

State of New Mexico

Town of Hurley

**FINANCIAL STATEMENTS WITH INDEPENDENT
AUDITORS' REPORT THEREON**

For The Fiscal Year Ended June 30, 2008

Town of Hurley
TABLE OF CONTENTS
 June 30, 2008

	PAGE
INTRODUCTORY SECTION:	
Directory of officials	1
FINANCIAL SECTION:	
INDEPENDENT AUDITORS' REPORT	2-3
BASIC FINANCIAL STATEMENTS:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Assets	4-5
Statement of Activities	6-7
<i>Fund Financial Statements:</i>	
Balance Sheet--Governmental Funds	8-9
Reconciliation of Total Governmental Fund Balance to Net Assets of Governmental Activities	10
Statement of Revenues, Expenditures, and Changes in Fund Balances--Governmental Funds	11-12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual (NON-GAAP Budgetary Basis)	
General Fund	14
Law Enforcement Protection	15
Statement of Net Assets--Proprietary Funds	16-17
Statement of Revenues, Expenses and Changes in Fund Net Assets--Proprietary Funds	18
Statement of Cash Flows--Proprietary Funds	19-20
Notes to Basic Financial Statements	21-37
OTHER SUPPLEMENTARY INFORMATION:	
Fund Descriptions	38-39
Combining Balance Sheet--Nonmajor Governmental Funds	40-41
Combining Statement of Revenues, Expenditures and Changes in Fund Balances--Nonmajor Governmental Funds	42-43

Statements of Revenues, Expenditures and Changes in Fund Balances--Budget and Actual (NON-GAAP Budgetary Basis):	
Special Revenue Funds:	
Recreation	44
Lodgers tax	45
EMS	46
Correction fees	47
Fire	48
Capital Projects Funds:	
Diaz Avenue	49
CDBG Comprehensive Plan	50
Santa Rita Street	51
E Street	52
Waste Water Plant	53
Enterprise Funds:	
Water and Sewer	54
Sanitation	55
Cemetery	56
OTHER SUPPLEMENTAL DATA:	
Schedule of Depository Collateral	57
Schedule of Individual Deposit Accounts and Investments	58
ADDITIONAL REPORTING REQUIREMENTS:	
Summary Schedule of Prior Audit Findings	59
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	60-61
Schedule of Findings	62-63

Town of Hurley
DIRECTORY OF OFFICIALS
June 30, 2008

ELECTED OFFICIALS

Ray Baca	Mayor
Gabriel Ramos	Mayor Pro-Tem
Richard Maynes, Jr.	Councillor
Elmo Gomez	Councillor
Joe Marin	Councillor

ADMINISTRATIVE STAFF

Annie Baca	Clerk-Treasurer
David Ramos Sr.	Municipal Judge
Bernie Marin	Maintenance Supervisor
Robert Ruiz	Police Chief
Jay Jackson	Fire Chief

MIKE STONE, C.P.A.
LINDA STONE MCGEE, C.P.A.
KAY STONE, C.P.A.
JARROD MASON, C.P.A.
KELLEY WYATT, C.P.A.

RYAN MONTOYA, C.P.A.

1311 N. GRANT ST.
P.O. BOX 2828
SILVER CITY, NEW MEXICO 88062
TELEPHONE (575) 388-1777
(575) 538-3795
FAX (575) 388-5040
E-MAIL: stonemcgee@qwestoffice.net

INDEPENDENT AUDITORS' REPORT

Hector Balderas, State Auditor
and
Mayor and Town Council
Town of Hurley
Hurley, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hurley as of and for the year ended June 30, 2008, which collectively comprise the Town's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Town's nonmajor governmental funds and enterprise funds presented as other supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the Town of Hurley'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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of government activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Hurley as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General and Law Enforcement Protection 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 fund of Town of Hurley as of June 30, 2008, and the respective changes in financial position where applicable, thereof and the respective budgetary comparisons for the nonmajor special revenue, capital projects and enterprise funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2009, on our consideration of Town of Hurley's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements, and on the combining, individual fund, and budgetary comparisons presented as other supplementary information. The accompanying financial information listed as other supplemental data in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Stone, McGee & Co CPAs

April 11, 2009

Town of Hurley
STATEMENT OF NET ASSETS
June 30, 2008

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
ASSETS			
Current:			
Cash and investments	\$ 679,069	\$ 608,122	\$ 1,287,191
Receivables, net	60,281	68,707	128,988
Interfund receivables		682	
	<u>739,350</u>	<u>677,511</u>	<u>1,416,179</u>
Total current assets	<u>\$ 739,350</u>	<u>\$ 677,511</u>	<u>\$ 1,416,179</u>
Noncurrent assets:			
Restricted:			
Cash and investments	\$ -	\$ 53,095	\$ 53,095
Capital assets, net	6,153,170	804,912	6,958,082
	<u>6,153,170</u>	<u>858,007</u>	<u>7,011,177</u>
Total noncurrent assets	<u>\$ 6,153,170</u>	<u>\$ 858,007</u>	<u>\$ 7,011,177</u>
Total assets	<u>\$ 6,892,520</u>	<u>\$ 1,535,518</u>	<u>\$ 8,427,356</u>
LIABILITIES			
Current:			
Accounts payable	\$ 4,712	\$ 586	\$ 5,298
Interfund payables	682		
	<u>5,394</u>	<u>586</u>	<u>5,298</u>
Total current liabilities	<u>\$ 5,394</u>	<u>\$ 586</u>	<u>\$ 5,298</u>
Noncurrent:			
Payable from restricted assets:			
Customer deposits	\$ -	\$ 53,095	\$ 53,095
Compensated absences	10,859	4,567	15,426
	<u>10,859</u>	<u>57,662</u>	<u>68,521</u>
Total noncurrent liabilities	<u>\$ 10,859</u>	<u>\$ 57,662</u>	<u>\$ 68,521</u>
Total liabilities	<u>\$ 16,253</u>	<u>\$ 58,248</u>	<u>\$ 73,819</u>

Town of Hurley
STATEMENT OF NET ASSETS (concluded)
 June 30, 2008

NET ASSETS	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Invested in capital assets	\$ 6,153,170	\$ 804,912	\$ 6,958,082
Restricted for:			
Capital projects	57,506		57,506
Other purposes	192,348		192,348
Unrestricted	<u>473,243</u>	<u>672,358</u>	<u>1,145,601</u>
 Total net assets	 <u>\$ 6,876,267</u>	 <u>\$ 1,477,270</u>	 <u>\$ 8,353,537</u>

The accompanying notes are an integral part of these financial statements.

Town of Hurley
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Governmental activities:			
General government	\$ 150,723	\$ 1,586	\$ 133,379
Public safety	327,554	24,437	174,814
Highways and streets	37,030	23,499	
Health and welfare	42,422	84,160	
Culture-recreation	34,056	3,990	
Unallocated interest expense	-		
Total governmental activities	<u>\$ 591,785</u>	<u>\$ 137,672</u>	<u>\$ 308,193</u>
Business-type activities:			
Water and sewer	\$ 222,341	\$ 309,520	\$ 30,364
Cemetary	2,187	4,200	
Sanitation	<u>118,504</u>	<u>29,605</u>	
Total business-type activities	<u>\$ 343,032</u>	<u>\$ 343,325</u>	<u>\$ 30,364</u>
Total government	<u><u>\$ 934,817</u></u>	<u><u>\$ 480,997</u></u>	<u><u>\$ 338,557</u></u>

General revenues:
Property taxes
Gross receipts tax
MVD taxes
Gas taxes
Franchise taxes
Other taxes
Interest and investment earnings
Miscellaneous
Transfers

Total general revenues

Change in net assets

Net assets--beginning

Net assets--ending

The accompanying notes are an integral part of these financial statements.

Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Assets		
	Governmental Activities	Business -Type Activities	Total
\$ -	\$ (15,758)		\$ (15,758)
	(128,303)		(128,303)
108,764	95,233		95,233
	41,738		41,738
	(30,066)		(30,066)
	-		-
<u>\$ 108,764</u>	<u>\$ (37,156)</u>	<u>\$ -</u>	<u>\$ (37,156)</u>
\$ -	\$ -	\$ 117,543	\$ 117,543
		2,013	2,013
		(88,899)	(88,899)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,657</u>	<u>\$ 30,657</u>
<u>\$ 108,764</u>	<u>\$ (37,156)</u>	<u>\$ 30,657</u>	<u>\$ (6,499)</u>
	\$ 10,516	\$ -	\$ 10,516
	335,234	22,752	357,986
	3,884		3,884
	11,829		11,829
	27,674		27,674
	3,570		3,570
	19,451	24,397	43,848
	62,672	6,416	69,088
	(19,329)	19,329	-
	<u>\$ 455,501</u>	<u>\$ 72,894</u>	<u>\$ 528,395</u>
	\$ 418,345	\$ 103,551	\$ 521,896
	<u>6,457,922</u>	<u>1,373,719</u>	<u>7,831,641</u>
	<u>\$ 6,876,267</u>	<u>\$ 1,477,270</u>	<u>\$ 8,353,537</u>

Town of Hurley
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2008

	General Fund	Law Enforcement	Waste Water Plant
Assets			
Cash and investments	\$ 442,329	\$ 20,127	\$ 39,183
Taxes receivable	38,788		
Accounts receivable	8,179		
Interest receivable	274		
Interfund receivable	20		
Due from other governments	482	2,994	7,228
	\$ 490,072	\$ 23,121	\$ 46,411
Total assets	\$ 490,072	\$ 23,121	\$ 46,411
 Liabilities and Fund Balance			
Accounts payable	\$ 1,249	\$ -	\$ -
Interfund payable	4,721		
Deferred revenue			7,228
	\$ 5,970	\$ -	\$ 7,228
Total liabilities	\$ 5,970	\$ -	\$ 7,228
Fund balance:			
Reserved for capital projects	\$ -	\$ -	\$ 39,183
Unreserved reported in:			
General fund	484,102		
Special revenue funds		23,121	
	\$ 484,102	\$ 23,121	\$ 39,183
Total fund balance	\$ 484,102	\$ 23,121	\$ 39,183
Total liabilities and fund balance	\$ 490,072	\$ 23,121	\$ 46,411

The accompanying notes are an integral part of these financial statements.

<u>Other Funds</u>	<u>Total Governmental Funds</u>
\$ 177,430	\$ 679,069
36	38,824
350	8,529
96	370
\$ 4,039	4,059
<u>1,854</u>	<u>12,558</u>
<u><u>\$ 183,805</u></u>	<u><u>\$ 743,409</u></u>
\$ 3,463	\$ 4,712
20	4,741
<u>1,854</u>	<u>9,082</u>
<u>\$ 5,337</u>	<u>\$ 18,535</u>
\$ 9,241	48,424
	484,102
<u>169,227</u>	<u>192,348</u>
<u>\$ 178,468</u>	<u>\$ 724,874</u>
<u><u>\$ 183,805</u></u>	<u><u>\$ 743,409</u></u>

Town of Hurley
**RECONCILIATION OF TOTAL GOVERNMENTAL
 FUND BALANCE TO NET ASSETS OF
 GOVERNMENTAL ACTIVITIES**

Total governmental fund balances	\$	724,874
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
<i>assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		6,153,170
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		9,082
Long-term liabilities, including compensated absences are not reported in the funds.		<u>(10,859)</u>
<i>Net assets of governmental activities</i>	<u>\$</u>	<u>6,876,267</u>

Town of Hurley
**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES**
IN FUND BALANCES-GOVERNMENTAL FUNDS
For The Fiscal Year Ended June 30, 2008

	General Fund	Law Enforcement	Waste Water Plant
Revenues:			
Property taxes	\$ 10,516	\$ -	\$ -
Franchise taxes	27,674		
Gas taxes	11,829		
Gross receipts taxes	335,234		
MVD taxes	3,884		
Other taxes	433		
Intergovernmental	138,757	95,329	86,573
Fines, licenses and permits	9,283		
Charges for services	97,341		23,499
Miscellaneous	20,703	416	217
Total revenues	\$ 655,654	\$ 95,745	\$ 110,289
Expenditures:			
Current:			
General government	\$ 118,669	\$ -	\$ -
Public safety	209,195	9,861	
Highways and streets	29,142		6
Health and welfare	33,392		
Culture recreation			
Capital outlay		72,929	93,795
Total expenditures	\$ 390,398	\$ 82,790	\$ 93,801
Net change in fund balance	\$ 265,256	\$ 12,955	\$ 16,488
Other financing sources (uses):			
Transfer out	(50,129)		
Transfer in	150	753	22,695
Net change in fund balance after other financing sources (uses)	\$ 215,277	\$ 13,708	\$ 39,183
Fund balance, July 1, 2007	268,825	9,413	-
Fund balance, June 30, 2008	<u>\$ 484,102</u>	<u>\$ 23,121</u>	<u>\$ 39,183</u>

The accompanying notes are an integral part of these financial statements.

<u>Other Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 10,516
	27,674
	11,829
	335,234
	3,884
3,137	3,570
89,070	409,729
3,559	12,842
3,990	124,830
<u>60,787</u>	<u>82,123</u>
<u>\$ 160,543</u>	<u>\$ 1,022,231</u>
\$ 16	\$ 118,685
38,776	257,832
	29,148
	33,392
26,807	26,807
<u>51,231</u>	<u>217,955</u>
<u>\$ 116,830</u>	<u>\$ 683,819</u>
\$ 43,713	\$ 338,412
(150)	(50,279)
<u>7,352</u>	<u>30,950</u>
\$ 50,915	\$ 319,083
<u>127,553</u>	<u>405,791</u>
<u>\$ 178,468</u>	<u>\$ 724,874</u>

Town of Hurley
**RECONCILIATION OF THE STATEMENT OF REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT
OF ACTIVITIES**

Net changes in fund balances - total governmental funds	\$ 319,083
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current year.	91,978
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds.	7,228
Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the funds.	<u>56</u>
<i>Change in Net Assets of Governmental Activities</i>	<u><u>\$ 418,345</u></u>

The accompanying notes are an integral part of these financial statements.

Town of Hurley
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For The Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ 159,400	\$ 159,400	\$ 368,306	\$ 208,906
Licenses and permits	2,250	2,250	2,805	555
Intergovernmental	215,400	215,400	151,475	(63,925)
Charges for services	500	500	82,941	82,441
Fines and forfeitures	5,000	5,000	6,478	1,478
Miscellaneous	10,550	10,550	20,961	10,411
	<u>\$ 393,100</u>	<u>\$ 393,100</u>	<u>\$ 632,966</u>	<u>\$ 239,866</u>
Expenditures:				
Current:				
General government	\$ 97,688	\$ 97,688	\$ 115,148	\$ (17,460)
Public safety	229,097	229,097	208,804	20,293
Highways and streets	127,300	127,300	29,434	97,866
Health and welfare	19,100	19,100	33,337	(14,237)
Culture - recreation				-
Capital outlay				-
	<u>\$ 473,185</u>	<u>\$ 473,185</u>	<u>\$ 386,723</u>	<u>\$ 86,462</u>
Net change in fund balance	<u>\$ (80,085)</u>	<u>\$ (80,085)</u>	<u>\$ 246,243</u>	<u>\$ 326,328</u>
Other financing sources (uses):				
Transfers out	(50,129)	(50,129)	(50,129)	-
Transfers in	150	150	150	-
	<u>\$ (49,979)</u>	<u>\$ (49,979)</u>	<u>\$ (49,979)</u>	<u>\$ -</u>
Net change in fund balance after other financing sources (uses)	<u>\$ (130,064)</u>	<u>\$ (130,064)</u>	<u>\$ 196,264</u>	<u>\$ 326,328</u>
Fund balance, July 1, 2007	<u>246,065</u>	<u>246,065</u>	<u>246,065</u>	<u>-</u>
Fund balance, June 30, 2008	<u><u>\$ 116,001</u></u>	<u><u>\$ 116,001</u></u>	<u><u>\$ 442,329</u></u>	<u><u>\$ 326,328</u></u>

The accompanying notes are an integral part of these financial statements.

Town of Hurley
LAW ENFORCEMENT PROTECTION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For The Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ 97,400	\$ 97,400	\$ 92,335	\$ (5,065)
Miscellaneous			416	416
Total revenues	<u>\$ 97,400</u>	<u>\$ 97,400</u>	<u>\$ 92,751</u>	<u>\$ (4,649)</u>
Expenditures:				
Current:				
Public safety	\$ 22,400	\$ 22,400	\$ 9,861	\$ 12,539
Capital outlay	75,000	75,000	72,929	2,071
Total expenditures	<u>\$ 97,400</u>	<u>\$ 97,400</u>	<u>\$ 82,790</u>	<u>\$ 14,610</u>
Net change in fund balance	\$ -	\$ -	\$ 9,961	\$ 9,961
Other financing sources (uses):				
Transfer in	753	753	753	-
Net change in fund balance after other financing sources (uses)	\$ 753	\$ 753	\$ 10,714	\$ 9,961
Fund balance, July 1, 2007	<u>9,413</u>	<u>9,413</u>	<u>9,413</u>	<u>-</u>
Fund balance, June 30, 2008	<u><u>\$ 10,166</u></u>	<u><u>\$ 10,166</u></u>	<u><u>\$ 20,127</u></u>	<u><u>\$ 9,961</u></u>

The accompanying notes are an integral part of these financial statements.

Town of Hurley
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2008

	<u>Water/Sewer</u>	<u>Cemetery</u>	<u>Sanitation</u>	<u>Total</u>
Assets				
Current:				
Cash and investments	\$ 518,187	\$ 28,646	\$ 61,289	\$ 608,122
Accounts receivable	35,865		13,337	49,202
Interest receivable	402	14		416
Taxes receivable			854	854
Interfund receivable			682	682
Unbilled receivables	13,611		4,624	18,235
Total current assets	\$ 568,065	\$ 28,660	\$ 80,786	\$ 677,511
Noncurrent assets:				
Restricted cash and investments	\$ 53,095	\$ -	\$ -	\$ 53,095
Capital assets net of accumulated depreciation	804,912			804,912
Total noncurrent assets	\$ 858,007	\$ -	\$ -	\$ 858,007
Total assets	\$ 1,426,072	\$ 28,660	\$ 80,786	\$ 1,535,518
Liabilities				
Current:				
Accounts payable	\$ 586	\$ -	\$ -	\$ 586
Total current liabilities	\$ 586	\$ -	\$ -	\$ 586
Noncurrent liabilities:				
Customer deposits	\$ 53,095	\$ -	\$ -	\$ 53,095
Compensated absences	4,567	-	-	4,567
Total liabilities	\$ 58,248	\$ -	\$ -	\$ 58,248

Town of Hurley
STATEMENT OF NET ASSETS (concluded)
PROPRIETARY FUNDS
June 30, 2008

	Water/Sewer	Cemetery	Sanitation	Total
Net Assets				
Invested in capital assets	\$ 804,912	\$ -	\$ -	\$ 804,912
Unrestricted	562,912	28,660	80,786	672,358
Total net assets	\$ 1,367,824	\$ 28,660	\$ 80,786	\$ 1,477,270

The accompanying notes are an integral part of these financial statements.

Town of Hurley
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For The Fiscal Year Ended June 30, 2008

	<u>Water and Sewer</u>	<u>Cemetery</u>	<u>Sanitation</u>	<u>Total</u>
Operating revenues:				
Charges for services	\$ 309,520	\$ 4,200	\$ 29,605	\$ 343,325
Operating expenses:				
Personnel	\$ 107,368	\$ -	\$ -	\$ 107,368
Operating	91,316	2,187	118,504	212,007
Depreciation	23,657			23,657
Total operating expenses	\$ 222,341	\$ 2,187	\$ 118,504	\$ 343,032
Net operating income	\$ 87,179	\$ 2,013	\$ (88,899)	\$ 293
Non-operating revenue (expense):				
Investment income	\$ 22,985	\$ 1,147	\$ 265	\$ 24,397
Dedicated tax receipts	14,911		7,841	22,752
Intergovernmental grants	30,364			30,364
Miscellaneous	6,416			6,416
Interest expense				-
Total non-operating revenue (expense)	\$ 74,676	\$ 1,147	\$ 8,106	\$ 83,929
Income before contributions and operating transfers	\$ 161,855	\$ 3,160	\$ (80,793)	\$ 84,222
Transfers out	(30,047)			(30,047)
Transfers in			49,376	49,376
Change in net assets	\$ 131,808	\$ 3,160	\$ (31,417)	\$ 103,551
Net assets, beginning of year	1,236,016	25,500	112,203	1,373,719
Net assets, end of year	\$ 1,367,824	\$ 28,660	\$ 80,786	\$ 1,477,270

The accompanying notes are an integral part of these financial statements.

Town of Hurley
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Fiscal Year Ended June 30, 2008

	<u>Water and Sewer</u>	<u>Cemetery</u>	<u>Sanitation</u>	<u>Total</u>
Cash flows from operating activities:				
Receipts from customers	\$ 322,333	\$ 4,200	\$ 29,252	\$ 355,785
Payments to suppliers	(91,207)	(2,187)	(123,195)	(216,589)
Payments to employees	(106,724)			(106,724)
Net cash provided (used) by operating activities	<u>\$ 124,402</u>	<u>\$ 2,013</u>	<u>\$ (93,943)</u>	<u>\$ 32,472</u>
Cash flows from noncapital financing activities:				
Dedicated tax receipts	\$ 14,911	\$ -	\$ 7,419	\$ 22,330
Intergovernmental grants	\$ 30,364			30,364
Miscellaneous receipts	\$ 6,416			6,416
Transfers to other funds	(30,047)			(30,047)
Transfers from other funds			49,376	49,376
Net cash provided (used) by noncapital financing activities	<u>\$ 21,644</u>	<u>\$ -</u>	<u>\$ 56,795</u>	<u>\$ 78,439</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net cash provided (used) by capital and related financing activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash flows from investing activities:				
Earnings on investments	<u>\$ 23,427</u>	<u>\$ 1,164</u>	<u>\$ 265</u>	<u>\$ 24,856</u>
Net increase (decrease) in cash and cash equivalents	\$ 169,473	\$ 3,177	\$ (36,883)	\$ 135,767
Cash and equivalents, beginning of year	<u>401,809</u>	<u>25,469</u>	<u>98,172</u>	<u>525,450</u>
Cash and equivalents, end of year	<u><u>\$ 571,282</u></u>	<u><u>\$ 28,646</u></u>	<u><u>\$ 61,289</u></u>	<u><u>\$ 661,217</u></u>

Town of Hurley
STATEMENT OF CASH FLOWS (concluded)
PROPRIETARY FUNDS
For The Fiscal Year Ended June 30, 2008

	<u>Water & Sewer</u>	<u>Cemetery</u>	<u>Sanitation</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 87,179	\$ 2,013	\$ (88,899)	\$ 293
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	23,657			23,657
Changes in assets and liabilities:				
Receivables, net	4,799		(353)	4,446
Accounts payable	109		(4,691)	(4,582)
Customer deposits	8,014			8,014
Compensated absences	644			644
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash provided (used) by operating activities	<u>\$ 124,402</u>	<u>\$ 2,013</u>	<u>\$ (93,943)</u>	<u>\$ 32,472</u>

The accompanying notes are an integral part of these financial statements.

Town of Hurley
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

Note 1 Summary of Significant Accounting Policies

A. GENERAL

The Town of Hurley, a political subdivision of the State of New Mexico, operates under the council-manager form of government. The Town provides the following authorized services: public safety, highways and streets, sanitation, health and welfare, social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

The Town complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement No.'s 20 and 34 provide the Town the option of electing to apply FASB pronouncements issued after November 30, 1989. The Town has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note. For the fiscal year ended June 30, 2004, the Town implemented the new financial reporting requirements of GASB Statement No. 34. As a result, an entirely new financial presentation format has been implemented.

B. FINANCIAL REPORTING ENTITY

The Town's basic financial statements include the accounts of all Town operations. The criteria for including organizations as component units within the Town's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Town holds the corporate powers of the organization
- the Town appoints a voting majority of the organization's board
- the Town is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Town
- there is fiscal dependency by the organization on the Town

Based on the aforementioned criteria, the Town has no component units.

C. BASIS OF PRESENTATION

Governmental-wide Financial Statements

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The government-wide Statement of Activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the Town and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services and administrative overhead are not allocated, but are presented as separate functions. Program revenues include charges paid by recipients of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational and capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which a program or business segment is self-financing or draws from the general revenues of the Town.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the Town and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

Capital Project Fund

The Capital Project Fund is used to account for resources restricted for the acquisition or construction of specific capital projects or items.

Proprietary Fund

Enterprise Fund

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Fiduciary Funds (Not included in government-wide statements)

Agency Funds

Agency funds account for assets held by the Town in a purely custodial capacity. The reporting entity includes two agency funds. Since agency funds are custodial in nature (i.e., assets equal liabilities), they do not involve the measurement of results of operations.

Major Funds

The funds classified as major are as follows:

General – Accounts for all activities except those accounted for in other funds.

Law Enforcement Protection – to account for the State Grant to be used for the repair and/or replacement of law enforcement equipment. Established under Chapter 29 Article 13, NMSA 1978. This is a Special Revenue Fund.

Waste Water Plant - to account for the revenues and the expenditures to construct a tri-city waste water facility. This is a Capital Project Fund.

Proprietary:

Water and sewer – Accounts for activities associated with the provision of water and sewer services to the citizenry.

Sanitation – Accounts for activities associated with refuse collection and disposal.

Cemetery – Accounts for activities associated with the provision of cemetery services to the citizenry.

Nonmajor Funds

Fund description for all funds are included in the “Other Supplementary Information” section of this report.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item “b” below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.
- c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported when due.

Substantially all governmental fund revenues are accrued. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

Property taxes receivable are recognized net of estimated refunds and uncollectible amounts in the period for which the taxes are levied, even if they are not available. Property taxes not collected within 60 days of year end are reported as deferred revenue in the fund financial statements. Derived tax revenues are recognized when the underlying exchange transaction takes place.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

E. BUDGETS

Budgets for the General, Special Revenue, Capital Projects, and Enterprise Funds are prepared by management and approved by the local council and the New Mexico 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 reappropriated in the budget of the subsequent fiscal year. Because the budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year, the amount is presented as a designated portion of fund balance.

Actual expenditures may not exceed the budget on a by fund basis. Budgets may be amended in two ways. If a budget transfer is necessary within a fund, this may be accomplished with only local Council approval. If a transfer between "funds" or a budget increase is required, approval must also be obtained from the Department of Finance and Administration.

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

F. CASH AND INVESTMENTS

For the purpose of the Statement of Net Assets, "cash and investments" includes all demand, savings accounts, and certificates of deposits of the Town. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of six months or less.

Investments are carried at fair value except for short-term U.S. Treasury obligations with a remaining maturity at the time of purchase of one year or less. Those investments are reported at amortized cost. Fair value is based on quoted market price.

State statutes authorize the government to invest in interest bearing accounts with local financial institutions, direct obligations of the U.S. Treasury or New Mexico political subdivisions, and the state treasurers investment pool.

New Mexico Statutes require that financial institutions with public monies on deposit pledge collateral, to the owner of such public monies, in an amount not less than 50% of the public monies held on deposit. Collateral pledged is held in safekeeping by other financial institutions, with safekeeping receipts held by the Town. The pledged securities remain in the name of the financial institution. Premiums (discounts) on investments are amortized by the interest method, or methods approximating the interest method.

G. INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "interfund receivables and payables". Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

H. RECEIVABLES

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include gross receipts and use taxes, franchise taxes, and grants. Business-type activities report utilities and interest earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as gross receipts tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings compose the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

I. CAPITAL ASSETS

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Assets acquired with an original cost of \$5,000 or more are capitalized.

Prior to July 1, 2003, governmental funds' infrastructure assets were capitalized. The Town did not elect to utilize the infrastructure transition option in the implementation of GASB Statement No. 34, and in fiscal year 2004 has capitalized all infrastructure assets.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

- Buildings 25-50 years
- Improvements 10-50 years

- Machinery and Equipment 03-20 years
- Utility System 25-75 years
- Infrastructure 25-75 years
- Software and Library 5-10 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

J. RESTRICTED ASSETS

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. The primary restricted assets are related to utility meter deposits.

K. LONG-TERM DEBT

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes payable, accrued compensated absences, and bonds payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

L. COMPENSATED ABSENCES

The Town's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

M. EQUITY CLASSIFICATIONS

Government-wide Statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt- Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Statements

Equity is classified as fund balance and displayed in two components.

- a. Reserved – Consists of governmental fund balances that are not appropriable, legally segregated for specific usage, or commitments to outside third parties.
- b. Unreserved – Consists of designations of amounts representing tentative management plans for governmental fund balances, but subject to change (designated), and undesignated, for which no restrictions or designations exist.

N. REVENUES, EXPENDITURES, AND EXPENSES

Gross Receipts Tax

The Town levies a 7.125% gross receipts tax on taxable gross receipts within the Town. The rate includes both Town and State assessments. The tax is collected by the New Mexico Taxation and Revenue Department and remitted to the Town in the month following receipt by the Department. The Department receives the tax one month after collection by vendors. Included in this tax is amounts dedicated to the Sanitation Fund, and those dedicated amounts are recorded directly in that fund.

Gross receipts tax collected by the State in June and July (which represent May and June transactions) and received by the Town in July and August have been accrued and are included under the caption "Due from Other Governments."

Property Tax

Property taxes attach as an enforceable lien on property as of January 1. Property tax rates for the year are set no later than September 1 each year by the Secretary of

Finance and Administration. The rates of tax are then used by County Assessors to develop the property tax schedule by October 1. Taxes are payable in equal semiannual installments by November 10 and April 10 of the subsequent year and become delinquent 30 days later. Taxes are collected on behalf of the Town by the County Treasurer, and are remitted to the Town in the month following collection. Because the Treasurer of the County in which the Town is located is statutorily required to collect taxes as an intermediary agency for all forms of government, distribution of taxes are made through the applicable county to the Town.

The Town is permitted to levy taxes for general operating purposes based on a state formula, per \$1,000 of taxable value for both residential and nonresidential property, taxable value being defined as one third of the fully assess value. In addition, the Town is allowed to levy taxes for payments of bond principal and interest in amounts approved by voters of the Town. The Town's total tax rate to finance general government services for the year ended June 30, 2008 was \$1.291 per \$1,000 for nonresidential property and residential property. The Town's tax rate for debt service was -0- per \$1,000 for both residential and nonresidential property.

Operating Revenue and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. Operating revenues for Governmental Activities are charges for services such as copies, pool entry fees, pavement penetration and ancillary services.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

- Governmental Fund – By Character: Current (further classified by function)
 - Debt Service
 - Capital Outlay
- Proprietary Fund-By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

The Town first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The Town does not allocate indirect costs.

O. INTERFUND TRANSFERS

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all

interfund transfers between individual governmental funds and between individual proprietary funds have been eliminated.

P. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 Custodial Credit Risk

Custodial credit risk is the risk in the event of a bank failure the Governments deposits may not be returned to it. The Town does not have a deposit policy for credit risk beyond that disclosed in Note 1. As of June 30, 2008, \$-0- of the Town's bank balance of \$1,153,534 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized		<u>\$ -0-</u>
	<u>Bank</u>	<u>Carrying</u>
	<u>Balance</u>	<u>Amount</u>
Deposits by custodial risk		
Category:		
Insured	\$ 200,000	\$ 200,000
Collateral held by the pledging bank's agent in Town's name	<u>953,534</u>	<u>932,472</u>
	<u>\$1,153,534</u>	<u>\$1,132,472</u>

The Town invests in the State Treasurer Local Government Investment Pool, a New Mexico sponsored investment alternative.

The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments.

The pool does not have unit shares. Per Section 6-10-10.IF, 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 funds were invested.

Investments are valued at fair value based on quoted market prices as of the valuation date.

Participation in the pool is voluntary. The Town had \$207,814 on deposit in the pool at June 30, 2008, which is AAAM rated with a weighted average maturity of 24 days.

Note 3 Receivables

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Accounts receivable:		
Fire Protection contract	\$ 2,400	\$
Franchise	5,779	
Services		67,437
Lodgers	<u>350</u>	<u> </u>
	<u>\$ 8,529</u>	<u>\$ 67,437</u>
Interest receivable	<u>\$ 370</u>	<u>\$ 416</u>
Due from other governments	<u>\$ 12,558</u>	<u>\$ -0-</u>
Taxes receivable:		
Property taxes	\$ 540	\$
Gross receipts tax	35,688	854
Motor Vehicle Taxes	599	
Gasoline taxes	1,888	
Cigarette tax	<u>109</u>	<u> </u>
	<u>\$ 38,824</u>	<u>\$ 854</u>
Total	<u>\$ 60,281</u>	<u>\$ 68,707</u>

No allowance for doubtful accounts has been recorded, since the Town considers all receivables fully collectible.

Note 4 Capital Assets

Capital asset activity for the year ended June 30, 2008 was as follows:

	<u>Balance</u> <u>July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2008</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 13,248	\$	\$ -0-	\$ 13,248
Construction in progress	<u>409,259</u>	<u>109,798</u>	<u>-0-</u>	<u>519,057</u>
	<u>\$ 422,507</u>	<u>\$ 109,798</u>	<u>\$ -0-</u>	<u>\$ 532,305</u>
Other capital assets:				
Buildings, improvements and other infrastructure	\$ 6,482,114	\$ -0-	\$	\$ 6,482,114
Equipment	<u>1,023,251</u>	<u>108,157</u>	<u>-0-</u>	<u>1,131,408</u>
Total other assets at historical cost	<u>\$ 7,505,365</u>	<u>\$ 108,157</u>	<u>\$ -0-</u>	<u>\$ 7,613,522</u>
Less accumulated depreciation for:				
Buildings, improvements and infrastructure	\$(1,098,652)	\$ (10,659)	\$ -0-	\$(1,109,311)
Equipment	<u>(768,028)</u>	<u>(115,318)</u>	<u>-0-</u>	<u>(883,346)</u>
Total accumulated depreciation	<u>\$(1,866,680)</u>	<u>\$ (125,977)</u>	<u>\$ -0-</u>	<u>\$(1,992,657)</u>
Governmental activities, capital assets, net	<u>\$ 6,061,192</u>	<u>\$ 91,978</u>	<u>\$ -0-</u>	<u>\$ 6,153,170</u>
Business Type Activities:				
Capital assets not being depreciated:				
Land	<u>\$ 18,790</u>	<u>\$</u>	<u>\$ -0-</u>	<u>\$ 18,790</u>
Other capital assets:				
Buildings and utility plant	\$ 2,455,900	\$	\$	\$ 2,455,900
Equipment	<u>127,349</u>	<u>-0-</u>	<u>-0-</u>	<u>127,349</u>

Total other capital assets at historical cost	\$ 2,583,249	\$ _____	\$ _____	\$ 2,583,249
Less accumulated depreciation for:				
Buildings and utility plant	\$(1,720,738)	\$ (13,575)	\$ _____	\$ (1,734,313)
Equipment	<u>(52,732)</u>	<u>(10,082)</u>	_____	<u>(62,814)</u>
Total accumulated depreciation	<u>\$(1,773,470)</u>	<u>\$ (23,657)</u>	\$ -0-	<u>\$ (1,797,127)</u>
Business-type activities capital assets, net	<u>\$ 828,569</u>	<u>\$ (23,657)</u>	<u>\$ -0-</u>	<u>\$ 804,912</u>

The Town has various construction projects ongoing at various stages of completion. Depreciation was charged to the Governmental Activities as follows:

General Government	\$ 32,094
Public Safety	69,722
Highways and Streets	7,882
Health and Welfare	9,030
Culture-Recreation	<u>7,249</u>
	<u>\$ 125,977</u>

Note 5 Long-Term Debt

Changes in long-term debt were as follows during the year ended June 30, 2008.

	Balance July 1, 2007	Additions	Retirements	Balance June 30, 2008
Governmental activities:				
Compensated absences	<u>\$ 10,915</u>	<u>\$ 12,971</u>	<u>\$ 13,027</u>	<u>\$ 10,859</u>
Business Type Activities:				
Compensated absences	<u>\$ 3,923</u>	<u>\$ 6,298</u>	<u>\$ 5,654</u>	<u>\$ 4,567</u>

Compensated Absences

The amount of compensated absences due within the next year is not estimable. The liabilities will be paid from the fund which is charged with the employee as a direct cost, and the liability will be paid with funds available. Typically the general and water and sewer funds bear the majority of the compensated absences cost.

Note 6 Interfund Activity

<u>Interfund Receivable</u>	<u>Interfund Payable</u>		
	<u>General</u>	<u>Other Funds</u>	<u>Total</u>
General	\$	\$ 20	\$ 20
Other Funds	4,039		4,039
Sanitation	<u>682</u>	<u> </u>	<u>682</u>
	<u>\$ 4,721</u>	<u>\$ 20</u>	<u>\$ 4,741</u>

The purpose of these transactions was to fund ongoing activities, and all are expected to be repaid within one year.

<u>Transfers To:</u>	<u>Transfers From</u>			<u>Total</u>
	<u>General</u>	<u>Other Funds</u>	<u>Water and Sewer</u>	
General	\$	\$ 150	\$	\$ 150
Law Enforcement	753			753
Wastewater Plant	22,695			22,695
Other Funds	7,352			7,352
Sanitation	<u>19,329</u>	<u> </u>	<u>30,047</u>	<u>49,376</u>
	<u>\$ 50,129</u>	<u>150</u>	<u>\$ 30,047</u>	<u>\$ 80,326</u>

These transfers were made for operating purposes, and were within the funds intended purpose.

Note 7 Restricted Net Assets

The net assets “Restricted for Other Purposes” in the Statement of Net Assets consist of the special revenue fund balances, which are restricted to each fund’s specific purpose.

Law Enforcement	\$ 23,121
Fire	67,873
Recreation	52,359
Corrections	37,102
EMS	5,486
Lodgers Tax	<u>6,407</u>
	<u>\$ 192,348</u>

Note 8 Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

Note 9 Subsequent Events

The Town has contracts and grant awards for construction projects in various stages of completion. Such contracts, funded principally by federal and state agencies, constitute future commitments.

Note 10 Risk Management

The Town is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has joined together with other municipalities in the State and obtained insurance through the New Mexico Self Insurers Fund, a public risk pool currently operating as a common risk management and insurance program for local governments. The Town pays an annual premium to New Mexico Self Insurers Fund for its general insurance coverage and all risk of loss is transferred.

Note 11 Budgetary Reconciliations

The Statements of Revenues, Expenditures and Changes in Fund Balance Budget (NON-GAAP Budgetary Basis) and Actual present comparisons of legally adopted budgets with actual data on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a

reconciliation of revenues and other sources over (under) expenditures and other uses by the major Special Revenue Funds for the year ended June 30, 2008 is as follows:

	<u>General</u>	<u>Law Enforcement</u>
Revenues and other sources over (under) expenditures and other uses (GAAP Basis)	\$ 215,277	\$ 13,708
Revenue accruals	(22,688)	(2,994)
Expenditure accruals	3,675	-0-
Transfers	<u>-0-</u>	<u>-0-</u>
Revenues and other sources Over (under) expenditures and other uses (NON- GAAP) Budgetary Basis	<u>\$ 196,264</u>	<u>\$ 10,714</u>

Note 12 Deficit Unreserved Fund Balance

Deficit unreserved fund balances are the result of the application of generally accepted accounting principles to cash basis budgeting, and the modified accrual basis limitation of 60 days on the accrual of revenue. Because cash balances are legally appropriated in the budget for the subsequent fiscal year, liabilities remaining unpaid at year end cause a deficit fund balance. As the liabilities are cleared in the subsequent fiscal year, the deficit fund balance will be reduced. There were no deficit unreserved fund balances in the fiscal year.

GENERAL FUND

General Fund - to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

SPECIAL REVENUE FUNDS

Fire Fund - to account for the proceeds of the state fire allotment, and the expenditures for public safety therefrom. Established by Section 59A-6-5 NMSA 1978 as authorized by Section 59A-53-7.

Recreation Fund - to account for receipts, such as the cigarette tax revenue, which is restricted for use in recreational areas only. Established by Section 7-12-5 NMSA 1978.

Law Enforcement Protection - to account for the State Grant to be used for the repair and/or replacement of law enforcement equipment. Established under Chapter 29 Article 13, NMSA 1978.

EMS - to account for the operation and maintenance of medical service equipment in the Town. Established by Section 24-10A-1 to 24-10A-10 NMSA 1978.

Lodgers Tax - to account for the taxes levied against motel operators, and the expenditure therefrom for promotional activities. Established by Section 3-38-13 to 3-38-24 NMSA 1978.

CAPITAL PROJECTS FUNDS

CDBG Comprehensive Plan - to account for the federal grant (CDBG) revenues and the New Mexico Highway Department revenues and expenditures therefrom to resurface Diaz Avenue, as well as Santa Rita Street.

Diaz Avenue, "E" Street and Santa Rita Street – to account for the grant revenues and the expenditures therefrom to resurface Town streets.

Waste Water Plant – to account for the revenues and the expenditures to construct a tri-city waste water facility.

ENTERPRISE FUNDS

Water and Sewer Fund - to account for the provision of water and sewer services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, billing and collection.

Solid Waste Disposal - to account for the provision of solid waste disposal to the residents of the Town. All activities necessary to provide such service are accounted for in this fund.

Cemetery - to account for the operation of the Town's cemetery. All activities necessary to provide such services are accounted for in this fund.

Town of Hurley
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2008

	Special Revenue Funds			
	Fire	Recreation	Correction Fees	EMS
Assets				
Cash and investments	\$ 67,804	\$ 52,323	\$ 37,075	\$ 5,486
Accounts receivable				
Taxes receivable		36		
Interest receivable	69		27	
Interfund receivable				
Due from other governments				
Total assets	\$ 67,873	\$ 52,359	\$ 37,102	\$ 5,486
 Liabilities and Fund Balance				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Interfund payable				
Deferred revenue	-	-	-	-
Total liabilities	\$ -	\$ -	\$ -	\$ -
Fund balances:				
Reserved for capital projects	\$ -	\$ -	\$ -	\$ -
Unreserved	67,873	52,359	37,102	5,486
Total fund balances	\$ 67,873	\$ 52,359	\$ 37,102	\$ 5,486
Total liabilities and fund balances	\$ 67,873	\$ 52,359	\$ 37,102	\$ 5,486

The accompanying notes are an integral part of these financial statements.

Special Revenue Funds	Capital Projects				Total
	Lodgers Tax	Diaz Avenue	CDBG Comprehensive Plan	Santa Rita Street	
\$ 6,057 350	\$ 92	\$ -	\$ 5,110	\$ 3,483	\$ 177,430 350 36 96 4,039 1,854
	4,039	1,854			
<u>\$ 6,407</u>	<u>\$ 4,131</u>	<u>\$ 1,854</u>	<u>\$ 5,110</u>	<u>\$ 3,483</u>	<u>\$ 183,805</u>
\$ -	\$ -	\$ -	\$ -	\$ 3,463 20	\$ 3,463 20
-	-	1,854	-	-	1,854
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,854</u>	<u>\$ -</u>	<u>\$ 3,483</u>	<u>\$ 5,337</u>
\$ - 6,407	\$ 4,131	\$ -	\$ 5,110	\$ -	\$ 9,241 169,227
<u>\$ 6,407</u>	<u>\$ 4,131</u>	<u>\$ -</u>	<u>\$ 5,110</u>	<u>\$ -</u>	<u>\$ 178,468</u>
<u>\$ 6,407</u>	<u>\$ 4,131</u>	<u>\$ 1,854</u>	<u>\$ 5,110</u>	<u>\$ 3,483</u>	<u>\$ 183,805</u>

Town of Hurley
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For The Fiscal Year Ended June 30, 2008

	Special Revenue Funds			
	Fire	Recreation	Correction Fees	EMS
Revenues:				
Other taxes	\$ -	\$ 217	\$ -	\$ -
Charges for services		3,990		
Intergovernmental	65,438			8,669
Fines, licenses, and permits			3,559	
Miscellaneous	4,094	54,780	1,719	
	<u>\$ 69,532</u>	<u>\$ 58,987</u>	<u>\$ 5,278</u>	<u>\$ 8,669</u>
Total revenues				
Expenditures:				
Current:				
General governemnt	\$ -	\$ -	\$ -	\$ -
Public safety	32,004	-	3,589	3,183
Culture-recreation		24,062		
Capital Outlay	35,228			
	<u>\$ 67,232</u>	<u>\$ 24,062</u>	<u>\$ 3,589</u>	<u>\$ 3,183</u>
Total expenditures				
Net change in fund balance	\$ 2,300	\$ 34,925	\$ 1,689	\$ 5,486
Other financing sources (uses):				
Transfer out			(150)	
Transfer in		6,000		
		<u>6,000</u>	<u>(150)</u>	
Net change in fund balance after other financing sources (uses)	\$ 2,300	\$ 40,925	\$ 1,539	\$ 5,486
Fund balance, July 1, 2007	65,573	11,434	35,563	-
	<u>65,573</u>	<u>11,434</u>	<u>35,563</u>	<u>-</u>
Fund balance, June 30, 2008	\$ 67,873	\$ 52,359	\$ 37,102	\$ 5,486
	<u>\$ 67,873</u>	<u>\$ 52,359</u>	<u>\$ 37,102</u>	<u>\$ 5,486</u>

The accompanying notes are an integral part of these financial statements.

Special Revenue Funds	Capital Projects Funds					
Lodgers Tax	Diaz Avenue	CDBG Comprehensive Plan	Santa Rita Street	E Street Project	Total	
\$ 2,920	\$ -	\$ -	\$ -	\$ -	\$ 3,137	
	3			14,960	3,990	
194					89,070	
					3,559	
					60,787	
<u>\$ 3,114</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,960</u>	<u>\$ 160,543</u>	
\$ -	\$ -	\$ 16	\$ -	\$ -	\$ 16	
-	-	-			38,776	
2,745	1,043			14,960	26,807	
					51,231	
<u>\$ 2,745</u>	<u>\$ 1,043</u>	<u>\$ 16</u>	<u>\$ -</u>	<u>\$ 14,960</u>	<u>\$ 116,830</u>	
\$ 369	\$ (1,040)	\$ (16)	\$ -	\$ -	\$ 43,713	
					(150)	
<u>315</u>	<u>1,037</u>				<u>7,352</u>	
\$ 684	\$ (3)	\$ (16)	\$ -	\$ -	50,915	
<u>5,723</u>	<u>4,134</u>	<u>16</u>	<u>5,110</u>		<u>127,553</u>	
<u>\$ 6,407</u>	<u>\$ 4,131</u>	<u>\$ -</u>	<u>\$ 5,110</u>	<u>\$ -</u>	<u>\$ 178,468</u>	

Town of Hurley
RECREATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For The Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Taxes	200	200	212	12
Charges for services	2,000	2,000	3,990	1,990
Miscellaneous	<u>46,350</u>	<u>46,350</u>	<u>54,780</u>	<u>8,430</u>
Total revenues	\$ 48,550	\$ 48,550	\$ 58,982	\$ 10,432
Expenditures:				
Current:				
Culture recreation	<u>58,414</u>	<u>58,414</u>	<u>24,062</u>	<u>34,352</u>
Net change in fund balance	\$ (9,864)	\$ (9,864)	\$ 34,920	\$ 44,784
Other financing sources (uses):				
Transfers in	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>-</u>
Net change in fund balance after other financing sources (uses)	\$ (3,864)	\$ (3,864)	\$ 40,920	\$ 44,784
Fund balance, July 1, 2007	<u>11,403</u>	<u>11,403</u>	<u>11,403</u>	<u>-</u>
Fund balance, June 30, 2008	<u><u>\$ 7,539</u></u>	<u><u>\$ 7,539</u></u>	<u><u>\$ 52,323</u></u>	<u><u>\$ 44,784</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis				\$ 40,925
Revenue accruals (net)				(5)
Expenditure accruals (net)				<u>-</u>
Net change in fund balance, NON-GAAP budgetary basis				<u><u>\$ 40,920</u></u>

The accompanying notes are an integral part of these financial statements.

Town of Hurley
LODGER'S TAX
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For The Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ 1,000	\$ 1,000	\$ 2,889	\$ 1,889
Miscellaneous	<u>200</u>	<u>200</u>	<u>194</u>	<u>(6)</u>
Total revenues	\$ 1,200	\$ 1,200	\$ 3,083	\$ 1,883
Expenditures:				
Current:				
Culture-recreation	<u>3,000</u>	<u>3,000</u>	<u>2,745</u>	<u>255</u>
Net change in fund balance	\$ (1,800)	\$ (1,800)	\$ 338	\$ 2,138
Other financing sources (uses):				
Transfer in	<u>-</u>	<u>-</u>	<u>315</u>	<u>315</u>
Net change in fund balance after other financing sources (uses)	\$ (1,800)	\$ (1,800)	\$ 653	\$ 2,453
Fund balance, July 1, 2007	<u>5,404</u>	<u>5,404</u>	<u>5,404</u>	<u>-</u>
Fund balance, June 30, 2008	<u><u>\$ 3,604</u></u>	<u><u>\$ 3,604</u></u>	<u><u>\$ 6,057</u></u>	<u><u>\$ 2,453</u></u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis				\$ 684
Revenue accruals (net)				(31)
Expenditure accruals (net)				<u>-</u>
Net change in fund balance, NON-GAAP budgetary basis				<u><u>\$ 653</u></u>

The accompanying notes are an integral part of these financial statements.

Town of Hurley
EMS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For The Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ 5,000	\$ 5,000	\$ 8,669	\$ 3,669
Miscellaneous				-
Total revenues	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 8,669</u>	<u>\$ 3,669</u>
Expenditures:				
Current:				
Public safety	<u>4,450</u>	<u>4,450</u>	<u>3,183</u>	<u>1,267</u>
Net change in fund balance	\$ 550	\$ 550	\$ 5,486	\$ 4,936
Other financing sources (uses):				
Transfer out	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>
Net change in fund balance after other financing sources (uses)	\$ 550	\$ 550	\$ 5,486	\$ 4,936
Fund balance, July 1, 2007	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2008	<u><u>\$ 550</u></u>	<u><u>\$ 550</u></u>	<u><u>\$ 5,486</u></u>	<u><u>\$ 4,936</u></u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis				\$ 5,486
Revenue accruals (net)				-
Expenditure accruals (net)				<u>-</u>
Net change in fund balance, NON-GAAP budgetary basis				<u><u>\$ 5,486</u></u>

The accompanying notes are an integral part of these financial statements.

Town of Hurley
CORRECTION FEES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For The Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Fines and forfeitures	\$ 2,900	\$ 2,900	\$ 3,559	\$ 659
Miscellaneous	<u>1,500</u>	<u>1,500</u>	<u>1,758</u>	<u>258</u>
Total revenues	\$ 4,400	\$ 4,400	\$ 5,317	\$ 917
Expenditures:				
Current:				
Public safety	<u>3,918</u>	<u>3,918</u>	<u>3,589</u>	<u>329</u>
Net change in fund balance	\$ 482	\$ 482	\$ 1,728	\$ 1,246
Other financing sources (uses):				
Transfers in (out)	<u> </u>	<u> </u>	<u>(150)</u>	<u>150</u>
Net change in fund balance after other financing sources (uses)	\$ 482	\$ 482	\$ 1,578	\$ 1,096
Fund balance, July 1, 2007	<u>35,497</u>	<u>35,497</u>	<u>35,497</u>	<u>-</u>
Fund balance, June 30, 2008	<u><u>\$ 35,979</u></u>	<u><u>\$ 35,979</u></u>	<u><u>\$ 37,075</u></u>	<u><u>\$ 1,096</u></u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis				\$ 1,539
Revenue accruals (net)				39
Expenditure accruals (net)				<u>-</u>
Net change in fund balance, NON-GAAP budgetary basis				<u><u>\$ 1,578</u></u>

The accompanying notes are an integral part of these financial statements.

Town of Hurley
FIRE PROTECTION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For The Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ 58,584	\$ 58,584	\$ 65,438	\$ 6,854
Miscellaneous	<u>1,500</u>	<u>1,500</u>	<u>4,182</u>	<u>2,682</u>
Total revenues	<u>\$ 60,084</u>	<u>\$ 60,084</u>	<u>\$ 69,620</u>	<u>\$ 9,536</u>
Expenditures:				
Current:				
Public safety	\$ 30,072	\$ 33,766	\$ 32,004	\$ 1,762
Capital outlay	<u>35,228</u>	<u>35,228</u>	<u>35,228</u>	<u>-</u>
Total expenditures	<u>\$ 65,300</u>	<u>\$ 68,994</u>	<u>\$ 67,232</u>	<u>\$ 1,762</u>
Net change in fund balance	\$ (5,216)	\$ (8,910)	\$ 2,388	\$ 11,298
Other financing sources (uses):				
Transfer in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance after other financing sources (uses)	\$ (5,216)	\$ (8,910)	\$ 2,388	\$ 11,298
Fund balance, July 1, 2007	<u>65,416</u>	<u>65,416</u>	<u>65,416</u>	<u>-</u>
Fund balance, June 30, 2008	<u><u>\$ 60,200</u></u>	<u><u>\$ 56,506</u></u>	<u><u>\$ 67,804</u></u>	<u><u>\$ 11,298</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis				\$ 2,300
Revenue accruals (net)				88
Expenditure accruals (net)				<u>-</u>
Net change in fund balance, NON-GAAP budgetary basis				<u><u>\$ 2,388</u></u>

The accompanying notes are an integral part of these financial statements.

Town of Hurley
DIAZ AVENUE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For The Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ 70,000	\$ 70,000	\$ -	\$ (70,000)
Miscellaneous			3	3
Total revenues	\$ 70,000	\$ 70,000	\$ 3	\$ (69,997)
Expenditures:				
Capital outlay	70,000	70,000	1,043	68,957
Net change in fund balance	\$ -	\$ -	\$ (1,040)	\$ (1,040)
Other financing sources (uses):				
Transfer in (out)			1,037	1,037
Net change in fund balance after other financing sources (uses)	-	\$ -	\$ (3)	\$ (3)
Fund balance, July 1, 2007			95	95
Fund balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92</u>	<u>\$ 92</u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis				\$ (3)
Revenue accruals (net)				-
Transfer accruals (net)				-
Net change in fund balance, NON-GAAP budgetary basis				<u>\$ (3)</u>

The accompanying notes are an integral part of these financial statements.

Town of Hurley
CDBG COMPREHENSIVE PLAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For The Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital outlay	<u>16</u>	<u>16</u>	<u>16</u>	<u>-</u>
Net change in fund balance	\$ (16)	\$ (16)	\$ (16)	\$ -
Other financing sources (uses):				
Transfer in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance after other financing sources (uses)	(16)	\$ (16)	\$ (16)	\$ -
Fund balance, July 1, 2007	<u>16</u>	<u>16</u>	<u>16</u>	<u>-</u>
Fund balance, June 30, 2008	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis				\$ (16)
Revenue accruals (net)				-
Transfer accruals (net)				<u>-</u>
Net change in fund balance, NON-GAAP budgetary basis				<u><u>\$ (16)</u></u>

The accompanying notes are an integral part of these financial statements.

Town of Hurley
SANTA RITA STREET
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For The Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance after other financing sources (uses)	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2007	<u>-</u>	<u>-</u>	<u>5,110</u>	<u>5,110</u>
Fund balance, June 30, 2008	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,110</u></u>	<u><u>\$ 5,110</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis				\$ -
Revenue accruals (net)				-
Expenditure accruals (net)				<u>-</u>
Net change in fund balance, NON-GAAP budgetary basis				<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

Town of Hurley
E STREET
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For The Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ 500,000	\$ 500,000	\$ 13,440	\$ (486,560)
Miscellaneous				-
Total revenues	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 13,440</u>	<u>\$ (486,560)</u>
Expenditures:				
Capital outlay	<u>500,000</u>	<u>500,000</u>	<u>9,457</u>	<u>490,543</u>
Net change in fund balance	\$ -	\$ -	\$ 3,983	\$ 3,983
Other financing sources (uses):				
Transfer in (out)			<u>(500)</u>	<u>(500)</u>
Net change in fund balance after other financing sources (uses)	\$ -	\$ -	\$ 3,483	\$ 3,483
Fund balance, July 1, 2007			<u>-</u>	<u>-</u>
Fund balance, June 30, 2008	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,483</u></u>	<u><u>\$ 3,483</u></u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis				\$ -
Revenue accruals (net)				(1,520)
Expenditure accruals (net)				5,503
Transfer accruals (net)				<u>(500)</u>
Net change in fund balance, NON-GAAP budgetary basis				<u><u>\$ 3,483</u></u>

The accompanying notes are an integral part of these financial statements.

Town of Hurley
WASTE WATER PLANT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For The Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ 925	\$ 925	\$ 945	\$ 20
Intergovernmental	100,000	100,000	86,573	(13,427)
Charges for services	18,500	18,500	22,554	4,054
Miscellaneous	<u>550</u>	<u>550</u>	<u>217</u>	<u>(333)</u>
 Total revenues	 <u>\$ 119,975</u>	 <u>\$ 119,975</u>	 <u>\$ 110,289</u>	 <u>\$ (9,686)</u>
 Expenditures:				
Current:				
Highways and streets	\$ 925	\$ 925	\$ -	\$ 925
Capital outlay	<u>105,227</u>	<u>105,227</u>	<u>93,801</u>	<u>11,426</u>
 Total expenditures	 <u>\$ 106,152</u>	 <u>\$ 106,152</u>	 <u>\$ 93,801</u>	 <u>\$ 12,351</u>
 Net change in fund balance	 <u>\$ 13,823</u>	 <u>\$ 13,823</u>	 <u>\$ 16,488</u>	 <u>\$ 2,665</u>
 Other financing sources (uses):				
Transfers in	<u>20,341</u>	<u>20,341</u>	<u>22,695</u>	<u>2,354</u>
 Total other financing sources (uses)	 <u>\$ 20,341</u>	 <u>\$ 20,341</u>	 <u>\$ 22,695</u>	 <u>\$ 2,354</u>
 Net change in fund balance after other financing sources (uses)	 <u>\$ 34,164</u>	 <u>\$ 34,164</u>	 <u>\$ 39,183</u>	 <u>\$ 5,019</u>
 Fund balance, July 1, 2007	 <u> </u>	 <u> </u>	 <u>-</u>	 <u>-</u>
 Fund balance, June 30, 2008	 <u>\$ 34,164</u>	 <u>\$ 34,164</u>	 <u>\$ 39,183</u>	 <u>\$ 5,019</u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis				\$ 39,183
Revenue accruals (net)				-
Expenditure accruals (net)				-
Transfers (net)				<u>-</u>
 Net change in fund balance, NON-GAAP basis				 <u>\$ 39,183</u>

The accompanying notes are an integral part of these financial statements.

Town of Hurley
WATER AND SEWER
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For The Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ 14,025	\$ 14,025	\$ 14,911	\$ 886
Charges for services	294,900	294,900	314,319	19,419
Intergovernmental	100,000	100,000	30,364	(69,636)
Miscellaneous	<u>7,275</u>	<u>7,275</u>	<u>26,107</u>	<u>18,832</u>
Total revenues	<u>\$ 416,200</u>	<u>\$ 416,200</u>	<u>\$ 385,701</u>	<u>\$ (30,499)</u>
Expenses:				
Current:				
Personnel	\$ 133,432	\$ 133,432	\$ 106,724	\$ 26,708
Operating	143,216	143,216	91,177	52,039
Capital outlay	<u>100,000</u>	<u>100,000</u>	<u></u>	<u>100,000</u>
Total expenses	<u>\$ 376,648</u>	<u>\$ 376,648</u>	<u>\$ 197,901</u>	<u>\$ 178,747</u>
Net change in fund balance	\$ 39,552	\$ 39,552	\$ 187,800	\$ 148,248
Other financing sources (uses):				
Transfers out	<u>(26,341)</u>	<u>(26,341)</u>	<u>(26,341)</u>	<u>-</u>
Net change in fund balance after other financing sources (uses)	\$ 13,211	\$ 13,211	\$ 161,459	\$ 148,248
Fund balance, July 1, 2007	<u>356,728</u>	<u>356,728</u>	<u>356,728</u>	<u>-</u>
Fund balance, June 30, 2008	<u><u>\$ 369,939</u></u>	<u><u>\$ 369,939</u></u>	<u><u>\$ 518,187</u></u>	<u><u>\$ 148,248</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis				\$ 131,808
Revenue accruals (net)				1,505
Expenditure accruals (net)				24,440
Transfer accruals (net)				<u>3,706</u>
Net change in fund balance, NON-GAAP budgetary basis				<u><u>\$ 161,459</u></u>

The accompanying notes are an integral part of these financial statements.

Town of Hurley
CEMETERY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For The Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Charges for services	\$ 2,000	\$ 2,200	\$ 4,200	\$ 2,000
Miscellaneous	<u>475</u>	<u>475</u>	<u>1,164</u>	<u>689</u>
Total revenues	\$ 2,475	\$ 2,675	\$ 5,364	\$ 2,689
Expenses:				
Operating	<u>2,031</u>	<u>2,231</u>	<u>2,187</u>	<u>44</u>
Net change in fund balance	\$ 444	\$ 444	\$ 3,177	\$ 2,733
Other financing sources (uses):				
Transfer in	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Net change in fund balance after other financing sources (uses)	\$ 444	\$ 444	\$ 3,177	\$ 2,733
Fund balance, July 1, 2007	<u>25,469</u>	<u>25,469</u>	<u>25,469</u>	<u>-</u>
Fund balance, June 30, 2008	<u><u>\$ 25,913</u></u>	<u><u>\$ 25,913</u></u>	<u><u>\$ 28,646</u></u>	<u><u>\$ 2,733</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis				\$ 3,160
Revenue accruals (net)				17
Expenditure accruals (net)				<u>-</u>
Net change in fund balance, NON-GAAP budgetary basis				<u><u>\$ 3,177</u></u>

The accompanying notes are an integral part of these financial statements.

Town of Hurley
SANITATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For The Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ 550	\$ 550	\$ 7,419	\$ 6,869
Charges for services	33,075	33,075	29,252	(3,823)
Miscellaneous			265	265
	<u>33,625</u>	<u>33,625</u>	<u>36,936</u>	<u>3,311</u>
Total revenues	<u>\$ 33,625</u>	<u>\$ 33,625</u>	<u>\$ 36,936</u>	<u>\$ 3,311</u>
Expenses:				
Current:				
Operating	\$ 125,242	\$ 125,242	\$ 123,195	\$ 2,047
Capital outlay			-	-
	<u>125,242</u>	<u>125,242</u>	<u>123,195</u>	<u>2,047</u>
Total expenses	<u>\$ 125,242</u>	<u>\$ 125,242</u>	<u>\$ 123,195</u>	<u>\$ 2,047</u>
Net change in fund balance	\$ (91,617)	\$ (91,617)	\$ (86,259)	\$ 5,358
Other financing sources (uses):				
Transfers in	<u>49,376</u>	<u>49,376</u>	<u>49,376</u>	<u>-</u>
Net change in fund balance after other financing sources (uses)	\$ (42,241)	\$ (42,241)	\$ (36,883)	\$ 5,358
Fund balance, July 1, 2007	<u>98,172</u>	<u>98,172</u>	<u>98,172</u>	<u>-</u>
Fund balance, June 30, 2008	<u>\$ 55,931</u>	<u>\$ 55,931</u>	<u>\$ 61,289</u>	<u>\$ 5,358</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis				\$ (31,417)
Revenue accruals (net)				(775)
Expenditure accruals (net)				(4,691)
Transfer accruals (net)				<u>-</u>
Net change in fund balance, NON-GAAP budgetary basis				<u>\$ (36,883)</u>

The accompanying notes are an integral part of these financial statements.

Town of Hurley
SCHEDULE OF DEPOSITORY COLLATERAL
 June 30, 2008

	Ambank
Total deposits	\$ 1,153,534
FDIC Insurance	(200,000)
Total uninsured public funds	\$ 953,534
50% collateralization requirement (Section 6-10-17 NMSA)	\$ 476,767
Pledged securities	
Alamogordo, NM 011450CC5 8-1-08	\$ 115,000
Silver Schools NM 827513ES7 8-1-12	400,000
Los Alamos NM 544228BL2	100,000
Roswell, NM 778550FP3 8-1-15	200,000
Ruidoso, NM 781338GK8 8-1-18	100,000
Santa Fe, NM 801891EN8 8-1-08	200,000
Mesa Vista Schools NM 590662BQ4 10-1-10	100,000
Total pledged	\$ 1,215,000
Pledged securities over (under) requirement	\$ 738,233

Pledged securities are held by the Federal Home Loan Bank in Dallas, Texas, with safekeeping receipts held by the Town.

Town of Hurley
SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS AND INVESTMENTS
 June 30, 2008

	Type of Account	Bank Balance	Reconciled Balance
<u>Ambank</u>			
Water/Sewer Engineering	Checking	\$ 407	\$ 407
General	Checking	313,231	297,393
Solid Waste	Checking	59,863	61,289
Lodgers tax	Checking	6,057	6,057
Debt service	Checking	121	121
Waste water	Checking	37,983	38,776
Water fund	Checking	268,298	266,416
Fire protection	Checking	22,333	18,713
Special corrections	Checking	15,442	15,383
Recreation fund	Checking	54,224	52,323
Cemetary	Checking	17,730	17,730
Water deposits	Checking	25,787	25,806
Grant accoung	Checking	5,110	5,110
Diaz avenue	Checking	92	92
CDBG 2007 E street	Checking	3,483	3,483
Law enforcement	Checking	20,127	20,127
Corrections	CD	21,693	21,693
Fire protection	CD	54,577	54,577
Cemetary	CD	10,915	10,915
Water/Sewer	CD	200,056	200,056
General	CD	16,005	16,005
		\$ 1,153,534	\$ 1,132,472
Total Ambank			
<u>LGIP</u>			
General			\$ 128,932
Water/Sewer			78,882
			\$ 207,814
Total LGIP			
Total cash and investments			\$ 1,340,286

Town of Hurley
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For The Fiscal Year Ended June 30, 2008

Findings - Financial Statement Audit

<u>Condition</u>	<u>Current Year Status</u>
05-2 The audit report was not submitted timely	Repeated

MIKE STONE, C.P.A.
LINDA STONE MCGEE, C.P.A.
KAY STONE, C.P.A.
JARROD MASON, C.P.A.
KELLEY WYATT, C.P.A.

RYAN MONTROYA, C.P.A.

1311 N. GRANT ST.
P.O. BOX 2828
SILVER CITY, NEW MEXICO 88062
TELEPHONE (575) 388-1777
(575) 538-3795
FAX (575) 388-5040
E-MAIL: stonemcgee@qwestoffice.net

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Hector Balderas, State Auditor
and
Mayor and Town Council
Town of Hurley
Hurley, New Mexico

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hurley as of and for the year ended June 30, 2008, which collectively comprise the Town of Hurley's basic financial statements and have issued our report thereon dated April 11, 2009. We have also audited the financial statements of each of the Town's non-major governmental funds and enterprise funds as of and for the year ended June 30, 2008, and have issued our report thereon dated April 11, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Town of Hurley's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of Hurley's financial statements that is more than inconsequential will not be prevented or detected by the Town of Hurley's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting. These deficiencies are described in the accompanying Schedule of Findings and Responses as item 05-2.

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

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

Compliance and Other Matters

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

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

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

Stone, McCabe & Co CPAs

April 11, 2009

Town of Hurley
SCHEDULE OF FINDINGS AND RESPONSES
For The Fiscal Year Ended June 30, 2008

Summary of Auditor's Results

1. The Auditors' report expresses an unqualified opinion on the financial statements of the Town of Hurley.
2. One significant deficiency relating to the audit of the financial statements is reported in the "Findings Financial Statement Audit" section of this report.
3. No instances of noncompliance material to the financial statements of the Town of Hurley, which are required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. The Town of Hurley was not subject to the provisions of OMB Circular A-133, since federal expenditures were below the A-133 threshold amount.

Findings - Financial Statement Audit

SIGNIFICANT DEFICIENCIES

05-2 Audit Report Submission

Condition – The Town's audit report was submitted to the New Mexico State Auditor by common carrier on April 21, 2009.

Criteria – Section 2.2.2.9(A)(1) of the New Mexico State Auditor's 2008 Rule requires submission of the report by December 1, 2008.

Cause – The Town had personnel changeovers and computer failure and conversion problems during the year ended June 30, 2006. This caused the audit for the year ended June 30, 2006, to be delayed an extraordinary amount of time, which in turn created a delay in filing the 2007 and 2008 reports.

Effect – The late submission is a violation of the New Mexico State Auditor's Rule 2.2.2.9 NMAC, the use of the report is diminished with late delivery, and the entity's ability to respond to audit findings and other recommendations is delayed.

Recommendation – We recommend compliance with the New Mexico State Auditor's required deadlines in future audits.

Agency Response – The cause of the late audit report delivery has been addressed, and we believe that once the current audits are submitted, those through June 30, 2008, we will be able to meet the required deadlines.

Other - Financial Statement Preparation

The financial statements were prepared by Stone, McGee & Co., C.P.A.'s, with substantial assistance from Town personnel.

Exit Conference

The contents of this report were discussed on December 22, 2008. Attendance at this exit conference was as follows:

<u>Name</u>	<u>Title</u>	<u>Affiliation</u>
Ray Baca	Mayor	Town of Hurley
Annie Baca	Clerk/Treasurer	Town of Hurley
Kay Stone	Principal	Stone, McGee & Co., C.P.A.'s