

STATE OF NEW MEXICO
CITY OF PORTALES

Basic Financial Statements and
Required Supplementary Information
For the Year Ended June 30, 2008
and Independent Auditors' Report

**STATE OF NEW MEXICO
CITY OF PORTALES**

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**STATE OF NEW MEXICO
CITY OF PORTALES**

DIRECTORY OF OFFICIALS

CITY COUNCIL

Orlando Ortega, Jr
Antonio Salquero
Alfredo Bachicha
Robert De Los Santos
Ronald Jackson
Shawn Watson
Michael Miller
Dianne Parker
Gary Watkins

Mayor
City Councilor
City Councilor
City Councilor
City Councilor
City Councilor
City Councilor
City Councilor
City Councilor

ADMINISTRATIVE OFFICIALS

Debi Lee
Marilyn Rapp
Joan Martinez-Terry

City Manager
Treasurer
City Clerk



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El Paso, Texas 79901
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INDEPENDENT AUDITORS' REPORT

Hector H. Balderas,
New Mexico State Auditor
Honorable Mayor and
Members of City Council
City of Portales
Portales, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, budgetary comparisons for the general fund and the major special revenue funds, and the aggregate remaining fund information of the City of Portales (the "City"), as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements and budgetary comparisons 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, 2008, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.


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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund, and the aggregate remaining fund information of the City, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the City as of June 30, 2008, and the respective changes in financial position thereof and the respective budgetary comparisons for the major enterprise 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 September 2, 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 or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 8 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

The signature is written in blue ink and appears to be "F. Wells & P. Truitt, LLP".

September 2, 2009

**STATE OF NEW MEXICO
CITY OF PORTALES**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008**

The following is an overview of the financial condition of the City of Portales, New Mexico (the "City"), for the fiscal year ended June 30, 2008. This narrative highlights the major aspects of the City's financial status for this period, and should be considered in conjunction with the information presented in other sections of this audit report.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The basic financial statements include two kinds of statements that present different views of the City:

Government-wide Statements

Government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The government-wide financial statements of the City are divided into two categories:

- Governmental activities – Most of the City's basic services are included here, such as police, fire and general administration. Gross receipts and property taxes finance most of these activities.
- Business type activities – The City charges fees to customers to help cover the cost of certain services it provides. The City's water, sewer, solid waste and airport are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds-not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

The City has three types of funds:

- Governmental funds – Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.
- Proprietary funds – Services for which the City charges customers a fee are generally reported in proprietary funds.

- Fiduciary funds – The City is responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net assets may serve over time as one useful indicator of a government's financial condition. The assets of the City of Portales exceeded liabilities by \$23,836,513 for the fiscal year ended June 30, 2008. The largest portion, \$15,270,860, is related to the City's investment in capital assets (e.g. land, buildings, machinery and equipment); less any related debt still outstanding that was issued to acquire those items. The City uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The remaining balance of unrestricted net assets of \$5,133,714 may be used to meet the City's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City is able to report positive balances in all categories of net assets.

A condensed statement of net assets is as follows:

CITY OF PORTALES Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
ASSETS						
Current Assets	\$ 4,762,673	\$ 4,549,966	\$ 1,921,909	\$ 2,101,808	\$ 6,684,582	\$ 6,651,774
Restricted cash and cash equivalents	340,399	334,907	2,644,496	1,262,170	2,984,895	1,597,077
Restricted investments	-	-	645,000	645,000	645,000	645,000
Bond issue costs, net	-	-	42,535	51,042	42,535	51,042
Bond reissue costs, net	-	-	66,371	79,646	66,371	79,646
Capital assets, net	7,516,817	7,300,501	12,997,059	13,640,000	20,513,876	20,940,501
Total assets	\$ 12,619,889	\$ 12,185,374	\$ 18,317,370	\$ 17,779,666	\$ 30,937,259	\$ 29,965,040
LIABILITIES AND NET ASSETS						
Current liabilities	\$ 772,047	\$ 1,346,010	\$ 805,442	\$ 669,229	\$ 1,577,489	\$ 2,015,239
Customer deposits	-	-	206,582	196,681	206,582	196,681
Accrued compensated absences	288,915	294,755	46,786	42,389	335,701	337,144
Landfill closure	-	-	706,380	712,843	706,380	712,843
Long term debt due after one year	1,193,534	1,294,854	3,081,060	3,714,646	4,274,594	5,009,500
Total liabilities	2,254,496	2,935,619	4,846,250	5,335,788	7,100,746	8,271,407
NET ASSETS						
Invested in capital assets, net of related debt	5,988,624	5,708,607	9,282,236	9,315,783	15,270,860	15,024,390
Restricted for:						
Debt service	234,739	239,760	487,296	465,523	722,035	705,283
Capital projects	105,660	95,147	597,775	395,833	703,435	490,980
Water conservation	-	-	1,300,089	1,022,472	1,300,089	1,022,472
Landfill closure	-	-	706,380	712,843	706,380	712,843
Unrestricted	4,036,370	3,206,241	1,097,344	531,424	5,133,714	3,737,665
Total net assets	10,365,393	9,249,755	13,471,120	12,443,878	23,836,513	21,693,633
Total liabilities and net assets	\$ 12,619,889	\$ 12,185,374	\$ 18,317,370	\$ 17,779,666	\$ 30,937,259	\$ 29,965,040

Current assets within the governmental activities increased from \$4,549,966 in 2007 to \$4,762,673 in 2008, an increase of \$212,707. Factors influencing this increase are a decrease in expenditures and increases in charges for services and capital grants. Business type current assets decreased \$179,899 to \$1,921,909 in 2008. Business type accounts receivable increased by \$101,531 and cash decreased by \$760,510, which accounts for the majority of the change. Cash was used in business type activities for improvements at the wastewater plant. Accounts receivable increased due to a larger number of utility customers.

A condensed comparative statement of activities is as follows:

**CITY OF PORTALES
CONDENSED STATEMENT OF ACTIVITIES**

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
REVENUES:						
Program Revenues:						
Charges for services	\$ 960,694	\$ 878,526	\$ 5,266,662	\$ 4,682,105	\$ 6,227,356	\$ 5,560,631
Operating grants and contributions	758,487	957,478	-	-	758,487	957,478
Capital grants and contributions	1,410,598	313,124	178,710	616,595	1,589,308	929,719
General Revenues:						
Gross receipts taxes	5,550,021	5,623,601	126,145	127,703	5,676,166	5,751,304
Other taxes	916,694	856,745	-	-	916,694	856,745
Water conservation fees	-	-	334,198	287,608	334,198	287,608
Investments	76,561	103,731	121,586	144,771	198,147	248,502
Rentals, reimbursements & other	166,882	94,340	(1,023)	-	165,859	94,340
Transfers, net	607,683	1,164,458	(607,683)	(1,164,458)	-	-
Total Revenues	\$ 10,447,620	\$ 9,992,003	\$ 5,418,595	\$ 4,694,324	\$ 15,866,215	\$ 14,686,327
Expenses:						
General government	\$ 8,920,753	\$ 9,198,930	\$ -	\$ -	\$ 8,920,753	\$ 9,198,930
Water & sewer	-	-	2,650,657	2,637,675	2,650,657	2,637,675
Solid waste	-	-	1,072,281	934,815	1,072,281	934,815
Airport	-	-	392,824	421,651	392,824	421,651
Interest expense	79,910	87,699	197,705	204,492	277,615	292,191
Total Expenses	9,000,663	9,286,629	4,313,467	4,198,633	13,314,130	13,485,262
Change in Net Assets:						
Net assets, beginning of the year	1,446,957	705,374	1,105,128	495,691	2,552,085	1,201,065
Net assets, beginning of the year	9,249,755	8,246,726	12,443,878	11,999,615	21,693,633	20,246,341
Prior period adjustment	(331,319)	297,655	(77,886)	(51,428)	(409,205)	246,227
Net Assets, End of Year	\$ 10,365,393	\$ 9,249,755	\$ 13,471,120	\$ 12,443,878	\$ 23,836,513	\$ 21,693,633

COMPARISON OF REVENUES AND EXPENSES BY FUNCTION

Revenues (excluding net transfers) for governmental activities increased by 19.8% in the 2008 fiscal year. The City is committed to reducing transfers into governmental activities from business-type activities. This is indicated by the fact that net transfers decreased by 52% in 2008 compared to 2007. The largest increase in governmental revenues was for capital grants and contributions, which increased more than 350% in the 2008 fiscal year. A large part of this increase was due to receiving a federal CDBG grant for \$466,528. Additional grants were received for construction of an animal control shelter and renovation of the City pool, which increased the total amount of grants. The City is actively pursuing grant opportunities to leverage its existing resources to improve infrastructure, promote economic development and upgrade existing City facilities.

Governmental activities expenses decreased by 3% from \$9,286,629 to \$9,000,633. Departments with large decreases in expenditures were Police and Streets. The Police department purchased fewer replacement vehicles in the 2008 fiscal year, which resulted in significant savings. The City received significant moisture during the 2007 fiscal year that resulted in a large increase in expenditures by the Street department to repair potholes. The 2008 fiscal year was not as wet, which resulted in a reduction in the amount of expenditures by the Street Departments. The City as a whole reviews its expenses on a regular basis to ensure that expenses incurred are necessary and prices paid are reasonable.

Revenues for business-type activities (excluding net transfers) increased by 3% during the 2008 fiscal year. When net transfers are included, business-type activity revenues actually increased by 1%. This is due to the significant decrease in transfers from business-type activities to governmental activities discussed previously. Charges for Service increased 1.2% in business-type activities in 2008. This was due to raising water, sewer and solid waste rates and an increase in connections. 2008 was also much drier than 2007 and more water was sold in 2008. Rates are set to raise an average of 5% per year by Council resolution. Capital grant revenue decreased by 71% to \$178,710 in 2008. The Airport completed a large maintenance grant in 2007 and the City received grants in 2007 to convert agricultural wells to City use.

Business-type activity expenses increased 3% in 2008 to \$4,313,467. The largest increase was in the Solid Waste Fund, which increased expenses from \$934,815 to \$1,072,281, a 14.7% increase. Solid Waste purchased a new garbage truck in 2008, which accounted for \$125,000 (91%) of the increase. The remaining increases in the departments can be attributed to normal increases in wages and benefits.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City of Portales' financing requirements. Specifically, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of the 2008 fiscal year, the City's governmental funds reported a combined ending fund balance of \$4,697,201. The general fund balance of \$2,809,631 represents sixty percent of the total governmental fund balances. The general fund balance decreased by \$94,625 in 2008.

General fund revenues totaled \$6,727,771 for the fiscal year, while expenditures were \$6,998,245. Expenditures exceeded revenues by \$270,474 prior to transfers in and out of the general fund. During the year, the general fund received \$658,523 from other City funds, while it transferred \$482,674. The net transfer in of \$175,849 decreased the excess expenditures over revenues resulting in a net decrease of fund balance of \$94,625.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. An analysis of the major proprietary funds is as follows:

The water and sewer fund net assets increased from \$10,068,024 in 2007 to \$11,216,086 in 2008. This is an increase of \$1,148,062. Charges for services increased by \$546,627 in 2008 due to an increase in water rates and increased connections. Operating expenses only increased by \$12,982 during the current fiscal year. This is part of the City's efforts to trim expenditures. Net transfers to other funds decreased by \$571,675 in 2008. These factors account for 97% of the net asset increase in the water fund.

The solid waste fund increased its net assets by \$67,012 in the current fiscal year. Solid waste received a one-time grant of \$125,000 to purchase a new garbage truck in 2008. Rates were also increased as part of the Council's long-term utility plan. Solid waste transferred \$144,000 to governmental funds in 2008, which decreased the amount of the increase of net assets.

The airport fund reflects a decrease of \$187,832. This decrease is mainly due to depreciation of \$192,133. The airport fund received a transfer in of \$60,000 from the general fund to help support operations. Operating revenues were \$135,835 and operating expenses were \$392,284.

GENERAL FUND BUDGETARY HIGHLIGHTS

The discussion that follows presents financial data based upon the budgetary basis of accounting. Please refer to the notes of the financial statements for an explanation of the differences of accounting regarding the budget. During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

During the 2008 fiscal year, the general fund budget for revenues was increased by \$634,026. As discussed above, budget adjustments are made for various reasons. Three revenue categories were under budget for revenue at year end. These were property tax collections, intergovernmental receipts and interest income. The total under budget for these three categories was \$75,089. As a whole, revenues exceeded final budget amounts by \$563,336. The largest portion of the amount over budget was gross receipts taxes, which were \$437,861 over the final budget.

Expenditures were budgeted to exceed revenues by \$1,525,764 before net transfers. One category of expenditures, debt service principal, exceeded budget by \$655. The remaining expenditure categories were under budget by \$692,609. Categories which were significantly under budget were elected officials, police and parks. It is the City's policy to budget based upon expected expenditures, but City employees are encouraged to only spend what is needed to accomplish the task at hand, which accounts for the expenditure savings.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets as of June 30, 2008 was \$20,513,876 (net of accumulated depreciation.) This investment in capital assets includes land, improvements, buildings, utility systems, machinery and equipment. Governmental capital assets, net, increased by \$442,515. The largest increase was in improvements, which had a net increase of \$757,705. Business-type activities saw a decrease of \$642,941 net value due to depreciation.

A capital asset summary follows below:

CAPITAL ASSETS NET OF ACCUMULATED DEPRECIATION

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Land	\$ 698,102	\$ 698,102	\$ 4,593,347	\$ 4,593,347	\$ 5,291,449	\$ 5,291,449
Construction in progress	322,871	205,903	33,520	-	356,391	205,903
Buildings	2,965,977	3,120,952	289,920	313,627	3,255,897	3,434,579
Improvements	1,972,463	1,214,758	6,807,853	7,308,533	8,780,316	8,523,291
Machinery and equipment	570,305	641,512	907,555	1,105,927	1,477,860	1,747,439
Furniture and fixtures	65,615	64,287	1,448	1,941	67,063	66,228
Vehicles	921,484	1,128,818	363,416	316,625	1,284,900	1,445,443
Totals	\$ 7,516,817	\$ 7,074,332	\$ 12,997,059	\$ 13,640,000	\$ 20,513,876	\$ 20,714,332

Long-term Debt:

At the end of the 2008 fiscal year, the City had total debt outstanding of \$6,326,250, which consists of notes payable, bonds, a land capital lease, landfill post closure and compensated absences. The City entered into one new note in 2008 for a fire pumper truck for \$233,334. This note is scheduled to be paid off in 2018.

LONG TERM DEBT

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Notes payable	\$ 858,193	\$ 711,894	\$ 2,214,823	\$ 2,444,217	\$ 3,073,016	\$ 3,156,111
Bonds payable	670,000	880,000	1,395,000	1,705,000	2,065,000	2,585,000
Land capital lease	-	-	105,000	175,000	105,000	175,000
Landfill post closure	-	-	706,380	712,843	706,380	712,843
Compensated absences	322,865	329,391	53,989	48,915	376,854	378,306
Totals	\$ 1,851,058	\$ 1,921,285	\$ 4,475,192	\$ 5,085,975	\$ 6,326,250	\$ 7,007,260

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The country entered into a recession during the 2009 fiscal year. This has affected gross receipts collections for the City. Gross receipts collection estimates were reduced by 13% for the 2010 fiscal year. This has resulted in less funds being available for City expenditures. Council and City staff have reviewed basic services and cut expenses wherever feasible. Capital expenditures have been postponed until gross receipts collections increase, and positions have been consolidated to save on salaries as employees leave through normal attrition. Management continues to monitor the financial situation, but at this time it is believed that no additional cuts will be necessary.

The prospect of capital project funding from the State is limited, at this time, but the City is actively pursuing federal stimulus grants. Currently, the City has received federal awards for police equipment, senior vans and street projects. Management is also exploring other grant and private award avenues to assist in equipment replacement and infrastructure repair and renewal.

The local population is growing. Cannon Air Force Base is in the process of completing its realignment process and more personnel are being stationed at the base. Additionally, the local university, Eastern New Mexico University, is experiencing record enrollment which increases the City's population. Management believes that the population increase will result in increased gross receipt tax collections and increased utility revenue. These increases will translate into more funds available for City services in the future. This anticipated growth combined with strong economic development initiatives translates into a bright future for the City of Portales.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Director, 100 W. First Street, Portales, NM 88130.

BASIC FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
CITY OF PORTALES**

**STATEMENT OF NET ASSETS
JUNE 30, 2008**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,220,856	\$ 858,988	\$ 3,079,844
Investments	740,000	482,000	1,222,000
Receivables:			
Accounts	229,904	469,660	699,564
Taxes	1,027,522	74,249	1,101,771
Intergovernmental	526,934	13,195	540,129
Interest	439	776	1,215
Returned checks	1,843	1,479	3,322
Inventory	-	36,737	36,737
Due from (to) other funds	15,175	(15,175)	-
Total current assets	<u>4,762,673</u>	<u>1,921,909</u>	<u>6,684,582</u>
NONCURRENT ASSETS			
Restricted assets:			
Cash and cash equivalents	340,399	2,644,496	2,984,895
Investments	-	645,000	645,000
Bond issue costs, net	-	42,535	42,535
Bond reissue costs, net	-	66,371	66,371
Capital assets, net	<u>7,516,817</u>	<u>12,997,059</u>	<u>20,513,876</u>
Total noncurrent assets	<u>7,857,216</u>	<u>16,395,461</u>	<u>24,252,677</u>
Total assets	<u>\$ 12,619,889</u>	<u>\$ 18,317,370</u>	<u>\$ 30,937,259</u>
LIABILITIES AND NET ASSETS			
Accounts payable	\$ 161,461	\$ 95,039	\$ 256,500
Accrued interest	6,257	21,141	27,398
Accrued salaries	217,094	35,966	253,060
Accrued GGRT taxes	18,626	-	18,626
Unapplied credits	-	12,330	12,330
Current portion of compensated absences	33,950	7,203	41,153
Current portion of long term debt	<u>334,659</u>	<u>633,763</u>	<u>968,422</u>
Total current liabilities	<u>772,047</u>	<u>805,442</u>	<u>1,577,489</u>
NONCURRENT LIABILITIES			
Customer deposits	-	206,582	206,582
Accrued compensated absences	288,915	46,786	335,701
Landfill closure	-	706,380	706,380
Long term debt due after one year	<u>1,193,534</u>	<u>3,081,060</u>	<u>4,274,594</u>
Total noncurrent liabilities	<u>1,482,449</u>	<u>4,040,808</u>	<u>5,523,257</u>
Total liabilities	<u>2,254,496</u>	<u>4,846,250</u>	<u>7,100,746</u>
NET ASSETS			
Invested in capital assets, net of related debt	5,988,624	9,282,236	15,270,860
Restricted for:			
Debt service	234,739	487,296	722,035
Capital projects	105,660	597,775	703,435
Water conservation	-	1,300,089	1,300,089
Landfill closure	-	706,380	706,380
Unrestricted	<u>4,036,370</u>	<u>1,097,344</u>	<u>5,133,714</u>
Total net assets	<u>10,365,393</u>	<u>13,471,120</u>	<u>23,836,513</u>
Total liabilities and net assets	<u>\$ 12,619,889</u>	<u>\$ 18,317,370</u>	<u>\$ 30,937,259</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Functions/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets		
	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:						
Administration	\$ 1,801,153	\$ 64,772	\$ 122,499	\$ (1,484,728)	\$ -	\$ (1,484,728)
Municipal court	273,157	148,345	-	15,624	-	15,624
Library	324,622	13,771	-	(305,734)	-	(305,734)
General services	161,116	-	-	(161,116)	-	(161,116)
Fire and emergency management	1,752,785	292,112	83,812	(763,935)	-	(763,935)
Police	2,094,885	49,546	-	(2,009,165)	-	(2,009,165)
Senior citizens	121,288	76,412	-	(44,876)	-	(44,876)
Streets	751,592	-	1,081,489	329,897	-	329,897
Parks and recreation	722,302	41,757	122,798	(526,245)	-	(526,245)
Public works and transportation	127,136	71,772	-	(49,979)	-	(49,979)
Interest expense	79,910	-	-	(79,910)	-	(79,910)
Unallocated depreciation	790,717	-	-	(790,717)	-	(790,717)
Total governmental activities	9,000,663	758,487	1,410,598	(5,870,884)	-	(5,870,884)
Business-type activities:						
Water and sewer	2,650,657	-	22,740	-	1,459,608	1,459,608
Solid waste	1,072,281	-	125,000	-	96,021	96,021
Airport	392,824	-	30,970	-	(226,019)	(226,019)
Interest expense	197,705	-	-	-	(197,705)	(197,705)
Total business-type activities	4,313,467	-	178,710	-	1,131,905	1,131,905
Total primary government	\$ 13,314,130	\$ 758,487	\$ 1,589,308	(5,870,884)	1,131,905	(4,738,979)
General Revenues:						
Gross receipts taxes				5,550,021	126,145	5,676,166
Franchise taxes				314,711	-	314,711
Property taxes				265,262	-	265,262
Gasoline taxes				212,366	-	212,366
Lodger's taxes				90,320	-	90,320
Cigarette taxes				34,035	-	34,035
Water conservation fees				-	334,198	334,198
Investment earnings				76,561	121,586	198,147
Rentals, reimbursements and other				166,882	(1,023)	165,859
Transfers, net				607,683	(607,683)	-
Total general revenues and transfers				7,317,841	(26,777)	7,291,064
Change in net assets				1,446,957	1,105,128	2,552,085
Net assets - beginning, as previously reported				9,249,755	12,443,878	21,693,633
Restatements				(331,319)	(77,886)	(409,205)
Net assets - beginning, as restated				8,918,436	12,365,992	21,284,428
Net assets - ending				\$ 10,365,393	\$ 13,471,120	\$ 23,836,513

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

STATE OF NEW MEXICO
CITY OF PORTALES

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2008

	General Fund	Capital Repair and Replacement	Municipal Street Fund	Other Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 644,999	\$ 2,772	\$ 70,025	\$ 1,503,060	\$ 2,220,856
Restricted cash and cash equivalents	-	-	-	340,399	340,399
Investments	650,000	-	-	90,000	740,000
Receivables:					
Accounts	123,773	-	100,990	5,141	229,904
Taxes	884,932	-	29,316	113,274	1,027,522
Intergovernmental	12,645	219,214	161,962	133,113	526,934
Interest	-	-	-	439	439
Returned checks	1,843	-	-	-	1,843
Due from other funds	948,409	1,318	-	157,915	1,107,642
Total assets	\$ 3,266,601	\$ 223,304	\$ 362,293	\$ 2,343,341	\$ 6,195,539
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 67,494	\$ 57,981	\$ 3,618	\$ 32,368	\$ 161,461
Accrued interest	-	-	-	6,257	6,257
Accrued salaries	209,036	-	-	8,058	217,094
Accrued GGRT Bonds	18,626	-	-	-	18,626
Deferred revenue	2,433	-	-	-	2,433
Due to other funds	159,381	321,161	496,898	115,027	1,092,467
Total liabilities	456,970	379,142	500,516	161,710	1,498,338
Fund balances:					
Unreserved, reported in special revenue funds	-	-	-	2,181,631	2,181,631
Unreserved	2,809,631	(155,838)	(138,223)	-	2,515,570
Total fund balances	2,809,631	(155,838)	(138,223)	2,181,631	4,697,201
Total liabilities and fund balances	\$ 3,266,601	\$ 223,304	\$ 362,293	\$ 2,343,341	\$ 6,195,539

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
CITY OF PORTALES**

**RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
JUNE 30, 2008**

Amounts reported for government activities in the statement of net assets are different because:

Fund balances - total governmental funds	\$ 4,697,201
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	7,516,817
Certain revenues do not meet the measurable and available criteria for revenue recognition in governmental funds, accordingly, these revenues are deferred in the funds.	2,433
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. This includes compensated absences of \$322,865 and bond and note obligations of \$1,528,193.	<u>(1,851,058)</u>
Net assets - statement of net assets	<u>\$ 10,365,393</u>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
CITY OF PORTALES**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	General Fund	Capital Repair and Replacement	Municipal Street Fund	Other Nonmajor Funds	Total Governmental Funds
REVENUES:					
Taxes:					
Gross receipts	\$ 4,989,061	\$ -	\$ -	\$ 651,280	\$ 5,640,341
Franchise	314,711	-	-	-	314,711
Property	262,829	-	-	-	262,829
Other	-	-	212,366	34,035	246,401
Intergovernmental	67,094	392,599	525,652	1,110,224	2,095,569
Charges for services	613,071	-	-	-	613,071
Licenses, fees and permits	123,719	-	-	88,327	212,046
Fines	113,226	-	-	-	113,226
Rentals	34,924	-	-	-	34,924
Grants and contributions	12,952	19,509	-	39,063	71,524
Interest	51,242	-	-	33,867	85,109
Other	144,942	8,941	-	-	153,883
	<u>6,727,771</u>	<u>421,049</u>	<u>738,018</u>	<u>1,956,796</u>	<u>9,843,634</u>
Total revenues					
EXPENDITURES:					
General government	1,725,555	12,982	-	263,426	2,001,963
Public safety	3,620,659	92,223	-	362,579	4,075,461
Public works	480,980	-	209,698	124,808	815,486
Culture and recreation	1,106,362	38,783	-	90,493	1,235,638
Capital outlay	26,101	391,975	63,242	767,111	1,248,429
Debt service:					
Principal	29,512	-	-	267,522	297,034
Interest and administrative fees	9,076	-	-	71,842	80,918
	<u>6,998,245</u>	<u>535,963</u>	<u>272,940</u>	<u>1,947,781</u>	<u>9,754,929</u>
Total expenditures					
Excess (deficiency) of revenues over expenditures	(270,474)	(114,914)	465,078	9,015	88,705
Other financing sources (uses):					
Proceeds from issuance of debt	-	-	-	233,334	233,334
Operating transfers in	658,523	183,683	-	299,741	1,141,947
Operating transfers out	(482,674)	-	(49,500)	-	(532,174)
	<u>175,849</u>	<u>183,683</u>	<u>(49,500)</u>	<u>533,075</u>	<u>843,107</u>
Total other financing sources (uses)					
	(94,625)	68,769	415,578	542,090	931,812
Net changes in fund balances					
	3,089,462	(206,305)	(525,318)	1,512,700	3,870,539
Fund balance - beginning of year, previously reported	(185,206)	(18,302)	(28,483)	126,841	(105,150)
Fund balance - restatement					
	<u>2,904,256</u>	<u>(224,607)</u>	<u>(553,801)</u>	<u>1,639,541</u>	<u>3,765,389</u>
Fund balance - beginning of year, restated					
	<u>2,809,631</u>	<u>(155,838)</u>	<u>(138,223)</u>	<u>2,181,631</u>	<u>4,697,201</u>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
CITY OF PORTALES**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN THE FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008**

Net change in fund balances - total governmental funds	\$ 931,812
The changes in net assets reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$1,248,429 exceeded depreciation expense of \$790,717 in the current period.	457,712
Disposition of capital assets.	(15,226)
Property taxes collected during the fiscal year, made available to pay for the current period's expenditures, reported as deferred revenue in the funds in the previous fiscal year.	2,433
Issuance of note obligations is a revenue in the governmental funds but increase the liability in the statement of net assets. Repayment of bond and note principal is an expenditure in the governmental funds but reduce the liability in the statement of net assets. This is the amount by which note obligation issuance of \$233,334 was exceeded by principal repayments of \$297,034.	63,700
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This is the amount of compensated absences liability and landfill closure liability.	<u>6,526</u>
Change in net assets of governmental activities	<u>\$ 1,446,957</u>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
CITY OF PORTALES**

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Gross receipts	\$ 4,551,200	\$ 4,551,200	\$ 4,989,061	\$ 437,861
Franchise	280,000	280,000	314,711	34,711
Property	278,075	278,075	262,829	(15,246)
Intergovernmental	41,800	83,179	67,094	(16,085)
Charges for services	-	590,000	613,071	23,071
Licenses, fees and permits	115,800	116,700	123,719	7,019
Fines	85,000	85,000	113,226	28,226
Rentals	30,534	30,534	34,924	4,390
Grants and contributions	500	2,247	12,952	10,705
Interest	95,000	95,000	51,242	(43,758)
Other	52,500	52,500	144,942	92,442
Total revenues	5,530,409	6,164,435	6,727,771	563,336
Expenditures:				
Current:				
Elected officials	379,235	486,296	194,935	291,361
Community development/planning	205,615	208,628	187,706	20,922
Administration	470,186	460,237	437,805	22,432
Finance	529,543	523,010	516,438	6,572
Municipal court	157,551	156,608	149,501	7,107
Library	282,792	284,669	278,979	5,690
General services	162,721	164,216	161,116	3,100
Fire and emergency management	1,616,793	1,630,323	1,602,885	27,438
Police	2,144,546	2,161,128	2,017,774	143,354
Senior citizens	120,701	127,139	121,288	5,851
Technology/IT	117,913	130,998	121,631	9,367
Streets	531,788	527,072	478,652	48,420
Parks	683,749	675,954	581,135	94,819
Recreation	110,388	128,354	124,959	3,395
Public works:	3,567	4,067	2,328	1,739
Principal	-	13,300	13,955	(655)
Interest and administrative fees	-	8,200	7,158	1,042
Total expenditures	7,517,088	7,690,199	6,998,245	691,954
Deficit of revenues over expenditures	(1,986,679)	(1,525,764)	(270,474)	1,255,290
Other financing sources (uses):				
Operating transfers in	1,424,000	1,424,000	658,523	(765,477)
Operating transfers out	(280,183)	(492,389)	(482,674)	9,715
Total other financing sources (uses)	1,143,817	931,611	175,849	(755,762)
Net changes in fund balances	(842,862)	(594,153)	(94,625)	499,528
Fund balance - beginning of year, as restated	2,904,256	2,904,256	2,904,256	-
Fund balance - end of year	\$ 2,061,394	\$ 2,310,103	\$ 2,809,631	\$ 499,528

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
CITY OF PORTALES**

**CAPITAL REPAIR AND REPLACEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental:				
Federal	\$ 477,750	\$ 477,750	\$ -	\$ (477,750)
State	1,449,623	1,839,649	392,599	(1,447,050)
Other	-	14,000	28,450	14,450
Total revenues	<u>1,927,373</u>	<u>2,331,399</u>	<u>421,049</u>	<u>(1,910,350)</u>
Expenditures:				
Current:				
Non capital purchases	-	-	143,988	(143,988)
Capital outlay	<u>2,380,056</u>	<u>2,512,082</u>	<u>391,975</u>	<u>2,120,107</u>
Total expenditures	<u>2,380,056</u>	<u>2,512,082</u>	<u>535,963</u>	<u>1,976,119</u>
Deficit of revenues over expenditures	(452,683)	(180,683)	(114,914)	65,769
Other financing sources:				
Transfers in	<u>130,683</u>	<u>183,683</u>	<u>183,683</u>	<u>-</u>
Net changes in fund balances	(322,000)	3,000	68,769	65,769
Fund balance - beginning of year, as restated	<u>(224,607)</u>	<u>(224,607)</u>	<u>(224,607)</u>	<u>-</u>
Fund balance - end of year	<u>\$ (546,607)</u>	<u>\$ (221,607)</u>	<u>\$ (155,838)</u>	<u>\$ 65,769</u>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
CITY OF PORTALES**

**MUNICIPAL STREET SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental:				
State allocations	\$ 597,707	\$ 597,707	\$ 525,652	\$ (72,055)
Taxes:				
Gasoline taxes	226,530	226,530	212,366	(14,164)
Total revenue	824,237	824,237	738,018	(86,219)
Expenditures:				
Current:				
Repairs and maintenance	678,482	656,482	65,501	590,981
Supplies	110,000	130,000	144,197	(14,197)
Capital outlay	62,000	64,000	63,242	758
Total expenditures	850,482	850,482	272,940	577,542
Excess (deficit) of revenues over expenditures	(26,245)	(26,245)	465,078	491,323
Other financial uses				
Transfers out	(49,500)	(49,500)	(49,500)	-
Net change in fund balances	(75,745)	(75,745)	415,578	491,323
Fund balance- beginning of year, as restated	(553,801)	(553,801)	(553,801)	-
Fund balance - end of year	\$ (629,546)	\$ (629,546)	\$ (138,223)	\$ 491,323

See accompanying notes to financial statements.

PROPRIETARY FUNDS

**STATE OF NEW MEXICO
CITY OF PORTALES**

**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
JUNE 30, 2008**

	Water and Sewer Fund	Solid Waste Fund	Airport Fund	Total Proprietary Funds
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 683,997	\$ 174,841	\$ 150	\$ 858,988
Investments	282,000	200,000	-	482,000
Receivables:				
Accounts	380,477	89,183	-	469,660
Taxes	54,666	19,583	-	74,249
Interest	776	-	-	776
Intergovernmental	-	-	13,195	13,195
Returned checks	1,374	105	-	1,479
Inventory	-	-	36,737	36,737
Due from (to) other funds	6,593	(6,437)	(15,331)	(15,175)
	<u>1,409,883</u>	<u>477,275</u>	<u>34,751</u>	<u>1,921,909</u>
Total current assets				
NONCURRENT ASSETS:				
Restricted assets:				
Cash and cash equivalents	2,644,496	-	-	2,644,496
Investments	645,000	-	-	645,000
Bond issue costs, net	42,535	-	-	42,535
Bond reissue costs, net	66,371	-	-	66,371
Capital assets, net	10,487,813	391,463	2,117,783	12,997,059
	<u>13,886,215</u>	<u>391,463</u>	<u>2,117,783</u>	<u>16,395,461</u>
Total noncurrent assets				
Total assets	<u>\$ 15,296,098</u>	<u>\$ 868,738</u>	<u>\$ 2,152,534</u>	<u>\$ 18,317,370</u>
LIABILITIES				
CURRENT LIABILITIES:				
Accounts payable	82,110	11,457	1,472	95,039
Accrued interest	21,141	-	-	21,141
Accrued salaries	20,834	13,327	1,805	35,966
Unapplied credits	1,581	10,749	-	12,330
Current portion of compensated absences	5,329	1,708	166	7,203
Current portion of long term debt	632,474	693	377	633,544
	<u>763,469</u>	<u>37,934</u>	<u>3,820</u>	<u>805,223</u>
Total current liabilities				
NONCURRENT LIABILITIES:				
Customer deposits	206,582	-	-	206,582
Accrued compensated absences	33,859	8,726	4,201	46,786
Landfill closure	-	706,380	-	706,380
Long term debt due after one year	3,076,102	3,351	1,826	3,081,279
	<u>3,316,543</u>	<u>718,457</u>	<u>6,027</u>	<u>4,041,027</u>
Total non-current liabilities				
Total liabilities	<u>4,080,012</u>	<u>756,391</u>	<u>9,847</u>	<u>4,846,250</u>
NET ASSETS				
Invested in capital assets, net of related debt	6,779,237	387,419	2,115,580	9,282,236
Restricted for:				
Debt service	487,296	-	-	487,296
Capital projects	597,775	-	-	597,775
Water conservation	1,300,089	-	-	1,300,089
Landfill closure	-	706,380	-	706,380
Unrestricted	2,051,689	(981,452)	27,107	1,097,344
	<u>11,216,086</u>	<u>112,347</u>	<u>2,142,687</u>	<u>13,471,120</u>
Total net assets				
Total liabilities and net assets	<u>\$ 15,296,098</u>	<u>\$ 868,738</u>	<u>\$ 2,152,534</u>	<u>\$ 18,317,370</u>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
CITY OF PORTALES**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	Water and Sewer Fund	Solid Waste Fund	Airport Fund	Total Proprietary Funds
Operating revenues:				
Charges for services	\$ 3,895,155	\$ 1,043,302	\$ -	\$ 4,938,457
Fuel sales	-	-	102,780	102,780
Late charges	92,205	-	364	92,569
Rentals	1,650	-	31,949	33,599
Tapping and reconnect fees	77,031	-	-	77,031
Other and miscellaneous	21,484	-	742	22,226
	<u>4,087,525</u>	<u>1,043,302</u>	<u>135,835</u>	<u>5,266,662</u>
Total operating revenues	4,087,525	1,043,302	135,835	5,266,662
Operating expenses:				
Salaries and wages	451,052	271,293	31,867	754,212
Employee benefits	168,116	101,044	7,868	277,028
Maintenance	696,001	76,636	18,230	790,867
Contracted and purchased services	56,351	471,906	510	528,767
Supplies	57,735	88,019	11,257	157,011
Noncapital purchases	1,364	1,105	880	3,349
Operating costs	602,484	6,464	130,079	739,027
Depreciation	595,773	55,814	192,133	843,720
Amortization	21,781	-	-	21,781
	<u>2,650,657</u>	<u>1,072,281</u>	<u>392,824</u>	<u>4,115,762</u>
Total operating expenses	2,650,657	1,072,281	392,824	4,115,762
Operating income (loss)	1,436,868	(28,979)	(256,989)	1,150,900
Non-operating revenues (expenses):				
Investment income	109,825	11,761	-	121,586
Environmental gross receipts tax	-	126,145	-	126,145
Water conservation fees	334,198	-	-	334,198
Grant proceeds	22,740	125,000	30,970	178,710
Interest expense	(197,705)	-	-	(197,705)
Loss on sale of asset	-	-	(1,023)	(1,023)
	<u>269,058</u>	<u>262,906</u>	<u>29,947</u>	<u>561,911</u>
Total non-operating revenues (expenses)	269,058	262,906	29,947	561,911
Income (loss) before transfers	1,705,926	233,927	(227,042)	1,712,811
Transfers:				
Transfers in	582,042	-	60,000	642,042
Transfers out	(1,105,725)	(144,000)	-	(1,249,725)
	<u>(523,683)</u>	<u>(144,000)</u>	<u>60,000</u>	<u>(607,683)</u>
Total transfers	(523,683)	(144,000)	60,000	(607,683)
Change in net assets	1,182,243	89,927	(167,042)	1,105,128
Net assets - beginning of year	10,068,024	45,335	2,330,519	12,443,878
Restatements	(34,181)	(22,915)	(20,790)	(77,886)
	<u>10,033,843</u>	<u>22,420</u>	<u>2,309,729</u>	<u>12,365,992</u>
Net assets - beginning of year, restated	10,033,843	22,420	2,309,729	12,365,992
Net assets - end of year	<u>\$ 11,216,086</u>	<u>\$ 112,347</u>	<u>\$ 2,142,687</u>	<u>\$ 13,471,120</u>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
CITY OF PORTALES**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	Water and Sewer Fund	Solid Waste Fund	Airport Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 4,000,450	\$ 1,035,781	\$ 135,835	\$ 5,172,066
Payments to suppliers and contractors	(1,469,897)	(655,588)	(180,274)	(2,305,759)
Payments to employees for services	(584,233)	(376,145)	(40,274)	(1,000,652)
Net cash provided by (used in) operating activities	<u>1,946,320</u>	<u>4,048</u>	<u>(84,713)</u>	<u>1,865,655</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Environmental gross receipts tax	-	126,145	-	126,145
Landfill closure monitoring	-	(6,463)	-	(6,463)
Due to / from other funds	75,980	4,645	15,331	95,956
Water conservation fees	334,198	-	-	334,198
Grant proceeds	-	-	10,910	10,910
Net transfers in (out)	(523,683)	(144,000)	60,000	(607,683)
Net cash provided by (used in) non-capital and related financing activities	<u>(113,505)</u>	<u>(19,673)</u>	<u>86,241</u>	<u>(46,937)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:				
Grant proceeds	22,740	125,000	6,865	154,605
Interest expense	(183,376)	-	-	(183,376)
Principal payments on debt	(608,401)	(642)	(350)	(609,393)
Net cash provided by (used in) capital financing activities	<u>(769,037)</u>	<u>124,358</u>	<u>6,515</u>	<u>(638,164)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of capital assets	(63,610)	(128,752)	(9,440)	(201,802)
Investment income	113,303	11,761	-	125,064
Investment contribution	(82,000)	-	-	(82,000)
Net cash used in investing activities	<u>(32,307)</u>	<u>(116,991)</u>	<u>(9,440)</u>	<u>(158,738)</u>
Net increase (decrease) in cash	1,031,471	(8,258)	(1,397)	1,021,816
Cash and cash equivalents, beginning of year	<u>2,297,022</u>	<u>183,099</u>	<u>1,547</u>	<u>2,481,668</u>
Cash and cash equivalents, end of year	<u>\$ 3,328,493</u>	<u>\$ 174,841</u>	<u>\$ 150</u>	<u>\$ 3,503,484</u>
Reconciliation to cash and cash equivalents balances at year end:				
Unrestricted cash	\$ 683,997	\$ 174,841	\$ 150	\$ 858,988
Restricted cash	2,644,496	-	-	2,644,496
Total cash and cash equivalents	<u>\$ 3,328,493</u>	<u>\$ 174,841</u>	<u>\$ 150</u>	<u>\$ 3,503,484</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH:				
Provided by (used in) operating activities:				
Operating income (loss)	\$ 1,436,868	\$ (28,979)	\$ (256,989)	\$ 1,150,900
Adjustment to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation	595,773	55,814	192,133	843,720
Amortization	21,782	-	-	21,782
Changes in assets and liabilities:				
Receivables	(97,552)	(6,729)	-	(104,281)
Returned checks	(152)	23	-	(129)
Inventory	-	-	(1,922)	(1,922)
Accounts payable	(34,181)	(11,458)	(19,318)	(64,957)
Accrued wages	2,606	2,694	354	5,654
Unapplied credits	728	(815)	-	(87)
Compensated absences	10,547	(6,502)	1,029	5,074
Customer deposits	9,901	-	-	9,901
Net cash provided by (used in) operating activities	<u>\$ 1,946,320</u>	<u>\$ 4,048</u>	<u>\$ (84,713)</u>	<u>\$ 1,865,655</u>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
CITY OF PORTALES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Portales (the "City") is a political subdivision of the state of New Mexico, and operates under the Mayor-Council form of government. The City provides the following authorized services: public safety (police and fire), streets, water, sanitation, health and welfare, culture and recreation, public improvements, and general administrative services.

The City's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board ("FASB") issued through November 30, 1989, when applicable, that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type funds, the City has chosen not to do so. The more significant accounting policies established in GAAP and used by the City are discussed below.

A. Reporting Entity

The City Council (the "Council") is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the City is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity as defined by Statement No. 14.

B. Basis of Presentation

Government-Wide and Fund Financial Statements—The basic financial statements include both government-wide (based on the City as a whole) and 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 revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or activity and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity.

Taxes and other items not properly included among program revenues are reported instead as general revenues. The net cost (by function of governmental-type activity) is normally covered by general revenues (property, sales, franchise taxes, intergovernmental revenues, interest income, etc.). The City does not allocate indirect costs.

Separate fund based financial statements are provided for governmental funds and proprietary funds. Major individual government funds and major individual proprietary funds are reported as separate columns in the fund financial statements. The nonmajor funds are combined in a column in the fund financial statements. The nonmajor funds are detailed in the combining section of the statements.

The water and sewer fund, solid waste fund, and airport fund are the major proprietary funds. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and proprietary combined) for the determination of major funds.

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

C. Measurement Focus, Basis of Accounting

Government-Wide Financial Statements—The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Derived tax revenues (i.e., sales taxes) are recognized in the period when the exchange transaction on the tax is imposed or when the resources are received, whichever occurs first.

Governmental Fund Financial Statements—The governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. 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. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is made.

Ad valorem, franchise, and sales tax revenues associated with the current fiscal period are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, contributions, and miscellaneous revenues are recorded as revenues when received in cash, as the resulting receivable is immaterial. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues.

In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

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

Business-type activities and all proprietary funds are accounted for on a flow of economic resources measurement focus and the full accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases and decreases (e.g., revenues and expenses) in net total assets.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principle operating revenues of the City's water and sewer, solid waste and airport funds are charges to customers for sales and services. Operating expenses for the proprietary 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 non-operating revenues and expenses.

The City reports the following major governmental funds:

General Fund—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.

Capital Repair and Replacement Fund—This fund accounts for the City's capital assets and ongoing capital projects not associated with the proprietary funds.

Municipal Street—Accounts for the special assessment gasoline tax received from the state and used for the maintenance and improvement of city streets.

Governmental Funds with Deficit Fund Balance—While the total unreserved fund balance is not in a deficit position, the City has four funds with deficit balances as of June 30, 2008; Capital Repair and Replacement fund of \$(155,838), Municipal Street fund of \$(138,223), Law Enforcement Protection fund of \$(255) and Library fund of \$(7,162). The City has made capital expenditures and encumbrances in these funds in anticipation of additional revenues and transfers.

The City reports the following major business-type funds:

Water and Sewer Fund—The water and sewer fund is used to account for the provision of water services to the residents of the City of Portales. All activities necessary to provide such services are accounted for in this fund including administration, operations billing and maintenance. The Water and Sewer fund presented in the financial statements consists of several funds: Water and Sewer Improvement Bond Fund, Water and Wastewater Fund, Water Conservation Fund, and Water Improvement Fund.

Solid Waste Fund—The solid waste fund accounts for the billings and collections of the trash collection services.

Airport Fund—The airport fund accounts for the operations of the municipal airport.

D. *Assets, Liabilities and Net Assets or Equity*

Deposits and Investments—Investments in the City's cash are stated at cost, which approximates fair value. State statutes authorize the City to invest in certificates of deposit, obligations of the state and the U.S. government, and the New Mexico State Treasurer's investments pool. Cash is reported at book value. All other investments are carried at fair market value using quoted market prices. Interest income, realized gains and losses on investment transactions, and amortization of premiums/discounts on investment purchases are included for financial statement purposes as investment income and are allocated to participating funds based on the specific identification of the source of funds for a given investment.

Receivables and Payables—Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as interfund balance. Long term advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Inventory—Proprietary fund inventories are recorded at the lower of cost or market on a first-in, first-out basis, and consist of operating supplies held for use in operations and are recorded as an expense when consumed rather than when purchased.

Restricted Assets—Certain long-term assets in the proprietary funds and the component unit are classified as restricted assets on the balance sheet because their use is limited to payments for debt service or other purposes such as "deposits held in trust for others."

Interfund Activity—Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund balance as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Capital Assets—Capital assets include: property, plant, utility systems, equipment, and infrastructure assets. Infrastructure includes streets, sidewalks, bridges, drainage systems, lighting systems and similar items. Such assets are reported in the applicable governmental or business-type activities columns the government-wide financial statements. The government defines capital assets as assets with an initial individual cost of more than \$5,000, and an estimated useful life in excess of two years. Assets are capitalized at historical cost or estimated historical cost if purchased or constructed. It is the policy of the City not to capitalize computer software. Donated assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add value of the asset or materially extend the asset's lives are not capitalized.

As allowed by GASB Statement No. 34, the City had retroactively reported all infrastructure assets owned by the municipality.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-like activities is included as part of the capitalized value of the assets under construction.

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

	Years
Buildings and building improvements	30-40
Water and sewer plants	40
Streets	10-20
Vehicles, machinery and equipment	5-20
Computer equipment and software	3-5

Compensated Absences—It is the City’s policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. All sick pay and vacation pay is accrued when incurred in the government-wide or proprietary fund financial statements.

Deferred Revenues—Within the governmental funds, revenues must be available in order to be recognized. Revenues such as real estate taxes that are not available are recorded as deferred revenues and reflected as a liability within the balance sheet.

Long-Term Debt—In the government-wide fund financial statements, long-term debt is reported as liabilities in the applicable governmental or business-type activities within the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Customer deposits—Cash held in the proprietary funds for customer deposits is restricted.

Net Assets—The government-wide financial statements utilize a net assets presentation. Net assets are categorized as follows:

Investment in capital assets, net of related debt—This category reflects the portion of net assets that are associated with capital assets less outstanding capital asset related debt.

Restricted net assets—This category reflects the portion of net assets that have third party limitations on their use.

Unrestricted net assets—This category reflects net assets of the City, not restricted for any project or other purpose. When the City incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.

Fund Equity—In the fund financial statements, governmental funds report reservations of fund balance that are not available for appropriation or are legally restricted. Designations represent tentative managerial plans that are subject to change.

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Data—The City Council adopts an annual budget for the General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service Funds and the Enterprise Funds by following the budgetary procedures outlined below. The City is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The City compares the final amended budget to actual revenues and expenditures based on the City's modified accrual basis of accounting.

The following procedures are followed in establishing the budgetary data reflected in the general-purpose financial statements:

1. The City submits a proposed operating budget for the fiscal year commencing July 1, prior to June 30. The operating budget includes proposed expenditures and the means of financing them. A budget is proposed for the General, Special Revenue, Capital Projects, Debt Service and Proprietary Funds.
2. Public hearings are conducted to obtain taxpayer comments. The budgets are then submitted to the Department of Finance and Administration-Local Government Division for review, adjustment and approval.
3. Prior to June 30, the budget is legally enacted through passage of a resolution and the council is authorized to transfer budgeted amounts between departments with any fund. Any revisions that alter the total expenditures of any fund must be approved by the Department of Finance and Administration-Local Government Division.
4. Budgets for budgeted funds are adopted on the modified accrual basis of accounting. Budgetary comparisons have been presented in this report on the basis of the legally adopted budget.

5. Appropriations lapse at year end with any unspent cash balance being available for expenditures and appropriation in the subsequent year's budget.

6. The level of classification detail in which expenditures may not legally exceed appropriations for each budget is in fund total.

3. CASH AND INVESTMENTS

State statutes authorize the investment of City funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the City properly followed State deposit and investment requirements as of June 30, 2008.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more financial institution. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

In accordance with FDIC, public unit deposits are funds owned by the City. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$100,000 in aggregate and separate from the \$100,000 coverage for public unit demand deposits at the same institution.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

The rate of interest in non-demand interest-bearing accounts is set by the State Board of Finance, but the rate of interest will not be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Custodial Credit Risk—Custodial credit risk is the risk that in the event of a bank failure, the government's deposits and investments may not be returned to it. The City does not have a formal deposit policy for custodial credit risk other than following state statutes. The City has not suffered any previous losses and management believes any risk of loss of funds is minimal.

Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the City for at least 50% of the amount on deposit with the institution, and 102% for amounts invested in repurchase agreements with the institution.

The types of collateral an institution is permitted to use as pledged securities are limited to direct obligations of the United States Government and all bonds issued by any agency or political subdivision of the State of New Mexico.

The schedules listed below disclose requirements on reporting the insured and uninsured portions of the City's deposits regarding custodial credit risk.

Interest Rate Risk—Interest rate risk is the risk that the change in interest rates will adversely affect the fair value of the investments. The City does not have a formal policy to manage its exposure to interest rate risk. The Bank of Albuquerque's repurchase agreement with Bank of America and the AP Institutional US Treasury Funds #52 has no rating as of June 30, 2008. The City's investments as of June 30, 2008 include the repurchase agreements having a Weighted Average Maturity (WAM) of 27 days. The fair value of the repurchase agreement investment is \$44,528 as of June 30, 2008.

New Mexico State Treasurer Local Government Investment Pool—The City maintains accounts with the New Mexico State Treasurer Local Government Investment Pool (LGIP), an external investment pool. The LGIP is not SEC registered, and as a government investment pool, exempt from disclosing concentration risk. The LGIP is rated AAA by Standard and Poor's and has a weighted average maturity of 46 days.

Section 6-10-10.1, NMSA 1978 empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment funds in securities that are issued by the United States government or by its departments or agencies and are either backed by the full faith and credit of the United States government or are agencies sponsored by the United States government.

The LGIP investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares and earnings are distributed monthly by the State Treasurer to the participants in proportion to the amount and length of time the participants have funds on deposit. Participation in the LGIP is voluntary and can be liquidated by the City at the City council's discretion. The City's balance in the LGIP account as of June 30, 2008 is \$1,867,000.

New Mexico Finance Authority Investment—The City maintains investment funds on account with the New Mexico Finance Authority (NMFA), which in turn invests the funds in the State Treasurer. NMFA's cash on deposit with the State Treasurer is invested by the State Treasurer in "overnight" repurchase programs. State statutes require that all deposits held by the State Treasurer be collateralized at a minimum level of 50%. Repurchase agreements are collateralized at 102% by the NMFA's internal policies. Funds held by the NMFA acting as trustee for the City are invested in money market accounts that invest in United States Treasury obligations and/or repurchase agreements secured by U.S. Treasury obligations. Separate financial statements of the NMFA and State Treasurer collateral, categories of risk, and market value of purchased investments which may differ from the cash deposited with the NMFA by the City.

Other Investments—The City also maintains \$1,628,963 in investments outside of the internal investment pool in the LGIP. The funds are invested in money market funds investing in federal government-backed securities. The investments are in compliance with state statutes regarding investments of governmental funds. These investments have not been rated.

All deposits are collateralized with eligible securities, as described by New Mexico State Statute, in amounts equal to at least 50% of the City carrying value of the deposits (demand and certificates of deposit).

Such collateral, as permitted by the state statutes is held in each respective depository bank's collateral pool at a Federal Reserve Bank, or member bank other than the depository bank, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds with the exception of deposit insurance provided by the Federal Deposit Insurance Corporation.

A summary of the cash deposits at June 30, 2008 is as follows:

	Portales National Bank	Wells Fargo Bank	New Mexico Finance Authority	Bank of Albuquerque	Linsco/ Private Ledger	Total
Total cash deposits	\$ 2,394,410	\$ 1,382,802	\$ 470,118	\$ -	\$ 1,628,963	\$ 5,876,293
AP Institutional US Treasury Fund #52 held by the trustee in the City's name	-	-	-	322,779	-	322,779
Securities underlying a repurchase held by the investment trustee's counterparty in the City's name	-	-	-	44,528	-	44,528
FDIC/SPIC coverage	<u>(200,000)</u>	<u>(100,000)</u>	<u>-</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>(1,300,000)</u>
Uninsured funds subject to custodial credit risk	2,194,410	1,282,802	470,118	(132,693)	1,128,963	4,943,600
Lloyd's of London securities insurance protection	-	-	-	-	1,128,963	1,128,963
Collateralized by securities held by the pledging institution or by its trust department or agent in the City's name	<u>3,401,791</u>	<u>1,381,706</u>	<u>-</u>	<u>46,309</u>	<u>-</u>	<u>4,829,806</u>
Funds (over) under collateralized - total funds subject to custodial credit risk	<u>\$ (1,207,381)</u>	<u>\$ (98,904)</u>	<u>\$ 470,118</u>	<u>\$ (179,002)</u>	<u>\$ -</u>	<u>\$ (1,015,169)</u>

The following summarizes the collateral requirements at June 30, 2008:

50% of uninsured funds	\$ 1,097,205	\$ 641,401	\$ -	\$ -	\$ -	\$ 1,738,606
102% of repurchase agreement	-	-	-	45,419	-	45,419
Pledged securities	<u>3,401,791</u>	<u>1,381,706</u>	<u>-</u>	<u>46,309</u>	<u>-</u>	<u>4,829,806</u>
(Over) under collateralized	<u>\$ (2,304,586)</u>	<u>\$ (740,305)</u>	<u>\$ -</u>	<u>\$ (890)</u>	<u>\$ -</u>	<u>\$ (3,045,781)</u>

A detailed listing of the pledged collateral is contained in the supplemental financial information section of this report. According to the Federal Deposit Insurance Corporation, public unit deposits are owned by the public unit. Time deposits, savings deposits and interest bearing money market accounts at a public unit in an institution in the same state will be insured up to \$100,000 in aggregate and separate from the \$100,000 coverage for public unit demand deposits at the same institution.

4. ACCOUNTS RECEIVABLE

Accounts receivable reported in the business-type activities at June 30, 2008 represent net balances due from customers of water and sewer and solid waste services provided by the City. The following is the detail of the business-type receivables at June 30, 2008:

	Accounts Receivable	Allowance for Uncollectibles	Total
Water and sewer	\$ 589,444	\$ (208,967)	\$ 380,477
Solid waste	132,272	(43,089)	89,183
	<u>\$ 721,716</u>	<u>\$ (252,056)</u>	<u>\$ 469,660</u>

The general fund receivable of \$123,773 consists of ambulance charges outstanding at June 30, 2008. No allowance for uncollectible accounts has been established for the ambulance accounts receivable, as management believes the amounts are fully collectible from either third party insurance companies or the patient. Management reevaluates the collectibility of the ambulance receivables on an ongoing basis.

Taxes receivable for the general fund are considered fully collectible and consist of the following:

	Taxes Receivable
Gross receipts taxes	\$ 768,888
Franchise	94,670
Property taxes	17,951
Other	3,423
	<u>\$ 884,932</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year deferred revenue which related to delinquent property taxes was \$2,433.

5. INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS

Interfund transfers reflect a temporary transfer of cash due to temporary needs within the fund. The composition of interfund transfers during the year ended June 30, 2008 is as follows:

TRANSFERS:

From Fund	To Fund	Amount	Purpose
General Fund	Solid Waste	\$ 144,000	Subsidize general fund operations
General Fund	Water and Sewer	514,523	Subsidize general fund operations
Library Fund	General Fund	25,000	Fund library operations
Capital Repair and Replacement	General Fund	183,683	Fund capital expenditures
CDBG - Capital Projects	General Fund	180,666	Fund match for federal CDBG grant
Planning	General Fund	30,000	Fund match for planning grant
Airport Enterprise	General Fund	60,000	Subsidize library operations
Risk Management	General Fund	3,325	Fund risk management contingency
Portales Area Transit	Municipal Streets	49,500	Subsidize P.A.T. operations
CDBG - Capital Projects	Water & Sewer	11,250	Fund match for federal CDBG grant
W&S Improvement Revenue Bonds	Water & Sewer	391,742	Debt service payments
Water & Sewer	Water Improvement	188,210	Fund capital improvements reserve

BALANCES:

From Fund	To Fund	Amount	Purpose
Water and Sewer	Beautification/Litter Control	\$ 92	Fund Expenditure Reimbursement
General Fund	Library Fund	7,010	Fund Expenditure Reimbursement
Lodgers Tax	General Fund	6,244	Fund Expenditure Reimbursement
General Fund	Streets Fund	496,898	Fund Expenditure Reimbursement
General Fund	Capital Repair and Replacement	321,161	Fund Expenditure Reimbursement
General Fund	Capital Projects	89,149	Fund Expenditure Reimbursement
Capital Projects	Water and Sewer	401	Fund Expenditure Reimbursement
General Fund	Energy Conservation	100	Fund Expenditure Reimbursement
Water and Sewer	Solid Waste	6,240	Fund Expenditure Reimbursement
General Fund	Solid Waste	197	GGRT Collections Due
Water & Sewer	General Fund	114	GGRT Collections Due
Water and Sewer	General Fund	550	Fund Expenditure Reimbursement
General Fund	Water and Sewer	1,231	Fund Expenditure Reimbursement
General Fund	Beautification/Litter Control	3,172	Fund Expenditure Reimbursement
General Fund	Portales Area Transit	13,627	Fund Expenditure Reimbursement
General Fund	Airport Fund	16,454	Fund Expenditure Reimbursement
General Fund	Mainstreet	115	Fund Expenditure Reimbursement
Capital Repair and Replacement	General Fund	1,318	Fund Expenditure Reimbursement
Airport Fund	Portales Area Transit	1,123	Fund Expenditure Reimbursement
Economic Development	General Fund	157,514	Fund Expenditure Reimbursement
General Fund	Law Enforcement Protection	148	Fund Expenditure Reimbursement
General Fund	Juvenile Recreation	80	Fund Expenditure Reimbursement
General Fund	Local DWI	410	Fund Expenditure Reimbursement

6. CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2008 is as follows:

	Balance June 30, 2007	Additions	Retirements and Transfers	Balance June 30, 2008
Governmental Activities:				
Assets not being depreciated:				
Land	\$ 698,102	\$ -	\$ -	\$ 698,102
Construction in progress	205,903	121,968	(5,000)	322,871
Total assets not being depreciated	904,005	121,968	(5,000)	1,020,973
Assets being depreciated:				
Buildings	5,897,413	26,101	-	5,923,514
Improvements	2,111,331	838,371	-	2,949,702
Machinery and equipment	2,556,610	137,735	(53,784)	2,640,561
Furniture and fixtures	178,776	-	25,096	203,872
Vehicles	3,292,173	124,253	(240,961)	3,175,465
Total assets being depreciated	14,036,303	1,126,460	(269,649)	14,893,114
Less accumulated depreciation for:				
Buildings	(2,776,461)	(181,076)	-	(2,957,537)
Improvements	(896,573)	(80,666)	-	(977,239)
Machinery and equipment	(1,915,098)	(191,492)	36,334	(2,070,256)
Furniture and fixtures	(114,489)	(19,432)	(4,336)	(138,257)
Vehicles	(2,163,355)	(318,051)	227,425	(2,253,981)
Total accumulated depreciation	(7,865,976)	(790,717)	259,423	(8,397,270)
Total assets being depreciated, net	6,170,327	335,743	(10,226)	6,495,844
Governmental capital assets, net	<u>\$ 7,074,332</u>	<u>\$ 457,711</u>	<u>\$ (15,226)</u>	<u>\$ 7,516,817</u>
Business-type Activities:				
Assets not being depreciated:				
Land	\$ 4,593,347	\$ -	\$ -	\$ 4,593,347
Construction in progress	-	33,520	-	33,520
Total assets not being depreciated	4,593,347	33,520	-	4,626,867
Assets being depreciated:				
Buildings	1,155,440	-	(1,500)	1,153,940
Improvements	17,749,474	13,751	-	17,763,225
Machinery and equipment	2,687,717	28,000	(8,360)	2,707,357
Furniture and fixtures	4,929	-	-	4,929
Vehicles	1,090,082	124,439	(79,571)	1,134,950
Total assets being depreciated	22,687,642	166,190	(89,431)	22,764,401
Less accumulated depreciation for:				
Buildings	(841,813)	(23,107)	900	(864,020)
Improvements	(10,440,941)	(514,431)	-	(10,955,372)
Machinery and equipment	(1,581,790)	(225,950)	7,938	(1,799,802)
Furniture and fixtures	(2,988)	(493)	-	(3,481)
Vehicles	(773,457)	(79,738)	81,661	(771,534)
Total accumulated depreciation	(13,640,989)	(843,719)	90,499	(14,394,209)
Total assets being depreciated, net	9,046,653	(677,529)	1,068	8,370,192
Business-type capital assets, net	<u>\$ 13,640,000</u>	<u>\$ (644,009)</u>	<u>\$ 1,068</u>	<u>\$ 12,997,059</u>

The City reported \$790,717 of depreciation in general fixed assets in use by governmental funds on the Government-Wide Statement of Activities. The City did not allocate the depreciation to the various governmental functions, instead presenting the amount separately from the departmental functions on the statement.

7. LONG TERM DEBT

A summary of changes in long-term debt, including capital lease obligations for the year ended June 30, 2008, was as follows:

	Balance June 30, 2007	Additions	Reductions	Balance June 30, 2008
Governmental Activities:				
Sales Tax Refund/Improv. Bonds	\$ 880,000	\$ -	\$ (210,000)	\$ 670,000
NMFA – Recreation Center	402,995	-	(22,677)	380,318
Lasalle Bank – HVAC System	36,239	-	(12,712)	23,527
Municipal Court Building	30,959	-	(15,557)	15,402
John Deere Credit	-	-	-	-
Kansas St. Bank – Fire Truck	147,910	-	(22,134)	125,776
Parking Lot	-	-	-	-
NM Retiree Health Care Authority	93,791	-	(13,955)	79,836
NMFA Loan - Fire pumper Truck	-	233,334	-	233,334
	<u>\$ 1,591,894</u>	<u>\$ 233,334</u>	<u>\$ (297,035)</u>	<u>\$ 1,528,193</u>
Total Governmental Debt	<u>\$ 1,591,894</u>	<u>\$ 233,334</u>	<u>\$ (297,035)</u>	<u>\$ 1,528,193</u>
Business-Type Activities:				
Water/Sewer Revenue Bonds	\$ 1,705,000	\$ -	\$ (310,000)	\$ 1,395,000
NMFA – Blackwater Well Field	2,429,093	-	(227,320)	2,201,773
Land Capital Lease	175,000	-	(70,000)	105,000
NMRHCA	15,124	-	(2,074)	13,050
	<u>\$ 4,324,217</u>	<u>\$ -</u>	<u>\$ (609,394)</u>	<u>\$ 3,714,823</u>
Total Business-Type Debt	<u>\$ 4,324,217</u>	<u>\$ -</u>	<u>\$ (609,394)</u>	<u>\$ 3,714,823</u>

Scheduled principal and interest payments on the City's long term debt are as follows:

Year Ended June 30,	Principal	Governmental Interest	Total	Principal	Business- Type Interest	Total
2009	\$ 334,659	\$ 72,456	\$ 407,115	\$ 633,763	\$ 161,399	\$ 795,162
2010	329,549	54,995	384,544	623,607	136,732	760,339
2011	312,431	39,239	351,670	614,116	110,544	724,660
2012	100,478	23,959	124,437	645,337	82,951	728,288
2013	95,894	19,228	115,122	281,125	53,209	334,334
2014 - 2018	311,476	51,561	363,037	916,875	84,138	1,001,013
2019	43,706	2,290	45,996	-	-	-
	<u>\$ 1,528,193</u>	<u>\$ 263,728</u>	<u>\$ 1,791,921</u>	<u>\$ 3,714,823</u>	<u>\$ 628,973</u>	<u>\$ 4,343,796</u>
Total	<u>\$ 1,528,193</u>	<u>\$ 263,728</u>	<u>\$ 1,791,921</u>	<u>\$ 3,714,823</u>	<u>\$ 628,973</u>	<u>\$ 4,343,796</u>

Below are the terms, amounts due within one year, and maturity dates of the City's outstanding long term debt:

Description	Interest Rate	Payment Frequency	Payment Amount	Maturity Date	Due Within One Year	Servicing Fund
Governmental Activities:						
Sales Tax Refund/Improv. Bonds	Varies to 5.00%	Semiannual Interest, Annual Principal	Approximately \$253,000 Annually	June 2011	\$ 220,000	Sales Tax Revenue
NMFA – Recreation Center	Varies to 5.47%	Monthly	\$4,085	May 2019	27,758	Capital Projects
Lasalle Bank – HVAC System	6.25%	Quarterly	\$3,625	December 2009	13,526	Energy Conservation
Municipal Court Building	8.01%	Monthly	\$1,457	May 2009	15,402	General
Kansas St. Bank – Fire Truck	4.30%	Annual	\$28,491	March 2013	23,084	Fire Protection
NM Retiree Health Care Authority	7.50%	Monthly	\$1,782	June 2013	15,010	General
NMFA – Fire Pumper Truck	3.77%	Annual	\$26,676	May 2008	19,879	Fire Protection
Varlesto					<u>19,879</u>	
					<u>\$ 334,659</u>	
Business-Type Activities:						
Water/Sewer Revenue Bonds	Varies to 4.90%	Semiannual Interest, Annual Principal	Approximately \$391,000 Annually	June 2012	\$ 325,000	Water and Sewer
NMFA – Blackwater Well Field	Varies to 4.79%	Monthly	\$27,918	May 2016	236,309	Water and Sewer
Land Capital Lease	0% - Imputed at 4%	Semiannual	\$35,000	December 2009	70,000	Water and Sewer
NMRHCA	7.50%	Monthly	\$261	June 2013	2,454	Solid Waste, Airport, Water and Sewer
					<u>2,454</u>	
					<u>\$ 633,763</u>	

8. ACCRUED COMPENSATED ABSENCES

The City pays any accumulated accrued vacation leave in a lump cash payment to employees upon retirement or to the employee's estate in the event of death. Compensation for sick leave is limited to time-off and is not monetarily compensated. The Water and Sewer, Solid Waste, Airport, General Fund, or Portales Area Transit special revenue fund, as appropriate, are used to liquidate the liability. The City does not pay accrued sick leave upon termination. The liability also includes the City's portion of employment taxes related to the hours and time accrued by the employee.

	Balance June 30, 2007	Additions	Reductions	Balance June 30, 2008	Due Within One Year
Governmental Activities	\$ 329,391	\$ 235,129	\$ (241,655)	\$ 322,865	\$ 33,950
Business-Type Activities	48,915	37,020	(31,946)	53,989	7,203
	<u>\$ 378,306</u>	<u>\$ 272,149</u>	<u>\$ (273,601)</u>	<u>\$ 376,854</u>	<u>\$ 41,153</u>

9. RISK MANAGEMENT

The City is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Insurance coverage through New Mexico Self Insurers Fund (a State of New Mexico governmental agencies risk pool) is purchased for claims arising from such matters. Any settled claims have not exceeded this coverage in any preceding years.

10. PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

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 Employee Retirement Association (PERA) is the administrator of the plan, which is a cost sharing, multiple employer defined benefit retirement plan. The plan provides for retirement, disability benefits, survivor benefits, and cost of living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, P. O. Box 2123, Santa Fe, New Mexico 87504 2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy—Plan members are required to contribute 9.15% for general employees, 16.2% for fire department employees and 7% for police department employees of their gross salary. The City is required to contribute 9.15% for general employees, 21.25% for fire department employees and 18.5% for police department employees of their gross covered salary. 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 years ended June 30, 2008, 2007, and 2006 were \$571,314, \$537,562, and \$494,871, respectively, which equal the amount of the required contributions for each fiscal year.

11. POST EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN

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; 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. The 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.

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, 2008, 2007, and 2006 were \$55,007, \$51,053, and \$47,231, respectively, in employer contributions to the Retiree Health Care Authority.

12. COMMITMENTS AND CONTINGENCIES

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

The City has several capital projects in progress at various states of completion. The majority of these capital projects are being funded by reimbursement type grants, which require the City to incur the expenditure then submit a request for reimbursement to the grantor. These requests must be made before the respective grants expire.

The City is involved in various claims and lawsuits arising in the normal course of business. The City is insured through the New Mexico City Insurance Authority. In the opinion of management, the outcome of these matters will not have a material effect on the financial position of the City.

13. ACCOUNTING STANDARDS

In June 2007, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets which is effective for financial statements for periods beginning after June 15, 2009. The Statement establishes uniform financial reporting standards for intangible assets. The City incorporated this statement for the current fiscal year, and believes it had no significant effect on the financial statements for the year.

In November 2007, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 52, Land Held as Investments by Endowments, which is effective for financial statements for periods beginning after June 15, 2008, with earlier application encouraged. This Statement establishes standards for the reporting of land and other real estate by endowment. The City is analyzing the effect that this statement will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

In June, 2008 the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, which is effective for all periods beginning after June 15, 2009. The statement is intended to improve how governments report information about derivative instruments. The City is analyzing the effect that this statement will have on its financial statements, and currently believes it will have no significant effect on the financial statements on the upcoming year.

14. FUND BALANCE AND NET ASSETS RESTATEMENT

During the year ended June 30, 2008, the City's net assets and fund balance were adjusted to correct the following errors:

	Fund Balance	Net Assets
Governmental Activities and Governmental Funds:		
Understatement of accounts payable	\$ (105,150)	\$ (105,150)
Overstatement of capital assets	-	(219,584)
Understatement of accumulated depreciation	-	(6,585)
	<u>\$ (105,150)</u>	<u>\$ (331,319)</u>
Business-Type:		
Understatement of accounts payable		<u>\$ (77,886)</u>

SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
CITY OF PORTALES**

**DESCRIPTION OF NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008**

SPECIAL REVENUE FUNDS

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

Correction Fund – Accounts for the operation and maintenance of public holding cells and local correctional facilities through the assessment of traffic violations within the City’s jurisdiction.

Emergency Medical Services Fund – Accounts for the state funding and expenditures of emergency medical equipment and supplies for the fire department.

Enhanced 911 Fund – Accounts for state inkind support and operations for the Enhanced 911 emergency system.

Fire Protection Fund – Accounts for state fire allotment funds received for the operations and maintenance of the fire department.

Beautification/Litter Control Fund – Accounts for the state grant funds necessary to aid in the litter control and beautification of the municipality.

Law Enforcement Protection Fund – Accounts for the state grant funds for law enforcement support and operations.

Library Fund – Accounts for the state, county, and private grants and donations to purchase books and provide library supplies and operational expense.

Lodgers Tax – Accounts for the special assessment tax on motel room rentals used for the promotion of the City.

Recreation Fund – Accounts for operations and maintenance of recreation facilities financed by a specific tax on cigarette sales and other grants and donations.

Local DWI Fund – Accounts for state driving while intoxicated fines and other state grants for the education and prevention of driving while intoxicated arrests.

Law Enforcement Special Service Fund – Accounts for the revenue received from traffic safety fees to promote law enforcement education in the community.

CDBG Rehabilitation Loan Repayment Fund – Accounts for the collection and disbursement of the federal and state grants collected by the City on behalf of the citizens to assist in eligible single family home improvements.

SPECIAL REVENUE FUNDS

(Continued)

Portales Area Transit Fund – Accounts for the state grants received and ridership fees charged to operate and maintain the local public transportation system.

Community Development Block Grant Fund – Accounts for the state and federal funding received for the improvement of streets in designated parts of the City.

Comprehensive Plan – Accounts for the state grants received for the development of a comprehensive plan for the City.

Energy Conservation Lease Debt Service – Accounts for the dedicated gross receipts taxes collected to fund the debt service on the HVAC system.

Risk Management – Accounts for the expenditures of unemployment and other insurance premiums paid by the City.

Criminal Justice – Accounts for the state courts fees collected through municipal court on behalf of the state.

MainStreet – Accounts for the donations and grants received and the related expenditures in conjunction with the Mainstreet Portales project.

Economic Development – Accounts for the grants received and the related expenditures in conjunction with the promotion of economic development within the City.

CAPITAL PROJECTS FUNDS

Capital Projects Fund – This fund accounts for the City's capital project in conjunction with the purchase and remodeling of the building for the City's recreation center.

DEBT SERVICE FUNDS

Sales Tax Revenue Bonds Fund – This fund accounts for the collection of allocated gross receipts taxes and the related debt service of the Sales Tax Revenue Bonds issued in November, 1997.

STATE OF NEW MEXICO
CITY OF PORTALES

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

	Special Revenue Funds						
	Correction Fund	Emergency Medical Services Fund	Enhanced 911 Fund	Fire Protection Fund	Beautification/Litter Control Fund	Law Enforcement Protection Fund	Library Fund
ASSETS							
Cash and cash equivalents	\$ 10,793	\$ 4,684	\$ 5	\$ 138,125	\$ 2,446	\$ 41	\$ -
Restricted cash and cash equivalents	-	-	-	234,739	-	-	-
Investments	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Taxes receivable	-	-	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	4,803	-	-
Accrued interest receivable	-	-	-	325	-	-	-
Total assets	\$ 10,793	\$ 4,684	\$ 5	\$ 373,189	\$ 7,249	\$ 41	\$ -
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 2,804	\$ -	\$ -	\$ -	\$ -	\$ 148	\$ 152
Accrued interest	-	-	-	-	-	-	-
Accrued salaries	-	-	-	-	2,795	-	-
Due to other funds	-	-	-	-	3,264	148	7,010
Total liabilities	2,804	-	-	-	6,059	296	7,162
Fund balances:							
Unreserved	7,989	4,684	5	373,189	1,190	(255)	(7,162)
Total liabilities and fund balances	\$ 10,793	\$ 4,684	\$ 5	\$ 373,189	\$ 7,249	\$ 41	\$ -

Continued

STATE OF NEW MEXICO
CITY OF PORTALES

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

	Special Revenue Funds							
	Lodgers Tax Fund	Recreation Fund	Local DWI Program Fund	Law Enforcement Special Service Fund	CDBG Rehabilitation Loan Repayment Fund	Portales Area Transit Fund	Community Development Block Grant Fund	
ASSETS								
Cash and cash equivalents	\$ 199,935	\$ 63,510	\$ 71,142	\$ 18,422	\$ 8,115	\$ -	\$ 401	
Restricted cash and cash equivalents	-	-	-	-	-	-	-	
Investments	-	-	-	-	-	-	-	
Accounts receivable	-	-	-	-	-	5,141	-	
Taxes receivable	15,072	6,734	-	-	-	-	-	
Intergovernmental receivable	-	-	8,813	-	-	19,497	100,000	
Accrued interest receivable	-	-	-	-	-	-	-	
Due from other funds	-	-	-	-	-	-	401	
Total assets	\$ 215,007	\$ 70,244	\$ 79,955	\$ 18,422	\$ 8,115	\$ 24,638	\$ 100,802	
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 15,249	\$ 320	\$ 12,380	\$ -	\$ -	\$ 1,310	\$ -	
Accrued interest	-	-	-	-	-	-	-	
Accrued salaries	-	2,360	-	-	-	2,903	-	
Due to other funds	-	80	410	-	-	14,750	89,150	
Total liabilities	15,249	2,760	12,790	-	-	18,963	89,150	
Fund balances:								
Unreserved	199,758	67,484	67,165	18,422	8,115	5,675	11,652	
Total liabilities and fund balances	\$ 215,007	\$ 70,244	\$ 79,955	\$ 18,422	\$ 8,115	\$ 24,638	\$ 100,802	

Continued

STATE OF NEW MEXICO
CITY OF PORTALES

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

	Special Revenue Funds							Total Nonmajor Special Revenue Funds
	Comprehensive Plan Fund	Energy Conservation Lease Debt Service Fund	Risk Management Fund	Criminal Justice Fund	MainStreet Fund	Economic Development Fund		
ASSETS								
Cash and cash equivalents	\$ 1,086	\$ 7,350	\$ 10,091	\$ 3,220	\$ 11,276	\$ 647,321	\$ 1,197,963	
Restricted cash and cash equivalents	-	-	-	-	-	-	234,739	
Investments	-	-	90,000	-	-	-	90,000	
Accounts receivable	-	-	-	-	-	-	5,141	
Taxes receivable	-	2,417	-	-	-	39,127	63,350	
Intergovernmental receivable	-	-	-	-	-	-	133,113	
Accrued interest receivable	-	-	-	-	-	-	325	
Due from other funds	-	-	-	-	-	157,514	157,915	
Total assets	\$ 1,086	\$ 9,767	\$ 100,091	\$ 3,220	\$ 11,276	\$ 843,962	\$ 1,882,546	
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 5	\$ -	\$ 32,368	
Accrued interest	-	107	-	-	-	-	107	
Accrued salaries	-	-	-	-	-	-	8,058	
Due to other funds	-	100	-	-	115	-	115,027	
Total liabilities	-	207	-	-	120	-	155,560	
Fund balances:								
Unreserved	1,086	9,560	100,091	3,220	11,156	843,962	1,726,986	
Total liabilities and fund balances	\$ 1,086	\$ 9,767	\$ 100,091	\$ 3,220	\$ 11,276	\$ 843,962	\$ 1,882,546	

Continued

STATE OF NEW MEXICO
CITY OF PORTALES

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

	Capital Projects Funds	Debt Service Funds	Total Nonmajor Governmental Funds
	Capital Projects	Sales Tax Revenue Bonds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 3,767	\$ 301,330	\$ 1,503,060
Restricted cash and cash equivalents	105,660	-	340,399
Investments	-	-	90,000
Accounts receivable	-	-	5,141
Taxes receivable	8,170	41,754	113,274
Intergovernmental receivable	-	-	133,113
Accrued interest receivable	114	-	439
Due from other funds	-	-	157,915
Total assets	\$ 117,711	\$ 343,084	\$ 2,343,341
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	-	-	\$ 32,368
Accrued interest	3,377	2,773	6,257
Accrued salaries	-	-	8,058
Due to other funds	-	-	115,027
Total liabilities	3,377	2,773	161,710
Fund balances:			
Unreserved	114,334	340,311	2,181,631
Total liabilities and fund balances	\$ 117,711	\$ 343,084	\$ 2,343,341

Concluded

STATE OF NEW MEXICO
CITY OF PORTALES

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Special Revenue Funds									
	Corrections Fund	Emergency Medical Services Fund	Enhanced 911 Fund	Fire Protection Plan Fund	Beautification/Litter Control Fund	Law Enforcement Protection Fund	Library Fund			
Revenues:										
Intergovernmental	\$ -	\$ 33,000	\$ 64,782	\$ 172,207	\$ 9,196	\$ 32,600	\$ 6,669			
Taxes	-	-	-	-	-	-	-			
Fees, fines and forfeitures	26,662	-	-	-	-	-	-			
Grants and contributions	-	-	-	2,325	-	-	-			7,102
Interest and other	-	-	-	1,729	-	-	-			-
Total revenues	26,662	33,000	64,782	176,261	9,196	32,600	13,771			
Expenditures:										
General government	-	-	-	-	10,323	-	-			
Public safety	37,277	21,382	64,782	63,735	-	28,953	-			
Public works	-	-	-	-	-	-	-			
Culture and recreation	-	-	-	-	-	4,644	-			45,643
Capital outlay	-	8,203	-	-	-	2,500	-			-
Debt service	-	-	-	22,133	-	-	-			-
Principal	-	-	-	6,358	-	-	-			-
Interest	-	-	-	-	-	-	-			-
Total expenditures	37,277	29,585	64,782	92,226	10,323	36,097	45,643			
Excess (deficit) of revenues over expenditures	(10,615)	3,415	-	84,035	(1,127)	(3,497)	(31,872)			
Other financing sources:										
Proceeds from issuance of debt	-	-	-	233,334	-	-	-			-
Transfers in	-	-	-	-	-	-	-			25,000
Total other financing sources	-	-	-	233,334	-	-	-			25,000
Net changes in fund balances	(10,615)	3,415	-	317,369	(1,127)	(3,497)	(6,872)			
Fund balance - beginning of year, as previously reported	18,604	1,269	5	70,491	2,317	3,242	(290)			
Restatements	-	-	-	(14,671)	-	-	-			-
Fund balance - beginning of year, as restated	18,604	1,269	5	55,820	2,317	3,242	(290)			
Fund balance - end of year	\$ 7,989	\$ 4,684	\$ 5	\$ 373,189	\$ 1,190	\$ (255)	\$ (7,162)			

Continued

STATE OF NEW MEXICO
CITY OF PORTALES

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Special Revenue Funds							Community Development Block Grant Fund
	Lodgers Tax Fund	Recreation Fund	Local DWI Program Fund	Law Enforcement Special Revenue Fund	Rehabilitation Loan Repayment Fund	Portales Area Transit Fund		
Revenues:								
Intergovernmental	\$ -	\$ -	\$ 109,162	\$ -	\$ -	\$ 71,772	\$ 555,836	
Taxes	90,320	34,035	-	-	-	-	-	
Fees, fines and forfeitures	-	6,120	30,245	9,513	-	5,385	-	
Grants and contributions	-	19,819	500	7,135	-	-	-	
Interest and other	3,518	-	-	-	-	-	-	
Total revenues	93,838	59,974	139,907	16,648	-	77,157	555,836	
Expenditures:								
General government	51,032	-	-	-	-	-	-	
Public safety	-	-	131,542	5,320	-	-	-	
Public works	-	-	-	-	-	124,808	-	
Culture and recreation	-	40,206	-	-	-	-	-	
Capital outlay	-	-	-	-	-	-	756,408	
Debt service	-	-	-	-	-	-	-	
Principal	-	-	-	-	-	-	-	
Interest	-	-	-	-	-	-	-	
Total expenditures	51,032	40,206	131,542	5,320	-	124,808	756,408	
Excess (deficit) of revenues over expenditures	42,806	19,768	8,365	11,328	-	(47,651)	(200,572)	
Other financing sources:								
Proceeds from issuance of debt	-	-	-	-	-	-	-	
Transfers in	-	-	-	-	-	49,500	191,916	
Total other financing sources	-	-	-	-	-	49,500	191,916	
Net changes in fund balances	42,806	19,768	8,365	11,328	-	1,849	(8,656)	
Fund balance - beginning of year, as previously reported	172,005	47,999	58,800	7,094	8,115	4,492	20,308	
Restatements	(15,053)	(283)	-	-	-	(666)	-	
Fund balance - beginning of year, as restated	156,952	47,716	58,800	7,094	8,115	3,826	20,308	
Fund balance - end of year	\$ 199,758	\$ 67,484	\$ 67,165	\$ 18,422	\$ 8,115	\$ 5,675	\$ 11,652	

Continued

STATE OF NEW MEXICO
CITY OF PORTALES

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Special Revenue Funds							Total Nonmajor Special Revenue Funds
	Comprehensive Plan Fund	Energy Conservation Lease Debt Service Fund	Risk Management Fund	Criminal Justice Fund	MainStreet Fund	Economic Development Fund		
Revenues:								
Intergovernmental	\$ 55,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,110,224
Taxes	-	14,501	-	-	-	246,912	-	385,768
Fees, fines and forfeitures	-	-	-	10,402	-	-	-	88,327
Grants and contributions	-	-	-	-	2,182	-	-	39,063
Interest and other	-	-	13,413	-	-	-	-	18,660
Total revenues	55,000	14,501	13,413	10,402	2,182	246,912	-	1,642,042
Expenditures:								
General government	85,058	-	6,648	-	291	110,074	-	263,426
Public safety	-	-	-	9,588	-	-	-	362,579
Public works	-	-	-	-	-	-	-	124,808
Culture and recreation	-	-	-	-	-	-	-	90,493
Capital outlay	-	-	-	-	-	-	-	767,111
Debt service	-	12,712	-	-	-	-	-	34,845
Principal	-	1,707	-	-	-	-	-	8,065
Interest	-	-	-	-	-	-	-	-
Total expenditures	85,058	14,419	6,648	9,588	291	110,074	-	1,651,327
Excess (deficit) of revenues over expenditures	(30,058)	82	6,765	814	1,891	136,838	-	(9,285)
Other financing sources:								
Proceeds from issuance of debt	-	-	-	-	-	-	-	233,334
Transfers in	30,000	-	3,325	-	-	-	-	299,741
Total other financing sources	30,000	-	3,325	-	-	-	-	533,075
Net changes in fund balances	(58)	82	10,090	814	1,891	136,838	-	523,790
Fund balance - beginning of year, as previously reported	1,144	9,478	90,001	2,406	9,265	549,610	-	1,076,355
Restatements	-	-	-	-	-	157,514	-	126,841
Fund balance - beginning of year, as restated	1,144	9,478	90,001	2,406	9,265	707,124	-	1,203,196
Fund balance - end of year	1,086	9,560	100,091	3,220	11,156	843,962	\$	1,726,986

Continued

**STATE OF NEW MEXICO
CITY OF PORTALES**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	Capital Projects Funds	Debt Service Funds	Total Nonmajor Governmental Funds
	Capital Projects	Sales Tax Revenue Bonds	
Revenues:			
Intergovernmental		\$ -	\$ 1,110,224
Taxes	49,020	250,527	685,315
Fees, fines and forfeitures	-	-	88,327
Grants and contributions	-	-	39,063
Interest and other	5,734	9,473	33,867
Total revenues	54,754	260,000	1,956,796
Expenditures:			
General government	-	-	263,426
Public safety	-	-	362,579
Public works	-	-	124,808
Culture and recreation	-	-	90,493
Capital outlay	-	-	767,111
Debt service	22,677	210,000	267,522
Principal	21,353	42,424	71,842
Interest			
Total expenditures	44,030	252,424	1,947,781
Excess (deficit) of revenues over expenditures	10,724	7,576	9,015
Other financing sources:			
Proceeds from issuance of debt	-	-	233,334
Transfers in	-	-	299,741
Total other financing sources	-	-	533,075
Net changes in fund balances	10,724	7,576	542,090
Fund balance - beginning of year, as previously reported	103,610	332,735	1,512,700
Restatements	-	-	126,841
Fund balance - beginning of year, as restated	103,610	332,735	1,639,541
Fund balance - end of year	\$ 114,334	\$ 340,311	\$ 2,181,631

Concluded

SPECIAL REVENUE FUNDS

**STATE OF NEW MEXICO
CITY OF PORTALES**

**CORRECTION SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Correction fees	\$ 27,000	\$ 27,000	\$ 26,662	\$ (338)
Expenditures:				
Current:				
Supplies	<u>27,000</u>	<u>37,000</u>	<u>34,472</u>	<u>2,528</u>
Net change in fund balance	-	(10,000)	(7,810)	2,190
Fund balance - beginning of year	<u>18,604</u>	<u>18,604</u>	<u>18,604</u>	-
Fund balance - end of year	<u>\$ 18,604</u>	<u>\$ 8,604</u>	<u>\$ 10,794</u>	<u>\$ 2,190</u>
Reconciliation of budgetary basis to GAAP basis:				
Net expenditure accruals			<u>2,805</u>	
Net changes in fund balance GAAP basis			<u>\$ 7,989</u>	

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
CITY OF PORTALES**

**EMERGENCY MEDICAL SERVICES SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental:				
State EMS Grant	\$ 20,000	\$ 108,000	\$ 33,000	\$ (75,000)
Expenditures:				
Current:				
Supplies	500	500	(63)	563
Operating costs	7,200	20,200	21,445	(1,245)
Capital outlay	13,500	88,500	8,203	80,297
Total expenditures	21,200	109,200	29,585	79,615
Other financing uses:				
Transfers in	-	25,000	-	(25,000)
Net change in fund balance	(1,200)	23,800	3,415	(20,385)
Fund balance - beginning of year	1,269	1,269	1,269	-
Fund balance - end of year	\$ 69	\$ 25,069	\$ 4,684	\$ (20,385)

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
CITY OF PORTALES**

**E-911 GRANT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental:				
State E-911 Inkind Grant	\$ 48,600	\$ 78,600	\$ 64,782	\$ (13,818)
Expenditures:				
Current:				
Inkind operating costs	<u>48,600</u>	<u>78,600</u>	<u>64,782</u>	<u>13,818</u>
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	<u>5</u>	<u>5</u>	<u>5</u>	<u>-</u>
Fund balance - end of year	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
CITY OF PORTALES**

**FIRE PROTECTION SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental:				
State Fire Marshall Allotment	\$ -	\$ 170,207	\$ 172,207	\$ 2,000
Contributions	-	2,325	2,325	-
Interest income	-	-	1,729	1,729
	<u>-</u>	<u>172,532</u>	<u>176,261</u>	<u>3,729</u>
Total revenues	-	172,532	176,261	3,729
Expenditures:				
Current:				
Repairs and maintenance	40,875	43,200	28,086	15,114
Supplies	5,000	5,000	4,900	100
Operating costs	30,000	30,000	16,689	13,311
Capital outlay	127,031	136,300	14,060	122,240
Debt service:				
Principal	21,220	21,220	22,133	(913)
Interest	7,271	7,271	6,358	913
	<u>231,397</u>	<u>242,991</u>	<u>92,226</u>	<u>150,765</u>
Total expenditures	231,397	242,991	92,226	150,765
Excess (deficit) of revenues over expenditures	(231,397)	(70,459)	84,035	154,494
Other financing sources:				
Proceeds from issuance of debt	-	-	233,334	233,334
	<u>-</u>	<u>-</u>	<u>233,334</u>	<u>233,334</u>
Net changes in fund balance	(231,397)	(70,459)	317,369	387,828
Fund balance - beginning of year, as restated	55,820	55,820	55,820	-
	<u>55,820</u>	<u>55,820</u>	<u>55,820</u>	<u>-</u>
Fund balance - end of year	\$ (175,577)	\$ (14,639)	\$ 373,189	\$ 387,828
	<u>\$ (175,577)</u>	<u>\$ (14,639)</u>	<u>\$ 373,189</u>	<u>\$ 387,828</u>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
CITY OF PORTALES**

**BEAUTIFICATION / LITTER CONTROL SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>			Actual	Variance with Final Budget Positive (Negative)
	Original	Final			
Revenues:					
Intergovernmental:					
State Beautification Grant	\$ 9,800	\$ 9,800	\$ 9,196	\$ (604)	
Expenditures:					
Current:					
Salaries and wages	5,852	7,352	8,925	(1,573)	
Employee benefits	448	548	490	58	
Supplies	1,600	600	454	146	
Noncapital purchases	1,000	1,000	341	659	
Operating costs	900	300	113	187	
Total expenditures	9,800	9,800	10,323	(523)	
Net change in fund balances	-	-	(1,127)	(1,127)	
Fund balance - beginning of year	2,317	2,317	2,317	-	
Fund balance - end of year	\$ 2,317	\$ 2,317	\$ 1,190	\$ (1,127)	

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
CITY OF PORTALES**

**LAW ENFORCEMENT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental:				
State Law Enforcement Protection Grant	\$ 32,600	\$ 32,600	\$ 32,600	\$ -
Expenditures:				
Current:				
Noncapital purchases	27,840	27,840	32,320	(4,480)
Operating cost	8,000	2,000	1,277	723
Capital outlay	-	7,500	2,500	5,000
Total expenditures	<u>35,840</u>	<u>37,340</u>	<u>36,097</u>	<u>1,243</u>
Net change in fund balances	(3,240)	(4,740)	(3,497)	1,243
Fund balance - beginning of year	<u>3,242</u>	<u>3,242</u>	<u>3,242</u>	-
Fund balance - end of year	<u>\$ 2</u>	<u>\$ (1,498)</u>	<u>\$ (255)</u>	<u>\$ 1,243</u>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
CITY OF PORTALES**

**LIBRARY SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental:				
Library Grant	\$ 3,121	\$ 3,121	\$ 3,125	\$ 4
Go Bond Issue	29,586	29,586	3,543	(26,043)
Grants and contributions:				
E-Rate Grant	4,833	4,833	3,632	(1,201)
Contributions	2,000	2,000	3,471	1,471
Total revenues	<u>39,540</u>	<u>39,540</u>	<u>13,771</u>	<u>(25,769)</u>
Expenditures:				
Current:				
Supplies	4,833	4,833	4,833	-
Noncapital library acquisitions	<u>59,707</u>	<u>59,707</u>	<u>40,810</u>	<u>18,897</u>
Total expenditures	<u>64,540</u>	<u>64,540</u>	<u>45,643</u>	<u>18,897</u>
Deficit of revenues over expenditures	(25,000)	(25,000)	(31,872)	(6,872)
Other financing uses				
Transfers	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Net change in fund balance	-	-	(6,872)	(6,872)
Fund balance - beginning of year	<u>(290)</u>	<u>(290)</u>	<u>(290)</u>	<u>-</u>
Fund balance - end of year	<u>\$ (290)</u>	<u>\$ (290)</u>	<u>\$ (7,162)</u>	<u>\$ (6,872)</u>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
CITY OF PORTALES**

**LODGERS TAX PROMOTIONAL SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes:				
Lodgers' taxes	\$ -	\$ 97,000	\$ 90,320	\$ (6,680)
Interest income	5,400	5,400	3,518	(1,882)
Total revenues	5,400	102,400	93,838	(8,562)
Expenditures:				
Current:				
Supplies	6,250	6,250	6,570	(320)
Operating costs	70,013	206,013	44,462	161,551
Total expenditures	76,263	212,263	51,032	161,231
Net change in fund balances	(70,863)	(109,863)	42,806	152,669
Fund balance - beginning of year, as previously reported	172,005	172,005	172,005	-
Restatements	-	-	(15,053)	(15,053)
Fund balance- beginning of year, as restated	172,005	172,005	156,952	(15,053)
Fund balance - end of year	\$ 101,142	\$ 62,142	\$ 199,758	\$ 137,616

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
CITY OF PORTALES**

**RECREATION SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes:				
Cigarette	\$ 25,000	\$ 25,000	\$ 34,035	\$ 9,035
Fees, fines, and forfeitures	4,600	4,600	6,120	1,520
Grants and contributions:				
Hubbard Grant	-	10,000	10,000	-
Other donations	8,100	8,100	9,819	1,719
Total revenues	37,700	47,700	59,974	12,274
Expenditures:				
Current:				
Salaries and wages	23,153	25,653	21,062	4,591
Employee benefits	4,687	2,787	2,034	753
Supplies	9,650	13,450	12,097	1,353
Noncapital purchases	500	3,790	3,253	537
Other operating costs	4,584	5,184	1,760	3,424
Total expenditures	42,574	50,864	40,206	10,658
Net change in fund balance	(4,874)	(3,164)	19,768	22,932
Fund balance - beginning of year, as previously reported	47,999	47,999	47,999	-
Restatements	-	-	(283)	(283)
Fund balance- beginning of year, as restated	47,999	47,999	47,716	(283)
Fund balance - end of year	\$ 43,125	\$ 44,835	\$ 67,484	\$ 22,649

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
CITY OF PORTALES**

**LOCAL DWI PROGRAM SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental:				
State grants	\$ 156,798	\$ 156,798	\$ 109,162	\$ (47,636)
Fees, fines and forfeitures:				
Fees and screenings	20,000	20,000	30,245	10,245
Contributions	500	500	500	-
Total revenues	<u>177,298</u>	<u>177,298</u>	<u>139,907</u>	<u>(37,391)</u>
Expenditures:				
Current:				
Supplies	6,000	6,500	3,246	3,254
Noncapital purchases	17,000	6,000	4,462	1,538
Operating costs	154,598	165,098	123,834	41,264
Total expenditures	<u>177,598</u>	<u>177,598</u>	<u>131,542</u>	<u>46,056</u>
Net change in fund balance	(300)	(300)	8,365	8,665
Fund balance - beginning of year	<u>58,800</u>	<u>58,800</u>	<u>58,800</u>	<u>-</u>
Fund balance - end of year	<u>\$ 58,500</u>	<u>\$ 58,500</u>	<u>\$ 67,165</u>	<u>\$ 8,665</u>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
CITY OF PORTALES**

**LAW ENFORCEMENT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Fees, fines and forfeitures:				
Fees	\$ 6,000	\$ 15,300	\$ 9,513	\$ (5,787)
Contributions	6,000	6,000	7,135	1,135
Total revenues	12,000	21,300	16,648	(4,652)
Expenditures:				
Current:				
Supplies	7,000	7,000	3,620	3,380
Operating costs	5,000	7,300	1,700	5,600
Total expenditures	12,000	14,300	5,320	8,980
Net change in fund balance	-	7,000	11,328	4,328
Fund balance - beginning of year	7,094	7,094	7,094	-
Fund balance - end of year	<u>\$ 7,094</u>	<u>\$ 14,094</u>	<u>\$ 18,422</u>	<u>\$ 4,328</u>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
CITY OF PORTALES**

**CDBG REHABILITATION LOAN REPAYMENT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
General government	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	8,115	8,115	8,115	-
Fund balance - end of year	\$ 8,115	\$ 8,115	\$ 8,115	\$ -

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
CITY OF PORTALES**

**PORTALES AREA TRANSIT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental:				
State grants	\$ -	\$ 90,085	\$ 71,772	\$ (18,313)
Fees, fines and forfeitures:				
Fees	-	3,000	5,385	2,385
Total revenues	-	93,085	77,157	(15,928)
Expenditures:				
Current:				
Salaries and wages	32,829	81,030	75,978	5,052
Employee benefits	8,987	30,309	29,941	368
Travel	1,199	1,492	292	1,200
Repairs and maintenance	142	200	174	26
Supplies	6,327	17,261	15,435	1,826
Operating costs	6,655	11,015	2,988	8,027
Total expenditures	56,139	141,307	124,808	16,499
Deficit of revenues over expenditures	(56,139)	(48,222)	(47,651)	571
Other financing sources:				
Transfers in	49,500	49,500	49,500	-
Net change in fund balance	(6,639)	1,278	1,849	571
Fund balance - beginning of year, as previously reported	4,492	4,492	4,492	-
Restatements	-	-	(666)	(666)
Fund balance - beginning of year, as restated	4,492	4,492	3,826	(666)
Fund balance - end of year	\$ (2,147)	\$ 5,770	\$ 5,675	\$ (95)

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
CITY OF PORTALES**

**COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental:				
Federal grants	\$ 555,837	\$ 555,837	\$ 555,836	\$ 1
Expenditures:				
Current:				
Operating costs	617,087	756,493	-	756,493
Capital outlay	-	-	756,408	(756,408)
Total expenditures	<u>617,087</u>	<u>756,493</u>	<u>756,408</u>	<u>85</u>
Deficit of revenues over expenditures	(61,250)	(200,656)	(200,572)	(84)
Other financing sources:				
Transfers in	<u>61,250</u>	<u>191,956</u>	<u>191,916</u>	<u>40</u>
Net changes in fund balances	-	(8,700)	(8,656)	44
Fund balance- beginning of year	<u>20,308</u>	<u>20,308</u>	<u>20,308</u>	-
Fund balance - end of year	<u>\$ 20,308</u>	<u>\$ 11,608</u>	<u>\$ 11,652</u>	<u>\$ 44</u>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
CITY OF PORTALES**

**COMPREHENSIVE PLAN SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental				
State grants	55,000	55,000	55,000	-
Expenditures:				
Current:				
Operating costs	<u>80,000</u>	<u>85,060</u>	<u>85,058</u>	<u>2</u>
Deficit of revenues over expenditures	(25,000)	(30,060)	(30,058)	2
Other financing sources:				
Transfers in	<u>25,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Net change in fund balance	-	(60)	(58)	2
Fund balance - beginning of year	<u>1,144</u>	<u>1,144</u>	<u>1,144</u>	<u>-</u>
Cash balance - end of year	<u>\$ 1,144</u>	<u>\$ 1,084</u>	<u>\$ 1,086</u>	<u>\$ 2</u>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
CITY OF PORTALES**

**ENERGY CONSERVATION LEASE DEBT SERVICE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes:				
Gross receipts taxes	\$ 14,501	\$ 14,501	\$ 14,501	\$ -
Expenditures:				
Debt service:				
Principal	12,713	12,713	12,712	1
Interest	1,788	1,788	1,707	81
Total expenditures	<u>14,501</u>	<u>14,501</u>	<u>14,419</u>	<u>82</u>
Excess of revenues over expenditures	-	-	82	82
Fund balance - beginning of year	<u>9,478</u>	<u>9,478</u>	<u>9,478</u>	<u>-</u>
Fund balance - end of year	<u>\$ 9,478</u>	<u>\$ 9,478</u>	<u>\$ 9,560</u>	<u>\$ 82</u>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
CITY OF PORTALES**

**RISK MANAGEMENT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Postive (Negative)
	Original	Final	Actual	
Revenues:				
Interest and other:				
Investment income	\$ 5,000	\$ 5,000	\$ 3,803	\$ (1,197)
Reimbursements and refunds	12,000	12,000	9,610	(2,390)
Total revenues	17,000	17,000	13,413	(3,587)
Expenditures:				
Current:				
Operating costs	29,000	29,000	6,648	22,352
Excess (deficit) of revenues over expenditures	(12,000)	(12,000)	6,765	18,765
Other financing sources:				
Transfers in	12,000	12,000	3,325	(8,675)
Net changes in fund balances	-	-	10,090	10,090
Fund balance - beginning of year	90,001	90,001	90,001	-
Fund balance - end of year	<u>\$ 90,001</u>	<u>\$ 90,001</u>	<u>\$ 100,091</u>	<u>\$ 10,090</u>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
CITY OF PORTALES**

**CRIMINAL JUSTICE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Fees, fines and forfeitures:				
Fees	\$ 10,120	\$ 10,420	\$ 10,402	\$ (18)
Expenditures:				
Current:				
Operating costs	<u>10,120</u>	<u>10,420</u>	<u>9,588</u>	<u>832</u>
Net changes in fund balances	-	-	814	814
Fund balance - beginning of year	<u>2,406</u>	<u>2,406</u>	<u>2,406</u>	-
Fund balance - end of year	<u>\$ 2,406</u>	<u>\$ 2,406</u>	<u>\$ 3,220</u>	<u>\$ 814</u>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
CITY OF PORTALES**

**MAIN STREET SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Contributions	\$ -	\$ 2,250	\$ 2,182	\$ (68)
Expenditures:				
Current:				
Supplies	-	300	224	76
Noncapital purchases	-	250	67	183
Total expenditures	-	550	291	259
Net changes in fund balances	-	1,700	1,891	191
Fund balance- beginning of year	9,265	9,265	9,265	-
Fund balance, end of year	\$ 9,265	\$ 10,965	\$ 11,156	\$ 191

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
CITY OF PORTALES**

**ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes:				
Gross receipts	\$ 190,800	\$ 190,800	\$ 246,912	\$ 56,112
Expenditures:				
Operating costs	<u>699,232</u>	<u>699,232</u>	<u>110,074</u>	<u>589,158</u>
Net changes in fund balances	(508,432)	(508,432)	136,838	645,270
Fund balance - beginning of year, as previously reported	549,610	549,610	549,610	-
Restatements	<u>-</u>	<u>-</u>	<u>157,514</u>	<u>157,514</u>
Fund balance - beginning of year, as restated	<u>549,610</u>	<u>549,610</u>	<u>707,124</u>	<u>(157,514)</u>
Fund balance - end of year	<u>\$ 41,178</u>	<u>\$ 41,178</u>	<u>\$ 843,962</u>	<u>\$ 802,784</u>

See accompanying notes to financial statements.

CAPITAL PROJECTS FUNDS

**STATE OF NEW MEXICO
CITY OF PORTALES**

**CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Gross receipts	49,020	49,020	49,020	-
Interest	2,500	2,500	5,734	3,234
Total revenues	51,520	51,520	54,754	3,234
Expenditures:				
Debt service:				
Principal	22,677	22,677	22,677	-
Interest and administrative fees	21,371	21,371	21,353	18
Total operating expenses	44,048	44,048	44,030	18
Net change in fund balance	7,472	7,472	10,724	3,252
Fund balance - beginning of year	103,610	103,610	103,610	-
Fund balance - end of year	<u>\$ 111,082</u>	<u>\$ 111,082</u>	<u>\$ 114,334</u>	<u>\$ 3,252</u>

See accompanying notes to financial statements.

DEBT SERVICE FUNDS

**STATE OF NEW MEXICO
CITY OF PORTALES**

**SALES TAX REVENUE BONDS FUND - DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes:				
Gross receipts	\$ 250,527	\$ 250,527	\$ 250,527	\$ -
Interest	12,000	12,000	9,473	(2,527)
Total revenues	<u>262,527</u>	<u>262,527</u>	<u>260,000</u>	<u>(2,527)</u>
Expenditures:				
Debt service:				
Principal	210,000	210,000	210,000	-
Interest and administrative fees	43,255	43,255	42,424	831
Total expenditures	<u>253,255</u>	<u>253,255</u>	<u>252,424</u>	<u>831</u>
Excess of revenues over expenditures	9,272	9,272	7,576	(1,696)
Fund balance - beginning of year	<u>332,735</u>	<u>332,735</u>	<u>332,735</u>	<u>-</u>
Fund balance - end of year	<u>\$ 342,007</u>	<u>\$ 342,007</u>	<u>\$ 340,311</u>	<u>\$ (1,696)</u>

See accompanying notes to financial statements.

PROPRIETARY FUNDS

**STATE OF NEW MEXICO
CITY OF PORTALES**

**WATER AND SEWER ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2008**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
OPERATING REVENUE:				
Charges for services	\$ 3,800,508	\$ 3,800,508	\$ 3,895,155	\$ 94,647
Late charges	53,540	53,540	92,205	38,665
Rentals	1,500	1,500	1,650	150
Tapping and reconnect fees	113,350	113,350	77,031	(36,319)
Other	-	23,349	21,484	(1,865)
Total revenues	3,968,898	3,992,247	4,087,525	95,278
OPERATING EXPENDITURES:				
Salaries and wages	460,094	479,080	451,052	28,028
Employee benefits	199,574	166,513	168,116	(1,603)
Maintenance	1,518,295	1,574,795	696,001	878,794
Contracted and purchased services	145,389	84,889	56,351	28,538
Supplies	49,100	60,200	57,735	2,465
Noncapital purchases	7,700	7,700	1,364	6,336
Operating costs	581,486	616,810	602,484	14,326
Capital outlay	428,129	428,129	61,520	366,609
Debt service	710,453	710,453	608,401	102,052
Total operating expenses	4,100,220	4,128,569	2,703,024	1,425,545
Operating income (loss)	(131,322)	(136,322)	1,384,501	(1,520,823)
NON-OPERATING REVENUE (EXPENSES):				
Investment income	84,000	106,000	109,825	3,825
Water conservation fees	314,318	314,318	334,198	19,880
Grant proceeds	703,487	703,487	22,740	(680,747)
Interest expense	(73,743)	(73,743)	(197,705)	(123,962)
Total non-operating revenues (expenses)	1,028,062	1,050,062	269,058	(781,004)
Net income before transfers	(1,159,384)	913,740	1,653,559	(739,819)
Transfers:				
Transfers in	881,743	881,743	582,042	299,701
Transfers out	(1,781,250)	(1,781,250)	(1,105,725)	(675,525)
Total operating transfers	(899,507)	(899,507)	(523,683)	(375,824)
Net income	(2,058,891)	14,233	1,129,876	(1,115,643)
Fund balance - beginning of year, as restated	10,033,843	10,033,843	10,033,843	-
Fund balance - end of year	\$ 7,974,952	\$ 10,048,076	\$ 11,163,719	\$ (1,115,643)
Reconciliation of net income for budgetary basis to statements of activities for proprietary funds				
Net income after transfers - budgetary basis			\$ 1,129,876	
Amounts reported in the statement of activities differ because:				
Capital outlay is a budget expenditure but is reported on the proprietary fund statements of net assets			61,520	
Budgeted debt service expenditures reduce water and sewer liabilities and are not reported in proprietary funds statement of activities			608,401	
Depreciation is reported in the proprietary funds statement of activities but is not a budget expenditure item			(595,773)	
Amortization is reported in the proprietary funds statement of activities but is not a budget expenditure item			(21,781)	
Net income after transfers - financial statement basis			\$ 1,182,243	

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
CITY OF PORTALES**

**SOLID WASTE ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2008**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Operating revenues:				
Charges for services	\$ 1,043,000	\$ 1,043,000	\$ 1,043,302	\$ 302
Operating expenditures:				
Current				
Salaries and wages	278,714	298,796	271,293	27,503
Employee benefits	82,666	108,615	101,044	7,571
Maintenance	68,800	88,800	76,636	12,164
Contracted and purchased services	503,832	545,632	471,906	73,726
Supplies	67,040	90,040	88,019	2,021
Noncapital purchases	8,700	8,700	1,105	7,595
Operating costs	7,135	7,285	6,464	821
Capital outlay	138,000	122,019	128,751	(6,732)
Debt Service	-	-	643	(643)
Total operating expenses	<u>1,154,887</u>	<u>1,269,887</u>	<u>1,145,861</u>	<u>124,026</u>
Operating income (loss)	(111,887)	(226,887)	(102,559)	124,328
Non-operating revenues (expenses):				
Investment income	20,000	20,000	11,761	(8,239)
Environmental gross receipts tax	121,301	121,301	126,145	4,844
Grant proceeds	-	125,000	125,000	-
Total non-operating revenues (expenses)	<u>141,301</u>	<u>266,301</u>	<u>262,906</u>	<u>(3,395)</u>
Net income before transfers	29,414	39,414	160,347	120,933
Transfers:				
Transfers out	(144,000)	(144,000)	(144,000)	-
Net income (loss)	(114,586)	(104,586)	16,347	120,933
Fund balance, beginning of year - as restated	<u>22,420</u>	<u>22,420</u>	<u>22,420</u>	<u>-</u>
Fund balance, end of year	<u>\$ (92,166)</u>	<u>\$ (82,166)</u>	<u>\$ 38,767</u>	<u>\$ 120,933</u>
Reconciliation of net income for budgetary basis to statements of activities for proprietary funds				
Net income after transfers - budgetary basis			\$ 16,347	
Amounts reported in the statement of activities differ because:				
Capital outlay is a budget expenditure but is reported on the proprietary fund statements of net assets			128,751	
Budgeted debt service expenditures reduce water and sewer liabilities and are not reported in proprietary funds statement of activities			643	
Depreciation is reported in the proprietary funds statement of activities but is not a budget expenditure item			<u>(55,814)</u>	
Net income after transfers - financial statement basis			<u>\$ 89,927</u>	

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
CITY OF PORTALES**

**AIRPORT ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2008**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Operating revenues:				
Fuel sales	\$ 108,000	\$ 108,000	\$ 102,780	\$ (5,220)
Late charges	500	500	364	(136)
Rentals	36,200	36,200	31,949	(4,251)
Other and miscellaneous	600	600	742	142
Total revenues	145,300	145,300	135,835	(9,465)
Operating expenditures:				
Current				
Salaries and wages	33,065	33,042	31,867	1,175
Employee benefits	7,928	8,561	7,868	693
Maintenance	29,350	28,840	18,230	10,610
Contracted and purchased services	294,610	260,510	510	260,000
Supplies	7,735	12,735	11,257	1,478
Noncapital purchases	1,300	1,300	880	420
Operating costs	131,330	150,330	130,079	20,251
Capital outlay	-	10,000	9,439	561
Debt service	-	-	350	(350)
Total operating expenses	505,318	505,318	210,480	294,838
Operating loss	(360,018)	(360,018)	(74,645)	285,373
Non-operating revenues (expenses):				
Grant proceeds	300,036	300,036	30,970	(269,066)
Loss on sale of asset	-	-	(1,023)	(1,023)
Total non-operating revenues (expenses)	300,036	300,036	29,947	(270,089)
Net income before transfers	(59,982)	(59,982)	(44,698)	15,284
Transfers:				
Transfers in	60,000	60,000	60,000	-
Net income	18	18	15,302	15,284
Fund balance, beginning of year - as restated	2,309,729	2,309,729	2,309,729	-
Fund balance, end of year	\$ 2,309,747	\$ 2,309,747	\$ 2,325,031	\$ 15,284

Reconciliation of net income for budgetary basis to statements of activities for proprietary funds

Net income after transfers - budgetary basis \$ 15,302

Amounts reported in the statement of activities differ because:

Capital outlay is a budget expenditure but is reported on the proprietary fund statements of net assets 9,439

Budgeted debt service expenditures reduce water and sewer liabilities and are not reported in proprietary funds statement of activities 350

Depreciation is reported in the proprietary funds statement of activities but is not a budget expenditure item (192,133)

Net loss after transfers - financial statement basis \$ (167,042)

See accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES

SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY OF PUBLIC FUNDS
JUNE 30, 2008

Name of Depository	Pledged Collateral	Maturity	CUSIP	Name and Location of Custodian	Par Value June 30, 2008	Fair Market Value June 30, 2008
Portales National Bank						
	FFCB		3133XFLG9	Texas Independent Bankers, Dallas TX	\$ -	\$ 153,000
	U.S Treasury Note		912828FZ8	Texas Independent Bankers, Dallas TX	-	505,586
	U.S Treasury Note	02/15/2009	912828BZ2	Texas Independent Bankers, Dallas TX	-	150,551
	U.S Treasury Note	02/15/2009	912828BZ2	Texas Independent Bankers, Dallas TX	-	100,367
	U.S Treasury Note	02/15/2009	912828BZ2	Texas Independent Bankers, Dallas TX	-	100,367
	Mora ISD NonCall Fr	07/01/2009	616412DB5	Texas Independent Bankers, Dallas TX	-	153,534
	FHLMC NonCall Fr	07/15/2009	3134A4US1	Texas Independent Bankers, Dallas TX	-	505,469
	FHLMC NonCall Fr	11/15/2001	3128X3K69	Texas Independent Bankers, Dallas TX	-	151,574
	FHLB		3133XLMV2	Texas Independent Bankers, Dallas TX	-	254,766
	U.S. Treasury		912828FP0	Texas Independent Bankers, Dallas TX	-	512,227
	FHLMC		3128X4YU9	Texas Independent Bankers, Dallas TX	-	303,725
	FNMA		31359MA94	Texas Independent Bankers, Dallas TX	-	510,625
				Pledged to Meet 50% Collateral Requirements	-	3,401,791
Wells Fargo						
	FNMA 30 Year Loan	05/01/2036	31409CV69	Wells Fargo, San Francisco, CA	1,790,000	1,381,706
				Pledged to Meet 50% Collateral Requirements	1,790,000	1,381,706
Bank of Albuquerque						
	US Treasury	01/15/2025	912810FR4	FHLB, Tulsa OK	-	46,309
				Pledged to Meet 104% Collateral Requirements	-	46,309
				Total Pledged Collateral- All Depositors	\$ 1,790,000	\$ 4,829,806

STATE OF NEW MEXICO
CITY OF PORTALES

SCHEDULE OF DEPOSITS AND TEMPORARY INVESTMENTS BY DEPOSITORY FOR PUBLIC FUNDS
JUNE 30, 2008

Account Description	Account Number	Account Type	Fund Type	Bank Balance June 30, 2008	Net Reconciling Items	Reconciled Balance June 30, 2008
Portales National Bank						
Community Development	40304	Checking	Governmental	\$ 401	\$ -	\$ 401
CDBG Capital Projects	55425	Checking	Governmental	1,086	-	1,086
Energy Conservation Lease	61476	Checking	Governmental	7,350	-	7,350
Economic Development	55069	Checking	Governmental	647,321	-	647,321
Municipal Court Bonds	07404	Checking	Governmental	2,016	(1,646)	370
Revenue Cleaning	22314	Checking	Governmental	550	-	550
			Total Checking	658,724	(1,646)	657,078
General Fund						
Lodgers Tax	12033	Interest	Governmental	1,011,848	29,272	1,041,120
Building Capital Projects	12076	Interest	Governmental	199,935	-	199,935
I & B Retirement Fund	11568	Interest	Governmental	3,767	-	3,767
W & S Improvement	12181	Interest	Governmental	46,760	-	46,760
Solid Waste	12203	Interest	Business-Type	79,452	-	79,452
Payroll	12114	Interest	Business-Type	173,250	1,566	174,816
Disbursement	12122	Interest	Governmental	30,829	(21,555)	9,274
	12068	Interest	Governmental	189,845	(182,592)	7,253
			Total Interest Bearing	1,735,686	(173,309)	1,562,377
			Total Deposits	\$ 2,394,410	\$ (174,955)	\$ 2,219,455
Wells Fargo						
Water	190-0064785	Checking	Business-Type	\$ 777,665	\$ (7,008)	\$ 770,657
Water Conservation	190-0198498	Checking	Business-Type	333,005	536	333,541
Water Improvement	190-00034363	Checking	Business-Type	272,132	643	272,775
			Total Deposits	\$ 1,382,802	\$ (5,829)	\$ 1,376,973

New Mexico State Treasurer- Local Government Investment Pool

General Fund	7290-1568	Savings	\$ 650,000	\$ -	\$ 650,000
Risk Management Reserve	7238-1574	Savings	90,000	-	90,000
Water/Wastewater	7228-1580	Savings	482,000	-	482,000
Water Meter Reserve	7427-1564	Savings	120,000	-	120,000
Water Improvement Reserve	7235-1578	Savings	325,000	-	325,000
Solid Waste	7236-1576	Savings	200,000	-	200,000
		Total Deposits	\$ 1,867,000	\$ -	\$ 1,867,000

New Mexico Finance Authority Held at Bank of Albuquerque Trust Services

Rec Center Financing	Portales	Savings	\$ 44,528	\$ 1,349	\$ 45,877
Water & Wastewater	Portales	Savings	322,779	(1,349)	321,430
		Total Deposits	\$ 367,307	\$ -	\$ 367,307

New Mexico Finance Authority

Rec Center Financing	Portales	Savings	\$ 59,784	\$ -	\$ 59,784
Pumper Truck	Portales	Savings	234,739	-	234,739
Water & Wastewater	Portales	Savings	175,595	-	175,595
		Total Deposits	\$ 470,118	\$ -	\$ 470,118

Linsco/Private Ledger

98 Water/Sewer Reserve Fund	2171-8277	Savings	\$ 407,844	\$ -	\$ 407,844
Water Conservation Reserve	4344-5955	Savings	966,548	-	966,548
97 Sales Tax Reserve Fund	29077396	Savings	254,571	-	254,571
		Total Deposits	\$ 1,628,963	\$ -	\$ 1,628,963

Reconciliation of Accounts to Government-Wide Balance Sheet

	Governmental Activities	Business-Type Activities	Total
Cash and Cash Equivalents - Unrestricted	\$ 2,220,856	\$ 858,988	\$ 3,079,844
Cash and Cash Equivalents - Restricted	340,399	2,644,496	2,984,895
Investments - Unrestricted	740,000	482,000	1,222,000
Investments - Restricted	-	645,000	645,000
	\$ 3,301,255	\$ 4,630,484	\$ 7,931,739

Cash Source

Portales National Bank	\$ 2,394,410	\$ (174,955)	\$ 2,219,455
Wells Fargo	1,382,802	(5,829)	1,376,973
NM State Treasurer	1,867,000	-	1,867,000
NMFA- Bank of Albuquerque	367,307	-	367,307
NMFA	470,118	-	470,118
Linsco/Private Ledger	1,628,963	-	1,628,963
Petty Cash	1,275	648	1,923
	\$ 8,111,875	\$ (180,136)	\$ 7,931,739

STATE OF NEW MEXICO
CITY OF PORTALES

SCHEDULE OF JOINT POWERS AGREEMENTS
JUNE 30, 2008

Other Principal	Agreement Description	Effective Date	Ending Date	Project Cost	Fiscal Year Contributions	Party Responsible for: Operations/ Revenues and Expenditure Reporting/ Audit Responsibility (If Any)
Region V Drug Task Force	Regional Drug Enforcement	October 10, 2005	Perpetual	Not Specified	Unknown	Region V Drug Task Force
Portales Municipal Schools	School Resource Officer Program	May 28, 1999	Perpetual	Not Specified	Unknown	City of Portales
Portales Municipal Schools	Wheeler Park Usage	April 18, 2006	Perpetual	Not Specified	Unknown	City of Portales
Roosevelt County	Law Enforcement Complex Usage	January 19, 1999	Perpetual	Not Specified	Unknown	Roosevelt County
Roosevelt County	County Jail Usage for City	December 3, 2002	Perpetual	Not Specified	Unknown	Roosevelt County
Eastern New Mexico Rural Water Authority	Ute Pipeline Project	February 4, 2002	Perpetual	Not Specified	Unknown	Eastern New Mexico Rural Water Authority
Eastern New Mexico University	Police, Fire and Ambulance Services	February 10, 1982	Perpetual	Not Specified	Unknown	City of Portales
New Mexico Energy, Minerals & Nature Resources Department	Wildfire Suppression and Protection	August 13, 2007	Perpetual	Not Specified	Unknown	City of Portales
Roosevelt County and Villages of Causey, Dora, Floyd & Elida	Enhanced 911 and Emergency Management Services	June 1, 1993	Perpetual	Not Specified	Unknown	City of Portales

COMPLIANCE SECTION



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

Hector H. Balderas, New Mexico State Auditor
Honorable Mayor and
Members of City Council
City of Portales
Portales, New Mexico

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, all budgetary comparisons, and the combining and individual funds presented as supplementary information of the City of Portales (the "City") as of and for the year ended June 30, 2008, and have issued our report thereon dated September 2, 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 entity'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 entity'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 or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that are required to be reported under *Governmental Auditing Standards January 2007 Revision* paragraphs 5.14 and 5.16, and Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as findings 2006-02, 2006-07 and 2008-01.

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

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



September 2, 2009



Strickler & Prieto, LLP

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

Hector H. Balderas, New Mexico State Auditor
Honorable Mayor and
Members of City Council
City of Portales
Portales, New Mexico

Compliance

We have audited the compliance of City of Portales (the "City"), with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2006-07.

Internal Control Over Compliance

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

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined above.

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



September 2, 2009

**STATE OF NEW MEXICO
CITY OF PORTALES**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA No.</u>	<u>Contract/Grant Project/State Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development Passed Through the State of New Mexico Small Cities Program	14.219	05-C-RS-I-I-G-46	\$ 466,528
U.S. Department of Transportation Passed Through the New Mexico Department of Transportation Federal Transit Capital Improvement Grants	20.500	MOO725	71,772
U.S. Department of Homeland Security Office of Domestic Preparedness Passed Through the New Mexico Department of Homeland Security and Emergency Management Domestic Preparedness Equipment Support Program	97.042	2008-EMPG-Roosevelt	<u>46,921</u>
Total Expenditures of Federal Awards			<u>\$ 585,221</u>

**STATE OF NEW MEXICO
CITY OF PORTALES**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008**

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards of the City of Portales (the "City"). The City is defined in Note 1 of the City's financial Statements. All federal awards received, including those received through other agencies are included on the schedule.

2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting, which is described in Note 1 of the City's financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes No
Significant deficiencies identified that are not considered to
be material weaknesses? Yes None Reported
Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes No
Significant deficiencies identified that are not considered to
be material weaknesses? Yes None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

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

Identification of major programs:

CFDA Number(s) Name of Federal Program or Cluster

14.219

Small Cities Program

Dollar threshold used to distinguish between
type A and type B programs \$300,000

Auditee qualified as low-risk auditee? Yes No

B. FINDINGS - FINANCIAL STATEMENT AUDIT

2006-2: Late Audit Report

Condition

The audit report for fiscal year 2008 was not submitted by December 1, 2008, causing the City to be out of compliance with New Mexico State Auditor Rule 2.2.2.9A(1).

Criteria

The New Mexico State Auditor Rule 2.2.2.9A(1) requires audit reports for municipalities to be submitted by December 1st following the end of the fiscal year.

Effect

The City's financial status and other information is not available to the public and various state agencies in a timely manner.

Cause

The 2007 fiscal year audit was released to the public in March 2009, causing the fiscal year 2008 audit to be late.

Recommendation

We recommend the City have the fiscal year 2009 and future audits performed with enough time to meet the New Mexico State Auditor Rule 2.2.2.9A(1) deadline.

Agency Response

The City will proactively work with the Independent Public Accountants to expedite the preparation of current and future financial audits.

2008-01: Per Diem and Mileage Act

Condition

The Municipal Judge traveled to Savannah, GA on official City business and used the actual cost basis for reimbursement for hotel and per diem rates for meals. Also, no receipts for meals were turned in with the travel expense voucher.

Criteria

According to the Per Diem and Mileage Act 2.42.2 NMAC (the "Act"), if hotel reimbursement is based on the actual hotel rate, meals must also be reimbursed at the actual amounts spent on meals and receipts must be provided to substantiate, subjected to other limits in the Act.

Effect

The City may have reimbursed the expenses at a higher rate than what was required.

Cause

City personnel who prepare travel expense vouchers may lack the proper training to follow and understand the state mandated per diem rules. Also, City personnel are allowed to reimburse for travel that is not in compliance with the Act.

Recommendation

We recommend City management and personnel receive training on understanding the requirements of the Act. Also, we recommend that the City's accounting department not reimburse for travel that is not in compliance with the Act.

Agency Response

City staff has been trained in the requirements of the Act. The City's accounting department will review per diem reports and send requests that do not comply with the act back to the originating department.

C. FINDINGS - FEDERAL AWARDS

2006-07: Data Collection Form Not Timely Filed

Condition

The data collection form was not filed with the federal audit clearinghouse by March 31, 2009, causing the City to be out of compliance with OMB Circular A-133 for the year ended June 30, 2008.

Criteria

OMB Circular A-133 Section 320 states that the auditee should submit the data collection form and the reporting package to the federal clearinghouse within nine months of year end,

Effect

Future receipt of federal funding may be hindered.

Cause

The 2007 fiscal year audit was released to the public in March 2009, causing the fiscal year 2008 audit to be late.

Recommendation

We recommend the City have the fiscal year 2009 and future audits performed with enough time to meet the OMB Circular A-133 deadline.

Agency Response

The City will work toward ensuring compliance with the OMB Circular with the current and future data collection report filings.

D. STATUS OF PRIOR YEAR FINDINGS

2006-02	Late Audit Report	Repeat
2006-07	Data Collection Form Not Timely Filed	Repeat
2007-01	Ambulance Receivables	Resolved

CITY OF PORTALES

**EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2008**

An exit conference was conducted on May 11, 2009 in a closed meeting of the City Council pursuant to Section 12-6-5 NMSA, 1978 with the following individuals in attendance:

City of Portales Officials

Debi Lee

Marilyn Rapp

Gary Watkins

Michael Miller

City Manager

City Treasurer

Councilor

Councilor

Strickler & Prieto, LLP

Brad Watts

Manager

Financial Statement Preparation

The City's independent public accountants prepared the accompanying financial statements; however, the City is responsible for the financial statement content.