for fiscal year 2010, with the exception of capital grants where amounts expended have been capitalized.

Business-Type Activities

Business-type activities income before transfers increased the City's net assets by \$42,620. 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 \$9,296,245, 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, 2010 amounted to \$37,212,498. 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:

- Street Improvements and Drainage Projects
- Airport Improvement
- Fire Truck Purchase

CITY OF GRANTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010

Long-term Debt

The City's total debt (excluding compensated absences and leases payable) as of June 30, 2010 is \$4,620,971, which decreased by \$428,190, which represents payments of outstanding debt. The majority of this amount is due to the outstanding loan amount of \$2,993,777 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 bonds during the current fiscal year. The City has no general obligation bonds outstanding at June 30, 2010. The City did borrow \$203,000 from New Mexico Finance Authority to purchase a fire truck.

City of Grants
Outstanding Bonds and Liabilities to Financial Institutions

	Governmental Activities		Business-type Activities		Total Activities	
	2010	2009	2010	2009	2010	2009
Revenue Bonds	\$555,000	\$685,000	\$390,000	\$510,000	\$945,000	\$1,195,000
General Obligation Bonds	0	0	0	0	0	0
Notes Payable	479,194	518,418	2,993,777	3,335,743	3,472,971	3,854,161
NMFA – Fire Truck	203,000	0	0	0	203,000	0
Capital Leases	0	0	353,928	45,859	353,928	45,859
Total	\$1,237,194	\$1,203,418	\$3,737,705	\$3,891,602	\$4,974,899	\$5,095,020

Economic Factors

The City of Grants base gross receipts taxes which is the City's Largest resource increased by 2% from fiscal year 2006/2007 to fiscal year 2007/2008, 2% from fiscal year 2007/2008 to fiscal year 2008/2009, 4.5% from fiscal year 2008/2009 to fiscal year 2009/2010. The current fiscal year shows a moderate rate increase. In the overall economic difficulties being experience in other municipalities in New Mexico 4.5 % is positive growth for the City.

The City's comparison of gross receipts for 2008/2009 to fiscal year 2009/2010 excluding construction gross receipts is an increase of 7.7% in fiscal 2009/2010. The city continues to maintain consistency in their collections. There is no one main indicator that explains the above mentioned overall 4.5% increase. The City continues to promote economic development in aggressively supporting Cibola Communities Economic Development Foundation.

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 2008. The City makes every effort possible to ensure that the resources available are maximized to provide services to the public.

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 information should be addressed to the City of Grants, City Manager at 600 West Santa Fe Avenue, Grants, and New Mexico 87020.

CITY OF GRANTS
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Cash and investments	\$7,499,737	\$1,755,139	\$9,254,876
Cash held with trustee	496,311	191,331	687,642
Investments	0	215,149	215,149
Grant revenue receivable	0	0	0
Accounts receivable, net	880,596	0	880,596
State taxes receivable	1,307,077	529,273	1,836,350
Property taxes receivable	0	0	0
Interest receivable	0	364	364
Internal balances	(14,686)	14,686	0
Inventories	0	71,351	71,351
Other assets	14,006	0	14,006
Restricted Assets:			
Cash - loan reserve environmental division	0	736,329	736,329
Cash - customer deposits	0	212,209	212,209
Capital Assets:			
Capital assets not depreciated	5,130,988	5,799,414	10,930,402
Capital assets, depreciated	44,136,619	30,831,334	74,967,953
Accumulated depreciation	(11,955,109)	(19,756,957)	(31,712,066)
<i>Total capital assets</i>	37,312,498	16,873,791	54,186,289
<i>Total assets</i>	47,495,539	20,599,622	68,095,161
Liabilities			
Accounts payable	506,744	390,364	897,108
Accrued payroll	316,046	41,598	357,644
Customer deposits	0	216,708	216,708
Settlement payable	50,000	0	50,000
Prepaid rents	0	13	13
Long-term liabilities:			
Due within one year	220,898	543,026	763,924
Due in more than one year	1,308,193	3,262,147	4,570,340
<i>Total liabilities</i>	2,401,881	4,453,856	6,855,737
Net Assets			
Invested in capital assets, net of related debt	36,075,304	13,136,086	49,211,390
Restricted for			
Debt service	636,903	736,329	1,373,232
Capital projects	751,750	0	751,750
Customer deposits	0	62	62
Street and park improvements	354,803	0	354,803
Unrestricted (deficit)	7,274,898	2,273,289	9,548,187
<i>Total net assets</i>	\$45,093,658	\$16,145,766	\$61,239,424

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, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary Government							
Governmental Activities:							
General government	\$2,501,508	\$251,465	\$147,911	\$0	(\$2,102,132)	\$0	(\$2,102,132)
Public safety	2,455,282	26,892	244,295	0	(2,184,095)	0	(2,184,095)
Public works	2,277,864	951,201	0	1,589,396	262,733	0	262,733
Health and welfare	992,066	31,002	979,906	0	18,842	0	18,842
Cultural and recreational	1,051,987	36,873	21,930	0	(993,184)	0	(993,184)
Interest and fees on long-term debt	52,640	0	0	0	(52,640)	0	(52,640)
Total governmental activities	9,331,347	1,297,433	1,394,042	1,589,396	(5,050,476)	0	(5,050,476)
Business-Type Activities:							
Water	2,609,371	2,067,207	0	0	0	(542,164)	(542,164)
Sewer	2,109,799	1,887,485	0	0	0	(222,314)	(222,314)
Refuse	534,001	1,741,519	0	0	0	1,207,518	1,207,518
Golf	701,273	308,763	0	0	0	(392,510)	(392,510)
Rental	182,356	67,494	64,444	0	0	(30,418)	(30,418)
Total business-type activities	6,116,800	6,072,468	64,444	0	0	20,112	20,112
Total primary government	\$15,448,147	\$7,369,901	\$1,458,486	\$1,589,396	(\$5,050,476)	\$20,112	(\$5,030,364)

General Revenues

Taxes:			
Gross receipts/state shared	\$5,683,881	\$0	\$5,683,881
Property	608,565	0	608,565
Lodgers' tax	412,720	0	412,720
Franchise tax	361,401	0	361,401
Investment income	51,764	15,818	67,582
Other	7,086	6,741	13,827
Loss on asset disposals	(445,884)	(51)	(445,935)
Operating transfers, net	83,760	(83,760)	0
Capital transfers, net	(249,827)	249,827	0
Total general revenues and transfers	6,513,466	188,575	6,702,041
Change in net assets	1,462,990	208,687	1,671,677
Net assets (deficit), beginning of year	43,681,356	16,103,699	59,785,055
Restatements	(50,688)	(166,620)	(217,308)
Net assets (deficit), beginning of year, as restated	43,630,668	15,937,079	59,567,747
Net assets (deficit), end of year	\$45,093,658	\$16,145,766	\$61,239,424

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

CITY OF GRANTS
GOVERNMENTAL FUNDS
BALANCE SHEETS
JUNE 30, 2010

	Major Funds				Total Governmental Funds
	General Fund	Gasoline Road Tax	General Government Improvements	Nonmajor Governmental Funds	
ASSETS					
Pooled cash and investments	\$5,119,498	\$1,001,188	\$167,127	\$1,211,924	\$7,499,737
Cash held with trustee	0	0	0	496,311	496,311
Investments	0	0	0	0	0
Accounts receivable, net allowance	1,225,185	0	10,000	71,892	1,307,077
Grant revenue receivable	0	0	788,221	92,375	880,596
Due from other funds	28,600	0	0	3,755	32,355
Total assets	\$6,373,283	\$1,001,188	\$965,348	\$1,876,257	\$10,216,076
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$80,126	\$197,763	\$213,598	\$15,257	\$506,744
Accrued payroll	302,905	0	0	13,141	316,046
Due to other funds	0	0	0	47,041	47,041
Settlement payable	50,000	0	0	0	50,000
Total liabilities	433,031	197,763	213,598	75,439	919,831
Fund Balances:					
Reserved for:					
Capital projects	0	0	751,750	0	751,750
Debt service - principal and interest	0	0	0	636,903	636,903
Unreserved reported in:					
General fund	5,940,252	0	0	0	5,940,252
Special revenue funds	0	803,425	0	1,163,915	1,967,340
Total fund balance	5,940,252	803,425	751,750	1,800,818	9,296,245
Total liabilities and fund balance	\$6,373,283	\$1,001,188	\$965,348	\$1,876,257	\$10,216,076

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

CITY OF GRANTS
RECONCILIATION OF THE FUND BALANCE OF GOVERNMENTAL FUNDS
TO GOVERNMENTAL ACTIVITIES NET ASSETS
JUNE 30, 2010

FUND BALANCE of Governmental Funds	\$9,296,245
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.	37,312,498
Some liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.	(1,529,091)
Bond issuance costs are capitalized and amortized and therefore, are not expensed (\$46,696 capitalized and \$32,690 amortized).	14,006
<hr/> <i>Net assets of governmental activities</i>	<hr/> \$45,093,658

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, 2010

	Major Funds				Total Governmental Funds
	General Fund	Gasoline Road Tax	General Government Improvements	Nonmajor Governmental Funds	
REVENUES					
Intergovernmental revenue	\$165,282	\$0	\$1,589,396	\$1,182,755	\$2,937,433
Taxes	3,436,576	125,380	0	4,557	3,566,513
State shared taxes	2,725,933	0	0	0	2,725,933
Lodgers' tax	17,000	0	0	395,720	412,720
Licenses and permits	29,295	0	0	0	29,295
Franchise tax	361,401	0	0	0	361,401
Other subsidies	44,200	0	0	0	44,200
Fees, service charges, and rental revenue	1,156,027	0	16,704	45,150	1,217,881
Investment income	41,907	3,879	0	5,978	51,764
Sale of property	13,900	0	0	9,400	23,300
Donations	5	0	0	1,800	1,805
Miscellaneous	13,121	10,000	10,270	652	34,043
<i>Total revenues</i>	8,004,647	139,259	1,616,370	1,646,012	11,406,288
EXPENDITURES					
Current:					
General government	1,029,339	0	0	61,850	1,091,189
Public safety	2,172,742	0	0	184,042	2,356,784
Public works	2,188,954	95,930	0	0	2,284,884
Health and welfare	0	0	0	897,588	897,588
Cultural and recreational	761,198	0	0	301,709	1,062,907
Capital outlay	0	751,945	2,094,896	159,836	3,006,677
Debt Service:					
Principal	0	0	0	169,224	169,224
Interest and other charges	0	0	0	42,125	42,125
Fees	0	0	0	5,845	5,845
<i>Total expenditures</i>	6,152,233	847,875	2,094,896	1,822,219	10,917,223
<i>Revenues over (under) expenditures</i>	1,852,414	(708,616)	(478,526)	(176,207)	489,065
Other Financing Sources (Uses):					
Loan proceeds - NMFA	0	0	0	203,000	203,000
Transfers in	181,807	300,000	900,006	1,145,675	2,527,488
Transfers out	(1,724,441)	0	0	(719,287)	(2,443,728)
Capital transfer out	0	0	(248,668)	0	(248,668)
<i>Total other financing sources (uses)</i>	(1,542,634)	300,000	651,338	629,388	38,092
<i>Net changes in fund balances</i>	309,780	(408,616)	172,812	453,181	527,157
FUND BALANCE					
Fund balance, beginning of year	5,670,624	1,212,041	578,938	1,338,222	8,799,825
Restatements	(40,152)	0	0	9,415	(30,737)
Fund balance, beginning of year, as restated	5,630,472	1,212,041	578,938	1,347,637	8,769,088
<i>Fund balance, end of year</i>	\$5,940,252	\$803,425	\$751,750	\$1,800,818	\$9,296,245

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, 2010

Net change in fund balances - Governmental Funds	\$527,157
 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 (\$2,541,594) exceeded depreciation (\$1,198,270) donated assets of \$0, and disposal of assets with a net book value of (\$445,884). In addition, the book value of assets transferred to business-type activities were (\$1,159).	896,281
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 (\$169,224). Proceeds from long-term debt are other financing sources in governmental funds, but are recorded as liabilities in the statement of net assets (\$203,000).	(33,776)
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.	77,998
Bond issuance costs are amortized.	(4,670)
<i>Change in net assets of governmental activities</i>	\$1,462,990

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, 2010

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
REVENUES				
Taxes	\$3,033,566	\$3,033,566	\$3,270,936	\$237,370
State shared taxes	2,332,125	2,332,125	2,591,582	259,457
Franchise fees	295,850	295,850	341,352	45,502
Fine and forfeits	95,000	95,000	21,679	(73,321)
Licenses and permits	19,500	19,500	29,295	9,795
Intergovernmental revenue	198,534	198,534	234,979	36,445
Fees and service charges	933,000	933,000	1,134,348	201,348
Donations	500	500	5	(495)
Investment income	15,000	15,000	26,740	11,740
Sale of property	17,000	17,000	13,900	(3,100)
Other revenue	6,000	6,000	30,728	24,728
<i>Total revenues</i>	<u>6,946,075</u>	<u>6,946,075</u>	<u>7,695,544</u>	<u>749,469</u>
EXPENDITURES				
Current:				
General government	1,421,813	1,421,813	1,261,418	160,395
Public safety	2,291,420	2,291,420	2,169,588	121,832
Public works	2,103,957	2,103,957	2,152,929	(48,972)
Cultural and recreational	658,111	658,111	749,873	(91,762)
Health and welfare	0	0	0	0
Capital outlay	8,500	8,500	8,229	271
<i>Total expenditures</i>	<u>6,483,801</u>	<u>6,483,801</u>	<u>6,342,037</u>	<u>141,764</u>
<i>Excess (deficiency) of revenues over expenditures</i>	462,274	462,274	1,353,507	891,233
Other Financing Sources (Uses):				
Operating transfers in	178,885	181,807	181,807	0
Operating transfers (out)	(1,778,020)	(1,798,529)	(1,724,441)	74,088
<i>Total other financing sources (uses)</i>	<u>(1,599,135)</u>	<u>(1,616,722)</u>	<u>(1,542,634)</u>	<u>74,088</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(1,136,861)	(1,154,448)	<u>(\$189,127)</u>	<u>\$965,321</u>
Budgeted cash carryover	<u>1,136,861</u>	<u>1,154,448</u>		
	<u>\$0</u>	<u>\$0</u>		
Budgetary - GAAP Reporting Reconciliation:				
Excess (deficiency) of revenues and other financial sources over expenditures and other financing uses (budgetary)			(\$189,127)	
Adjustments for revenue accruals, transfers, earnings on investments			309,103	
Adjustments for expenditures for payables, inventory, other expenditure accruals			189,804	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)			<u>\$309,780</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, 2010

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$780,000	\$780,000	\$660,000	(\$120,000)
Taxes	105,000	105,000	125,380	20,380
Interest on investments	0	0	3,879	3,879
Miscellaneous revenue	0	0	10,000	10,000
<i>Total revenues</i>	<u>885,000</u>	<u>885,000</u>	<u>799,259</u>	<u>(85,741)</u>
EXPENDITURES				
Personnel	78,959	78,959	78,960	(1)
Operating	0	0	16,111	(16,111)
Capital outlay	1,480,000	1,480,000	611,799	868,201
<i>Total expenditures</i>	<u>1,558,959</u>	<u>1,558,959</u>	<u>706,870</u>	<u>852,089</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(673,959)	(673,959)	92,389	766,348
Other Financing Sources (Uses):				
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>	(373,959)	(373,959)	<u>\$392,389</u>	<u>\$766,348</u>
Budgeted cash carryover	<u>373,959</u>	<u>373,959</u>		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues and other financial sources over expenditures and other financing uses (budgetary)	\$392,389
Adjustments for revenue accruals, transfers, earnings on investments	(660,000)
Adjustments for expenditures for payables, inventory, other expenditure accruals	(141,006)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>(\$408,617)</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, 2010

	Golf Course	Utilities	Nonmajor Proprietary Funds	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$89,949	\$1,617,841	\$47,349	\$1,755,139
Cash held with trustee	0	191,331	0	191,331
Investments	0	0	215,149	215,149
Accounts receivable - other	1,131	0	2,708	3,839
Accounts receivable, water and sewer (net of allowance)	0	525,434	0	525,434
Interest receivable	0	0	364	364
Inventory	0	71,351	0	71,351
Due from other funds	0	0	47,625	47,625
<i>Total current assets</i>	91,080	2,405,957	313,195	2,810,232
Non-Current Assets				
Restricted Assets:				
Cash - debt reserves	0	736,329	0	736,329
Cash - customer deposits	0	212,209	0	212,209
<i>Total restricted assets</i>	0	948,538	0	948,538
Capital Assets:				
Capital assets - not depreciated	2,221,956	2,381,165	1,196,293	5,799,414
Capital assets - depreciated	0	30,831,334	0	30,831,334
Less accumulated depreciation	(851,619)	(18,327,581)	(577,757)	(19,756,957)
<i>Net capital assets</i>	1,370,337	14,884,918	618,536	16,873,791
<i>Total assets</i>	1,461,417	18,239,413	931,731	20,632,561
LIABILITIES				
Current Liabilities:				
Accounts payable	2,646	212,115	175,603	390,364
Accrued payroll	19,090	20,103	2,405	41,598
Tenant security deposits/utility deposits	0	212,147	4,561	216,708
Prepaid rents	0	0	13	13
Due to other funds	0	0	32,939	32,939
Current portion of long-term debt/lease payable	69,222	473,804	0	543,026
<i>Total current liabilities</i>	90,958	918,169	215,521	1,224,648
Non-Current Liabilities:				
Long-term debt	0	2,909,973	0	2,909,973
Compensated absences	31,530	31,549	4,389	67,468
Leases payable	284,706	0	0	284,706
<i>Total noncurrent liabilities</i>	316,236	2,941,522	4,389	3,262,147
<i>Total liabilities</i>	407,194	3,859,691	219,910	4,486,795
Net Assets:				
Invested in capital assets, net of related debt	1,016,409	11,501,141	618,536	13,136,086
Restricted for debt service	0	736,329	0	736,329
Restricted for customer deposits	0	62	0	62
Unrestricted	37,814	2,142,190	93,285	2,273,289
<i>Total net assets</i>	\$1,054,223	\$14,379,722	\$711,821	\$16,145,766

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, 2010

	Golf Course	Utilities	Nonmajor Proprietary Funds	Total
OPERATING REVENUES				
Water, sewer and refuse sales	\$0	\$5,696,211	\$0	\$5,696,211
Golf fees	308,763	0	0	308,763
Rental income	0	0	67,494	67,494
<i>Total operating revenues</i>	308,763	5,696,211	67,494	6,072,468
OPERATING EXPENSES				
Operating expenses	560,033	4,514,986	127,980	5,202,999
Depreciation	141,240	655,410	34,376	831,026
<i>Total operating expenses</i>	701,273	5,170,396	162,356	6,034,025
<i>Net income (loss) from operations</i>	(392,510)	525,815	(94,862)	38,443
NON-OPERATING REVENUES (EXPENSES)				
Federal grants and subsidies	0	0	64,444	64,444
Interest earnings	0	12,050	3,768	15,818
Interest expense	0	(81,500)	0	(81,500)
Other miscellaneous income	5,817	0	924	6,741
Loss on asset disposals	(51)	0	0	(51)
Other debt expense	0	(1,275)	0	(1,275)
<i>Total non-operating revenues (expenses)</i>	5,766	(70,725)	69,136	4,177
<i>Net income (loss) before contributions and transfers</i>	(386,744)	455,090	(25,726)	42,620
Operating transfers in	375,000	1,018,228	8,703	1,401,931
Operating transfers (out)	0	(1,485,691)	0	(1,485,691)
Capital transfers in	36,141	213,686	0	249,827
Capital transfers (out)	0	0	0	0
<i>Change in net assets</i>	24,397	201,313	(17,023)	208,687
Total fund net assets, at beginning of year	1,051,543	14,149,317	902,839	16,103,699
Restatements	(21,717)	29,092	(173,995)	(166,620)
Total fund net assets, at beginning of year, as restated	1,029,826	14,178,409	728,844	15,937,079
<i>Total fund net assets, at end of year</i>	\$1,054,223	\$14,379,722	\$711,821	\$16,145,766

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, 2010

	Golf Course	Utilities	Nonmajor Proprietary Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers (including other funds)	\$307,617	\$5,686,080	\$91,919	\$6,085,616
Cash paid to suppliers	(252,447)	(4,119,536)	(60,843)	(4,432,826)
Cash paid to employees	(307,130)	(364,383)	(79,264)	(750,777)
<i>Net cash provided (used) by operating activities</i>	<i>(251,960)</i>	<i>1,202,161</i>	<i>(48,188)</i>	<i>902,013</i>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Grants and subsidies	0	0	64,444	64,444
Advances (to) from other funds	0	0	(7,559)	(7,559)
Transfers in (out)	375,000	(467,463)	8,703	(83,760)
Non tenant income	0	0	974	974
<i>Net cash provided (used) by noncapital financing activities</i>	<i>375,000</i>	<i>(467,463)</i>	<i>66,562</i>	<i>(25,901)</i>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of property and equipment	(513,445)	(23,687)	(3,754)	(540,886)
Disposition of assets	98,286	0	51	98,337
Lease proceeds	412,993	0	0	412,993
Loss on asset disposal	0	0	(50)	(50)
Principal paid: revenue bonds/lease purchase/advances	(104,923)	(461,966)	0	(566,889)
Interest paid: revenue bonds/lease purchase/advances	0	(81,500)	0	(81,500)
Other income	5,766	0	0	5,766
Other debt expense	0	(1,275)	0	(1,275)
<i>Net cash provided (used) by capital and related financing activities</i>	<i>(101,323)</i>	<i>(568,428)</i>	<i>(3,753)</i>	<i>(673,504)</i>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investments	0	0	(3,563)	(3,563)
Interest received	0	12,050	3,581	15,631
<i>Net cash provided (used) by investing activities</i>	<i>0</i>	<i>12,050</i>	<i>18</i>	<i>12,068</i>
<i>Net increase (decrease) in pooled cash</i>	<i>21,717</i>	<i>178,320</i>	<i>14,639</i>	<i>214,676</i>
Pooled cash and investments, beginning of year	68,232	2,579,390	32,710	2,680,332
<i>Pooled cash and investments, end of year</i>	<i>\$89,949</i>	<i>\$2,757,710</i>	<i>\$47,349</i>	<i>\$2,895,008</i>
Cash and cash equivalents	\$89,949	\$1,617,841	\$47,349	\$1,755,139
Cash held with trustee	0	191,331	0	191,331
Restricted cash	0	948,538	0	948,538
<i>Total cash</i>	<i>\$89,949</i>	<i>\$2,757,710</i>	<i>\$47,349</i>	<i>\$2,895,008</i>
Non Cash Transactions:				
Capital assets transferred in	\$36,141	\$213,686	\$0	\$249,827

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, 2010

	Golf Course	Utilities	Nonmajor Proprietary Funds	Total
Reconciliation of operating income to net cash provided (used) by operating activities				
Operating income (loss)	(\$392,510)	\$525,815	(\$94,862)	\$38,443
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	141,240	655,410	34,376	831,026
Provision for uncollectible accounts	0	(3,477)	0	(3,477)
Change in assets and liabilities:				
(Increase) Decrease in assets:				
Accounts receivable	(1,145)	(7,395)	26,732	18,192
Due from/(to) other funds	0	0	0	0
Inventories	0	741	0	741
Prepays	0	0	(2,307)	(2,307)
Increase (Decrease) in liabilities:				
Accounts and contracts payable	446	(14,383)	(11,759)	(25,696)
Wages payable	3,478	6,221	(1,544)	8,155
Compensated absences	(3,469)	1,182	87	(2,200)
Tenant deposits/utility deposits	0	38,047	1,089	39,136
<i>Total adjustments</i>	140,550	676,346	46,674	863,570
Net cash provided (used) by operating activities	(\$251,960)	\$1,202,161	(\$48,188)	\$902,013

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, 2010

	<u>Agency Funds</u>
ASSETS	
Cash, certificates of deposits and investments	\$18,695
<i>Total assets</i>	\$18,695
LIABILITIES	
LIABILITIES	
Due to others	\$18,695
<i>Total liabilities</i>	\$18,695

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

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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, 2010

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.

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.

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.

Enterprise – Golf Course Fund – accounts for the operation of the municipal golf course.

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.

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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.

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.

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.
- 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.

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2010 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, 2010.

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, 2010 with the exception of certain receivables from utility services provided to customers. Accordingly, a \$76,713 allowance for doubtful accounts has been recorded in the Joint Utility Enterprise Fund.

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 2010 were as follows:

	<u>Residential</u>	<u>Non-Residential</u>
General Operating	.0065	.0065

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, 2010

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, 2010, the liability for accrued compensated absences is \$359,365. The amount applicable to the Enterprise Funds Utility is \$31,549, Golf Course is \$31,530, and Nonmajor Proprietary Funds of \$4,389. The amount applicable to Government Activities is \$291,897. 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.

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, 2010

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, 2010 consisted of the following:

	CASH		Account Type
	Reconciled Balance	On Deposit June 30, 2010	
Petty Cash – Cibola Senior Center	\$66		
Petty Cash – General Operating	1,840		
Petty Cash – Utilities Operating	500		
Petty Cash – Water Meter Deposits	200		
Petty Cash – Appearance Bonds	500		
Grants State Bank	932,880	\$996,281	Checking
Wells Fargo Bank Government Imp.	167,127	314,565	Checking
Wells Fargo Bank Payroll	0	2,699	Checking
First Community Bank Housing Authority – Vouchers	224,567	225,064	Checking
First Community Bank Housing Authority – Low Rent	42,402	47,937	Checking
First Community Bank Housing Home Program	4,947	4,947	Checking
	1,375,029	1,591,493	

Held and Directed by Trustee

Cash – New Mexico State Treasurer directed by the New Mexico Mortgage Finance Authority.

Debt service account	\$111,908
Debt service account	166,776
Debt service account	85,147
	\$363,831

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

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
Bank of New York Mellon:				
Dreyfus cash management	\$108,019	\$108,019	Aaa	2%
Federated Gov't obligations	107,896	107,896	Aaa	1%
Fidelity Instit. MMKT – Gov't	107,896	107,896	Aaa	1%
	<u>323,811</u>	<u>323,811</u>		<u>4%</u>

Investments

	Cost	Market	Percent of Investment Portfolio
Grant State Bank:			
Certificate of Deposit	\$500,000	\$500,000	5%
Certificate of Deposit	500,000	500,000	5%
Certificate of Deposit	400,000	400,000	4%
Certificate of Deposit	400,000	400,000	4%
Certificate of Deposit	500,000	500,000	5%
Certificate of Deposit	500,000	500,000	5%
Certificate of Deposit	500,000	500,000	5%
	<u>3,300,000</u>	<u>3,300,000</u>	<u>33%</u>
First Community Bank:			
Certificate of Deposit	215,149	215,149	3%
<i>Total Certificates of Deposit</i>	<u>3,515,149</u>	<u>3,515,149</u>	<u>36%</u>
State Treasurer:			
Pool – Reserve Contingency Fund	19,467	16,547	1%
Pool – LGIP Fund	5,530,533	5,527,613	59%
<i>Total Pool</i>	<u>5,550,000</u>	<u>5,544,160</u>	
<i>Total Investments</i>	<u>9,338,960</u>	<u>9,383,120</u>	<u>100%</u>
<i>Total Cash and Investments</i>	<u>\$11,127,820</u>	<u>\$11,124,900</u>	

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

Governmental Activities	\$7,996,048
Business-Type Activities	1,946,470
Business-Type Activities Restricted	948,538
Fiduciary Funds	18,695
	10,909,751
Governmental Activities – Investments	0
Business-Type Activities - Investments	215,149
	\$11,124,900

Investment Type	Cost Basis	Market Value	Credit Risk- Rating	Weighted Average Maturity Days
Dreyfus cash management	\$108,019	\$108,019		
Federated Gov't obligations	107,896	107,896		
Fidelity Instit. MMKT – Gov't	107,896	107,896		
State Investment Pool** - LGIP	5,530,533	5,527,613	AAAm	43
State Investment Pool – Reserve Contingency Fund	19,467	16,547		♦
CD's	3,515,149	3,515,149	NR	698
	9,388,960	9,383,120		
Less investments reported as cash equivalents		(9,167,971)		
		\$215,149		

** 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.

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

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.

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, 2010 (Note 2)	\$277,948	\$996,281	\$317,264
Certificates of deposit (Note 2)	215,149	3,300,000	0
Less: FDIC coverage	(465,149)	(500,000)	(250,000)
Temporary Liquidity Guarantee ❖	(27,948)	(746,281)	(67,264)
Uninsured public funds	0	3,050,000	0
100% collateral requirement	0	0	0
50% collateral requirements	0	1,525,000	0
Pledged securities	0	4,970,965	777,836
Over (under) Collateralized	\$0	(\$3,445,965)	(\$777,836)

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

❖ All non interest bearing accounts (demand deposits and NOW accounts with an interest rate equal to or less than .25%) are guaranteed, in addition to the \$250,000 insurance coverage on demand deposits, through the Temporary Liquidity Guarantee Program.

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 3. PLEDGED COLLATERAL (CONTINUED)

<u>Grants State Bank</u>			<u>Par Value</u>
Belen Call Fr	077581KT2	08/01/2011	\$199,827
Gallup McKinley Cnty NMSD Non-Call Bond	364010NZ7	08/01/2012	303,456
Dulce ISD Non-Call Fr, Bond	264430FH7	07/11/2011	99,997
Dulce ISD Non-Call Fr, Bond	264430GF0	05/01/2012	200,286
Dulce ISD Non-Call Fr, Bond	264430GJ2	05/01/2015	299,090
Grants & Cibola County's NM Sch Dist., Bond	388240CG6	10/01/2010	124,849
Catron & Cibola County's Non-Callable, Bond	149321BN0	07/15/2012	112,572
Clovis Community College Call, Bond	18934NAM4	06/01/2013	110,883
Chama SD Non-Call, Bond	157670CR9	08/01/2016	260,481
Cobre Consol, SD No.2 Non-Call FR, Bond	19105RAC8	08/01/2011	201,371
Grants & Cibola County's NMSch Dist., Bond	388240DX8	11/15/2017	124,875
Alamogordo Wtr/Swr NC FR Bond	011500FS9	06/01/2013	121,175
Chaves County Non-Call Bond	162634BG3	08/01/2012	200,000
Bernalillo Muni SD Non-Call Fr, Bond	085279LR6	08/01/2011	99,954
Grant County Non-Call FR	387766BC1	09/01/2015	291,735
Grants & Cibola County SD Non-Call	388240EJ8	11/15/2013	202,507
Grants & Cibola County SD NC Fr	388240CH4	10/01/2011	124,622
Grants & Cibola County SD NC Fr	388240CJ0	10/01/2012	125,554
Grants & Cibola County SD NC Fr	388240CK7	10/01/2013	126,194
Grants & Cibola County SD NONC	388240DW0	11/15/2012	126,915
Pojoaque VY PUB SCH DIST NMBQ NONC	73085PAN9	08/01/2013	203,842
Ruidoso ISD NONC FR	781338GC6	08/01/2011	201,096
Torrance Etc Cnty SD NC Fr	891400KV4	07/15/2011	119,136
Torrance Etc Cnty NM MUN	891400KW2	07/15/2012	123,642
Torrance Etc Cnty MSD Non-Call Fr	891400LU5	07/15/2012	100,162
Roosevelt County NONC Fr	776461AF2	06/01/2012	135,999
Roswell NM Gross Receipts Tax	77854PAE9	06/01/2013	326,336
Taos NM Gross Receipts BQ Call	87601RAL4	06/01/2023	304,409
Total Pledged			\$4,970,965

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	\$777,836
Total Pledged			\$777,836

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

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 3. PLEDGED COLLATERAL (CONTINUED)

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, 2010, \$0 of the government's bank balances of \$1,591,493 were exposed to custodial credit risk as follows:

Uninsured and uncollateralized held by a member bank other than the depositing bank.	\$0
Uninsured and collateralized held by a member bank other than the depositing bank.	3,050,000
	\$3,050,000

NOTE 4. CAPITAL ASSETS

Capital asset activity for the City's primary government for the year ended June 30, 2010 was as follows:

	Balance					Balance
	06/30/2009	Restatements	Additions	Deletions	Transfers	06/30/2010
Governmental Activities:						
Capital Assets:						
Non-Depreciable:						
Art	\$122,897	\$0	\$0	\$0	\$0	\$122,897
Land	3,424,787	0	3,909	(16,374)	0	3,412,322
Construction in process	2,108,355	(19,951)	2,001,339	0	(2,493,974)	1,595,769
Depreciable:						
Buildings	10,878,340	0	39,463	(178,863)	1,205,535	11,944,475
Land improvements	5,384,837	0	86,826	(431,911)	422,164	5,461,916
Machinery and equipment	5,593,760	0	529,393	(168,225)	(86,291)	5,868,637
Infrastructure	20,033,611	0	129,332	0	698,648	20,861,591
<i>Total</i>	47,546,587	(19,951)	2,790,262	(795,373)	(253,918)	49,267,607
Less Accumulated Depreciation:						
Buildings	(2,969,888)	0	(277,040)	88,613	0	3,158,315
Land improvements	(997,630)	0	(125,730)	99,749	4,091	1,019,520
Machinery and equipment	(3,902,901)	0	(380,557)	161,127	0	4,122,331
Infrastructure	(3,240,000)	0	(414,943)	0	0	3,654,943
<i>Total accumulated depreciation</i>	(11,110,419)	0	(1,198,270)	349,489	4,091	(11,955,109)
<i>Net capital assets</i>	\$36,436,168	(\$19,951)	\$1,510,992	(\$445,884)	(\$249,827)	\$37,312,498

Depreciation expense for governmental activities is \$1,198,270 for the year.

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 4. CAPITAL ASSETS (CONTINUED)

	Balance 06/30/2009	Restatement	Additions	Deletions	Transfers	Balance 06/30/2010
Business-Type Activities:						
Capital Assets:						
Non-Depreciable:						
Land	\$2,279,374	\$0	\$0	\$0	\$0	\$2,279,374
Construction in process	1,097,616	(1,645)	0	0	(1,073,068)	22,903
Water rights	125,612	0	0	0	0	125,612
Depreciable:						
Buildings	1,960,144	0	3,011	0	94,344	2,057,499
Land improvements	3,031,810	0	0	0	1,017,019	4,048,829
Machinery and equipment	2,534,243	0	537,875	(199,260)	86,291	2,959,149
Infrastructure	25,008,050	0	0	0	129,332	25,137,382
<i>Total</i>	<i>36,036,849</i>	<i>(1,645)</i>	<i>540,886</i>	<i>(199,260)</i>	<i>253,918</i>	<i>36,630,748</i>
Less Accumulated Depreciation:						
Buildings	(794,284)	0	(50,949)	0	0	(845,233)
Land improvements	(170,057)	0	(110,937)	0	0	(280,994)
Machinery and equipment	(1,553,105)	0	(281,258)	100,923	(4,091)	(1,737,531)
Infrastructure	(16,505,317)	0	(387,882)	0	0	(16,893,199)
<i>Total accumulated depreciation</i>	<i>(19,022,763)</i>	<i>0</i>	<i>(831,026)</i>	<i>100,923</i>	<i>(4,091)</i>	<i>(19,756,957)</i>
<i>Net capital assets</i>	<i>\$17,014,086</i>	<i>(\$1,645)</i>	<i>(\$290,140)</i>	<i>(\$98,337)</i>	<i>\$249,827</i>	<i>\$16,873,791</i>
Assets traded				(\$98,286)		
Loss on asset disposal				(51)		
				(\$98,337)		

Depreciation expense for business-type activities is \$831,026 for the year.

Depreciation expense was charged to functions as follows:

	Governmental Activities	Business-Type Activities
General Government	\$971,755	\$0
Public Safety	125,797	0
Health and Welfare	67,395	0
Water	0	302,040
Sewer	0	353,370
Golf	0	141,240
Housing	33,323	34,376
<i>Total</i>	<i>\$1,198,270</i>	<i>\$831,026</i>

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 5. CHANGES IN LONG-TERM DEBT

The following summarized the changes in the long-term debt for government activities during 2010:

	Balance 06/30/2009	Additions	Deletions/ Transfers	Balance 06/30/2010	Amount Due Within One Year
Bond payable	\$685,000	\$0	(\$130,000)	\$555,000	\$130,000
Notes payable	518,418	0	(39,224)	479,194	44,350
NMFA – fire truck	0	203,000	0	203,000	46,548
Accrued compensated absences	369,895	158,088	(236,086)	291,897	0
Totals	\$1,573,313	\$361,088	(\$405,310)	\$1,529,091	\$220,898

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>
2011	\$130,000	\$14,367	\$144,367
2012	140,000	10,670	150,670
2013	140,000	6,596	146,596
2014	145,000	2,255	147,255
Totals	\$555,000	\$33,888	\$588,888

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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>
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	49,896	14,176	64,072
2016 – 2020	241,098	30,399	271,497
<i>Totals</i>	\$479,194	\$123,632	\$602,826

Purpose: Purchase of Fire Truck
Date of Issue: July 10, 2009
Original Issue: \$203,000
Principal: May 1
Interest: November 1 and May 1
Rate: 1.32% - 2.45%

Amortized as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$46,548	\$6,886	\$53,434
2012	51,264	3,153	54,417
2013	52,073	2,343	54,416
2014	53,115	1,301	54,416
<i>Totals</i>	\$203,000	\$13,683	\$216,683

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

The annual principal payment requirements for debt outstanding as of June 30, 2010, in governmental activities, are summarized as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal Payment</u>
2011	\$220,898
2012	235,745
2013	241,688
2014	247,869
2015	49,896
2016 – 2020	532,995
	\$1,529,091

The following summarizes the changes in the Business-Type Activities Long-Term Debt during 2010:

	<u>Balance</u>		<u>Deletions/ Transfers</u>	<u>Balance</u>	<u>Amount Due Within One Year</u>
	<u>06/30/2009</u>	<u>Additions</u>		<u>06/30/2010</u>	
Bonds payable	\$510,000	\$0	(\$120,000)	\$390,000	\$125,000
Notes payable	3,335,743	0	(341,966)	2,993,777	348,804
Leases payable	45,859	412,993	(104,924)	353,928	69,222
Accrued compensated absences	69,668	33,399	(35,599)	67,468	0
Totals	\$3,961,270	\$446,392	(\$602,489)	\$3,805,173	\$543,026

Bonds outstanding reported in the Proprietary Fund at June 30, 2010, 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>
2011	\$125,000	\$11,629	\$136,629
2012	125,000	8,079	133,079
2013	140,000	4,354	144,354
Totals	\$390,000	\$24,062	\$414,062

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

Notes outstanding reported in the Proprietary Fund at June 30, 2010, 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>
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	377,557	31,123	408,680
2016 – 2019	1,178,585	47,455	1,226,040
<i>Totals</i>	\$2,993,777	\$275,663	\$3,269,440

Bank of the West - Lease

Purpose: To Purchase Golf Carts
 Original Issue: \$234,842
 Principal: Monthly
 Interest: Monthly
 Rate: 5.75%

Amortized as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$35,901	\$10,658	\$46,559
2012	38,021	8,538	46,559
2013	40,266	6,293	46,559
2014	42,644	3,915	46,559
2015	44,786	214	45,000
<i>Totals</i>	\$201,618	\$29,618	\$231,236

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

Grants State Bank - Lease

Purpose: To Purchase Golf Course Equipment
 Original Issue: \$178,151
 Principal: Monthly
 Interest: Monthly
 Rate: 5.723%

Amortized as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$33,321	\$7,852	\$41,173
2012	35,279	5,894	41,173
2013	37,352	3,821	41,173
2014	39,546	1,627	41,173
2015	6,812	49	6,861
<i>Totals</i>	\$152,310	\$19,243	\$171,553

The following summarizes the combined aggregate maturities for long-term borrowing in the Proprietary Fund for the next five years following June 30, 2010:

<u>June 30,</u>	<u>Principal Payment</u>
2011	\$543,026
2012	554,081
2013	580,514
2014	452,344
2015	429,155
2016 – 2019	1,246,053
<i>Total</i>	\$3,805,173

Lease Purchase Contracts

At June 30, 2010 the City had machinery and equipment capitalized under purchase agreements, as follows:

Machinery and equipment	\$513,444
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Of the total interest cost incurred on long-term debt of \$123,625 none was capitalized at June 30, 2010.

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 6. INTERFUND TRANSACTIONS

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.

<u>Interfund Transfers In (Out)</u>	Transfers Out			Totals
	General Fund	Nonmajor Governmental Funds	Utilities	
Transfers In:				
General fund	\$181,807	\$0	\$0	\$181,807
Gasoline road tax	300,000	0	0	300,000
General governmental improvements	500,000	200,006	200,000	900,006
Nonmajor governmental funds	635,097	510,578	0	1,145,675
Utilities	107,537	0	910,691	1,018,228
Golf course	0	0	375,000	375,000
Nonmajor proprietary funds	0	8,703	0	8,703
Totals	\$1,724,441	\$719,287	\$1,485,691	\$3,929,419

<u>Capital Transfers In (Out)</u>	Transfers Out		Totals
	Governmental Activities	General Government Improvements	
Transfers In:			
Golf course	\$1,159	\$34,982	\$36,141
Utilities	0	213,686	213,686
Totals	\$1,159	\$248,668	\$249,827

<u>Due From (to) Other Funds</u>	Due To:			Totals
	General Fund	Nonmajor Governmental Funds	Nonmajor Proprietary Funds	
Due From:				
General fund	\$0	\$28,600	\$0	\$28,600
Nonmajor governmental funds	0	0	3,755	3,755
Nonmajor proprietary funds	0	18,441	29,184	47,625
Totals	\$0	\$47,041	\$32,939	\$79,980

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 7. 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 for the plan. 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.

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% for police employees, 17.5% for fire employees, and 9.15% for other employees of the gross salaries. 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, 2010, 2009 and 2008 respectively were \$319,154, \$295,533 and \$297,133, which equal the amount of the required contributions for each fiscal year.

NOTE 8. POST EMPLOYMENT BENEFITS

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

NOTE 9. 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.

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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:		
	Enterprise Fund:		
	Utility	\$1,487,788	
	Low Rent	\$84,146	
	Home Program	\$13,528	
	Golf Course	\$122	
2.	Excess of Expenditures Over Appropriations:		
	Low Rent – Enterprise Fund		\$5,239

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	09/30/2009 09/30/2010	\$10,000 each on Cashiers, Mayor, Pro-Tem Mayor, Project Assistant
Western Surety	Employee Theft/ Dishonesty	07/01/2009 06/30/2010	\$10,000 each incident \$20,000 aggregate all employees
Western Surety	Municipal Judge Bond	08/24/2009 08/24/2010	City Manager - \$50,000 Municipal Judge - \$50,000
National Union	Airport	07/01/2009 06/30/2010	\$10,000 each incident

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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 \$451,125 for the year ended June 30, 2010.

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, 2010 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 2010.

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>
2011	\$34,892
2012	9,774
2013	1,815
<i>Total</i>	\$46,481

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, 2010

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	(\$894,780)	\$915,500
Restricted assets	580,374	368,164
Capital assets	7,447,650	7,437,269
<i>Total assets</i>	7,133,244	8,720,933
Liabilities:		
Current liabilities	551,888	299,066
Noncurrent liabilities	1,467,953	1,464,827
<i>Total liabilities</i>	2,019,841	1,763,893
Net Assets:		
Invested in capital assets, net of related debt	5,755,761	5,745,381
Restricted	368,427	368,164
Unrestricted	(1,010,785)	843,495
<i>Total net assets</i>	\$5,113,403	\$6,957,040

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

	Water	Sewer
Water/sewer charges, pledged against bonds	\$2,067,207	\$1,887,485
Depreciation expense	(302,041)	(353,370)
Operating expense	(2,265,943)	(1,715,041)
<i>Operating income</i>	(500,777)	(180,926)
Interest income	4,518	4,519
Interest expense and other debt expense	(41,387)	(41,388)
Loss on asset disposal	0	0
Miscellaneous income	0	0
Operating transfers, net	(155,821)	(155,821)
Capital transfers, net	195,183	18,503
<i>Change in net assets</i>	(498,284)	(355,113)
Beginning net assets, as previously stated	5,582,595	7,312,153
Restatements	29,092	0
Beginning net assets, as restated	5,611,687	7,312,153
<i>Ending net assets</i>	\$5,113,403	\$6,957,040

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 14. SEGMENT INFORMATION (CONTINUED)

CONDENSED STATEMENT OF CASH FLOWS

	Water	Sewer
Net Cash Provided (Used) By:		
Operating activities	(\$174,606)	\$172,281
Noncapital financing activities	(155,821)	(155,821)
Capital and related financing activities	(290,221)	(278,208)
Investing activities	4,518	4,519
<i>Net increase (decrease)</i>	(616,130)	257,229
Beginning cash and cash equivalents	26,909	1,370,606
<i>Ending cash and cash equivalents</i>	(\$589,221)	\$1,113,377
<hr/>		
Cash and Cash Equivalents:		
Cash (included in current assets)	(\$1,169,595)	\$745,213
Cash (restricted assets)	580,374	368,164
	(\$589,221)	\$1,113,377
<hr/>		

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 15. COMMITMENTS

The City had outstanding construction contracts at June 30, 2010.

	Contract Amount	Spent to Date	Commitment Remaining	Source of Payment
K B K Construction				
City Building	\$98,632	\$21,980	\$76,652	State
Vigil Construction				
Park Improvements	\$36,246	\$0	\$36,246	City
Armstrong Consultants				
Airport Improvements	\$37,756	\$0	\$37,756	Federal
Wilson & Company				
Street Improvements	\$142,475	\$0	\$142,475	State
Forsgren & Associates				
Wastewater Treatment Plant	\$68,466	\$49,498	\$18,968	City
Wilson & Company				
Water Well	\$13,864	\$8,794	\$5,070	City
Mullen Heller Architecture				
Library Renovation	\$107,236	\$92,076	\$15,160	State
Wilson & Company				
Sewer Replacement	\$14,314	\$13,575	\$739	City
TLC Plumbing				
Sewer Replacement	\$135,356	\$0	\$135,356	City
Wilson & Company				
Nimitz Bridge	\$85,828	\$57,785	\$28,043	State
Salls Brothers				
Nimitz Bridge	\$765,159	\$344,757	\$420,402	State
Wilson & Company				
Street Improvements	\$13,502	\$1,755	\$11,747	State
Wilson & Company				
Cemetery Expansion	\$119,016	\$27,473	\$91,543	City

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, 2010, the City has paid \$518,330 and accrued an additional \$50,000 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.

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 16. ENABLING LEGISLATION

In 2009/2010, the City of Grants enacted enabling legislation to create a special gross receipts tax. The legislation specified that the proceeds of this tax could be used only to finance street and parks improvements. The City determined that the restriction was legally enforceable. The government-wide statement of net assets prepared by the City for the year ended June 30, 2010, included the following information:

Net assets restricted for:	
Street and parks improvement	\$354,803

NOTE 17. RESTATEMENTS OF BEGINNING BALANCES

Governmental Activities Net Assets at July 1, 2009:	\$43,681,356
To correct capital assets for items that were repairs	(19,951)
Restatements made to fund financial statements	(30,737)
<u>Restatements</u>	<u>(50,688)</u>
<u>Net Assets, beginning restated</u>	<u>\$43,630,668</u>

Business Type Activities Net Assets at July 1, 2009:	
Restatements made to fund financial statements	(\$166,620)
<u>Net Assets, beginning restated</u>	<u>(\$166,620)</u>

Restatements were made as follows:

Restatements made to fund financial statements:	
General Fund:	
Reclassification of Cibola Senior Center Fund to Special Revenue	(\$9,415)
Prior year accounts payable posted to wrong fund	(30,737)
<u>Restatements – General Fund</u>	<u>(40,152)</u>

Nonmajor Governmental Funds

Special Revenue Funds:	
Reclassification of Cibola Senior Center Fund to Special Revenue	9,415
<u>Restatements – Special Revenue Funds</u>	<u>9,415</u>
<u>Total Nonmajor Governmental Funds</u>	<u>9,415</u>
<u>Total Governmental Funds</u>	<u>(\$30,737)</u>

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 17. RESTATEMENTS OF BEGINNING BALANCES (CONTINUED)

Proprietary Funds:

Utility Fund:

To correct accounts payable posted to wrong fund	\$30,737
To correct capital assets for items that were repairs	(1,645)

Golf Course:

To correct beginning accounts receivable	(21,717)
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Nonmajor Proprietary Funds:

Home Program:

To correct balance due to HUD from sale of homes	(173,995)
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Restatements – Proprietary Funds	(\$166,620)
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SUPPLEMENTARY INFORMATION

CITY OF GRANTS
SPECIAL REVENUE FUNDS
JUNE 30, 2010

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.

Cibola Senior Citizens – To account for state and federal funding for senior programs authorized by federal regulations.

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.

GRT Street & Parks Improvement – To account for gross receipts tax increment specifically earmarked for street and parks improvements 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.

CITY OF GRANTS
SPECIAL REVENUE FUNDS
JUNE 30, 2010

Special Revenue Funds (Continued)

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.

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, 2010

	Cemetery Perpetual Care	Cibola Senior Citizens	Emergency Medical Services	Fire Protection	Foster Grandparents
ASSETS					
Cash	\$103,074	\$546	\$307	\$48,848	\$602
Accounts receivable	0	0	0	0	0
Grant revenue receivable	0	48,950	0	0	7,113
Due from other funds	0	0	0	0	0
Other deferred charges	0	0	0	0	0
Total assets	\$103,074	\$49,496	\$307	\$48,848	\$7,715
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$0	\$5,139	\$0	\$0	\$0
Accrued payroll	0	8,341	0	0	468
Deferred revenue	0	0	0	0	0
Due to other funds	0	16,000	0	0	2,000
Total liabilities	0	29,480	0	0	2,468
Fund Balance:					
Unreserved, undesignated	103,074	20,016	307	48,848	5,247
Total fund balance	103,074	20,016	307	48,848	5,247
Total liabilities and fund balance	\$103,074	\$49,496	\$307	\$48,848	\$7,715

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

CITY OF GRANTS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2010

	GRT Street & Parks Improvement	Housing Authority Capital Funds Program	Housing Authority Vouchers	Juvenile Recreation	Law Enforcement Protection
ASSETS					
Cash	\$354,803	\$0	\$224,567	\$91,066	\$4,879
Accounts receivable	0	0	0	0	27,200
Grant revenue receivable	0	15,891	0	0	0
Due from other funds	0	0	3,755	0	0
Other deferred charges	0	0	0	0	0
Total assets	\$354,803	\$15,891	\$228,322	\$91,066	\$32,079
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$0	\$0	\$1,223	\$0	\$0
Accrued payroll	0	0	947	0	0
Deferred revenue	0	0	0	0	0
Due to other funds	0	15,891	2,550	0	0
Total liabilities	0	15,891	4,720	0	0
Fund Balance:					
Unreserved, undesignated	354,803	0	223,602	91,066	32,079
Total fund balance	354,803	0	223,602	91,066	32,079
Total liabilities and fund balance	\$354,803	\$15,891	\$228,322	\$91,066	\$32,079

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

CITY OF GRANTS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2010

	Litter Control and Beautification	Local Government Corrections	Lodgers' Tax	Lodgers' Tax Promotional	Senior Companion Program
ASSETS					
Cash	\$1	\$19,677	\$99,817	\$64,666	\$499
Accounts receivable	0	0	44,692	0	0
Grant revenue receivable	3,300	0	0	0	13,351
Due from other funds	0	0	0	0	0
Other deferred charges	0	0	0	0	0
Total assets	\$3,301	\$19,677	\$144,509	\$64,666	\$13,850
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$0	\$8,895	\$0	\$0	\$0
Accrued payroll	0	0	0	0	1,637
Deferred revenue	0	0	0	0	0
Due to other funds	2,100	0	0	0	7,000
Total liabilities	2,100	8,895	0	0	8,637
Fund Balance:					
Unreserved, undesignated	1,201	10,782	144,509	64,666	5,213
Total fund balance	1,201	10,782	144,509	64,666	5,213
Total liabilities and fund balance	\$3,301	\$19,677	\$144,509	\$64,666	\$13,850

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

CITY OF GRANTS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2010

	Senior Employment Program	Special Library Donation	State and Local Narcotics Assistance Control	Totals
ASSETS				
Cash	\$58	\$16,926	\$40,996	\$1,071,332
Accounts receivable	0	0	0	71,892
Grant revenue receivable	3,770	0	0	92,375
Due from other funds	0	0	0	3,755
Other deferred charges	0	0	0	0
Total assets	\$3,828	\$16,926	\$40,996	\$1,239,354
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$0	\$0	\$0	\$15,257
Accrued payroll	1,748	0	0	13,141
Deferred revenue	0	0	0	0
Due to other funds	1,500	0	0	47,041
Total liabilities	3,248	0	0	75,439
Fund Balance:				
Unreserved, undesignated	580	16,926	40,996	1,163,915
Total fund balance	580	16,926	40,996	1,163,915
Total liabilities and fund balance	\$3,828	\$16,926	\$40,996	\$1,239,354

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, 2010

	Cemetery Perpetual Care	Cibola Senior Citizens	Emergency Medical Services	Fire Protection	Foster Grandparents
REVENUES					
Intergovernmental	\$0	\$328,055	\$7,797	\$163,052	\$69,766
Taxes	0	0	0	0	0
Lodgers' Tax	0	0	0	0	0
Fees	0	0	0	0	0
Investment income	490	0	0	272	0
Sales of property	9,400	0	0	0	0
Donations	0	0	0	0	0
Miscellaneous	0	0	0	0	0
<i>Total revenues</i>	<u>9,890</u>	<u>328,055</u>	<u>7,797</u>	<u>163,324</u>	<u>69,766</u>
EXPENDITURES					
Current:					
General government	0	0	0	0	0
Public safety	0	0	7,522	85,547	0
Public works	0	0	0	0	0
Health and welfare	8,893	367,454	0	0	68,642
Culture and recreation	0	0	0	0	0
Capital outlay	0	0	0	77,296	0
<i>Total expenditures</i>	<u>8,893</u>	<u>367,454</u>	<u>7,522</u>	<u>162,843</u>	<u>68,642</u>
<i>Excess (deficiency) of revenues over expenditures</i>	997	(39,399)	275	481	1,124
Other Financing Sources (Uses):					
Operating transfers in	0	50,000	0	0	0
Operating transfers (out)	0	0	0	0	0
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>50,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net changes in fund balances</i>	997	10,601	275	481	1,124
Fund balance, beginning of year	102,077	0	32	48,367	4,123
Restatements	0	9,415	0	0	0
Fund balance, beginning of year, as restated	<u>102,077</u>	<u>9,415</u>	<u>32</u>	<u>48,367</u>	<u>4,123</u>
<i>Fund balance (deficit), end of year</i>	<u>\$103,074</u>	<u>\$20,016</u>	<u>\$307</u>	<u>\$48,848</u>	<u>\$5,247</u>

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, 2010

	GRT Street & Parks Improvement	Housing Authority Capital Funds Program	Housing Authority Vouchers	Juvenile Recreation	Law Enforcement Protection
REVENUES					
Intergovernmental	\$0	\$70,609	\$395,575	\$0	\$27,200
Taxes	0	0	0	4,557	0
Lodgers' Tax	0	0	0	0	0
Fees	0	0	0	0	0
Investment income	90	0	1,344	447	160
Sales of property	0	0	0	0	0
Donations	0	0	0	0	0
Miscellaneous	0	0	652	0	0
Total revenues	90	70,609	397,571	5,004	27,360
EXPENDITURES					
Current:					
General government	0	0	0	0	0
Public safety	0	0	0	0	2,409
Public works	0	0	0	0	0
Health and welfare	0	14,231	314,799	0	0
Culture and recreation	0	0	0	0	0
Capital outlay	0	47,675	0	0	34,865
Total expenditures	0	61,906	314,799	0	37,274
<i>Excess (deficiency) of revenues over expenditures</i>	90	8,703	82,772	5,004	(9,914)
Other Financing Sources (Uses):					
Operating transfers in	354,713	0	0	0	0
Operating transfers (out)	0	(8,703)	0	0	0
Total other financing sources (uses)	354,713	(8,703)	0	0	0
Net changes in fund balances	354,803	0	82,772	5,004	(9,914)
Fund balance, beginning of year	0	0	140,830	86,062	41,993
Restatements	0	0	0	0	0
Fund balance, beginning of year, as restated	0	0	140,830	86,062	41,993
Fund balance (deficit), end of year	\$354,803	\$0	\$223,602	\$91,066	\$32,079

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, 2010

	Litter Control and Beautification	Local Government Corrections	Lodgers' Tax	Lodgers' Tax Promotional	Senior Companion Program
REVENUES					
Intergovernmental	\$4,800	\$0	\$0	\$0	\$83,141
Taxes	0	0	0	0	0
Lodgers' Tax	0	0	395,720	0	0
Fees	0	45,150	0	0	0
Investment income	0	0	788	0	0
Sales of property	0	0	0	0	0
Donations	0	0	0	0	0
Miscellaneous	0	0	0	0	0
<i>Total revenues</i>	<u>4,800</u>	<u>45,150</u>	<u>396,508</u>	<u>0</u>	<u>83,141</u>
EXPENDITURES					
Current:					
General government	0	0	61,850	0	0
Public safety	0	88,564	0	0	0
Public works	0	0	0	0	0
Health and welfare	6,000	0	0	0	84,778
Culture and recreation	0	0	0	301,639	0
Capital outlay	0	0	0	0	0
<i>Total expenditures</i>	<u>6,000</u>	<u>88,564</u>	<u>61,850</u>	<u>301,639</u>	<u>84,778</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(1,200)	(43,414)	334,658	(301,639)	(1,637)
Other Financing Sources (Uses):					
Operating transfers in	3,000	60,000	0	313,000	0
Operating transfers (out)	0	0	(363,000)	0	0
<i>Total other financing sources (uses)</i>	<u>3,000</u>	<u>60,000</u>	<u>(363,000)</u>	<u>313,000</u>	<u>0</u>
<i>Net changes in fund balances</i>	1,800	16,586	(28,342)	11,361	(1,637)
Fund balance, beginning of year	(599)	(5,804)	172,851	53,305	6,850
Restatements	0	0	0	0	0
Fund balance, beginning of year, as restated	(599)	(5,804)	172,851	53,305	6,850
<i>Fund balance (deficit), end of year</i>	<u>\$1,201</u>	<u>\$10,782</u>	<u>\$144,509</u>	<u>\$64,666</u>	<u>\$5,213</u>

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, 2010

	Senior Employment Program	Special Library Donation	State and Local Narcotics Assistance Control	Totals
REVENUES				
Intergovernmental	\$32,760	\$0	\$0	\$1,182,755
Taxes	0	0	0	4,557
Lodgers' Tax	0	0	0	395,720
Fees	0	0	0	45,150
Investment income	0	76	0	3,667
Sales of property	0	0	0	9,400
Donations	0	1,800	0	1,800
Miscellaneous	0	0	0	652
<i>Total revenues</i>	<u>32,760</u>	<u>1,876</u>	<u>0</u>	<u>1,643,701</u>
EXPENDITURES				
Current:				
General government	0	0	0	61,850
Public safety	0	0	0	184,042
Public works	0	0	0	0
Health and welfare	32,791	0	0	897,588
Culture and recreation	0	70	0	301,709
Capital outlay	0	0	0	159,836
<i>Total expenditures</i>	<u>32,791</u>	<u>70</u>	<u>0</u>	<u>1,605,025</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(31)	1,806	0	38,676
Other Financing Sources (Uses):				
Operating transfers in	0	0	0	780,713
Operating transfers (out)	0	0	0	(371,703)
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>409,010</u>
<i>Net changes in fund balances</i>	(31)	1,806	0	447,686
Fund balance, beginning of year	611	15,120	40,996	706,814
Restatements	0	0	0	9,415
Fund balance, beginning of year, as restated	<u>611</u>	<u>15,120</u>	<u>40,996</u>	<u>716,229</u>
<i>Fund balance (deficit), end of year</i>	<u>\$580</u>	<u>\$16,926</u>	<u>\$40,996</u>	<u>\$1,163,915</u>

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, 2010

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Sale of lots	\$7,000	\$7,000	\$9,400	\$2,400
Interest on investments	0	0	490	490
Donations	0	0	0	0
<i>Total revenues</i>	7,000	7,000	9,890	2,890
EXPENDITURES				
Personnel	0	0	0	0
Operating	0	0	0	0
Capital outlay	75,000	75,000	8,894	66,106
<i>Total expenditures</i>	75,000	75,000	8,894	66,106
<i>Excess (deficiency) of revenues over expenditures</i>	(68,000)	(68,000)	\$996	\$68,996
<i>Budgeted cash carryover</i>	68,000	68,000		
	\$0	\$0		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$996
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	1
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$997

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

CITY OF GRANTS
CIBOLA SENIOR CITIZENS FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$290,584	\$290,584	\$287,656	(\$2,928)
Fees and charges	19,747	19,747	17,901	(1,846)
Other revenue	1,000	1,000	0	(1,000)
<i>Total revenues</i>	<u>311,331</u>	<u>311,331</u>	<u>305,557</u>	<u>(5,774)</u>
EXPENDITURES				
Personnel	185,158	185,158	129,960	55,198
Operating	176,172	177,896	231,995	(54,099)
Capital outlay	0	0	0	0
<i>Total expenditures</i>	<u>361,330</u>	<u>363,054</u>	<u>361,955</u>	<u>1,099</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(49,999)	(51,723)	(56,398)	(4,675)
Other Financing Sources (Uses):				
Operating transfers in	50,000	56,800	50,000	(6,800)
Operating transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	<u>50,000</u>	<u>56,800</u>	<u>50,000</u>	<u>(6,800)</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	<u>\$1</u>	<u>\$5,077</u>	<u>(\$6,398)</u>	<u>(\$11,475)</u>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$6,398)
Adjustments for revenue accruals	22,498
Adjustments for expenditures accruals	(5,499)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$10,601

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, 2010

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$7,993	\$7,993	\$7,797	(\$196)
Interest on investments	0	0	0	0
<i>Total revenues</i>	<u>7,993</u>	<u>7,993</u>	<u>7,797</u>	<u>(196)</u>
EXPENDITURES				
Personnel	0	0	0	0
Operating	0	0	1,470	(1,470)
Capital outlay	14,993	8,025	6,052	1,973
<i>Total expenditures</i>	<u>14,993</u>	<u>8,025</u>	<u>7,522</u>	<u>503</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(7,000)	(32)	<u>\$275</u>	<u>\$307</u>
Budgeted cash carryover	32	32		
	<u>(\$6,968)</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$275
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
<u>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)</u>	<u>\$275</u>

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, 2010

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$123,334	\$123,334	\$163,052	\$39,718
Miscellaneous	0	0	0	0
Interest on investments	0	0	272	272
<i>Total revenues</i>	<u>123,334</u>	<u>123,334</u>	<u>163,324</u>	<u>39,990</u>
EXPENDITURES				
Personnel	0	0	0	0
Operating	64,797	64,797	85,547	(20,750)
Capital outlay	128,537	128,537	77,296	51,241
<i>Total expenditures</i>	<u>193,334</u>	<u>193,334</u>	<u>162,843</u>	<u>30,491</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(70,000)	(70,000)	<u>\$481</u>	<u>\$70,481</u>
<i>Budgeted cash carryover</i>	<u>70,000</u>	<u>70,000</u>		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$481
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
<u>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)</u>	<u>\$481</u>

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

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, 2010

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$80,682	\$80,682	\$75,233	(\$5,449)
EXPENDITURES				
Personnel	22,668	22,668	60,474	(37,806)
Operating	48,552	48,522	9,292	39,230
Capital outlay	0	0	0	0
<i>Total expenditures</i>	71,220	71,190	69,766	1,424
<i>Excess (deficiency) of revenues over expenditures</i>	9,462	9,492	5,467	(4,025)
Other Financing Sources (Uses):				
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>	\$9,462	\$9,492	\$5,467	(\$4,025)

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$5,467
Adjustments for revenue accruals	(5,467)
Adjustments for expenditures accruals	1,124
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$1,124

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

CITY OF GRANTS
GRT STREET & PARKS IMPROVEMENTS
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Interest on investments	\$2,500	\$2,500	\$90	(\$2,410)
EXPENDITURES				
Personnel	0	0	0	0
Operating	0	0	0	0
Capital outlay	387,000	387,000	0	387,000
<i>Total expenditures</i>	387,000	387,000	0	387,000
<i>Excess (deficiency) of revenues over expenditures</i>	(384,500)	(384,500)	90	384,590
Other Financing Sources (Uses):				
Operating transfers in	387,000	387,000	354,713	(32,287)
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	\$2,500	\$2,500	\$354,803	\$352,303

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$354,803
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)	\$354,803

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, 2010

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$90,000	\$90,000	\$70,609	(\$19,391)
Interest on investments	500	500	0	(500)
<i>Total revenues</i>	<u>90,500</u>	<u>90,500</u>	<u>70,609</u>	<u>(19,891)</u>
EXPENDITURES				
Personnel	0	0	0	0
Operating	0	0	14,230	(14,230)
Capital outlay	125,000	125,000	47,675	77,325
<i>Total expenditures</i>	<u>125,000</u>	<u>125,000</u>	<u>61,905</u>	<u>63,095</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(34,500)	(34,500)	8,704	43,204
Other Financing Sources (Uses):				
Operating transfers (out)	0	0	(8,703)	(8,703)
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	<u>(\$34,500)</u>	<u>(\$34,500)</u>	<u>\$1</u>	<u>\$34,501</u>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$1
Adjustments for revenue accruals	0
<u>Adjustments for expenditures accruals</u>	<u>(1)</u>
<u>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)</u>	<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, 2010

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$500,000	\$500,000	\$395,575	(\$104,425)
Interest on investments	0	0	1,344	1,344
Miscellaneous income	0	0	652	652
<i>Total revenues</i>	<u>500,000</u>	<u>500,000</u>	<u>397,571</u>	<u>(102,429)</u>
EXPENDITURES				
Personnel	24,000	24,000	25,059	(1,059)
Operating	15,810	15,810	19,036	(3,226)
Housing assistance payments	500,000	500,000	270,704	229,296
Capital outlay	0	0	0	0
<i>Total expenditures</i>	<u>539,810</u>	<u>539,810</u>	<u>314,799</u>	<u>225,011</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(39,810)</u>	<u>(39,810)</u>	<u>\$82,772</u>	<u>\$122,582</u>
Budgeted cash carryover	<u>39,810</u>	<u>39,810</u>		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$82,772
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)	\$82,772

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, 2010

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Taxes	\$5,000	\$5,000	\$4,557	(\$443)
Interest on investments	0	0	447	447
<i>Total revenues</i>	<u>5,000</u>	<u>5,000</u>	<u>5,004</u>	<u>4</u>
EXPENDITURES				
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>\$5,004</u>	<u>\$60,004</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)	\$5,004
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>\$5,004</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, 2010

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$29,600	\$29,600	\$27,200	(\$2,400)
Miscellaneous	0	0	0	0
Interest on investments	0	0	160	160
<i>Total revenues</i>	<u>29,600</u>	<u>29,600</u>	<u>27,360</u>	<u>(2,240)</u>
EXPENDITURES				
Personnel	0	0	0	0
Operating	21,800	23,593	2,409	21,184
Capital outlay	20,800	20,800	34,865	(14,065)
<i>Total expenditures</i>	<u>42,600</u>	<u>44,393</u>	<u>37,274</u>	<u>7,119</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(13,000)	(14,793)	<u>(9,914)</u>	<u>\$4,879</u>
<i>Budgeted cash carryover</i>	<u>13,000</u>	<u>14,793</u>		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$9,914)
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>(\$9,914)</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, 2010

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$7,100	\$7,100	\$5,100	(\$2,000)
EXPENDITURES				
Personnel	7,100	7,100	0	7,100
Operating	0	0	6,000	(6,000)
Capital outlay	0	0	0	0
<i>Total expenditures</i>	7,100	7,100	6,000	1,100
Excess (deficiency) of revenues over expenditures	0	0	(900)	(900)
Other Financing Sources (Uses):				
Operating transfers in	4,000	4,000	3,000	(1,000)
Operating transfers (out)	(4,000)	(4,000)	0	4,000
<i>Total other financing sources (uses)</i>	0	0	3,000	3,000
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	\$0	\$0	\$2,100	\$2,100

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$2,100
Adjustments for revenue accruals	(300)
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$1,800

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, 2010

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Court fees	\$80,000	\$80,000	\$45,149	(\$34,851)
Interest on investments	0	0	0	0
<i>Total revenues</i>	80,000	80,000	45,149	(34,851)
EXPENDITURES				
Personnel	0	0	0	0
Operating	150,000	150,000	87,202	62,798
Capital outlay	0	0	0	0
<i>Total expenditures</i>	150,000	150,000	87,202	62,798
Excess (deficiency) of revenues over expenditures	(70,000)	(70,000)	(42,053)	27,947
Other Financing Sources (Uses):				
Operating transfers (in)	60,000	60,000	60,000	0
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(10,000)	(10,000)	\$17,947	\$27,947
Budgeted cash carryover	10,000	10,000		
	\$0	\$0		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$17,947
Adjustments for revenue accruals	1
Adjustments for expenditures accruals	(1,363)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$16,585

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, 2010

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Taxes	\$340,000	\$340,000	\$385,832	\$45,832
Interest on investments	0	0	788	788
<i>Total revenues</i>	<u>340,000</u>	<u>340,000</u>	<u>386,620</u>	<u>46,620</u>
EXPENDITURES				
Personnel	0	0	0	0
Operating	66,119	66,119	61,850	4,269
Capital outlay	0	0	0	0
<i>Total expenditures</i>	<u>66,119</u>	<u>66,119</u>	<u>61,850</u>	<u>4,269</u>
<i>Excess (deficiency) of revenues over expenditures</i>	273,881	273,881	324,770	50,889
Other Financing Sources (Uses):				
Operating transfers (out)	(324,045)	(324,045)	(363,000)	38,955
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(50,164)	(50,164)	<u>(\$38,230)</u>	<u>\$89,844</u>
Budgeted cash carryover	50,164	50,164		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$38,230)
Adjustments for revenue accruals	9,888
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>(\$28,342)</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, 2010

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES	\$0	\$0	\$0	\$0
EXPENDITURES				
Personnel	0	0	0	0
Operating	307,045	307,045	301,639	5,406
Capital outlay	0	0	0	0
<i>Total expenditures</i>	307,045	307,045	301,639	5,406
<i>Excess (deficiency) of revenues over expenditures</i>	(307,045)	(307,045)	(301,639)	5,406
Other Financing Sources (Uses):				
Operating transfers in	274,045	274,045	313,000	38,955
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(33,000)	(33,000)	<u>\$11,361</u>	<u>\$44,361</u>
Budgeted cash carryover	33,000	33,000		
	\$0	\$0		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$11,361
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>\$11,361</u>

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, 2010

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$104,544	\$104,544	\$83,363	(\$21,181)
EXPENDITURES				
Personnel	27,818	27,818	22,886	4,932
Operating	57,020	57,020	60,255	(3,235)
Capital outlay	0	0	0	0
<i>Total expenditures</i>	84,838	84,838	83,141	1,697
<i>Excess (deficiency) of revenues over expenditures</i>	19,706	19,706	222	(19,484)
Other Financing Sources (Uses):				
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>	\$19,706	\$19,706	\$222	(\$19,484)

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$222
Adjustments for revenue accruals	(222)
Adjustments for expenditures accruals	(1,637)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	(\$1,637)

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

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, 2010

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$40,491	\$40,491	\$34,199	(\$6,292)
EXPENDITURES				
Personnel	35,384	35,384	32,460	2,924
Operating	0	0	300	(300)
<i>Total expenditures</i>	35,384	35,384	32,760	2,624
<i>Excess (deficiency) of revenues over expenditures</i>	5,107	5,107	1,439	(3,668)
Other Financing Sources (Uses):				
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>	\$5,107	\$5,107	\$1,439	(\$3,668)

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$1,439
Adjustments for revenue accruals	(1,439)
Adjustments for expenditures accruals	(31)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	(\$31)

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, 2010

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Donations	\$500	\$500	\$77	(\$423)
Interest on investments	200	200	1,800	1,600
<i>Total revenues</i>	<u>700</u>	<u>700</u>	<u>1,877</u>	<u>1,177</u>
EXPENDITURES				
Personnel	0	0	0	0
Operating	3,500	3,500	70	3,430
Capital outlay	5,000	5,000	0	5,000
<i>Total expenditures</i>	<u>8,500</u>	<u>8,500</u>	<u>70</u>	<u>8,430</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(7,800)	(7,800)	<u>\$1,807</u>	<u>\$9,607</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)	\$1,807
Adjustments for revenue accruals	(1)
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$1,806</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, 2010

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$65,000	\$65,000	\$32,595	(\$32,405)
Miscellaneous	0	0	0	0
<i>Total revenues</i>	65,000	65,000	32,595	(32,405)
EXPENDITURES				
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>	65,000	65,000	0	65,000
<i>Excess (deficiency) of revenues over expenditures</i>	\$0	\$0	\$32,595	\$32,595

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$32,595
Adjustments for revenue accruals	165
Adjustments for expenditures accruals	(32,791)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	(\$31)

CITY OF GRANTS
DEBT SERVICE FUNDS
JUNE 30, 2010

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, 2010

	GRT Income Fund	GRT Revenue Bond Debt Service	GRT Revenue Bond Reserve	NMFA Loan	NMFA Reserve	Totals
ASSETS						
Cash	\$0	\$140,592	\$0	\$0	\$0	\$140,592
Cash held with trustee	0	166,776	149,760	111,949	67,826	496,311
Total assets	\$0	\$307,368	\$149,760	\$111,949	\$67,826	\$636,903
LIABILITIES AND FUND BALANCE						
Liabilities	\$0	\$0	\$0	\$0	\$0	\$0
Fund Balance:						
Reserved for debt service	0	307,368	149,760	111,949	67,826	636,903
Total fund balance	0	307,368	149,760	111,949	67,826	636,903
Total liabilities and fund balance	\$0	\$307,368	\$149,760	\$111,949	\$67,826	\$636,903

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, 2010

	GRT Income Fund	GRT Revenue Bond Debt Service	GRT Revenue Bond Reserve	NMFA Loan	NMFA Reserve	Totals
REVENUES						
Taxes	\$0	\$0	\$0	\$0	\$0	\$0
Investment income	0	211	179	270	1,651	2,311
<i>Total revenues</i>	0	211	179	270	1,651	2,311
EXPENDITURES						
Debt Service:						
Principal	0	130,000	0	39,224	0	169,224
Interest	0	17,578	0	24,547	0	42,125
Fees	0	1,550	0	4,295	0	5,845
<i>Total expenditures</i>	0	149,128	0	68,066	0	217,194
Excess (deficiency) of revenues over expenditures	0	(148,917)	179	(67,796)	1,651	(214,883)
Other Financing Sources (Uses):						
Loan proceeds - NMFA	0	0	0	203,000	0	203,000
Operating transfers in	147,578	147,578	0	69,806	0	364,962
Operating transfers (out)	(147,578)	0	0	(200,006)	0	(347,584)
<i>Total other financing sources (uses)</i>	0	147,578	0	72,800	0	220,378
<i>Net changes in fund balances</i>	0	(1,339)	179	5,004	1,651	5,495
Fund balance, beginning of year	0	308,707	149,581	106,945	66,175	631,408
<i>Fund balance, end of year</i>	\$0	\$307,368	\$149,760	\$111,949	\$67,826	\$636,903

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

CITY OF GRANTS
GRT INCOME FUND
DEBT SERVICE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Interest on investments	\$0	\$0	\$0	\$0
EXPENDITURES				
Paying agent fees	0	0	0	0
Bond interest	0	0	0	0
Bond principal	0	0	0	0
<i>Total expenditures</i>	0	0	0	0
<i>Excess (deficiency) of revenues over expenditures</i>	0	0	0	0
Other Financing Sources (Uses):				
Operating transfers in	147,578	147,578	147,578	0
Operating transfers (out)	(147,578)	(147,578)	(147,578)	0
<i>Total other financing sources (uses)</i>	0	0	0	0
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	\$0	\$0	\$0	\$0

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)	\$0

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, 2010

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Interest on investments	\$0	\$0	\$211	\$211
EXPENDITURES				
Paying agent fees	4,000	4,000	1,550	2,450
Bond interest	17,578	17,578	17,578	0
Bond principal	130,000	130,000	130,000	0
<i>Total expenditures</i>	<i>151,578</i>	<i>151,578</i>	<i>149,128</i>	<i>2,450</i>
<i>Excess (deficiency) of revenues over expenditures</i>	<i>(151,578)</i>	<i>(151,578)</i>	<i>(148,917)</i>	<i>2,661</i>
Other Financing Sources (Uses):				
Operating transfers in	155,078	155,078	147,578	(7,500)
Operating transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	<i>155,078</i>	<i>155,078</i>	<i>147,578</i>	<i>(7,500)</i>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	<i>\$3,500</i>	<i>\$3,500</i>	<i>(\$1,339)</i>	<i>(\$4,839)</i>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$1,339)
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)	(\$1,339)

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, 2010

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Interest	\$7,500	\$7,500	\$179	(\$7,321)
EXPENDITURES				
Management fees	500	500	0	500
<i>Excess (deficiency) of revenues over expenditures</i>	7,000	7,000	179	(6,821)
Other Financing Sources (Uses):				
Operating transfers in	0	0	0	0
Operating transfers (out)	(7,500)	(7,500)	0	7,500
<i>Total other financing sources (uses)</i>	(7,500)	(7,500)	0	7,500
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(500)	(500)	<u>\$179</u>	<u>\$679</u>
Budgeted cash carryover	500	500		
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$179
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)	\$179

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, 2010**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Interest/Investment income	\$0	\$0	\$270	\$270
EXPENDITURES				
Principal	39,224	39,224	39,224	0
Interest	24,550	24,550	24,547	3
Fees	2,000	2,000	1,296	704
<i>Total expenditures</i>	<i>65,774</i>	<i>65,774</i>	<i>65,067</i>	<i>707</i>
<i>Excess (deficiency) of revenues over expenditures</i>	<i>(65,774)</i>	<i>(65,774)</i>	<i>(64,797)</i>	<i>977</i>
Other Financing Sources (Uses):				
Loan proceeds - NMFA	0	200,006	200,006	0
Operating transfers in	74,807	74,807	69,806	(5,001)
Operating transfers (out)	0	(200,006)	(200,006)	0
<i>Total other financing sources (uses)</i>	<i>74,807</i>	<i>74,807</i>	<i>69,806</i>	<i>(5,001)</i>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	<i>9,033</i>	<i>9,033</i>	<i>\$5,009</i>	<i>(\$4,024)</i>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$5,009
Adjustments for revenue accruals	3,000
Adjustments for expenditures accruals	(3,000)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$5,009

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, 2010

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Interest on investments	\$5,000	\$5,000	\$1,651	(\$3,349)
EXPENDITURES				
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	1,651	(3,349)
Other Financing Sources (Uses):				
Operating transfers (out)	(5,000)	(5,000)	0	5,000
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	\$0	\$0	\$1,651	\$1,651

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$1,651
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)	\$1,651

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, 2010

	Special Revenue	Debt Service	Total
ASSETS			
Cash	\$1,071,332	\$140,592	\$1,211,924
Cash held with trustee	0	496,311	496,311
Accounts receivable	71,892	0	71,892
Grant revenue receivable	92,375	0	92,375
Due from other funds	3,755	0	3,755
Other deferred charges	0	0	0
Total assets	\$1,239,354	\$636,903	\$1,876,257
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$15,257	\$0	\$15,257
Accrued payroll	13,141	0	13,141
Deferred revenue	0	0	0
Due to other funds	47,041	0	47,041
Total liabilities	75,439	0	75,439
Fund Balances:			
Reserved for debt service	0	636,903	636,903
Unreserved, undesignated	1,163,915	0	1,163,915
Total fund balances	1,163,915	636,903	1,800,818
Total liabilities and fund balances	\$1,239,354	\$636,903	\$1,876,257

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, 2010

	Special Revenue	Debt Service	Total
REVENUES			
Intergovernmental	\$1,182,755	\$0	\$1,182,755
Taxes	4,557	0	4,557
Lodgers' Tax	395,720	0	395,720
Fees	45,150	0	45,150
Investment income	3,667	2,311	5,978
Sales of property	9,400	0	9,400
Donations	652	0	652
Miscellaneous	1,800	0	1,800
<i>Total revenues</i>	<u>1,643,701</u>	<u>2,311</u>	<u>1,646,012</u>
EXPENDITURES			
Current:			
General government	61,850	0	61,850
Public safety	184,042	0	184,042
Public works	0	0	0
Health and welfare	897,588	0	897,588
Culture and recreation	301,709	0	301,709
Capital outlay	159,836	0	159,836
Debt Service:			
Principal	0	169,224	169,224
Interest	0	42,125	42,125
Fees	0	5,845	5,845
<i>Total expenditures</i>	<u>1,605,025</u>	<u>217,194</u>	<u>1,822,219</u>
<i>Excess (deficiency) of revenues over expenditures</i>	38,676	(214,883)	(176,207)
Other Financing Sources (Uses):			
Loan proceeds - NMFA	0	203,000	203,000
Operating transfers in	780,713	364,962	1,145,675
Operating transfers (out)	(371,703)	(347,584)	(719,287)
<i>Total other financing sources (uses)</i>	<u>409,010</u>	<u>220,378</u>	<u>629,388</u>
<i>Net changes in fund balances</i>	447,686	5,495	453,181
Fund balance, beginning of year	706,814	631,408	1,338,222
Restatements	9,415	0	9,415
Fund balance, beginning of year, as restated	716,229	631,408	1,347,637
<i>Fund balance, end of year</i>	<u>\$1,163,915</u>	<u>\$636,903</u>	<u>\$1,800,818</u>

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

CITY OF GRANTS
CAPITAL PROJECTS FUNDS
JUNE 30, 2010

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, 2010

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
REVENUES				
Intergovernmental	\$4,571,000	\$4,571,000	\$1,307,834	(\$3,263,166)
Other	0	0	270	270
Rental revenue	6,000	6,000	16,704	10,704
<i>Total revenues</i>	<u>4,577,000</u>	<u>4,577,000</u>	<u>1,324,808</u>	<u>(3,252,192)</u>
EXPENDITURES				
Current:				
Capital outlay	5,610,000	5,610,000	2,406,903	3,203,097
<i>Total expenditures</i>	<u>5,610,000</u>	<u>5,610,000</u>	<u>2,406,903</u>	<u>3,203,097</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(1,033,000)	(1,033,000)	(1,082,095)	(49,095)
Other Financing Sources (Uses):				
Operating transfers in	700,000	900,006	900,006	0
Operating transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	<u>700,000</u>	<u>900,006</u>	<u>900,006</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(333,000)	(132,994)	<u>(\$182,089)</u>	<u>(\$49,095)</u>
<i>Budgeted cash carryover</i>	<u>333,000</u>	<u>132,994</u>		
	<u>\$0</u>	<u>\$0</u>		
Budgetary - GAAP Reporting Reconciliation:				
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>			(\$182,089)	
Adjustments for revenue accruals			291,562	
Capital transfers out			(248,668)	
Adjustments for expenditures accruals			312,007	
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)</i>			<u>\$172,812</u>	

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

CITY OF GRANTS
ENTERPRISE FUNDS
JUNE 30, 2010

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, 2010

	Home Program	Low Rent	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$4,947	\$42,402	\$47,349
Investments	215,149	0	215,149
Accounts receivable tenants (net of allowance)	0	0	0
Accounts receivable	0	2,708	2,708
Interest receivable	364	0	364
Prepaid insurance	0	0	0
Other deferred charges	0	0	0
Due from other funds	0	47,625	47,625
<i>Total current assets</i>	220,460	92,735	313,195
Restricted Assets:			
Customer Deposits:	0	0	0
Cash and cash equivalents	0	0	0
<i>Total restricted assets</i>	0	0	0
Capital Assets			
Less accumulated depreciation	4,721	1,191,572	1,196,293
<i>Net capital assets</i>	(4,609)	(573,148)	(577,757)
	112	618,424	618,536
Total assets	\$220,572	\$711,159	\$931,731
LIABILITIES			
Current Liabilities:			
Accounts payable	\$173,993	\$1,610	\$175,603
Accrued payroll	0	2,405	2,405
Due to other funds	32,939	0	32,939
Deferred revenue	0	0	0
Tenant security deposits	0	4,561	4,561
Tenants prepaid rent	0	13	13
Current portion of long-term debt	0	0	0
<i>Total current liabilities</i>	206,932	8,589	215,521
Non-Current Liabilities:			
Accrued compensated absences	0	4,389	4,389
Leases payable - long-term portion	0	0	0
<i>Total noncurrent liabilities</i>	0	4,389	4,389
Total liabilities	206,932	12,978	219,910
Net Assets:			
Invested in capital assets, net of related debt	112	618,424	618,536
Unrestricted	13,528	79,757	93,285
<i>Total fund net assets</i>	13,640	698,181	711,821
Total liabilities and fund net assets	\$220,572	\$711,159	\$931,731

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, 2010

	Home Program	Low Rent	Total
OPERATING REVENUES			
Rental income	\$0	\$67,494	\$67,494
<i>Total operating revenues</i>	<u>0</u>	<u>67,494</u>	<u>67,494</u>
OPERATING EXPENSES			
Operating expenses	5,068	122,912	127,980
Depreciation	64	34,312	34,376
<i>Total operating expenses</i>	<u>5,132</u>	<u>157,224</u>	<u>162,356</u>
<i>Operating income (loss)</i>	(5,132)	(89,730)	(94,862)
NON-OPERATING REVENUE AND (EXPENSES)			
Federal grants and subsidies	0	64,444	64,444
Interest earnings	3,547	221	3,768
Other	0	924	924
<i>Total non-operating revenue and (expenses)</i>	<u>3,547</u>	<u>65,589</u>	<u>69,136</u>
<i>Net income (loss) before contributions and transfers</i>	(1,585)	(24,141)	(25,726)
Operating transfers in	0	8,703	8,703
Capital transfers in	0	0	0
<i>Change in net assets</i>	(1,585)	(15,438)	(17,023)
Total fund net assets, at beginning of year	189,220	713,619	902,839
Restatements	(173,995)	0	(173,995)
Total fund net assets, at beginning of year, as restated	15,225	713,619	728,844
<i>Total fund net assets, at end of year</i>	<u>\$13,640</u>	<u>\$698,181</u>	<u>\$711,821</u>

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, 2010

	Home Program	Low Rent	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers (including other funds)	\$0	\$91,919	\$91,919
Cash paid to suppliers	(886)	(59,957)	(60,843)
Cash paid to employees	(4,982)	(74,282)	(79,264)
<i>Net cash provided (used) by operating activities</i>	(5,868)	(42,320)	(48,188)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Grants and subsidies	0	64,444	64,444
Advances (to) from other funds	5,867	(13,426)	(7,559)
Transfers in (out)	0	8,703	8,703
Non tenant income	0	974	974
<i>Net cash provided (used) by noncapital financing activities</i>	5,867	60,695	66,562
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of property and equipment, net of trades	0	(3,754)	(3,754)
Disposition of assets	0	51	51
Lease proceeds	0	0	0
Capital transfers (in) out	0	0	0
Loss on asset disposal	0	(50)	(50)
Principal paid: revenue bonds/lease purchase/advances	0	0	0
Grants and subsidies	0	0	0
Other income	0	0	0
<i>Net cash provided (used) by capital and related financing activities</i>	0	(3,753)	(3,753)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investments	(3,341)	(222)	(3,563)
Interest received	3,360	221	3,581
<i>Net cash provided (used) by investing activities</i>	19	(1)	18
<i>Net increase (decrease) in cash</i>	18	14,621	14,639
Cash and restricted cash, beginning of year	4,929	27,781	32,710
<i>Cash and restricted cash, end of year</i>	4,947	42,402	47,349

Non Cash Transactions:
Capital assets transferred in

CITY OF GRANTS
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Home Program	Low Rent	Total
Reconciliation of operating income to net cash provided (used) by operating activities			
Operating income (loss)	(\$5,132)	(\$89,730)	(\$94,862)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	64	34,312	34,376
Provision for uncollectible accounts	0	0	0
Change in assets and liabilities:			
(Increase) Decrease in assets:			
Accounts receivables	0	26,732	26,732
Due from/(to) other funds	0	0	0
Inventories	0	0	0
Prepays and deposits	0	(2,307)	(2,307)
Increase (Decrease) in liabilities:			
Accounts and contracts payable	(139)	(11,620)	(11,759)
Wages payable	(200)	(1,344)	(1,544)
Compensated absences	(461)	548	87
Other deferred charges: Tenant deposits	0	1,089	1,089
Tenants prepaid rent	0	0	0
<i>Total adjustments</i>	(736)	47,410	46,674
<i>Net cash provided (used) by operating activities</i>	(5,868)	(42,320)	(48,188)

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, 2010

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
REVENUES				
Golf course fees	\$260,000	\$265,000	\$308,763	\$43,763
Rental income	0	0	3,600	3,600
Other	0	0	0	0
<i>Total revenues</i>	<u>260,000</u>	<u>265,000</u>	<u>312,363</u>	<u>47,363</u>
OPERATING EXPENSES				
Personnel	369,274	369,274	307,130	62,144
Operating	325,465	325,465	357,816	(32,351)
Capital outlay	9,000	9,000	0	9,000
<i>Total operating expenses</i>	<u>703,739</u>	<u>703,739</u>	<u>664,946</u>	<u>38,793</u>
<i>Operating income (loss)</i>	(443,739)	(438,739)	(352,583)	86,156
Non-Operating Revenue (Expenses)				
Transfers in	375,000	375,000	375,000	0
Transfers (out)	0	0	0	0
<i>Total non-operating revenue (expenses)</i>	<u>375,000</u>	<u>375,000</u>	<u>375,000</u>	<u>0</u>
<i>Net income (loss) after transfers</i>	(68,739)	(63,739)	<u>\$22,417</u>	<u>\$86,156</u>
Budgeted cash carryover	<u>68,739</u>	<u>63,739</u>		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$22,417
Adjustments for revenue accruals	2,217
Capital transfers	36,141
Adjustments for expenditures accruals	(36,378)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$24,397</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, 2010

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
REVENUES				
Rental income	\$0	\$0	\$0	\$0
Interest on investments	0	0	3,546	3,546
Miscellaneous income	0	0	0	0
Gain (loss) on sale of assets	0	0	0	0
<i>Total revenues</i>	0	0	3,546	3,546
OPERATING EXPENSES				
Personnel	4,000	4,000	4,971	(971)
Operating	30,000	30,000	622	29,378
<i>Total operating expenses</i>	34,000	34,000	5,593	28,407
<i>Operating income (loss)</i>	(\$34,000)	(\$34,000)	(\$2,047)	\$31,953

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)	(\$2,047)
Adjustments for revenue accruals	1
Adjustments for expenditures accruals and depreciation	461
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	(\$1,585)

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, 2010

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
REVENUES				
Rental income	\$32,219	\$51,000	\$69,865	\$18,865
<i>Total revenues</i>	<u>32,219</u>	<u>51,000</u>	<u>69,865</u>	<u>18,865</u>
OPERATING EXPENSES				
Personnel	55,000	55,000	61,555	(6,555)
Operating	51,000	74,000	72,684	1,316
Capital outlay	0	0	0	0
<i>Total operating expenses</i>	<u>106,000</u>	<u>129,000</u>	<u>134,239</u>	<u>(5,239)</u>
<i>Operating income (loss)</i>	(73,781)	(78,000)	(64,374)	13,626
Non-Operating Revenue (Expenses)				
HUD grants and subsidy	50,000	50,000	86,277	36,277
Interest	500	500	222	(278)
Other	0	0	974	974
Transfers in	0	0	8,703	8,703
<i>Total non-operating revenue (expenses)</i>	<u>50,500</u>	<u>50,500</u>	<u>96,176</u>	<u>45,676</u>
<i>Net income (loss) after non-operating revenue</i>	(23,281)	(27,500)	<u>\$31,802</u>	<u>\$59,302</u>
<i>Budgeted cash carryover</i>	<u>23,281</u>	<u>27,500</u>		
	<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)	\$31,802
Adjustments for revenue accruals	(24,255)
Adjustments for expenditures accruals and depreciation	(22,985)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>(\$15,438)</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, 2010

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
REVENUES				
Refuse collection	\$1,400,000	\$1,400,000	\$1,574,231	\$174,231
Water sales (net)	1,675,000	1,675,000	1,927,541	252,541
Sewer charges	1,600,000	1,600,000	1,755,062	155,062
Total government tax	235,000	235,000	273,028	38,028
Other	80,000	80,000	150,041	70,041
<i>Total revenues</i>	<u>4,990,000</u>	<u>4,990,000</u>	<u>5,679,903</u>	<u>689,903</u>
OPERATING EXPENSES				
Public works	4,443,524	4,443,524	4,493,305	(49,781)
Capital outlay	635,000	885,000	20,869	864,131
<i>Total operating expenses</i>	<u>5,078,524</u>	<u>5,328,524</u>	<u>4,514,174</u>	<u>814,350</u>
<i>Operating income (loss)</i>	(88,524)	(338,524)	1,165,729	1,504,253
Non-Operating Revenue (Expenses)				
Interest income	33,500	30,000	12,050	(17,950)
Transfers in	1,077,441	1,018,228	1,018,228	0
Transfers (out)	(1,485,691)	(1,485,691)	(1,485,691)	0
Interest expense	(455,260)	(455,260)	(461,965)	(6,705)
Principal payments	(90,205)	(88,205)	(81,500)	6,705
Debt service fees	(4,500)	(4,500)	(1,275)	3,225
Set aside - NMED	0	0	0	0
Reserve	(408,680)	(408,680)	0	408,680
<i>Total non-operating revenue (expenses)</i>	<u>(1,333,395)</u>	<u>(1,394,108)</u>	<u>(1,000,153)</u>	<u>393,955</u>
<i>Net income (loss)</i>	(1,421,919)	(1,732,632)	<u>\$165,576</u>	<u>\$1,898,208</u>
Budgeted cash carryover	1,421,919	1,732,632		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$165,576
Adjustments for revenue accruals	16,308
Capital transfers in (out) - net	213,686
Adjustments for expenditures accruals	(194,257)
<u>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)</u>	<u>\$201,313</u>

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

OTHER SUPPLEMENTARY INFORMATION

CITY OF GRANTS
AGENCY FUNDS
JUNE 30, 2010

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, 2010

	Balance June 30, 2009	Increase	Decrease	Balance June 30, 2010
Appearance Bond Fund:				
Assets				
Petty cash	\$500	\$0	\$0	\$500
Cash in bank	21,833	62,352	68,278	15,907
	<u>\$22,333</u>	<u>\$62,352</u>	<u>\$68,278</u>	<u>\$16,407</u>
Liabilities				
Deposits held for others	\$22,333	\$62,352	\$68,278	\$16,407
Senior Activity Account:				
Assets				
Cash in bank	\$2,963	\$424	\$1,099	\$2,288
	<u>\$2,963</u>	<u>\$424</u>	<u>\$1,099</u>	<u>\$2,288</u>
Liabilities				
Funds held for Seniors	\$2,963	\$424	\$1,099	\$2,288
	<u>\$2,963</u>	<u>\$424</u>	<u>\$1,099</u>	<u>\$2,288</u>
Total Agency Funds:				
Assets				
Petty cash	\$500	\$0	\$0	\$500
Cash in bank	24,796	62,776	69,377	18,195
	<u>\$25,296</u>	<u>\$62,776</u>	<u>\$69,377</u>	<u>\$18,695</u>
<i>Total assets</i>	<u>\$25,296</u>	<u>\$62,776</u>	<u>\$69,377</u>	<u>\$18,695</u>
Liabilities				
Deposits held for others	\$25,296	\$62,776	\$69,377	\$18,695
	<u>\$25,296</u>	<u>\$62,776</u>	<u>\$69,377</u>	<u>\$18,695</u>

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, 2010

Participants	Responsible Party for Operations	Descriptions	Beginning and Ending dates	Total Estimated Amount of Project	Contribution 6/30/2010	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, 2009 June 30, 2010	N/A	\$12,636	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	\$24,113	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, 2010

Federal Grantor/Program Title	Federal CFDA Number or Agency Prefix	Project Number	Award Amount	Accrued or (Deferred) Revenue at June 30, 2009	Receipts	Expenditures	Accrued or (Deferred) Revenue at June 30, 2010
<u>U.S. Department of Agriculture</u>							
Passed through State of New Mexico:							
Passed through North Central							
New Mexico Economic Development District:							
Area Agency on Aging		Contract					
Nutritional Service Incentive Program	10.558	No. 2009-10	\$32,015	\$2,958	(\$30,064)	\$32,015	\$4,909
<u>Total U.S. Department of Agriculture</u>			\$32,015	\$2,958	(\$30,064)	\$32,015	\$4,909
<u>U.S. Department of Health and Human Services</u>							
Passed through North Central							
New Mexico Economic Development District:							
Special Programs for the Aging Title III B	93.044	Contract	\$40,342	\$5,627	(\$38,573)	\$40,342	\$7,396
Title III C	93.045	No. 3	40,254	820	(35,621)	40,254	5,453
ARRA-Nutrition Contract Title III C	93.707	10-624-4000-0087	8,531	0	(8,531)	8,531	0
<u>Total U.S. Department of Health and Human Services</u>			\$89,127	\$6,447	(\$82,725)	\$89,127	\$12,849
<u>U.S. Department of Housing and Urban Development</u>							
Passed through New Mexico Department of Finance and Administration							
Community Development Block Grant -							
Johnson Street	14.288	10-C-NR-I-01-G-23	\$0	\$0	\$0	\$1,755	\$1,755
Storm Water Drainage Impr. Program	14.288	07-CNR-I-01-G-36	300,000	300,000	(300,000)	0	0
Direct Funding:							
Low Rent Public Housing Operating							
Subsidy - Housing	14.850		69,201	0	(64,444)	64,444	0
Section 8 Rental Voucher Program -							
Housing	14.871		392,863	1,888	(397,463)	395,575	0
Public Housing Capital Fund	14.872		71,478	16,820	(47,791)	46,862	15,891
Capital Fund Recovery Grant - ARRA	14.885		0	7,499	(23,516)	16,017	0
<u>Total U.S. Department of Housing and Urban Development</u>			\$833,542	\$326,207	(\$833,214)	\$524,653	\$17,646
<u>U.S. Department of Justice</u>							
Office of Justice Programs							
ARRA	16.579	2009-SB-B9-2118	\$39,740	\$0	(\$33,754)	\$33,754	\$0
<u>Total U.S. Department of Health and Human Services</u>			\$39,740	\$0	(\$33,754)	\$33,754	\$0

CITY OF GRANTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal Grantor/Program Title	Federal CFDA Number or Agency Prefix	Project Number	Award Amount	Accrued or (Deferred) Revenue at June 30, 2009	Receipts	Expenditures	Accrued or (Deferred) Revenue at June 30, 2010
U.S. Department of Transportation							
Airport Improvement Project Passed through the New Mexico Department of Transportation Federal Aviation Administration Highway, Planning & Construction Grant	20.106	3-35-0020-011-2009	\$245,430	\$0	(\$222,017)	\$245,430	\$23,413
ARRA - COOP Project - Nimitz	20.205	ECO-5953(1)	800,000	0	0	547,952	547,952
Total U.S. Department of Transportation			\$1,045,430	\$0	(\$222,017)	\$793,382	\$571,365
Total Federal Financial Assistance			\$2,039,854	\$335,612	(\$1,201,774)	\$1,472,931	\$606,769
Grant revenue receivable (page 12) (\$880,596 less state grant receivables of \$273,827)							\$606,769
							\$606,769

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.

Housing Authority of the City of Grants (NM030)
GRANTS, NM

Entity Wide Balance Sheet Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 06/30/2010

	Project Total	14,871 Housing Choice Vouchers	1 Business Activities	14,885 Formula Capital Fund Stimulus Grant	14,239 HOME Investment Partnerships Program
111 Cash - Unrestricted	\$37,841	\$5,140	\$4,947		
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted		\$219,427			
114 Cash - Tenant Security Deposits	\$4,551				
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$42,402	\$224,567	\$4,947	\$0	\$0
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects	\$15,692				
124 Accounts Receivable - Other Government					\$2,486
125 Accounts Receivable - Miscellaneous					
126 Accounts Receivable - Tenants	\$222				
126.1 Allowance for Doubtful Accounts - Tenants	\$0				
126.2 Allowance for Doubtful Accounts - Other	\$0				\$0
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery					
128.1 Allowance for Doubtful Accounts - Fraud					
129 Accrued Interest Receivable			\$364		
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$15,114	\$0	\$364	\$0	\$2,486
131 Investments - Unrestricted			\$215,149		
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets					
143 Inventories					

Housing Authority of the City of Grants (NIM030)
GRANTS, NM

Entity Wide Balance Sheet Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 06/30/2010

	Project Total	14,871 Housing Choice Vouchers	1 Business Activities	14,885 Formula Capital Fund Stimulus Grant	14,239 HOME Investment Partnerships Program
143.1 Allowance for Obsolete Inventories					
144 Inter Program Due From	\$34,219	\$3,755			
145 Assets Held for Sale					
150 Total Current Assets	\$92,735	\$228,322	\$220,460	\$0	\$2,466
161 Land	\$46,724				
162 Buildings	\$1,446,986				
163 Furniture, Equipment & Machinery - Dwellings	\$19,694		\$446		
164 Furniture, Equipment & Machinery - Administration	\$23,157	\$8,814	\$4,275		
165 Leasehold Improvements	\$38,356				
166 Accumulated Depreciation	-\$722,284	-\$8,814	-\$4,610		
167 Construction in Progress					
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$852,633	\$0	\$111	\$0	\$0
171 Notes, Loans and Mortgages Receivable - Non-Current					
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due					
173 Grants Receivable - Non Current					
174 Other Assets					
176 Investments in Joint Ventures		\$0	\$111	\$0	\$0
180 Total Non-Current Assets	\$852,633	\$0	\$111	\$0	\$0
190 Total Assets	\$945,368	\$228,322	\$220,571	\$0	\$2,466
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$1,421	\$1,150			

Housing Authority of the City of Grants (NM030)
GRANTS, NM

Entity Wide Balance Sheet Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 06/30/2010

	Project Total	14,871 Housing Choice Vouchers	1 Business Activities	14,885 Formula Capital Fund Stimulus Grant	14,239 HOME Investment Partnerships Program
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	\$2,569	\$1,020			
322 Accrued Compensated Absences - Current Portion	\$2,209	\$886			
324 Accrued Contingency Liability					
325 Accrued Interest Payable					
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government			\$173,995		
341 Tenant Security Deposits	\$4,561				
342 Deferred Revenues	\$13				
343 Current Portion of Long-term Debt - Capital Projects/Mortgage					
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities					
346 Accrued Liabilities - Other					
347 Inter Program - Due To		\$2,550	\$32,938		\$2,486
348 Loan Liability - Current					
310 Total Current Liabilities	\$10,793	\$5,606	\$206,933	\$0	\$2,486
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue					
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other					
354 Accrued Compensated Absences - Non Current		\$905			
355 Loan Liability - Non Current	\$2,180				
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	\$2,180	\$905	\$0	\$0	\$0

Housing Authority of the City of Grants (NM030)
GRANTS, NM

Entity Wide Balance Sheet Summary

Fiscal Year End: 06/30/2010

Submission Type: Unaudited/A-133

	Project Total	14,871 Housing Choice Vouchers	1 Business Activities	14,885 Formula Capital Fund Stimulus Grant	14,239 HOME Investment Partnerships Program
300 Total Liabilities	\$12,973	\$6,511	\$206,933	\$0	\$2,486
508.1 Invested In Capital Assels, Net of Related Debt	\$852,633		\$111		
509.2 Fund Balance Reserved					
511.2 Unreserved, Designated Fund Balance					
511.1 Restricted Net Assets		\$219,427			
512.1 Unrestricted Net Assets	\$79,762	\$2,384	\$13,527	\$0	\$0
512.2 Unreserved, Undesignated Fund Balance					
513 Total Equity/Net Assets	\$932,395	\$221,811	\$13,638	\$0	\$0
600 Total Liabilities and Equity/Net Assets	\$945,366	\$228,322	\$220,571	\$0	\$2,486

Housing Authority of the City of Grants (NM030)
GRANTS, NM

Entity Wide Balance Sheet Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 06/30/2010

	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$47,928		\$47,928
112 Cash - Restricted - Modernization and Development			
113 Cash - Other Restricted	\$219,427		\$219,427
114 Cash - Tenant Security Deposits	\$4,561		\$4,561
115 Cash - Restricted for Payment of Current Liabilities			
100 Total Cash	\$271,916		\$271,916
121 Accounts Receivable - PHA Projects			
122 Accounts Receivable - HUD Other Projects	\$15,892		\$15,892
124 Accounts Receivable - Other Government	\$2,486		\$2,486
125 Accounts Receivable - Miscellaneous			
126 Accounts Receivable - Tenants	\$222		\$222
126.1 Allowance for Doubtful Accounts - Tenants	\$0		\$0
126.2 Allowance for Doubtful Accounts - Other	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current			
128 Fraud Recovery			
128.1 Allowance for Doubtful Accounts - Fraud			
129 Accrued Interest Receivable	\$354		\$354
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$18,964		\$18,964
131 Investments - Unrestricted	\$215,149		\$215,149
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			

Housing Authority of the City of Grants (NM030)
GRANTS, NM

Entity Wide Balance Sheet Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 06/30/2010

	Subtotal	ELIM	Total
144 Inter Program Due From	\$37,974		\$37,974
145 Assets Held for Sale			
150 Total Current Assets	\$544,003		\$544,003
161 Land	\$46,724		\$46,724
162 Buildings	\$1,445,986		\$1,445,986
163 Furniture, Equipment & Machinery - Dwellings	\$20,140		\$20,140
164 Furniture, Equipment & Machinery - Administration	\$36,246		\$36,246
165 Leasehold Improvements	\$38,356		\$38,356
166 Accumulated Depreciation	-\$735,708		-\$735,708
167 Construction in Progress			
168 Infrastructure			
160 Total Capital Assets, Net of Accumulated Depreciation	\$852,744		\$852,744
171 Notes, Loans and Mortgages Receivable - Non-Current			
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due			
173 Grants Receivable - Non Current			
174 Other Assets			
176 Investments in Joint Ventures			
180 Total Non-Current Assets	\$852,744		\$852,744
190 Total Assets	\$1,396,747		\$1,396,747
311 Bank Overdraft			
312 Accounts Payable <= 90 Days	\$2,571		\$2,571
313 Accounts Payable >90 Days Past Due			

Housing Authority of the City of Grants (NM030)
GRANTS, NM

Entity Wide Balance Sheet Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 06/30/2010

	Subtotal	ELIM	Total
321 Accrued Wage/Payroll Taxes Payable	\$3,609		\$3,609
322 Accrued Compensated Absences - Current Portion	\$3,095		\$3,095
324 Accrued Contingency Liability			
325 Accrued Interest Payable			
331 Accounts Payable - HUD PHA Programs			
332 Account Payable - PHA Projects			
333 Accounts Payable - Other Government	\$173,995		\$173,995
341 Tenant Security Deposits	\$4,561		\$4,561
342 Deferred Revenues	\$13		\$13
343 Current Portion of Long-term Debt - Capital Projects/Mortgage			
344 Current Portion of Long-term Debt - Operating Borrowings			
345 Other Current Liabilities			
346 Accrued Liabilities - Other			
347 Inter Program - Due To	\$37,974		\$37,974
348 Loan Liability - Current			
310 Total Current Liabilities	\$225,818		\$225,818
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			
352 Long-term Debt, Net of Current - Operating Borrowings			
353 Non-current Liabilities - Other			
354 Accrued Compensated Absences - Non Current	\$3,085		\$3,085
355 Loan Liability - Non Current			
356 FASB 5 Liabilities			
357 Accrued Pension and OPEB Liabilities			
350 Total Non-Current Liabilities	\$3,085		\$3,085

Housing Authority of the City of Grants (NM030)
 GRANTS, NM

Entity Wide Balance Sheet Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 06/30/2010

	Subtotal	ELIM	Total
300 Total Liabilities	\$228,903		\$228,903
508.1 Invested In Capital Assets, Net of Related Debt	\$852,744		\$852,744
509.2 Fund Balance Reserved			
511.2 Unreserved, Designated Fund Balance			
511.1 Restricted Net Assets	\$219,427		\$219,427
512.1 Unrestricted Net Assets	\$95,673		\$95,673
512.2 Unreserved, Undesignated Fund Balance			
513 Total Equity/Net Assets	\$1,167,844		\$1,167,844
600 Total Liabilities and Equity/Net Assets	\$1,396,747		\$1,396,747

Housing Authority of the City of Grants (NM030)
GRANTS, NM

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 06/30/2010

	Project Total	14,871 Housing Choice Vouchers	1 Business Activities	14,885 Formula Capital Fund Stimulus Grant	14,239 HOME Investment Partnerships Program
70300 Net Tenant Rental Revenue	\$64,776				
70400 Tenant Revenue - Other					
70500 Total Tenant Revenue	\$64,776	\$0	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$78,466	\$395,575		\$1,182	
70610 Capital Grants	\$32,840			\$14,835	
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue					
70800 Other Government Grants					\$7,729
71100 Investment Income - Unrestricted	\$222	\$56	\$3,546		
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets		\$1,303			
71400 Fraud Recovery					
71500 Other Revenue	\$3,693				
71600 Gain or Loss on Sale of Capital Assets	-\$51	\$1,287			
72000 Investment Income - Restricted		\$398,221	\$3,546	\$16,017	\$7,729
70000 Total Revenue	\$179,946	\$398,221	\$3,546	\$16,017	\$7,729
91100 Administrative Salaries	\$44,208	\$18,981	\$3,181		

Housing Authority of the City of Grants (NM030)
GRANTS, NM

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 06/30/2010

	Project Total	14,871 Housing Choice Vouchers	1 Business Activities	14,885 Formula Capital Fund Stimulus Grant	14,239 HOME Investment Partnerships Program
91200 Auditing Fees					
91300 Management Fee					
91310 Book-keeping Fee					
91400 Advertising and Marketing					
91500 Employee Benefit Contributions - Administrative	\$11,430	\$5,105	\$1,139		
91600 Office Expenses	\$5,847	\$8,668			
91700 Legal Expense					
91800 Travel	\$6,638	\$2,266			
91810 Allocated Overhead					
91900 Other	\$3,796	\$8,372	\$558		
91000 Total Operating - Administrative	\$71,921	\$43,392	\$4,878	\$0	\$0
92000 Asset Management Fee					
92100 Tenant Services - Salaries					
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other	\$40				
92500 Total Tenant Services	\$40	\$0	\$0	\$0	\$0
93100 Water	\$1,103				
93200 Electricity	\$3,256				
93300 Gas	\$1,277				
93400 Fuel					
93500 Labor					
93600 Sewer					
93700 Employee Benefit Contributions - Utilities					

Housing Authority of the City of Grants (NM030)
GRANTS, NM

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 06/30/2010

	Project Total	14,871 Housing Choice Vouchers	1 Business Activities	14,885 Formula Capital Fund Stimulus Grant	14,239 HOME Investment Partnerships Program
93800 Other Utilities Expense					
93000 Total Utilities	\$5,636	\$0	\$0	\$0	\$0
94100 Ordinary Maintenance and Operations - Labor	\$16,002				
94200 Ordinary Maintenance and Operations - Materials and Other	\$12,501				
94300 Ordinary Maintenance and Operations Contracts	\$10,049			\$1,182	
94500 Employee Benefit Contributions - Ordinary Maintenance	\$1,298				
94000 Total Maintenance	\$39,850	\$0	\$0	\$1,182	\$0
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs					
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$6,774				
96120 Liability Insurance					
96130 Workmen's Compensation	\$3,110	\$703	\$190		
96140 All Other Insurance					
96100 Total Insurance Premiums	\$9,884	\$703	\$190	\$0	\$0
96200 Other General Expenses					
96210 Compensated Absences	\$548	\$1,100			
96300 Payments in Lieu of Taxes					
96400 Bad debt - Tenant Rents	\$1,056				
96500 Bad debt - Mortgages					

Housing Authority of the City of Grants (NM030)
GRANTS, NM

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 06/30/2010

	Project Total	14,871 Housing Choice Vouchers	1 Business Activities	14,885 Formula Capital Fund Stimulus Grant	14,238 HOME Investment Partnerships Program
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	\$1,604	\$1,100	\$0	\$0	\$0
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	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$128,935	\$45,195	\$5,088	\$1,182	\$0
97000 Excess of Operating Revenue over Operating Expenses	\$51,011	\$353,026	-\$1,522	\$14,835	\$7,729
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments		\$271,355			\$7,026
97350 HAP Portability-In					
97400 Depreciation Expense	\$64,470		\$64	\$3,166	
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$193,405	\$316,550	\$5,132	\$4,348	\$7,026
10010 Operating Transfer In	\$8,000				
10020 Operating transfer Out	-\$8,000				

Housing Authority of the City of Grants (NM030)
GRANTS, NM

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 06/30/2010

	Project Total	14,871 Housing Choice Vouchers	1 Business Activities	14,885 Formula Capital Fund Stimulus Grant	14,239 HOME Investment Partnerships Program
10030 Operating Transfers from/to Primary Government					
10040 Operating Transfers from/to Component Unit					
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
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	\$703				
10093 Transfers between Program and Project - In					
10094 Transfers between Project and Program - Out		\$0	\$0	\$0	-\$703
10100 Total Other financing Sources (Uses)	\$703	\$0	\$0	\$0	-\$703
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	-\$12,756	\$81,671	-\$1,586	\$11,669	\$0
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$933,482	\$140,140	\$189,219	\$0	\$0
11040 Prior Period Adjustments, Equity Transfers and Correction of	\$11,669		-\$173,995	-\$11,669	
11050 Changes in Compensated Absence Balance					
11060 Changes in Contingent Liability Balance					
11070 Changes in Unrecognized Pension Transition Liability					
11080 Changes in Special Term/Severance Benefits Liability					
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity		\$2,384			
11180 Housing Assistance Payments Equity		\$219,427			
11190 Unit Months Available	240	1034			

Housing Authority of the City of Grants (NIM030)
GRANTS, NM

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 06/30/2010

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	14.865 Formula Capital Fund Stimulus Grant	14.239 HOME Investment Partnerships Program
11210 Number of Unit Months Leased	214	785			
11270 Excess Cash	\$71,707				
11610 Land Purchases	\$0				
11620 Building Purchases	\$37,873				
11630 Furniture & Equipment - Dwelling Purchases	\$743				
11640 Furniture & Equipment - Administrative Purchases	\$0				
11650 Leasehold Improvements Purchases	\$12,812				
11660 Infrastructure Purchases	\$0				
13510 CFFP Debt Service Payments	\$0				
13901 Replacement Housing Factor Funds	\$0				

Housing Authority of the City of Grants (NM030)
GRANTS, NM

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 06/30/2010

	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$64,776		\$64,776
70400 Tenant Revenue - Other			
70500 Total Tenant Revenue	\$64,776		\$64,776
70600 HUD PHA Operating Grants	\$475,223		\$475,223
70610 Capital Grants	\$47,675		\$47,675
70710 Management Fee			
70720 Asset Management Fee			
70730 Book Keeping Fee			
70740 Front Line Service Fee			
70750 Other Fees			
70700 Total Fee Revenue			
70800 Other Government Grants	\$7,729		\$7,729
71100 Investment Income - Unrestricted	\$3,824		\$3,824
71200 Mortgage Interest Income			
71300 Proceeds from Disposition of Assets Held for Sale			
71310 Cost of Sale of Assets			
71400 Fraud Recovery	\$1,303		\$1,303
71500 Other Revenue	\$3,693		\$3,693
71600 Gain or Loss on Sale of Capital Assets	-\$51		-\$51
72000 Investment Income - Restricted	\$1,287		\$1,287
70000 Total Revenue	\$605,459		\$605,459
91100 Administrative Salaries			
91200 Auditing Fees	\$66,370		\$66,370

Housing Authority of the City of Grants (NM030)
GRANTS, NM

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 06/30/2010

	Subtotal	ELIM	Total
91300 Management Fee			
91310 Book-keeping Fee			
91400 Advertising and Marketing			
91500 Employee Benefit contributions - Administrative	\$17,674		\$17,674
91600 Office Expenses	\$14,515		\$14,515
91700 Legal Expense			
91800 Travel	\$8,904		\$8,904
91810 Allocated Overhead			
91900 Other	\$12,728		\$12,728
91000 Total Operating - Administrative	\$120,191		\$120,191
92000 Asset Management Fee			
92100 Tenant Services - Salaries			
92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services			
92400 Tenant Services - Other	\$40		\$40
92500 Total Tenant Services	\$40		\$40
93100 Water	\$1,103		\$1,103
93200 Electricity	\$3,256		\$3,256
93300 Gas	\$1,277		\$1,277
93400 Fuel			
93500 Labor			
93600 Sewer			
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense			

Housing Authority of the City of Grants (NM030)
GRANTS, NM

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 06/30/2010

	Subtotal	ELIM	Total
93000 Total Utilities	\$5,636		\$5,636
94100 Ordinary Maintenance and Operations - Labor	\$16,002		\$16,002
94200 Ordinary Maintenance and Operations - Materials and Other	\$12,501		\$12,501
94300 Ordinary Maintenance and Operations Contracts	\$11,231		\$11,231
94500 Employee Benefit Contributions - Ordinary Maintenance	\$1,298		\$1,298
94000 Total Maintenance	\$41,032		\$41,032
95100 Protective Services - Labor			
95200 Protective Services - Other Contract Costs			
95300 Protective Services - Other			
95500 Employee Benefit Contributions - Protective Services			
95000 Total Protective Services	\$0		\$0
96110 Property Insurance	\$6,774		\$6,774
96120 Liability Insurance			
96130 Workmen's Compensation	\$4,003		\$4,003
96140 All Other Insurance			
96100 Total Insurance Premiums	\$10,777		\$10,777
96200 Other General Expenses			
96210 Compensated Absences	\$1,648		\$1,648
96300 Payments in Lieu of Taxes			
96400 Bad debt - Tenant Rents	\$1,056		\$1,056
96500 Bad debt - Mortgages			
96600 Bad debt - Other			

Housing Authority of the City of Grants (NM030)
GRANTS, NM

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 06/30/2010

	Subtotal	ELIM	Total
96800 Severance Expense			
96000 Total Other General Expenses	\$2,704		\$2,704
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	\$0		\$0
96900 Total Operating Expenses	\$180,380		\$180,380
97000 Excess of Operating Revenue over Operating Expenses	\$425,079		\$425,079
97100 Extraordinary Maintenance			
97200 Casualty Losses - Non-capitalized			
97300 Housing Assistance Payments	\$278,381		\$278,381
97350 HAP Portability-In			
97400 Depreciation Expense	\$67,700		\$67,700
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$525,461		\$525,461
10010 Operating Transfer In	\$8,000		\$8,000
10020 Operating transfer Out	-\$8,000		-\$8,000
10030 Operating Transfers from/to Primary Government			

Housing Authority of the City of Grants (NM030)
GRANTS, NM

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133 Fiscal Year End: 06/30/2010

	Subtotal	ELIM	Total
10040 Operating Transfers from/to Component Unit			
10050 Proceeds from Notes, Loans and Bonds			
10060 Proceeds from Property Sales			
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 Program and Project - In	\$703		\$703
10094 Transfers between Project and Program - Out	-\$703		-\$703
10100 Total Other financing Sources (Uses)	\$0		\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	\$78,998		\$78,998
11020 Required Annual Debt Principal Payments	\$0		\$0
11030 Beginning Equity	\$1,262,841		\$1,262,841
11040 Prior Period Adjustments, Equity Transfers and Correction of	-\$173,995		-\$173,995
11050 Changes in Compensated Absence Balance			
11060 Changes in Contingent Liability Balance			
11070 Changes in Unrecognized Pension Transition Liability			
11080 Changes in Special Term/Severance Benefits Liability			
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents			
11100 Changes in Allowance for Doubtful Accounts - Other			
11170 Administrative Fee Equity	\$2,384		\$2,384
11180 Housing Assistance Payments Equity	\$219,427		\$219,427
11190 Unit Months Available	1274		1274
11210 Number of Unit Months Leased	999		999

Housing Authority of the City of Grants (NM030)
 GRANTS, NM

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2010

Submission Type: Unaudited/A-133

	Subtotal	ELIM	Total
11270 Excess Cash	\$71,707		\$71,707
11610 Land Purchases	\$0		\$0
11620 Building Purchases	\$37,873		\$37,873
11630 Furniture & Equipment - Dwelling Purchases	\$743		\$743
11640 Furniture & Equipment - Administrative Purchases	\$0		\$0
11650 Leasehold Improvements Purchases	\$12,812		\$12,812
11660 Infrastructure Purchases	\$0		\$0
13510 CFFP Debt Service Payments	\$0		\$0
13901 Replacement Housing Factor Funds	\$0		\$0

**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, the budgetary comparisons for the general fund and major special revenue funds, and the combining and individual funds presented as supplemental information of the City of Grants as of and for the year ended June 30, 2010, and have issued our report thereon dated November 18, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Grants' 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. 2010-01 and 2008-04. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2010-02 and 2008-03.

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

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

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

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

November 18, 2010

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited City of Grants' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2010. 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 City of Grants' management. Our responsibility is to express an opinion on 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 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 City of Grants' compliance with those requirements.

In our opinion, City of Grants complied in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of 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 City of Grants' internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City'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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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, City Council, others within the entity, the State Auditor, the New Mexico Legislature, 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, 2010

CITY OF GRANTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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>
14.95	Section 8 Housing Choice Vouchers
14.872, 14.885	CFP Cluster
20.205	Highway Planning & Construction Grant – ARRA – Coop Project - Nimitz

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

Auditee qualified as low-risk auditee? X Yes _____ No

CITY OF GRANTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR SIGNIFICANT DEFICIENCIES:

2010-01 City Check Cashed by Employee

Statement of Condition – A City employee received two checks written to the City of Grants. The employee turned in one check to the City Finance Department but cashed the other check written to the City.

Criteria – Good internal controls require clear lines of authority and control over public funds and services.

Cause – The Volunteer Firemen Organization is paid by outside organizations to provide services for community events. These outside organizations have traditionally paid the Volunteer Firemen Organization directly rather than the City of Grants. In this instance, the checks were made out to the City of Grants. Additionally, the City of Grants pays the Volunteer Firemen Organization a flat amount each month which is deposited into that organizations bank account which is not a City controlled account.

Effect – The clarity of public funds versus Volunteer Firemen Organization funds have been blurred by the maintenance of a separate, non City bank account for the Volunteer Firemen Organization.

Recommendation – All services provided by the Volunteer Firemen Organization should be initiated and controlled by the City and all payments for such services should be remitted to City Hall.

Management's Response – The City will control all payments to the Volunteer Firemen Organization where the City is involved in the activity. The City is also going to pay the Volunteer Firemen individually as part of the payroll process for providing assistance to career firefighter at fires and other appropriate functions.

CITY OF GRANTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR SIGNIFICANT DEFICIENCIES (CONTINUED):

2010-02 Audit Report Not Submitted Timely

Statement of Condition – The audit report for the year ended June 30, 2010 was not submitted timely.

Criteria – Audits of Municipalities must be submitted by December 1 in accordance with the New Mexico State Audit Rule 2.2.2. NMAC.

Cause – The report was submitted on December 1, 2010 but included reporting errors that required correction. The corrections for these errors were inadvertently excluded in the originally submitted report due to a break down in the auditor's quality control system related to the processing of report changes.

Effect – Noncompliance with New Mexico State Audit Rule 2.2.2. NMAC.

Recommendation – Quality control regarding report processing and review should and will be revised to eliminate future occurrences.

Management's Response – We concur with Kriegel/Gray/Shaw & Co., P.C.'s finding and recommendation.

CITY OF GRANTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT STATUS ON PRIOR YEAR FINDINGS:

2009-01 Payout of Sick Leave

Resolved and not repeated.

2009-02 Commission Appointed Committees Expending City Funds

Resolved and not repeated.

2009-03 Sole Source Not Documented

Resolved and not repeated.

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

Repeated with modification.

Statement of Condition – Three terminated employees (involuntary terminations) were not paid their final pay within the required five days. We tested fifteen terminations (7 resignations, 8 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 has notified the Director of the Recreation Department who is responsible for notifying the Personnel Department to do so in a timely manner to alleviate this finding.

CITY OF GRANTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT STATUS ON PRIOR YEAR FINDINGS (CONTINUED):

NON-COMPLIANCE

2008-04 Budgeted Expenditures Exceeded and Budgeted Deficit

Repeated with modification.

Statement of Condition – The City exceeded its budget in the Low Rent Program (by \$5,239). The City budgeted for a deficit in the Capital Funds Program of \$34,500.

Criteria – The budget provisions as stated in 6-3-1 to 6-3-25 NMSA 1978 require that expenditures at the fund level cannot exceed budget expenditures and that budgeted expenditures cannot exceed resources (revenue plus beginning cash balance).

Cause – The Housing Authority, although a part of the City, budgets in accordance with HUD requirements, which uses a budget only as a guideline. The City erred in their determination of beginning cash balance (\$0) Capital Funds Program which created a budgeted deficit.

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 received Fiscal year end amounts from the Fee Accountant for the Grants Housing Authority for the low rent fund. Adjustments made subsequent to that information by the Fee Accountant were not used on final numbers per the City's reporting. The City will amend these budgets.

CITY OF GRANTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

**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, 2010

EXIT CONFERENCE:

The exit conference was held November 19, 2010 and was attended by the following:

From City of Grants:

Joe Murrietta, Mayor
Fred Rodarte, Mayor Pro-Tem
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.