

**STATE OF NEW MEXICO
CITY OF MORIARTY
AUDIT REPORT
JUNE 30, 2009**

STATE OF NEW MEXICO
CITY OF MORIARTY
JUNE 30, 2009

TABLE OF CONTENTS

	<u>Page Number</u>
INTRODUCTORY SECTION	
Function of the Entity and Official Roster	1
FINANCIAL STATEMENTS SECTION	
Independent Auditors' Report	2-3
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Assets	4-5
Statement of Activities	6-7
Fund Financial Statements	
Balance Sheet-Governmental Funds.....	8
Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds.....	9
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds to the Statement of Activities.....	10
Statement of Revenues and Expenditures, Budget (Non-GAAP Basis) and Actual on Budgetary Basis	
General Fund.....	11
Airport Fund.....	12
Statement of Net Assets-Proprietary Funds.....	13
Statement of Revenues, Expenses and Change in Fund Net Assets- Proprietary Funds.....	14
Statement of Cash Flows-Proprietary Funds.....	15
Notes to the Financial Statements.....	16-37
SUPPLEMENTARY INFORMATION	
Nonmajor Governmental Funds	38-39
Combining and Individual Fund Financial Statements:	
Combining Balance Sheet-Nonmajor Governmental Funds.....	40-42

Combining Statement of Revenues, Expenditures and Changes in Fund Balances	43-45
---	--------------

Statement of Revenues and Expenditures-Budget (Non-GAAP Basis) and Actual on Budgetary Basis:

Cemetery Fund.....	46
EMS Fund.....	47
Fire Protection Fund	48
Juvenile Recreation Fund.....	49
Enforcement Protection Fund	50
Lodgers Tax Fund.....	51
Street Fund	52
Capital Projects DWI Park.....	53
Capital Projects Police Facility.....	54
Capital Projects CDBG Storm Drain	55
Capital Projects Mainstreet	56
Capital Projects Water Improvements	57
Debt Service Civic Center	58

Statement of Revenues, Expenses and Changes in Fund Net Assets-Budget and Actual

Water Fund	59
Sewer Fund	60
Solid Waste Disposal Fund	61

OTHER SUPPLEMENTARY INFORMATION

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>	62-63
Schedule of Findings and Responses	64-65

INTRODUCTORY SECTION

**STATE OF NEW MEXICO
CITY OF MORIARTY
JUNE 30, 2009**

FUNCTION OF THE ENTITY

The City of Moriarty, New Mexico was incorporated in 1953 and operates under a Mayor Council form of government. Four Councilors are elected at large for a four-year term of office. Non-partisan elections are held biannually for staggered terms of office. The Mayor is elected at large and serves as the Chairman of the Council.

The City provides traditional services such as public safety, public works, culture and recreation and other services, which are normal operations of cities. The City provides water, sewer and solid waste services.

OFFICAL ROSTER

Mayor and Councilmen

<u>Name</u>	<u>Title</u>
Adan Encinias	Mayor
Steve Anaya	Councilman
Larry Irvin	Councilman
Robert Ortiz	Councilman
Ted Hart	Councilman

Administrative Officials

Linda Fischer	City Clerk-Treasurer
David Cohen	Fire Chief
Bobby Garcia	Police Chief
Mike Tapia	Public Works Administrator

FINANCIAL STATEMENTS SECTION

INDEPENDENT AUDITOR'S REPORT

Adan Encinias, Mayor
City Council
City of Moriarty
Moriarty, New Mexico
And
Hector H. Balderas
New Mexico State Auditor
Santa Fe, 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 City of Moriarty, New Mexico (City), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the City's nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the City as of June 30, 2009, and the respective changes in financial position and cash flows were applicable, thereof and the respective budgetary comparisons for the major capital project funds, and all nonmajor governmental 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 November 16, 2009 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting and 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 City had not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not a required part of, the basic financial statements.

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

Pattillo, Brown & Hill, L.L.P.
Albuquerque, New Mexico
November 16, 2009

**STATE OF NEW MEXICO
CITY OF MORIARTY
STATEMENT OF NET ASSETS
JUNE 30, 2009**

ASSETS	Governmental Activities	Business-type Activities	Total
	<u> </u>	<u> </u>	<u> </u>
Current assets:			
Cash and cash equivalents	\$ 1,087,236	\$ 137,735	\$ 1,224,971
Receivables (net of allowances for uncollectible)	357,934	83,321	441,255
Prepaid expenses	3,077	-	3,077
Restricted cash and investments	176,126	191,780	367,906
Total current assets	<u>1,624,373</u>	<u>412,836</u>	<u>2,037,209</u>
Noncurrent assets:			
Capital assets not being depreciated			
Land	1,491,053	945,808	2,436,861
Construction in progress	652,203	308,733	960,936
Capital assets being depreciated, net	12,104,965	4,885,362	16,990,327
Total capital assets	<u>14,248,221</u>	<u>6,139,903</u>	<u>20,388,124</u>
Total noncurrent assets	<u>14,248,221</u>	<u>6,139,903</u>	<u>20,388,124</u>
Other assets:			
Economic development credit	12,000	-	12,000
Total other assets	<u>12,000</u>	<u>-</u>	<u>12,000</u>
Total assets	<u>\$ 15,884,594</u>	<u>\$ 6,552,739</u>	<u>\$ 22,437,333</u>

The accompanying notes are an integral part of these financial statements

LIABILITIES	Governmental Activities	Business-type Activities	Total
Current liabilities:			
Accounts payable	\$ 203,412	\$ 45,138	\$ 248,550
Accrued payroll expenses	-	11,708	11,708
Internal Balances	(757)	757	-
Meter deposits	-	72,464	72,464
Accrued interest payable	6,584	40,256	46,840
Current portion of capital lease	21,127	-	21,127
Current portion long term debt	106,877	34,108	140,985
Total current liabilities	337,243	204,431	541,674
Noncurrent liabilities:			
Compensated absences	54,069	16,234	70,303
Loan payable	1,318,473	237,023	1,555,496
Bonds payable	-	990,000	990,000
Total noncurrent liabilities	1,372,542	1,243,257	2,615,799
Total liabilities	1,709,785	1,447,688	3,157,473
 NET ASSETS			
Invested in capital assets, net of related debt	12,817,853	4,838,516	17,656,369
Restricted for:			
Debt service	233,389	119,316	352,705
Capital projects	654,579	-	654,579
Unrestricted	468,988	147,219	616,207
Total net assets	\$ 14,174,809	\$ 5,105,051	\$ 19,279,860

**STATE OF NEW MEXICO
CITY OF MORIARTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental activities:				
General government	\$ 1,067,992	\$ 56,703	\$ 236,078	\$ 90,318
Public safety	1,169,303	29,973	81,854	40,887
Culture and recreation	584,307	29,923	2,199	-
Health and welfare	216,268	-	-	-
Highways and streets	527,592	39,790	-	964,209
Interest on long-term debt	77,903	-	-	-
Total governmental activities	<u>3,643,365</u>	<u>156,389</u>	<u>320,131</u>	<u>1,095,414</u>
Business-type activities:				
Water	504,896	394,343	-	-
Sewer	345,930	200,673	-	118,644
Solid waste	330,665	317,491	-	-
Total business-type activities	<u>1,181,491</u>	<u>912,507</u>	<u>-</u>	<u>118,644</u>
Total primary government	<u>\$ 4,824,856</u>	<u>\$ 1,068,896</u>	<u>\$ 320,131</u>	<u>\$ 1,214,058</u>

General revenues:

 Taxes:

 Property taxes, levied for general purposes

 State shared

 Sales

 Lodgers

 Franchise

 Insurance proceeds

 Investment earnings

 Total general revenues

 Change in net assets

Net assets, beginning

Net assets, ending

The accompanying notes are an integral part of these financial statements

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

Primary Government		
Governmental Activities	Business-type Activities	Total
\$(684,893)	\$ -	\$(684,893)
(1,016,589)	-	(1,016,589)
(552,185)	-	(552,185)
(216,268)	-	(216,268)
476,407	-	476,407
(77,903)	-	(77,903)
<u>(2,071,431)</u>	<u>-</u>	<u>(2,071,431)</u>
-	(110,553)	(110,553)
-	(26,613)	(26,613)
<u>-</u>	<u>(13,174)</u>	<u>(13,174)</u>
<u>-</u>	<u>(150,340)</u>	<u>(150,340)</u>
<u>(2,071,431)</u>	<u>(150,340)</u>	<u>(2,221,771)</u>
70,870	-	70,870
237,732	-	237,732
1,752,876	-	1,752,876
178,267	-	178,267
10,408	-	10,408
20,507	-	20,507
22,096	1,003	23,099
<u>2,292,756</u>	<u>1,003</u>	<u>2,293,759</u>
221,325	(149,337)	71,988
<u>13,953,484</u>	<u>5,254,388</u>	<u>19,207,872</u>
<u>\$ 14,174,809</u>	<u>\$ 5,105,051</u>	<u>\$ 19,279,860</u>

**STATE OF NEW MEXICO
CITY OF MORIARTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

ASSETS	<u>General</u>	<u>Airport Fund</u>	<u>Capital Projects DWI Park</u>	<u>Capital Projects Police Facility</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash	\$ 255,167	\$ 69,778	\$ -	\$ 513,883	\$ 248,408	\$ 1,087,236
Investments	11,117	-	-	-	165,009	176,126
Accounts receivable (net of allowance)	156,954	-	23,188	-	177,792	357,934
Due from other funds	-	-	-	-	92,104	92,104
Prepaid expense	<u>3,077</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,077</u>
Total assets	<u>\$ 426,315</u>	<u>\$ 69,778</u>	<u>\$ 23,188</u>	<u>\$ 513,883</u>	<u>\$ 683,313</u>	<u>\$ 1,716,477</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 46,653	\$ 1,458	\$ -	\$ -	\$ 155,301	\$ 203,412
Deferred revenue	-	-	-	-	92,104	92,104
Due to other funds	<u>91,347</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,347</u>
Total liabilities	<u>138,000</u>	<u>1,458</u>	<u>-</u>	<u>-</u>	<u>247,405</u>	<u>386,863</u>
Fund balances:						
Reserved for			-			
Capital projects	-		23,188	513,883	25,404	562,475
Debt service	-		-	-	233,389	233,389
Unreserved, reported in:			-			
General fund	288,315				-	288,315
Special revenue funds	<u>-</u>	<u>68,320</u>	<u>-</u>	<u>-</u>	<u>177,115</u>	<u>245,435</u>
Total fund balances	<u>288,315</u>	<u>68,320</u>	<u>23,188</u>	<u>513,883</u>	<u>435,908</u>	<u>1,329,614</u>
Total liabilities and fund balances	<u>\$ 426,315</u>	<u>\$ 69,778</u>	<u>\$ 23,188</u>	<u>\$ 513,883</u>	<u>\$ 683,313</u>	
						(1,507,130)
						14,248,221
						12,000
						<u>92,104</u>
						<u>\$ 14,174,809</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
CITY OF MORIARTY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDING JUNE 30, 2009**

	<u>General</u>	<u>Airport Fund</u>	<u>Capital Projects DWI Park</u>	<u>Capital Projects Police Facility</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes:						
Gross receipts tax	\$ 1,752,876	\$ -	\$ -	\$ -	\$ -	\$ 1,752,876
Property taxes	70,870	-	-	-	-	70,870
Lodgers' tax	-	-	-	-	178,267	178,267
Other state shared taxes	33,863	-	-	-	203,869	237,732
Franchise taxes	10,408	-	-	-	-	10,408
Licenses and permits	10,763	-	-	-	4,275	15,038
Intergovernmental	296,227	399,409	405,362	40,887	282,045	1,423,930
Fines and forfeitures	17,958	-	-	-	-	17,958
Charges for services	6,364	-	-	-	-	6,364
Rents and royalties	53,752	39,790	-	-	12,382	105,924
Other	33,703	-	-	-	5,300	39,003
Investment	7,960	-	-	9,344	4,792	22,096
Total revenues	<u>2,294,744</u>	<u>439,199</u>	<u>405,362</u>	<u>50,231</u>	<u>690,930</u>	<u>3,880,466</u>
EXPENDITURES						
Current:						
General government	822,572	-	-	-	-	822,572
Public safety	1,055,415	-	-	-	64,524	1,119,939
Culture and recreation	285,556	-	-	-	117,628	403,184
Health and welfare	206,738	-	-	-	9,530	216,268
Highways and streets	-	15,325	-	-	322,391	337,716
Debt service:						
Principal	14,611	-	-	-	125,070	139,681
Interest	1,512	-	-	-	77,698	79,210
Capital outlay	<u>201,255</u>	<u>454,484</u>	<u>381,756</u>	<u>798</u>	<u>361,933</u>	<u>1,400,226</u>
Total expenditures	<u>2,587,659</u>	<u>469,809</u>	<u>381,756</u>	<u>798</u>	<u>1,078,774</u>	<u>4,518,796</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(292,915)</u>	<u>(30,610)</u>	<u>23,606</u>	<u>49,433</u>	<u>(387,844)</u>	<u>(638,330)</u>
Other financing sources (uses):						
Transfers in (out)	<u>(60,808)</u>	<u>-</u>	<u>(108,442)</u>	<u>-</u>	<u>169,250</u>	<u>-</u>
Total other financing sources (uses)	<u>(60,808)</u>	<u>-</u>	<u>(108,442)</u>	<u>-</u>	<u>169,250</u>	<u>-</u>
Net change in fund balances	<u>(353,723)</u>	<u>(30,610)</u>	<u>(84,836)</u>	<u>49,433</u>	<u>(218,594)</u>	<u>(638,330)</u>
Fund balances, beginning of year	<u>642,038</u>	<u>98,930</u>	<u>108,024</u>	<u>464,450</u>	<u>654,502</u>	<u>1,967,944</u>
Fund balances, end of year	<u>\$ 288,315</u>	<u>\$ 68,320</u>	<u>\$ 23,188</u>	<u>\$ 513,883</u>	<u>\$ 435,908</u>	<u>\$ 1,329,614</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
CITY OF MORIARTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

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

Net change in fund balances - total governmental funds	\$(638,330)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense.	738,806
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	139,681
Recognition of accounts receivable and deferred revenues is reflected on the full accrual basis within the statement of activities. The City has recognized the prior year deferred revenues within the governmental funds.	(8,385)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(10,447)
Change in net assets of governmental activities	<u>\$ 221,325</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
CITY OF MORIARTY
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (Non-GAAP Basis) and ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDING JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Gross receipts tax	\$ 1,981,570	\$ 1,981,570	\$ 1,781,416	\$(200,154)
Property taxes	66,964	66,964	69,956	2,992
Other state shared taxes	37,882	37,882	34,472	(3,410)
Franchise taxes	10,620	10,620	10,389	(231)
Licenses and permits	5,920	5,920	10,763	4,843
Intergovernmental	137,264	264,964	286,139	21,175
Fines & forfeitures	22,000	22,000	18,188	(3,812)
Charges for services	-	-	6,364	6,364
Rents and royalties	23,650	23,650	53,752	30,102
Other	57,156	57,156	33,703	(23,453)
Investment	41,938	41,938	7,960	(33,978)
Total revenues	<u>2,384,964</u>	<u>2,512,664</u>	<u>2,313,102</u>	<u>(199,562)</u>
EXPENDITURES				
Current:				
General government	665,778	685,778	822,572	(136,794)
Public safety	1,106,791	1,209,491	1,055,391	154,100
Culture and recreation	388,393	412,393	285,556	126,837
Health and welfare	-	-	206,738	(206,738)
Debt Service				
Principal	14,611	14,611	14,611	-
Interest	1,512	1,512	1,512	-
Capital Outlay	<u>250,647</u>	<u>251,647</u>	<u>159,505</u>	<u>92,142</u>
Total expenditures	<u>2,427,732</u>	<u>2,575,432</u>	<u>2,545,885</u>	<u>29,547</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(42,768)</u>	<u>(62,768)</u>	<u>(232,783)</u>	<u>(170,015)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	<u>54,667</u>	<u>48,083</u>	<u>(60,808)</u>	<u>(108,891)</u>
Total other financing sources (uses)	<u>54,667</u>	<u>48,083</u>	<u>(60,808)</u>	<u>(108,891)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>\$ 11,899</u>	<u>\$(14,685)</u>	<u>\$(293,591)</u>	<u>\$(278,906)</u>
Beginning cash balance	<u>\$ 496,116</u>	<u>\$ 496,116</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$(293,591)	
Change in receivables			(18,358)	
Change in prepaid expense			(41,774)	
Net change in fund balances GAAP basis			<u>\$(353,723)</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
CITY OF MORIARTY
AIRPORT FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (Non-GAAP Basis) and ACTUAL ON BUDGETARY BASIS
YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 576,728	\$ 576,728	\$ 399,409	\$(177,319)
Rents and royalties	<u>42,500</u>	<u>42,500</u>	<u>39,790</u>	<u>(2,710)</u>
Total revenues	<u>619,228</u>	<u>619,228</u>	<u>439,199</u>	<u>(180,029)</u>
EXPENDITURES				
Current:				
Highways and streets	181,970	181,970	15,325	166,645
Capital Outlay	<u>454,484</u>	<u>454,484</u>	<u>454,484</u>	<u>-</u>
Total expenditures	<u>636,454</u>	<u>636,454</u>	<u>469,809</u>	<u>166,645</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$(17,226)</u>	<u>\$(17,226)</u>	<u>\$(30,610)</u>	<u>\$(13,384)</u>
Beginning cash balance	<u>\$ 104,677</u>	<u>\$ 104,677</u>		

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
CITY OF MORIARTY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash	\$ 88,688	-	\$ 49,047	\$ 137,735
Accounts receivable (net of allowance for uncollectible)	<u>27,556</u>	<u>27,677</u>	<u>28,088</u>	<u>83,321</u>
Total current assets	<u>116,244</u>	<u>27,677</u>	<u>77,135</u>	<u>221,056</u>
Noncurrent assets:				
Restricted assets:				
Cash and investments - meter deposits	36,232	36,232	-	72,464
Cash and investments - bond reserve	<u>119,316</u>	<u>-</u>	<u>-</u>	<u>119,316</u>
Total restricted assets	<u>155,548</u>	<u>36,232</u>	<u>-</u>	<u>191,780</u>
Capital assets:				
Non-depreciable assets				
Land	587,201	357,807	800	945,808
Construction in progress	15,937	292,796	-	308,733
Depreciable assets, net	<u>2,757,371</u>	<u>2,127,991</u>	<u>-</u>	<u>4,885,362</u>
Total capital assets	<u>3,360,509</u>	<u>2,778,594</u>	<u>800</u>	<u>6,139,903</u>
Total noncurrent assets	<u>3,516,057</u>	<u>2,814,826</u>	<u>800</u>	<u>6,331,683</u>
Total assets	<u>\$ 3,632,301</u>	<u>\$ 2,842,503</u>	<u>\$ 77,935</u>	<u>\$ 6,552,739</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 7,917	\$ 10,664	\$ 26,557	\$ 45,138
Due to other funds	757	-	-	757
Accrued payroll expenses	7,456	2,786	1,466	11,708
Meter deposits	36,232	36,232	-	72,464
Accrued interest	40,256	-	-	40,256
Current portion of long term debt	<u>34,108</u>	<u>-</u>	<u>-</u>	<u>34,108</u>
Total current liabilities	<u>126,726</u>	<u>49,682</u>	<u>28,023</u>	<u>204,431</u>
Noncurrent liabilities:				
Compensated absences	11,940	4,294	-	16,234
Loan payable	237,023	-	-	237,023
Revenue bond	<u>990,000</u>	<u>-</u>	<u>-</u>	<u>990,000</u>
Total noncurrent liabilities	<u>1,238,963</u>	<u>4,294</u>	<u>-</u>	<u>1,243,257</u>
Total liabilities	<u>1,365,689</u>	<u>53,976</u>	<u>28,023</u>	<u>1,447,688</u>
Net Assets				
Invested in capital assets, net of related debt	2,059,122	2,778,594	800	4,838,516
Restricted for debt service	119,316	-	-	119,316
Unrestricted	<u>88,174</u>	<u>9,933</u>	<u>49,112</u>	<u>147,219</u>
Total net assets	<u>\$ 2,266,612</u>	<u>\$ 2,788,527</u>	<u>\$ 49,912</u>	<u>\$ 5,105,051</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
CITY OF MORIARTY
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDING JUNE 30, 2009

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Solid Waste Disposal Fund</u>	<u>Total</u>
Operating revenues:				
Charges for services	\$ 394,343	\$ 200,673	\$ 317,491	\$ 912,507
Total operating revenues	<u>394,343</u>	<u>200,673</u>	<u>317,491</u>	<u>912,507</u>
Operating expenses:				
Personnel services	203,541	60,660	-	264,201
Depreciation	115,514	123,244	-	238,758
Contract services	3,441	-	329,047	332,488
Other operating expense	<u>129,831</u>	<u>162,026</u>	<u>1,618</u>	<u>293,475</u>
Total operating expenses	<u>452,327</u>	<u>345,930</u>	<u>330,665</u>	<u>1,128,922</u>
Operating income (loss)	(57,984)	(145,257)	(13,174)	(216,415)
Non-operating revenues (expenses):				
Interest earned	1,003	-	-	1,003
Interest	(52,569)	-	-	(52,569)
Total non-operating revenues (expenses)	(51,566)	-	-	(51,566)
Income (loss) before contributions and transfers	(109,550)	(145,257)	(13,174)	(267,981)
Other financing sources (uses):				
Capital contributions	-	118,644	-	118,644
Transfers in (out)	<u>50,557</u>	(22,809)	(27,748)	<u>-</u>
	<u>50,557</u>	<u>95,835</u>	(27,748)	<u>118,644</u>
Change in net assets	(58,993)	(49,422)	(40,922)	(149,337)
Total net assets - beginning	<u>2,325,605</u>	<u>2,837,949</u>	<u>90,834</u>	<u>5,254,388</u>
Total net assets - ending	<u>\$ 2,266,612</u>	<u>\$ 2,788,527</u>	<u>\$ 49,912</u>	<u>\$ 5,105,051</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
CITY OF MORIARTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDING JUNE 30, 2009**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
Cash flows from operating activities				
Receipts from customers and users	\$ 407,404	\$ 203,475	\$ 325,342	\$ 936,221
Payments to employees for services	(201,850)	(60,894)	-	(262,744)
Payments to suppliers for goods and services	(129,068)	(153,926)	(357,345)	(640,339)
Net cash provided (used) by operating activities	<u>76,486</u>	<u>(11,345)</u>	<u>(32,003)</u>	<u>33,138</u>
Cash flows from noncapital financing activities				
Transfers to other funds	(49,800)	(22,809)	(27,748)	(72,609)
Transfers from other funds	50,697	50,557	-	101,254
Net cash provided (used) by capital and related activities	<u>897</u>	<u>27,748</u>	<u>(27,748)</u>	<u>28,645</u>
Cash flows from capital and related financing activities				
Capital Contributions	-	118,644	-	118,644
Acquisition of fixed assets	(71,398)	(139,076)	-	(210,474)
Principal paid on debt	(23,962)	-	-	(23,962)
Interest paid on debt	(52,569)	-	-	(52,569)
Net cash provided (used) by capital and related activities	<u>(147,929)</u>	<u>(20,432)</u>	<u>-</u>	<u>(168,361)</u>
Cash flows from investing activities				
Interest	1,003	-	-	1,003
Transfer (to) from restricted cash	719	(725)	-	(6)
Net cash provided by investing activities	<u>1,722</u>	<u>(725)</u>	<u>-</u>	<u>997</u>
Net increase in cash and cash equivalents	(68,824)	(4,754)	(59,751)	(133,329)
Cash and equivalents beginning of year	157,512	4,754	108,798	271,064
Cash and equivalents end of year	<u>\$ 88,688</u>	<u>\$ -</u>	<u>\$ 49,047</u>	<u>\$ 137,735</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$(57,984)	\$(145,257)	\$(13,174)	\$(216,415)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	115,514	123,244	-	238,758
Provision for bad debt	-	-	-	-
Change in assets and liabilities:				
Receivables, net	12,336	2,077	7,851	22,264
Customer deposits	725	725	-	1,450
Accounts and other payables	4,204	8,100	(26,680)	(14,376)
Accrued expenses	1,691	(234)	-	1,457
Net cash provided by operating activities	<u>\$ 76,486</u>	<u>\$(11,345)</u>	<u>\$(32,003)</u>	<u>\$ 33,138</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
CITY OF MORIARTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Moriarty was incorporated under the provisions of the Municipal Code of the State of New Mexico (Sec. 14-2-1 et-Seq. 1953 Comp.) The City operates under a mayor council form of government. There are four council members plus the mayor, all of whom are elected at large. The basic criterion for including a component unit within the reporting entity of the City is the exercise of oversight responsibility by the City Council.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

This summary of significant accounting policies of the City of Moriarty is presented to assist in the understanding of City of Moriarty's financial statements. The financial statements and notes are the representation of City of Moriarty's management who is responsible for their integrity and objectivity. The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP).

The basic (but not the only) criteria for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the City has no component units.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-like activities*, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported in separate columns of the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Sales, franchise, lodgers, gas, cigarette and other similar taxes are recognized when the underlying exchange transaction takes place. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange like transactions are recognized when the exchange takes place. Property taxes, franchise taxes, sales taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Special Revenue Airport Fund** is used to account for revenues received from hanger rents and grants for airport improvements. Expenditures from the fund may be used for purchasing, maintaining or operating the airports and improvements on runways.

The **Capital Projects DWI Park** was established to account for income and expenditures related to the construction of the DWI – Memorial Park

The **Capital Projects Police Facility** was established to account for forfeitures, due to seizure, received by the police department and expenditures related to these funds.

The City reports the following major proprietary funds:

The **Water Fund** is used to account for the activities of the City's water operations.

The **Sewer Fund** is used to account for the activities of the City's sewer operations.

The **Solid Waste Disposal Fund** accounts for the revenue and expenditures associated with the collection and disposal of solid waste.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenue includes all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for the Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

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

D. Assets, Liabilities, and Net Assets or Equity

Deposits and Investments

Deposits and investments include amounts in demand deposits, certificates of deposit and investments with a maturity date within a year of the date acquired by the City. Investments are stated at cost.

Capital Assets

Capital assets, which include property, plant, equipment, improvements, and water and sewer systems are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The City has chosen the prospective reporting of general infrastructures assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

Property, improvements, equipment, and water and sewer systems are depreciated using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Data Processing Equipment & Software	3
Vehicles	5-7
Equipment and Machinery	5-20
Buildings	40
Plant and Distributing System	40

Compensated Absences

The City's employees earn vacation and sick leave, which may either be taken or accumulated, up to certain amounts, until paid upon resignation or retirement. All vacation and sick leave pay are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

Fund Balances

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Estimates

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

Property Taxes

The City's property taxes are assessed and collected by Torrance County. At this time the County cannot provide the City with the amount of delinquent property taxes therefore unavailable property taxes are not reported in the financial statements.

Statement of Cash Flows

For purposes of the statement of cash flows, all cash and certificates of deposits with a maturity of less than three months are considered cash and cash equivalents.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains, “long-term liabilities, including loans payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this difference are as follows:

Lease payable - long term	\$ 21,127
Loan payable - long term	1,425,350
Accrued interest payable	6,584
Compensated absences	<u>54,069</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$1,507,130</u>

Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenue, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental fund* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference are as follows:

Capital outlay	\$ 1,400,226
Depreciation expense	<u>(661,420)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 738,806</u>

2. **RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**
(Continued)

Explanation of Certain Differences Between the Governmental Fund Statement of Revenue,

Another element of that reconciliation states, "issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds." The details of this difference are as follows:

Principal repayments:	
Loan payable	\$ (119,927)
Lease payable	<u>(19,754)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (139,681)</u>

Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities
(continued)

Another element of that reconciliation states, "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this difference are as follows:

Compensated absences - (increase) decrease	\$ 7,637
Amortization of Economic Development Credit	(12,000)
Loss on retired assets	(7,391)
Accrued interest - (increase) decrease	<u>1,307</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (10,447)</u>

3. **STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Budgetary Information

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

1. Prior to June 1, the City Clerk-Treasurer submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them based on previous year's history. Public hearings are conducted at the City Hall to obtain taxpayer comments. Prior to July 1, the budget is legally enacted through passage of an ordinance.

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Budgetary Information (continued)

2. The City Clerk-Treasurer is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any funds must be approved by the City Council and New Mexico Department of Finance, Division of Local Governments. The original budget that was adopted in July 2008 was amended during the fiscal year in a legally permissible manner.
3. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
4. Encumbrances are not reported in the budgets or financial statements.
5. The level of classifications detail in which expenditures or expenses may not legally exceed appropriations for each budget is in fund total. Appropriations lapse at year end.
6. Budgets for the general, special revenue and capital project funds are adopted on a basis not consistent with generally accepted accounting principles. Throughout the year the accounting records are maintained on the non-GAAP basis of cash receipts and disbursements. Accordingly, certain revenues and the related assets are recognized when paid rather than when the obligation is incurred. The financial statements are presented on the modified accrual basis of accounting. Budgetary comparisons presented for general, special revenue and capital projects funds in this report are on the non-GAAP budgetary basis and actual (cash basis).

4. DETAILED NOTES ON ALL FUNDS

Deposits and Investments

The City can invest in; bonds or negotiable securities of the United States, of this state, of other governments; and other securities, contracts or obligations that are backed by the full faith and credit of the United States government.

At June 30, 2009, the City had cash and cash equivalents on deposit with local financial institutions, consisting of checking accounts and certificates of deposit that are carried at cost, which also have values approximating market value. Following is a schedule as of June 30, 2009, of the cash and cash equivalents and collateral pledged to secure the public funds on deposit. All funds are held in the name of the City in financial institutions that have exceeded the minimum collateral requirements. All financial institutions have pledged collateral with securities held by their trust department or agent in the government's name.

4. **DETAILED NOTES ON ALL FUNDS** (Continued)

Deposits and Investments (continued)

	Balance Per Bank 6/30/2009	Add Deposits In Transit	Less Outstanding Checks	Adjustment	Balance Per Books 6/30/2009
Wells Fargo					
Checking Accounts					
Operating	267,353	332	(12,923)	117	254,879
Water & Sewer Trust	46,298	-	(680)		45,618
Revenue Bond & Interest	58,264	-	-		58,264
First Community Bank					
Checking	514,681	-	-		514,681
Checking	448,171	-	-		448,171
New Mexico Finance Authority					
Debt Service Accounts	76,785	-	-		76,785
Bank of Albuquerque					
Loan Reserve Accounts	194,179	-	-	-	194,179
Total Cash in Banks	<u>\$ 1,605,731</u>	<u>\$ 332</u>	<u>\$ (13,603)</u>	<u>\$ 117</u>	1,592,577
Plus Cash on Hand					300
					<u>\$ 1,592,877</u>

In accordance with Section 6-10-17, NMSA 1978 compilation, deposits of public monies are required to be collateralized. Pledged collateral is required in amounts in aggregate equal to one half of the amount of uninsured public money in each account during the fiscal year. Securities which are obligations of the State of New Mexico, its agencies, institutions, counties, or municipalities or other subdivisions are accepted as security at par value; all other securities are accepted as security at market value. No security is required for the deposit of public money that is insured by the Federal Deposit Insurance Corporation.

4. **DETAILED NOTES ON ALL FUNDS** (Continued)

Deposits and Investments (continued)

Pledged Collateral at Banks

	Wells Fargo Bank	First Community Bank	Total
	<u> </u>	<u> </u>	<u> </u>
Deposits	\$ 371,915	\$ 962,852	\$ 1,334,767
FDIC	<u>(250,000)</u>	<u>(250,000)</u>	<u>(500,000)</u>
 Total uninsured public funds	 121,915	 712,852	 834,767
 Collateral pledged:			
Wells Fargo Bank			
San Francisco, CA			
FNCL, 05/01/2036			
CUSIP, 31409CV69	680,234	-	680,234
 Federal Home Loan Bank			
Dallas, TX			
Torrance Etc Cntys NM Muni			
CUSIP 891400LE1 - PAR	-	250,000	250,000
Chaves Cnty NW AMBAC			
CUSIP 162634BM0 - PAR	-	100,000	100,000
MBS FHLMC Gold 15 Yr-B10178			
CUISP 312962FT5 - PAR	-	29,587	29,587
Taos NM St-Shared Gross Rev Bond			
CUISP 87601RAL4 - PAR	<u>-</u>	<u>75,000</u>	<u>75,000</u>
 Pledged collateral held by the pledging bank's trust department or agent, not in the City's name	 <u>680,234</u>	 <u>454,587</u>	 <u>1,134,821</u>
 Uninsured and uncollateralized	 <u>\$ -</u>	 <u>\$ 258,265</u>	 <u>\$ 258,265</u>

4. **DETAILED NOTES ON ALL FUNDS** (Continued)

Deposits and Investments (continued)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The City does not have a deposit policy for custodial credit risk. As of June 30, 2009 \$834,767 of the City's bank balance of \$1,334,767 was exposed to custodial credit risk as follows:

	Wells Fargo Bank	First Community Bank	Total
Uninsured and uncollateralized	\$ -	\$ 258,265	\$ 258,265
Uninsured and collateral held by pledging bank's trust department or agent, not in the City's name	<u>121,915</u>	<u>454,587</u>	<u>576,502</u>
Total	<u>\$ 121,915</u>	<u>\$ 712,852</u>	<u>\$ 834,767</u>

Additionally, four debt service accounts are managed by the New Mexico Finance Authority (NMFA), on deposit with the State Treasurer's office, in NMFA's name for the benefit of the City. These accounts are exposed to custodial credit risk as follows:

Ambulance	\$ 476
Civic Center	68,380
Water Tower	<u>7,929</u>
Total	<u>\$ 76,785</u>

As of June 30, 2009, the City held \$194,179 in US Treasury Notes; in connection with three New Mexico Finance Authority Loan Reserve Accounts. The notes are held at the Bank of Albuquerque in the Bank's name, which exposes the City to custodial credit risk as noted above. The City does not have an investment policy to limit exposure to custodial credit risk or to manage its exposure to fair value losses due to rising interest rates (interest rate risk). At June 30, 2009 these investments were held for the following Loan Reserve Accounts:

Loan Reserve Account Civic Center	\$ 165,009
Loan Reserve Account Ambulance	11,117
Loan Reserve Account Water Tower	<u>18,053</u>
Total	<u>\$ 194,179</u>

4. DETAILED NOTES ON ALL FUNDS (Continued)

Receivables

Receivables as of year-end for the City’s individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds			Enterprise Funds			Total
	General	DWI Park	Other Governmental Funds	Water	Sewer	Solid Waste	
Receivables:							
Customer accounts	\$ -	\$ -	\$ -	\$ 29,432	\$ 21,162	\$ 28,088	\$ 78,682
Fines and fees	5,419	-	-	-	-	-	5,419
Property taxes	8,651	-	-	-	-	-	8,651
Sales tax	128,533	-	-	-	-	-	128,533
State shared tax	455	-	16,879	-	-	-	17,334
Franchise	1,829	-	-	-	-	-	1,829
Intergovernmental	10,088	23,188	136,815	-	6,515	-	176,606
Lodger's tax	-	-	24,098	-	-	-	24,098
Motor vehicle fees	1,979	-	-	-	-	-	1,979
Gross receivables	156,954	23,188	177,792	29,432	27,677	28,088	443,131
Less allowance for uncollectibles	-	-	-	1,876	-	-	1,876
Total	<u>\$ 156,954</u>	<u>\$ 23,188</u>	<u>\$ 177,792</u>	<u>\$ 27,556</u>	<u>\$ 27,677</u>	<u>\$ 28,088</u>	<u>\$ 441,255</u>

Reserved Fund Balance / Restricted Net Assets

Reserved for Capital Projects –DWI Memorial Park, Police Facility, CDBG Storm Drain, Mainstreet Gateway, and Water Improvement Funds – The amounts are to be used for capital project expenditures as restricted by the grant agreements. The restricted amounts of \$23,188, \$513,883, \$7,047, \$2,773, and \$15,584 are shown as reserved in the government-wide statements in the amount of \$562,475.

Reserved for Debt Service – Civic Center – The reserve of \$233,389 is to be used for future debt service payments and is restricted by the debt agreement. This amount is restricted in the government-wide statements.

Restricted for Debt Service – Proprietary Funds – The restriction of \$119,316 represents the amount to be used for future debt service payments as required by the debt agreements.

4. DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Adjustments/ Reclassification	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 1,491,053	-	-		\$ 1,491,053
Construction in progress	1,429,801	218,947	-	(996,545)	652,203
Total capital assets not being depreciated	<u>2,920,854</u>	<u>218,947</u>	<u>-</u>	<u>(996,545)</u>	<u>2,143,256</u>
Capital assets, being depreciated:					
Buildings and improvements	4,025,638	617,032	-	-	4,642,670
Furniture and equipment	1,979,475	178,900	(186,413)	-	1,971,962
Land improvements	5,226,821	317,114	-	-	5,543,935
Infrastructure	4,579,610	68,233	-	996,545	5,644,388
Total capital assets being depreciated	<u>15,811,544</u>	<u>1,181,279</u>	<u>(186,413)</u>	<u>996,545</u>	<u>17,802,955</u>
Less accumulated depreciation:					
Buildings and improvements	1,103,287	129,548	-	-	1,232,835
Furniture and equipment	1,371,191	135,080	(179,022)	-	1,327,249
Land improvements	1,672,373	237,372	-	-	1,909,745
Infrastructure	1,068,741	159,420	-	-	1,228,161
Total accumulated depreciation	<u>5,215,592</u>	<u>661,420</u>	<u>(179,022)</u>	<u>-</u>	<u>5,697,990</u>
Total capital assets being depreciated, net	<u>10,595,952</u>	<u>519,859</u>	<u>(7,391)</u>	<u>996,545</u>	<u>12,104,965</u>
Governmental activities capital assets, net	<u>\$ 13,516,806</u>	<u>\$ 738,806</u>	<u>\$ (7,391)</u>	<u>\$ -</u>	<u>\$ 14,248,221</u>

4. DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (continued)

Business-type Activities:

Capital assts, not being depreciated:

Land	\$ 945,808	\$ -	\$ -	\$ -	\$ 945,808
Construction in progress	162,040	146,693	-	-	308,733
Total capital assets not being depreciated	<u>1,107,848</u>	<u>146,693</u>	<u>-</u>	<u>-</u>	<u>1,254,541</u>

Capital assets, being depreciated:

Plant and distributing systme	7,625,158	55,819	-	-	7,680,977
Machinery and equipment	185,467	7,961	(51,624)	-	141,804
Total capital assets being depreciated	<u>7,810,625</u>	<u>63,780</u>	<u>(51,624)</u>	<u>-</u>	<u>7,822,781</u>

Less accumulated depreciation:

Plant and distributing system	2,545,957	235,605	-	-	2,781,562
Machinery and equipment	204,328	3,153	(51,624)	-	155,857
Total accumulated depreciation	<u>2,750,285</u>	<u>238,758</u>	<u>(51,624)</u>	<u>-</u>	<u>2,937,419</u>

Total capital assets being depreciated, net

	<u>5,060,340</u>	<u>(174,978)</u>	<u>-</u>	<u>-</u>	<u>4,885,362</u>
--	------------------	------------------	----------	----------	------------------

Governmental activities capital assets, net

	<u>\$ 6,168,188</u>	<u>\$ (28,285)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,139,903</u>
--	---------------------	--------------------	-------------	-------------	---------------------

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

General Governments	\$ 237,315
Public Safety	52,801
Highways and streets	190,181
Culture and recreation	<u>181,123</u>

Total depreciation expense - governmental activities \$ 661,420

Business-type Activities:

Water	\$ 115,514
Sewer	<u>123,244</u>

Total depreciation expense -business-type activities \$ 238,758

Interfund Receivables, Payables and Transfers

The outstanding balances between funds result mainly from the time lag between the dates the (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Advances are expected to be repaid within the year.

4. **DETAILED NOTES ON ALL FUNDS** (Continued)

Interfund Receivables, Payables and Transfers (continued)

Interfund receivables and payables:

	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund	\$ -	\$ 91,347
Water Fund		757
Other governmental funds	<u>92,104</u>	<u>-</u>
Total	<u>\$ 92,104</u>	<u>\$ 92,104</u>

Interfund transfers:

	<u>Transfers out</u>						<u>Total</u>
	<u>General</u>	<u>DWI Park</u>	<u>Sewer</u>	<u>Solid Waste</u>	<u>Water</u>	<u>Other Governmental Funds</u>	
Transfers In:							
Capital Projects DWI Park	\$ -	\$ -	\$ 6,407	\$ -	\$ -	\$ -	\$ 6,407
General	92,104	114,849			757	257	207,967
Sewer			11,158	32,748			43,906
Solid Waste						5,000	5,000
Water	50,344		49,150			16,820	116,314
Other governmental funds	<u>34,223</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,000</u>	<u>163,757</u>	<u>262,980</u>
Total transfers out	176,671	114,849	66,715	32,748	65,757	185,834	642,574
Less Transfers in	<u>115,863</u>	<u>6,407</u>	<u>43,906</u>	<u>5,000</u>	<u>116,314</u>	<u>355,084</u>	<u>642,574</u>
Net transfers	<u>\$ 60,808</u>	<u>\$ 108,442</u>	<u>\$ 22,809</u>	<u>\$ 27,748</u>	<u>\$ (50,557)</u>	<u>\$ (169,250)</u>	<u>\$ -</u>

Legally authorized transfers between funds are recorded as other financing sources and uses in the respective funds. Transfers were made to cover cost overruns and to provide matching funds in order to qualify for grants from outside sources.

Short-term Debt

The City had no short-term debt activity during the year.

Capital Leases

The government has entered into two lease agreements as lessee for financing the acquisition of police vehicles. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

4. **DETAILED NOTES ON ALL FUNDS** (Continued)

Capital Leases (continued)

The assets acquired through capital leases are as follows:

Assets:	
Furniture and equipment	\$ 136,032
Less accumulated depreciation	<u>95,088</u>
Total	<u>\$ 40,944</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2009, were as follows:

Year Ending June 30, 2010	
	<u>\$ 22,595</u>
Total minimum lease payments	22,595
Less amount representing interest	<u>1,468</u>
Present value of minimum lease payments	<u>\$ 21,127</u>

Long-term Debt

The City issues a variety of long-term debt instruments in order to construct and purchase major capital facilities for governmental and business-type activities. These instruments include revenue bonds and loans. These debt obligations are secured by either water and sewer system revenue or annual fire distributions. Debt obligations that are intended to be repaid from water and sewer system revenue have been recorded as business-type activities. All other long-term obligations of the City are considered to be governmental type activities.

4. **DETAILED NOTES ON ALL FUNDS** (Continued)

Bonds and Loan Payable

A summary of the terms of revenue bonds and loans outstanding and their corresponding allocations to the governmental and business-type activities at June 30, 2009 follows:

	<u>Issue Amount</u>	<u>Maturity</u>	<u>Rate</u>	<u>Outstanding</u>
<u>Governmental Activities</u>				
Loans:				
NMFA-Ambulance	\$ 111,112	2015	1.27% to 1.54%	\$ 91,956
NMFA-Civic Center	<u>1,964,962</u>	2020	4.03% to 5.45%	<u>1,333,394</u>
Total governmental activities	<u>\$2,076,074</u>			<u>\$1,425,350</u>
<u>Business-type Activities</u>				
Revenue Bonds:				
1999 Water and Sewer	\$1,100,000	2039	4.75%	\$1,010,000
Loan:				
NMFA - Water Tower	<u>298,044</u>	2025	2.34% to 4.26%	<u>251,131</u>
Total business-type activities	<u>\$1,398,044</u>			<u>\$1,261,131</u>

Long-term Debt

Annual debt service requirements for bonds and loans are as follows:

Year Ending June 30,	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 106,877	\$ 71,102	\$ 34,108	\$ 51,291
2011	116,867	66,420	34,266	50,219
2013	112,007	61,404	34,435	49,135
2013	122,721	56,024	34,616	48,041
2014	144,600	50,550	34,808	46,937
2015-2019	665,842	153,502	177,314	217,733
2020-2024	156,436	8,526	223,872	185,589
2025-2029	-	-	187,712	144,706
2030-2034	-	-	210,000	99,750
2035-2039	-	-	<u>290,000</u>	<u>27,075</u>
	<u>\$1,425,350</u>	<u>\$467,528</u>	<u>\$1,261,131</u>	<u>\$920,476</u>

4. **DETAILED NOTES ON ALL FUNDS** (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2009, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities					
Loan payable	\$1,545,277	\$ -	\$ 119,927	\$1,425,350	\$ 106,877
Lease payable	40,881	-	19,754	21,127	21,127
Compensated absences	<u>61,706</u>	<u>46,954</u>	<u>54,591</u>	<u>54,069</u>	<u>-</u>
Governmental activities long-term liabilities	<u>\$1,647,864</u>	<u>\$ 46,954</u>	<u>\$ 194,272</u>	<u>\$1,500,546</u>	<u>\$ 128,004</u>
Business-type activities					
Revenue bonds	\$1,020,000	\$ -	\$ 10,000	\$1,010,000	\$ 20,000
Loan payable	265,093	-	13,962	251,131	14,108
Compensated absences	<u>15,029</u>	<u>20,018</u>	<u>18,813</u>	<u>16,234</u>	<u>-</u>
Business-type activities long-term liabilities	<u>\$1,300,122</u>	<u>\$ 20,018</u>	<u>\$ 42,775</u>	<u>\$1,277,365</u>	<u>\$ 34,108</u>

The compensated absences liability attributable to the governmental activities will be liquidated primarily by the General Fund.

Retirement Plan

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

Funding Policy. Plan members are required to contribute 9.15% of their gross salary. The City is required to contribute 13.15% and 28.30% of the gross covered salary for regular members, and fire and police members, respectively. The contribution requirements of plan members and the City are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature.

The City's contributions to PERA for the fiscal years ending June 30, 2009, 2008 and 2007 were \$137,877, \$103,631, and \$95,685, respectively, which equal the amount of the required contributions for each fiscal year.

4. **DETAILED NOTES ON ALL FUNDS** (Continued)

Deferred Compensation Plan

The City has executed salary reduction agreements with certain employees on a voluntary basis. Amounts withheld per these agreements are used to purchase insurance contracts on behalf of and are owned by the employee. This plan is in accordance with Internal Revenue Code. The City of Moriarty does not make contributions to this plan and has no liability to the plan except to remit withheld amounts.

Retiree Health Care Act Contributions

Plan Description. The City contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which the event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

4. DETAILED NOTES ON ALL FUNDS (Continued)

Retiree Health Care Act Contributions (continued)

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary. Employers joining the program after 1/1/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals. The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature. The City's contributions to the RHCA for the years ended June 30, 2009, 2008 and 2007 were \$13,560, \$13,530 and \$12,988, respectively, which equal the required contributions for each year.

Risk Management

The City of Moriarty is insured through the New Mexico Self Insurer's Fund. Coverage provided includes all-peril on buildings and contents; crime coverage; general liability; civil rights and personal injury; motor vehicle and fleet property damage and liability; and statutory workmen compensation coverage. The crime coverage portion of this insurance includes employee fidelity/faithful performance coverage up to \$250,000 for each occurrence.

Joint Powers Agreements

The City of Moriarty along with the County of Santa Fe, the County of Bernalillo, the County of Torrance, the Village of Willard, the Town of Mountainair and the Town of Estancia entered into a joint powers agreement on August 2, 1983 to form a regional solid waste system. The responsible party for operations is the Estancia Valley Solid Waste Authority. The agreement has no expiration date. The City of Moriarty did not contribute to the Authority during the current year. Audit responsibility lies with the Authority. The agreement was updated on December 16, 1993, to include the Village of Encino and eliminated the Counties of Santa Fe and Bernalillo.

The County of Torrance, Town of Mountainair, City of Moriarty, Town of Estancia, Village of Encino and Village of Willard established a Joint Housing Authority to provide Housing Assistance to low-income families in Torrance County, by authorizing the Town of Mountainair Housing Authority to operate public housing assistance programs within the geographical boundaries of Torrance County. The agreement has no expiration date. There were no contributions made by the Village during the year and audit responsibility lies with the Authority.

4. **DETAILED NOTES ON ALL FUNDS** (Continued)

Joint Powers Agreements (continued)

The City of Moriarty along with the County of Torrance, the Village of Willard, the Town of Mountainair and the Town of Estancia entered into a joint powers agreement to form the Torrance County Emergency Communication 911 District. The E-911 District is the responsible party for operations and the audit of its records. The agreement is valid for the fiscal year. The City of Moriarty made monthly payments for this service, which totaled \$62,385.

A Joint Powers Agreement between the City and the Energy, Minerals and Nature Resources Department, Forestry Division (EMNRD) for Wildland Fire Protection and Suppression was entered on July 13, 2007. The agreement commits the two entities to mutual wildland fire suppression and management assistance and cooperation. The City and EMNRD may provide reimbursable assistance to each other. The agreement is for a term of five years but may be terminated at any time. Each entity is responsible for an audit of their records.

Related Party Transactions

The City paid \$18,162 for supplies to Hart's Homecenter, which is owned by Councilor Ted Hart.

Capital Outlay Appropriations

Capital Outlay appropriations are as follows:

<u>Capital Project Fund</u>	<u>Project Appropriations</u>	<u>2009 Expenditures</u>	<u>Expenditures to Date</u>	<u>Variance</u>
Police Facility	\$ 100,000	\$ 40,887	\$ 40,887	\$ 59,113
DWI Memorial Park	495,200	381,756	466,211	28,989
Mainstreet Gateway	300,000	71,961	71,961	228,039
Water Improvements	<u>500,000</u>	<u>15,584</u>	<u>15,584</u>	<u>484,416</u>
	<u>\$ 1,395,200</u>	<u>\$ 510,188</u>	<u>\$ 594,643</u>	<u>\$800,557</u>

Unexpended appropriations will be recorded as revenue at the time the related costs are incurred.

Expenditures in Excess of Budget

Actual expenditures exceeded budgeted expenditures at the total fund level in the Fire Protection Fund by \$1,724.

SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
CITY OF MORIARTY
JUNE 30, 2009
NONMAJOR GOVERNMENTAL FUNDS**

SPECIAL REVENUE FUNDS

Cemetery Fund

To account for the operations and maintenance of the City's Cemetery. Financing is provided by vault and lot sales, services related to burials, and donations.

Emergency Medical Service (EMS) Fund

The EMS Special Revenue Fund, authorized by State Statute Chapter 178, Laws of 1978, is used to account for all rescue operations within the fire department. Financing is provided by a state grant and subsidized by the General Fund.

Fire Protection Fund

The Fire Special Revenue Fund, authorized by the State Statute Chapter 48, Section 2, Laws of 1963, is used to account for the operations of the Fire Department. Financing is provided by the State Fire Allotment, emergency medical services, interest on investments and miscellaneous revenues.

Juvenile Recreation Fund

The Recreations Special Revenue Fund, authorized by State Statute (7-12-15), is used to account for the operations and maintenance of the parks and other recreation type activities. Financing is provided by a cigarette tax, grants, interests on investments and miscellaneous revenues.

Enforcement Protection Fund

The Law Enforcement Special Revenue Fund, authorized by State Statute Chapter 289, Laws of 1983, is used to account for the purchase of vehicles, radios, and equipment for the police department. Financing is provided by a grant from the State of New Mexico.

Lodgers Tax Fund

To account for revenues and expenditures per the Lodger's Tax Ordinance 500 of the City. Funds are restricted to the economic development of the City.

Street Fund

To account for revenues received from the levy of a tax per gallon of gasoline purchased within the City boundaries, pursuant to the County and Municipal Gasoline Tax Act, NMSA 7-21-1; the City portion of the auto license fees; an infrastructure grant; and a highway co-op agreement. Expenditures from the fund may be used for bridge and road projects on transit routes; for purchasing, maintaining or operating transit facilities; for operating a transit authority; for operating a vehicle emissions inspection program; or for road, street or highway construction, repair or maintenance on transit routes

**STATE OF NEW MEXICO
CITY OF MORIARTY
JUNE 30, 2009
NONMAJOR GOVERNMENTAL FUNDS**

CAPITAL PROJECTS FUNDS

CDBG – Storm Drain

To account for the revenue and expenditures associated with the Storm Drain project approved by the State of New Mexico and funded by a federal grant.

Mainstreet Gateway

To account for grant funds from the State of New Mexico, to plan, design, install and construct drainage improvements for the mainstreet project, including storm drainage.

Water Improvements

To account from funds from the New Mexico Environment Department to plan design and construct an additional municipal water well.

DEBT SERVICE FUNDS

Debt Service Civic Center

The Debt Service Civic Center is used to account for the payments of principal and interest on the debt for the Civic Center

**STATE OF NEW MEXICO
CITY OF MORIARTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009**

	Special Revenue				
	Cemetery Fund	EMS Fund	Fire Protection Fund	Juvenile Recreation Fund	Enforcement Protection Fund
ASSETS					
Cash	\$ 2,832	\$ -	\$ 15,031	\$ 12,781	\$ 3,405
Investments - restricted	-	-	-	-	-
Accounts receivable	-	-	-	230	-
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 2,832</u>	<u>\$ -</u>	<u>\$ 15,031</u>	<u>\$ 13,011</u>	<u>\$ 3,405</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 731	\$ -	\$ 3	\$ 990	\$ 3,405
Deferred revenue	-	-	-	-	-
Total liabilities	<u>731</u>	<u>-</u>	<u>3</u>	<u>990</u>	<u>3,405</u>
Fund balances:					
Unreserved					
Special revenue	2,101	-	15,028	12,021	-
Reserved					
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Total fund balances	<u>2,101</u>	<u>-</u>	<u>15,028</u>	<u>12,021</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 2,832</u>	<u>\$ -</u>	<u>\$ 15,031</u>	<u>\$ 13,011</u>	<u>\$ 3,405</u>

The accompanying notes are an integral part of these financial statements

<u>Special Revenue</u>			<u>Capital Projects</u>			
<u>Lodgers Tax Fund</u>	<u>Street Fund</u>	<u>Total</u>	<u>CDBG Storm Drain</u>	<u>Mainstreet Gateway</u>	<u>Water Improvements</u>	<u>Total</u>
\$ 86,947	\$ 35,314	\$ 156,310	\$ 18,401	\$ 5,317	\$ -	\$ 23,718
-	-	-	-	-	-	-
24,098	16,649	40,977	92,104	29,127	15,584	136,815
-	-	-	92,104	-	-	92,104
<u>\$ 111,045</u>	<u>\$ 51,963</u>	<u>\$ 197,287</u>	<u>\$ 202,609</u>	<u>\$ 34,444</u>	<u>\$ 15,584</u>	<u>\$ 252,637</u>
\$ 8,266	\$ 6,777	\$ 20,172	103,458	\$ 31,671	\$ -	\$ 135,129
-	-	-	92,104	-	-	92,104
<u>8,266</u>	<u>6,777</u>	<u>20,172</u>	<u>195,562</u>	<u>31,671</u>	<u>-</u>	<u>227,233</u>
102,779	45,186	177,115	-	-	-	-
-	-	-	7,047	2,773	15,584	25,404
-	-	-	-	-	-	-
<u>102,779</u>	<u>45,186</u>	<u>177,115</u>	<u>7,047</u>	<u>2,773</u>	<u>15,584</u>	<u>25,404</u>
<u>\$ 111,045</u>	<u>\$ 51,963</u>	<u>\$ 197,287</u>	<u>\$ 202,609</u>	<u>\$ 34,444</u>	<u>\$ 15,584</u>	<u>\$ 252,637</u>

**STATE OF NEW MEXICO
CITY OF MORIARTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009**

	<u>Debt Service Civic Center</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS		
Cash	\$ 68,380	\$ 248,408
Investments - restricted	165,009	165,009
Accounts receivable	-	177,792
Due from other funds	<u>-</u>	<u>92,104</u>
Total assets	<u>\$ 233,389</u>	<u>\$ 683,313</u>
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ -	\$ 155,301
Deferred revenue	<u>-</u>	<u>92,104</u>
Total liabilities	<u>-</u>	<u>247,405</u>
 Fund balances:		
Unreserved		
Special revenue	-	177,115
Reserved		
Capital projects	-	25,404
Debt service	<u>233,389</u>	<u>233,389</u>
Total fund balances	<u>233,389</u>	<u>435,908</u>
Total liabilities and fund balances	<u>\$ 233,389</u>	<u>\$ 683,313</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
CITY OF MORIARTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009**

	Special Revenue				
	Cemetery Fund	EMS Fund	Fire Protection Fund	Juvenile Recreation Fund	Enforcement Protection Fund
REVENUES					
Taxes					
Lodgers' tax	\$ -	\$ -	\$ -	\$ -	\$ -
Other state shared taxes	-	-	-	5,505	-
Licenses and permits	4,275	-	-	-	-
Intergovernmental	-	13,995	63,945	-	26,000
Rents and royalties	-	-	-	-	-
Other	4,300	-	-	-	-
Investment	-	-	1,017	-	-
Total revenues	<u>8,575</u>	<u>13,995</u>	<u>64,962</u>	<u>5,505</u>	<u>26,000</u>
EXPENDITURES					
Current:					
Public safety	-	13,995	47,125	-	3,404
Culture and recreation	-	-	-	1,649	-
Health and welfare	9,530	-	-	-	-
Highways and streets	-	-	-	-	-
Debt service:					
Principal	-	-	17,720	-	19,754
Interest	-	-	824	-	2,842
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>9,530</u>	<u>13,995</u>	<u>65,669</u>	<u>1,649</u>	<u>26,000</u>
Excess (deficiency) of revenues over (under) expenditures	(955)	-	(707)	3,856	-
Other financing sources (uses):					
Transfers in (out)	-	-	849	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>849</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(955)	-	142	3,856	-
Fund balances, beginning of year	<u>3,056</u>	<u>-</u>	<u>14,886</u>	<u>8,165</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,101</u>	<u>\$ -</u>	<u>\$ 15,028</u>	<u>\$ 12,021</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Special Revenue			Capital Projects			
Lodgers Tax Fund	Street Fund	Total	CDBG Storm Drain	Mainstreet Gateway	Water Improvements	Total
\$ 178,267	\$ -	\$ 178,267	\$ -	\$ -	\$ -	\$ -
-	198,364	203,869	-	-	-	-
-	-	4,275	-	-	-	-
-	-	103,940	87,787	74,734	15,584	178,105
12,382	-	12,382	-	-	-	-
1,000	-	5,300	-	-	-	-
-	-	1,017	-	-	-	-
<u>191,649</u>	<u>198,364</u>	<u>509,050</u>	<u>87,787</u>	<u>74,734</u>	<u>15,584</u>	<u>178,105</u>
-	-	-	-	-	-	-
-	-	64,524	-	-	-	-
112,247	-	113,896	-	-	-	-
-	-	9,530	-	-	-	-
-	322,391	322,391	-	-	-	-
-	-	37,474	-	-	-	-
-	-	3,666	-	-	-	-
-	28,046	28,046	245,989	71,961	15,937	333,887
<u>112,247</u>	<u>350,437</u>	<u>579,527</u>	<u>245,989</u>	<u>71,961</u>	<u>15,937</u>	<u>333,887</u>
-	-	-	-	-	-	-
<u>79,402</u>	<u>(152,073)</u>	<u>(70,477)</u>	<u>(158,202)</u>	<u>2,773</u>	<u>(353)</u>	<u>(155,782)</u>
<u>(105,000)</u>	<u>-</u>	<u>(104,151)</u>	<u>92,104</u>	<u>-</u>	<u>15,937</u>	<u>108,041</u>
<u>(105,000)</u>	<u>-</u>	<u>(104,151)</u>	<u>92,104</u>	<u>-</u>	<u>15,937</u>	<u>108,041</u>
<u>(25,598)</u>	<u>(152,073)</u>	<u>(174,628)</u>	<u>(66,098)</u>	<u>2,773</u>	<u>15,584</u>	<u>(47,741)</u>
<u>128,377</u>	<u>197,259</u>	<u>351,743</u>	<u>73,145</u>	<u>-</u>	<u>-</u>	<u>73,145</u>
<u>\$ 102,779</u>	<u>\$ 45,186</u>	<u>\$ 177,115</u>	<u>\$ 7,047</u>	<u>\$ 2,773</u>	<u>\$ 15,584</u>	<u>\$ 25,404</u>

**STATE OF NEW MEXICO
CITY OF MORIARTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Debt Service Civic Center</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES		
Taxes		
Lodgers' tax	\$ -	\$ 178,267
Other state shared taxes	-	203,869
Licenses and permits	-	4,275
Intergovernmental	-	282,045
Rents and royalties	-	12,382
Other	-	5,300
Investment	<u>3,775</u>	<u>4,792</u>
Total revenues	<u>3,775</u>	<u>690,930</u>
EXPENDITURES		
Current:		
Public safety	-	64,524
Culture and recreation	3,732	117,628
Health and welfare	-	9,530
Highways and streets	-	322,391
Debt service:		
Principal	87,596	125,070
Interest	74,032	77,698
Capital outlay	<u>-</u>	<u>361,933</u>
Total expenditures	<u>165,360</u>	<u>1,078,774</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(161,585)</u>	<u>(387,844)</u>
Other financing sources (uses):		
Transfers in (out)	<u>165,360</u>	<u>169,250</u>
Total other financing sources (uses)	<u>165,360</u>	<u>169,250</u>
Net change in fund balances	3,775	(218,594)
Fund balances, beginning of year	<u>229,614</u>	<u>654,502</u>
Fund balances, end of year	<u>\$ 233,389</u>	<u>\$ 435,908</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
CITY OF MORIARTY
CEMETERY FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (Non-GAAP Basis) and ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Licenses and permits	\$ 6,600	\$ 6,600	\$ 4,275	\$(2,325)
Other	-	-	4,300	4,300
Total revenues	<u>6,600</u>	<u>6,600</u>	<u>8,575</u>	<u>1,975</u>
EXPENDITURES				
Current:				
Health and welfare	6,600	9,530	9,530	-
Total expenditures	<u>6,600</u>	<u>9,530</u>	<u>9,530</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$(2,930)</u>	<u>\$(955)</u>	<u>\$ 1,975</u>
Beginning cash balance	<u>\$ 3,271</u>	<u>\$ 3,271</u>		

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
CITY OF MORIARTY
EMS FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (Non-GAAP Basis) and ACTUAL ON BUDGETARY BASIS
YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 14,465	\$ 14,465	\$ 13,995	\$(470)
Total revenues	<u>14,465</u>	<u>14,465</u>	<u>13,995</u>	<u>(470)</u>
EXPENDITURES				
Current:				
Public safety	<u>14,465</u>	<u>14,465</u>	<u>13,995</u>	<u>470</u>
Total expenditures	<u>14,465</u>	<u>14,465</u>	<u>13,995</u>	<u>470</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Beginning cash balance	<u>\$ -</u>	<u>\$ -</u>		

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
CITY OF MORIARTY
FIRE PROTECTION FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (Non-GAAP Basis) and ACTUAL ON BUDGETARY BASIS
YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 63,945	\$ 63,945	\$ 63,945	\$ -
Interest	-	-	1,017	1,017
Total revenues	<u>63,945</u>	<u>63,945</u>	<u>64,962</u>	<u>1,017</u>
EXPENDITURES				
Current:				
Public safety	47,125	47,125	47,125	-
Debt service:				
Principal	16,820	16,820	17,720	(900)
Interest	-	-	824	(824)
Total expenditures	<u>63,945</u>	<u>63,945</u>	<u>65,669</u>	<u>(1,724)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(707)</u>	<u>(707)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(16,820)	(2,806)	849	(3,655)
Total other financing sources (uses)				
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>\$(16,820)</u>	<u>\$(2,806)</u>	<u>\$ 142</u>	<u>\$(4,362)</u>
Beginning cash balance	<u>\$ 14,889</u>	<u>\$ 14,889</u>		

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
CITY OF MORIARTY
JUVENILE RECREATION FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (Non-GAAP Basis) and ACTUAL ON BUDGETARY BASIS
YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Other state shared taxes	\$ 6,000	\$ 6,000	\$ 5,858	\$(142)
Total revenues	<u>6,000</u>	<u>6,000</u>	<u>5,858</u>	<u>(142)</u>
EXPENDITURES				
Current:				
Culture and recreation	11,878	11,878	1,649	10,229
Total expenditures	<u>11,878</u>	<u>11,878</u>	<u>1,649</u>	<u>10,229</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$(5,878)</u>	<u>\$(5,878)</u>	<u>\$ 4,209</u>	<u>\$ 10,087</u>
Beginning cash balance	<u>\$ 7,582</u>	<u>\$ 7,582</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$ 4,209	
Change in receivables			(353)	
Net change in fund balances GAAP basis			<u>\$ 3,856</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
CITY OF MORIARTY
ENFORCEMENT PROTECTION FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (Non-GAAP Basis) and ACTUAL ON BUDGETARY BASIS
YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 26,000	\$ 26,000	\$ 26,000	\$ -
Total revenues	<u>26,000</u>	<u>26,000</u>	<u>26,000</u>	<u>-</u>
EXPENDITURES				
Current:				
Public safety	3,404	3,404	3,404	-
Debt service:				
Principal	19,754	19,754	19,754	-
Interest	<u>2,842</u>	<u>2,842</u>	<u>2,842</u>	<u>-</u>
Total expenditures	<u>26,000</u>	<u>26,000</u>	<u>26,000</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Beginning cash balance	 <u>\$ -</u>	 <u>\$ -</u>		

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
CITY OF MORIARTY
LODGERS TAX FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (Non-GAAP Basis) and ACTUAL ON BUDGETARY BASIS
YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Lodgers' tax	\$ 258,368	\$ 258,368	\$ 172,615	\$(85,753)
Rents and royalties	13,368	13,368	12,382	(986)
Other	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>1,000</u>
Total revenues	<u>271,736</u>	<u>271,736</u>	<u>185,997</u>	<u>(85,739)</u>
EXPENDITURES				
Current:				
Culture and recreation	103,400	114,406	112,247	2,159
Total expenditures	<u>78,400</u>	<u>114,406</u>	<u>112,247</u>	<u>2,159</u>
Excess (deficiency) of revenues over expenditures	<u>193,336</u>	<u>157,330</u>	<u>73,750</u>	<u>(83,580)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(105,000)	(105,000)	(105,000)	-
Total other financing sources (uses)	<u>(105,000)</u>	<u>(105,000)</u>	<u>(105,000)</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>\$ 88,336</u>	<u>\$ 52,330</u>	<u>\$(31,250)</u>	<u>\$(83,580)</u>
Beginning cash balance	<u>\$ 114,464</u>	<u>\$ 114,464</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$(31,250)	
Change in receivables			<u>5,652</u>	
Net change in fund balances GAAP basis			<u>\$(25,598)</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
CITY OF MORIARTY
STREET FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (Non-GAAP Basis) and ACTUAL ON BUDGETARY BASIS
YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Other state shared taxes	\$ 355,000	\$ 355,000	\$ 203,306	\$(151,694)
Total revenues	<u>355,000</u>	<u>355,000</u>	<u>203,306</u>	<u>(151,694)</u>
EXPENDITURES				
Current operations:				
Highway and streets	329,776	329,776	324,136	5,640
Capital Outlay	<u>39,974</u>	<u>39,974</u>	<u>28,046</u>	<u>11,928</u>
Total expenditures	<u>369,750</u>	<u>369,750</u>	<u>352,182</u>	<u>17,568</u>
Excess (deficiency) of revenues over expenditures	<u>(14,750)</u>	<u>(14,750)</u>	<u>(148,876)</u>	<u>(134,126)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	<u>(25,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(25,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>\$(39,750)</u>	<u>\$(14,750)</u>	<u>\$(148,876)</u>	<u>\$(134,126)</u>
Beginning cash balance	<u>\$ 184,190</u>	<u>\$ 184,190</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$(148,876)	
Change in receivables			(4,942)	
Change in payables			<u>1,745</u>	
Net change in fund balances GAAP basis			<u>\$(152,073)</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
CITY OF MORIARTY
CAPITAL PROJECTS DWI PARK
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (Non-GAAP Basis) and ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDING JUNE 30, 2009**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Intergovernmental	\$ 578,000	\$ 578,000	\$ 549,810	\$(28,190)
Total revenues	<u>578,000</u>	<u>578,000</u>	<u>549,810</u>	<u>(28,190)</u>
EXPENDITURES				
Capital Outlay	<u>463,151</u>	<u>463,151</u>	<u>381,756</u>	<u>81,395</u>
Total expenditures	<u>463,151</u>	<u>463,151</u>	<u>381,756</u>	<u>81,395</u>
Excess (deficiency) of revenues over (under) expenditures	<u>114,849</u>	<u>114,849</u>	<u>168,054</u>	<u>53,205</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(108,443)	(108,443)	(108,442)	<u>1</u>
Total other financing sources (uses)	<u>(108,443)</u>	<u>(108,443)</u>	<u>(108,442)</u>	<u>1</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>\$ 6,406</u>	<u>\$ 6,406</u>	<u>\$ 59,612</u>	<u>\$ 53,206</u>
Beginning cash balance	<u>\$ -</u>	<u>\$ -</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$ 59,612	
Change in receivables			(204,060)	
Change in deferred revenue			<u>59,612</u>	
Net change in fund balances GAAP basis			<u>\$(84,836)</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
CITY OF MORIARTY
CAPITAL PROJECTS POLICE FACILITY
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (Non-GAAP Basis) and ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDING JUNE 30, 2009**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 357,000	\$ 357,000	\$ 40,887	\$(316,113)
Investment	<u>-</u>	<u>-</u>	<u>9,344</u>	<u>9,344</u>
Total revenues	<u>357,000</u>	<u>357,000</u>	<u>50,231</u>	<u>(306,769)</u>
EXPENDITURES				
Capital Outlay	<u>831,886</u>	<u>831,886</u>	<u>11,234</u>	<u>820,652</u>
Total expenditures	<u>831,886</u>	<u>831,886</u>	<u>11,234</u>	<u>820,652</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)				
	<u>\$(474,886)</u>	<u>\$(474,886)</u>	<u>\$ 38,997</u>	<u>\$ 513,883</u>
Beginning cash balance	<u>\$ 474,886</u>	<u>\$ 474,886</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$ 38,997	
Change in receivables			(40,877)	
Change in deferred revenue			40,877	
Change in accounts payable			<u>10,436</u>	
Net change in fund balances GAAP basis			<u>\$ 49,433</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
CITY OF MORIARTY
CAPITAL PROJECTS CDBG STORM DRAIN
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (Non-GAAP Basis) and ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDING JUNE 30, 2009**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ <u>705,093</u>	\$ <u>705,093</u>	\$ <u>87,787</u>	\$(<u>617,306</u>)
Total revenues	<u>705,093</u>	<u>705,093</u>	<u>87,787</u>	(<u>617,306</u>)
EXPENDITURES				
Capital Outlay	<u>684,930</u>	<u>684,930</u>	<u>142,531</u>	<u>542,399</u>
Total expenditures	<u>684,930</u>	<u>684,930</u>	<u>142,531</u>	<u>542,399</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20,163</u>	<u>20,163</u>	(<u>54,744</u>)	(<u>74,907</u>)
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(<u>93,000</u>)	(<u>93,000</u>)	<u>92,104</u>	<u>185,104</u>
Total other financing sources (uses)	(<u>93,000</u>)	(<u>93,000</u>)	<u>92,104</u>	<u>185,104</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$ (<u>72,837</u>)	\$ (<u>72,837</u>)	\$ <u>37,360</u>	\$ <u>110,197</u>
Beginning cash balance	\$ <u>73,145</u>	\$ <u>73,145</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$ 37,360	
Change in receivables			92,104	
Change in payables			(103,458)	
Change in deferred revenue			(92,104)	
Net change in fund balances GAAP basis			\$ (<u>66,098</u>)	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
CITY OF MORIARTY
CAPITAL PROJECTS MAINSTREET GATEWAY
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (Non-GAAP Basis) and ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDING JUNE 30, 2009**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ <u>350,000</u>	\$ <u>350,000</u>	\$ <u>45,607</u>	\$(<u>304,393</u>)
Total revenues	<u>350,000</u>	<u>350,000</u>	<u>45,607</u>	<u>(304,393)</u>
EXPENDITURES				
Capital Outlay	<u>350,000</u>	<u>350,000</u>	<u>71,961</u>	<u>278,039</u>
Total expenditures	<u>350,000</u>	<u>350,000</u>	<u>71,961</u>	<u>278,039</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$(26,354)</u>	<u>\$(26,354)</u>
Beginning cash balance	<u>\$ -</u>	<u>\$ -</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$(26,354)	
Change in receivables			<u>29,127</u>	
Net change in fund balances GAAP basis			<u>\$ 2,773</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
CITY OF MORIARTY
CAPITAL PROJECTS WATER IMPROVEMENTS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (Non-GAAP Basis) and ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDING JUNE 30, 2009**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 500,000	\$ 500,000	\$ -	\$(500,000)
Total revenues	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>(500,000)</u>
EXPENDITURES				
Capital Outlay	<u>500,000</u>	<u>500,000</u>	<u>15,937</u>	<u>484,063</u>
Total expenditures	<u>500,000</u>	<u>500,000</u>	<u>15,937</u>	<u>484,063</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(15,937)</u>	<u>(15,937)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>15,937</u>	<u>15,937</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>15,937</u>	<u>15,937</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Beginning cash balance	<u>\$ -</u>	<u>\$ -</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$ -	
Change in receivables			<u>15,584</u>	
Net change in fund balances GAAP basis			<u>\$ 15,584</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
CITY OF MORIARTY
DEBT SERVICE CIVIC CENTER
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (Non-GAAP Basis) and ACTUAL ON BUDGETARY BASIS
YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Investments	\$ -	\$ -	\$ 3,775	\$ 3,775
Total revenues	-	-	3,775	3,775
EXPENDITURES				
Current:				
Culture and recreation	3,732	3,732	3,732	-
Debt service:				
Principal	104,416	104,416	87,596	16,820
Interest	74,032	74,032	74,032	-
Total expenditures	182,180	182,180	165,360	16,820
Excess (deficiency) of revenues over (under) expenditures	(182,180)	(182,180)	(161,585)	20,595
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	182,002	182,180	165,360	(16,820)
Total other financing sources (uses)	182,002	182,180	165,360	(16,820)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$(178)	\$ -	\$ 3,775	\$ 3,775
Beginning cash and investments	\$ 229,614	\$ 229,614		

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
CITY OF MORIARTY
PROPRIETARY FUNDS - WATER FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND NET ASSETS
FOR THE YEAR ENDING JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 403,187	\$ 403,187	\$ 394,343	\$(8,844)
Total operating revenues	<u>403,187</u>	<u>403,187</u>	<u>394,343</u>	<u>(8,844)</u>
Operating expenses:				
Personnel services	285,774	285,774	203,541	82,233
Contract services	3,441	3,441	3,441	-
Other operating expense	<u>145,770</u>	<u>145,770</u>	<u>129,831</u>	<u>15,939</u>
Total operating expenses	<u>434,985</u>	<u>434,985</u>	<u>336,813</u>	<u>98,172</u>
Net operating income excluding non-budgeted expenses	<u>(1,214)</u>	<u>(31,798)</u>	<u>57,530</u>	<u>89,328</u>
Non-operating revenues (expenses):				
Interest	<u>(59,000)</u>	<u>(59,000)</u>	<u>(52,569)</u>	<u>6,431</u>
Total non-operating revenues (deductions)	<u>(59,000)</u>	<u>(59,000)</u>	<u>(52,569)</u>	<u>6,431</u>
Net income loss excluding non-budgeted expenses	<u>(60,214)</u>	<u>(90,798)</u>	<u>4,961</u>	<u>95,759</u>
Other financing sources (uses):				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>50,557</u>	<u>50,557</u>
Less non-budgeted revenues (expenses):				
Interest earned	-	-	1,003	1,003
Depreciation	<u>-</u>	<u>-</u>	<u>(115,514)</u>	<u>(115,514)</u>
Total non-budgeted revenues (expenses)	<u>-</u>	<u>-</u>	<u>(114,511)</u>	<u>(114,511)</u>
Net income (loss)	<u><u>\$(60,214)</u></u>	<u><u>\$(90,798)</u></u>	<u><u>\$(58,993)</u></u>	<u><u>\$ 31,805</u></u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
CITY OF MORIARTY
PROPRIETARY FUNDS - SEWER FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND NET ASSETS
FOR THE YEAR ENDING JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Operating revenues:				
Charges for services	\$ 204,159	\$ 204,159	\$ 200,673	\$(3,486)
Total operating revenues	<u>204,159</u>	<u>204,159</u>	<u>200,673</u>	<u>(3,486)</u>
Operating expenses:				
Personnel services	73,091	73,091	60,660	12,431
Other operating expense	161,700	161,700	162,026	(326)
Total operating expenses	<u>234,791</u>	<u>234,791</u>	<u>222,686</u>	<u>12,105</u>
Net operating income excluding non-budgeted expenses	<u>(30,632)</u>	<u>(30,632)</u>	<u>(22,013)</u>	<u>8,619</u>
Other financing sources (uses):				
Transfers in (out)	11,158	31,158	(22,809)	53,967
Less non-budgeted expenses:				
Depreciation	-	-	(123,244)	(123,244)
Total non-budgeted revenues (expenses)	<u>-</u>	<u>-</u>	<u>(123,244)</u>	<u>(123,244)</u>
Capital contributions	<u>3,883,249</u>	<u>3,883,249</u>	<u>118,644</u>	<u>(3,764,605)</u>
Net income (loss)	<u>\$(382)</u>	<u>\$ 3,852,617</u>	<u>\$(49,422)</u>	<u>\$(3,879,230)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
CITY OF MORIARTY
PROPRIETARY FUNDS - SOLID WASTE DISPOSAL FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND NET ASSETS
FOR THE YEAR ENDING JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget- Positive (Negative)
Operating revenues:				
Charges for services	\$ 370,537	\$ 370,537	\$ 317,491	\$(53,046)
Total operating revenues	<u>370,537</u>	<u>370,537</u>	<u>317,491</u>	<u>(53,046)</u>
Operating expenses:				
Contract services	370,537	370,537	329,047	41,490
Other operating expense	<u>-</u>	<u>-</u>	<u>1,618</u>	<u>(1,618)</u>
Total operating expenses	<u>370,537</u>	<u>370,537</u>	<u>330,665</u>	<u>39,872</u>
Net operating income (loss)	<u>-</u>	<u>-</u>	<u>(13,174)</u>	<u>(13,174)</u>
Other financing sources (uses):				
Transfers in (out)	<u>-</u>	<u>(20,000)</u>	<u>(27,748)</u>	<u>(7,748)</u>
Net income (loss)	<u>\$ -</u>	<u>\$(20,000)</u>	<u>\$(40,922)</u>	<u>\$(20,922)</u>

The accompanying notes are an integral part of these financial statements

OTHER SUPPLEMENTARY INFORMATION

**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***

Adan Encinias, Mayor
City Council
City of Moriarty
Moriarty, New Mexico

And

Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons for the general fund and the major special revenue fund, and the combining and individual funds presented as supplemental information of City of Moriarty, New Mexico (City), as of and for the year ended June 30, 2009, and have issued our report thereon dated November 16, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

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

Our consideration of the 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2009-A.

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

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

Pattillo, Brown & Hill, L.L.P.
Albuquerque, New Mexico
November 16, 2009

**STATE OF NEW MEXICO
CITY OF MORIARTY
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2009**

Findings – Financial Statements Audit

Prior Year
No findings

Current Year
2009-A Excess of Expenditures Over Budget

CURRENT YEAR FINDINGS:

2009-A **Excess of Expenditures Over Budget**

Condition: Actual expenditures exceeded budgeted expenditures at the total fund level for the Fire Protection Fund by \$1,724.

Criteria: 6-6-6 NMSA 1978 requires that the City keep expenditures within the budgeted amounts.

Effect: The City's expenditures in the above funds exceeded the approved budget by \$1,724, which violates state statutes.

Effect: The City overspent their budget in the Fire Protection Fund and did not apply for a budget adjustment request to the Department of Finance and Administration when expenditures in excess of budget were necessary.

Recommendation: Budget adjustment requests should be made in a timely manner to avoid expenditures in excess of budgeted expenditures.

Response: Management agrees with the recommendation.

**STATE OF NEW MEXICO
CITY OF MORIARTY
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2009**

EXIT CONFERENCE

An exit conference was held on November 16, 2009 at the City's offices. In attendance were Adan Encinias, Mayor; Linda Fischer, City Clerk and Margie Olivas, Deputy Clerk from the City of Moriarty. Cindy James, CPA and Regina Gordon, CPA were in attendance for Pattillo, Brown & Hill, L.L.P.

PREPARATION OF FINANCIAL STATEMENTS

The financial statements presented in this report have been prepared by the auditors, Pattillo, Brown and Hill, L.L.C., Certified Public Accountants; however the financial statements are the responsibility of the management.