

**STATE OF NEW MEXICO**  
**CITY OF PORTALES**

Basic Financial Statements and  
Required Supplementary Information  
For the Year Ended June 30, 2009  
and Independent Auditors' Report

**STATE OF NEW MEXICO  
CITY OF PORTALES**

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JUNE 30, 2009**

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**STATE OF NEW MEXICO  
CITY OF PORTALES**

**DIRECTORY OF OFFICIALS**

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**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**

Thomas Howell  
Marilyn Rapp  
Joan Martinez-Terry

City Manager  
Treasurer  
City Clerk



201 E. Main, Suite 500  
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, the aggregate remaining fund information, and the budgetary comparisons for the general fund and the major special revenue funds, and of the City of Portales (the "City"), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City's nonmajor governmental funds and the budgetary comparisons for the major enterprise funds and all nonmajor funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and major special revenue 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, 2009, 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 March 17, 2010, 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. The additional schedules listed as "other supplemental information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial 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.

Handwritten signature in blue ink that reads "J. Kelly & P. Tractor, LLP".

March 17, 2010

**STATE OF NEW MEXICO  
CITY OF PORTALES**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009**

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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, 2009. 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 and total liabilities may serve over time as useful indicators of a government's financial condition. Net assets for the City as a whole increased by \$2,880,132 in the year ended June 30, 2009. This reflects an ongoing investment in buildings, infrastructure, equipment and vehicles to assist the City in providing services to the community. Total liabilities increased by \$461,962 during this time period; indicating that the City was able to add net assets without a large increase in related liabilities. The net assets of the City of Portales exceeded liabilities by \$19,153,937 for the fiscal year ended June 30, 2009. The largest portion, \$18,280,854, reflects 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 \$5,331,360 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:

	<b>CITY OF PORTALES</b>					
	<b>Net Assets</b>					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	2009	2008	2009	2008	2009	2008
<b>ASSETS</b>						
Current assets	\$ 5,295,009	\$ 4,762,673	\$ 2,118,008	\$ 2,566,909	\$ 7,413,017	\$ 7,329,582
Restricted cash and cash equivalents	134,271	340,399	2,964,704	2,644,496	3,098,975	2,984,895
Bond issue costs, net	-	-	28,357	42,535	28,357	42,535
Bond reissue costs, net	-	-	44,247	66,371	44,247	66,371
Capital assets, net	9,617,665	7,516,817	14,077,092	12,997,059	23,694,757	20,513,876
<b>Total assets</b>	<b>\$ 15,046,945</b>	<b>\$ 12,619,889</b>	<b>\$ 19,232,408</b>	<b>\$ 18,317,370</b>	<b>\$ 34,279,353</b>	<b>\$ 30,937,259</b>
<b>LIABILITIES AND NET ASSETS</b>						
Current liabilities	\$ 1,022,169	\$ 772,047	\$ 882,911	\$ 805,442	\$ 1,905,080	\$ 1,577,489
Customer deposits	-	-	217,010	206,582	217,010	206,582
Accrued compensated absences	274,569	288,915	41,305	46,786	315,874	335,701
Landfill closure	-	-	706,380	706,380	706,380	706,380
Long term debt due after one year	863,781	1,193,534	3,554,583	3,081,060	4,418,364	4,274,594
<b>Total liabilities</b>	<b>2,160,519</b>	<b>2,254,496</b>	<b>5,402,189</b>	<b>4,846,250</b>	<b>7,562,708</b>	<b>7,100,746</b>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	8,425,310	5,988,624	9,855,544	9,282,236	18,280,854	15,270,860
Restricted for:						
Debt service	23,939	234,739	532,430	487,296	556,369	722,035
Capital projects	110,332	105,660	783,548	597,775	893,880	703,435
Water conservation	-	-	947,802	1,300,089	947,802	1,300,089
Landfill closure	-	-	706,380	706,380	706,380	706,380
Unrestricted	4,326,845	4,036,370	1,004,515	1,097,344	5,331,360	5,133,714
<b>Total net assets</b>	<b>12,886,426</b>	<b>10,365,393</b>	<b>13,830,219</b>	<b>13,471,120</b>	<b>26,716,645</b>	<b>23,836,513</b>
<b>Total liabilities and net assets</b>	<b>\$ 15,046,945</b>	<b>\$ 12,619,889</b>	<b>\$ 19,232,408</b>	<b>\$ 18,317,370</b>	<b>\$ 34,279,353</b>	<b>\$ 30,937,259</b>



Governmental activities were able to increase total assets by \$2,427,056 from June 30, 2008 to June 30, 2009. The largest part of this increase was for net capital assets which increased by \$2,100,848. The City had several large projects in progress during the fiscal year, including renovation of the courthouse square, the Yam Movie Palace remodel and swimming pool renovations. Governmental activities also added \$541,284 worth of vehicles and equipment in the current fiscal year.

Governmental liabilities decreased by \$93,977 for the year ended June 30, 2009. Governmental activities paid down current debt and reduced accrued compensated absence liability. No new debt was incurred by governmental funds during the fiscal year.

Business type activities also increased total assets during the fiscal year. Total assets increased by \$915,038, increasing from \$18,317,370 to \$19,232,408. The asset categories with the largest increase were restricted assets (increase of \$320,208) and net capital assets (increase of \$1,080,033.) Business type activity capital assets include well, water systems, and airport improvements. Current assets decreased from \$2,566,909 to \$2,118,008, a reduction of \$448,901.

Total liabilities increased for the business type activities during the fiscal year. Customer deposits increase by \$10,428 due to an increase in water and sewer customers within the City limits. Long term liabilities increased due to a loan taken out to install water valves and a water loop line to reduce the chance of widespread water outages when water lines break. The City Council made installation of the valves and loop line a priority after several major water breaks occurred.

A condensed comparative statement of activities is as follows:

**CITY OF PORTALES  
CONDENSED STATEMENT OF ACTIVITIES**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b>REVENUES:</b>						
Program revenues:						
Charges for services	\$ 941,240	\$ 960,694	\$ 5,190,648	\$ 5,266,662	\$ 6,131,888	\$ 6,227,356
Operating grants and contributions	1,369,376	758,487	-	-	1,369,376	758,487
Capital grants and contributions	1,888,765	1,410,598	285,956	178,710	2,174,721	1,589,308
General revenues:						
Gross receipts taxes	5,265,357	5,550,021	119,760	126,145	5,385,117	5,676,166
Other taxes	934,311	916,694	-	-	934,311	916,694
Water conservation fees	-	-	278,701	334,198	278,701	334,198
Investments	9,821	76,561	7,202	121,586	17,023	198,147
Rentals, reimbursements & other	168,474	166,882	-	(1,023)	168,474	165,859
Transfers, net	1,307,048	607,683	(1,307,048)	(607,683)	-	-
<b>Total revenues</b>	<b>\$ 11,884,392</b>	<b>\$ 10,447,620</b>	<b>\$ 4,575,219</b>	<b>\$ 5,418,595</b>	<b>\$ 16,459,611</b>	<b>\$ 15,866,215</b>
<b>Expenses:</b>						
General government	\$ 9,296,876	\$ 8,920,753	\$ -	\$ -	\$ 9,296,876	\$ 8,920,753
Water & sewer	-	-	2,589,408	2,650,657	2,589,408	2,650,657
Solid waste	-	-	1,115,189	1,072,281	1,115,189	1,072,281
Airport	-	-	353,901	392,824	353,901	392,824
Interest expense	66,483	79,910	157,622	197,705	224,105	277,615
<b>Total expenses</b>	<b>9,363,359</b>	<b>9,000,663</b>	<b>4,216,120</b>	<b>4,313,467</b>	<b>13,579,479</b>	<b>13,314,130</b>
<b>Change in net assets:</b>	<b>2,521,033</b>	<b>1,446,957</b>	<b>359,099</b>	<b>1,105,128</b>	<b>2,880,132</b>	<b>2,552,085</b>
Net assets, beginning of the year	10,365,393	9,249,755	13,471,120	12,443,878	23,836,513	21,693,633
Prior period adjustment	-	(331,319)	-	(77,886)	-	(409,205)
<b>Net assets, end of year</b>	<b>\$ 12,886,426</b>	<b>\$ 10,365,393</b>	<b>\$ 13,830,219</b>	<b>\$ 13,471,120</b>	<b>\$ 26,716,645</b>	<b>\$ 23,836,513</b>

## COMPARISON OF REVENUES AND EXPENSES BY FUNCTION

Revenues (excluding net transfers) for governmental activities increased by 7.5% during the 2009 fiscal year. The reason for this increase was a large increase in operating and capital grants, which increased by 50% for the year ended June 30, 2009. The City received grants for street repair, building renovations and other general projects. Gross receipt tax collections were down by 5% for fiscal year, dropping from \$5,550,021 to \$5,265,357. This drop in gross receipts tax was due to the recession, with the largest drop in collections occurring in the last quarter of the year. Investment income was down significantly for governmental activities, dropping from \$76,561 to \$9,821. Interest rates were at historic lows during this time period, which caused an 87% drop in investment income.

Governmental activities expenses increased by 4% from \$9,000,633 to \$9,363,359 during the fiscal year. The majority of this increase was due to salaries, which increase at an average rate of 3% per year and benefits, including health insurance. There were also increases in workers compensation insurance expenses and general liability insurance.

Revenues for business-type activities (excluding net transfers) decreased by 2.4% during the 2009 fiscal year. Charges for services revenue dropped by 1.5%. This is due to the closure of the local ethanol plant which was a major consumer of water and sewer services. Gross receipts collections for business-type activities decreased by 5%, reflecting the same percentage decrease experienced by the governmental activities. Investment income for business-type activities decreased by 94%, once again due to the historic low interest rates during this time frame.

Expenses for Water and Sewer decreased by 2% during the fiscal year ended June 30, 2009. The decreases can be accounted for by salary savings due to employee turnover. Expenses in Solid Waste increased by 4%. As discussed above, the majority of the increase is accounted for by annual salary increases of 3% and increases in health and liability insurances. Expenses for the Airport decreased by 10% during the fiscal year. This was due to a reduction in maintenance costs.

## 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 2009 fiscal year, the City's governmental funds reported a combined ending fund balance of \$4,762,833. The general fund balance of \$2,629,649 represents fifty-five percent of the total governmental fund balances. The general fund balance decreased by \$179,982 in 2009. This was due to a decrease in total assets of \$115,168 and an increase of liabilities of \$64,814. The largest decrease in total assets was from the decrease in accounts receivable and taxes receivable, which together accounted for \$86,480 of the decrease in total assets.

General fund revenues totaled \$6,434,236 for the fiscal year, while expenditures were \$7,323,195. Expenditures exceeded revenues by \$888,959 prior to transfers in and out of the general fund. During the year, the general fund received \$1,355,000 from other City funds, while it transferred \$646,023. The net transfer in of \$708,977 decreased the excess expenditures over revenues resulting in a net decrease of fund balance of \$179,982. General fund revenues were adversely affected by the recession, which was a partial cause of the reduction in fund balance.

### 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:

Proprietary funds increased total assets from \$18,317,370 in 2008 to \$19,232,408 in 2009. This was a 5% increase. The water fund made up the largest portion of this with total assets of \$16,267,201, which is 85% of total proprietary assets. Water fund increased total assets by \$971,103, which is a 6% increase. Solid waste increased total assets by 12%, or \$100,007. Airport is the only proprietary fund which had a decrease in total assets. Airport assets decreased 7% to \$1,996,462. The decrease in Airport assets was due to depreciation charges.

Proprietary fund liabilities increased by \$555,939 during 2009. This was an 11% increase. Water liabilities increased 13%, solid waste liabilities increased 5% and airport liabilities increased 3%. Increased accounts payable accruals made up the largest part of the increase for each fund.

## 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 2009 fiscal year, the general fund revenue budget was increased by \$135,263. As discussed above, budget adjustments are made for various reasons. At the end of the fiscal year gross receipts taxes were under budget by \$412,540. This was caused by a reduction on gross receipts collections in the last quarter of the fiscal year due to the recession. Charges for Services was also under budget by \$151,363. The largest item in this category is ambulance receivables, which were reduced due to the bad economy.

Expenditures were budgeted to exceed revenues by \$1,010,210 before net transfers. All expenditure categories were under budget by \$767,391. Categories which were significantly under budget were legislative, police, streets 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, 2009 was \$23,694,757 (net of accumulated depreciation.) This investment in capital assets includes land, improvements, buildings, utility systems, machinery and equipment. Governmental capital assets, net, increased by \$2,100,848. The largest increase was in construction in progress, which had a net increase of \$1,294,244. Business-type activities saw an increase of \$1,080,033. Machinery and equipment was the category in business-type activities with the largest increase. Machinery and equipment net value increased by \$1,303,254.

A capital asset summary follows below:

### CAPITAL ASSETS NET OF ACCUMULATED DEPRECIATION

	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Land	\$ 698,102	\$ 698,102	\$ 4,593,347	\$ 4,593,347	\$ 5,291,449	\$ 5,291,449
Construction in progress	1,617,115	322,871	216,463	33,520	1,833,578	356,391
Buildings	3,137,058	2,965,977	281,141	289,920	3,418,199	3,255,897
Improvements	2,557,673	1,972,463	6,279,670	6,807,853	8,837,343	8,780,316
Machinery and equipment	522,314	570,305	2,210,809	907,555	2,733,123	1,477,860
Furniture and fixtures	46,449	65,615	955	1,448	47,404	67,063
Vehicles	1,038,954	921,484	494,707	363,416	1,533,661	1,284,900
Totals	\$ 9,617,665	\$ 7,516,817	\$ 14,077,092	\$ 12,997,059	\$ 23,694,757	\$ 20,513,876

## Long-term Debt:

At the end of the 2009 fiscal year, the City had total debt outstanding of \$5,413,903, which consists of revenue bonds, notes payable and capital leases. The City entered into one new debt service agreement for \$1,140,268 to install water valves and a loop water line to improve water service for the citizens of the community. The debt is scheduled to be paid in full in 2029. Governmental activity long term debt outstanding as of June 30, 2009 was \$1,192,355 and business-type long term debt outstanding was \$4,221,548. During the fiscal year governmental funds reduced long term debt by \$335,838 and business-type funds increased long term debt by \$506,725.

### LONG TERM DEBT

	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Notes payable	\$ 742,355	\$ 858,193	\$ 3,116,548	\$ 2,214,823	\$ 3,858,903	\$ 3,073,016
Bonds payable	450,000	670,000	1,070,000	1,395,000	1,520,000	2,065,000
Land capital lease	-	-	35,000	105,000	35,000	105,000
Landfill post closure	-	-	706,380	706,380	706,380	706,380
Compensated absences	306,833	322,865	47,752	53,989	354,585	376,854
Totals	\$ 1,499,188	\$ 1,851,058	\$ 4,975,680	\$ 4,475,192	\$ 6,474,868	\$ 6,326,250

### 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, 2009**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,107,171	\$ 922,833	\$ 4,030,004
Investments	722,331	665,716	1,388,047
Receivables:			
Accounts	104,707	403,559	508,266
Taxes	966,062	18,489	984,551
Intergovernmental	393,001	63,021	456,022
Interest	21	116	137
Returned checks	1,281	1,942	3,223
Inventory	-	42,767	42,767
Internal balances	435	(435)	-
	<u>5,295,009</u>	<u>2,118,008</u>	<u>7,413,017</u>
Total current assets			
<b>NONCURRENT ASSETS</b>			
Restricted assets:			
Cash and cash equivalents	134,271	2,530,329	2,664,600
Investments	-	434,375	434,375
Bond issue costs, net	-	28,357	28,357
Bond reissue costs, net	-	44,247	44,247
Capital assets not being depreciated	2,315,217	4,809,810	7,125,027
Capital assets being depreciated, net	7,302,448	9,267,282	16,569,730
	<u>9,751,936</u>	<u>17,114,400</u>	<u>26,866,336</u>
Total noncurrent assets			
Total assets	<u>\$ 15,046,945</u>	<u>\$ 19,232,408</u>	<u>\$ 34,279,353</u>
<b>LIABILITIES AND NET ASSETS</b>			
Accounts payable	\$ 385,923	\$ 138,408	\$ 524,331
Accrued interest	7,219	18,459	25,678
Accrued salaries	247,730	33,933	281,663
Accrued GGRT taxes	20,459	-	20,459
Unapplied credits	-	18,699	18,699
Current portion of compensated absences	32,264	6,447	38,711
Current portion of long term debt	328,574	666,965	995,539
	<u>1,022,169</u>	<u>882,911</u>	<u>1,905,080</u>
Total current liabilities			
<b>NONCURRENT LIABILITIES</b>			
Customer deposits	-	217,010	217,010
Accrued compensated absences	274,569	41,305	315,874
Landfill closure	-	706,380	706,380
Long term debt due after one year	863,781	3,554,583	4,418,364
	<u>1,138,350</u>	<u>4,519,278</u>	<u>5,657,628</u>
Total noncurrent liabilities			
Total liabilities	2,160,519	5,402,189	7,562,708
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	8,425,310	9,855,544	18,280,854
Restricted for:			
Debt service	23,939	532,430	556,369
Capital projects	110,332	783,548	893,880
Water conservation	-	947,802	947,802
Landfill closure	-	706,380	706,380
Unrestricted	4,326,845	1,004,515	5,331,360
	<u>12,886,426</u>	<u>13,830,219</u>	<u>26,716,645</u>
Total net assets			
Total liabilities and net assets	<u>\$ 15,046,945</u>	<u>\$ 19,232,408</u>	<u>\$ 34,279,353</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
CITY OF PORTALES

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009

Functions/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets			
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Administration	\$ 1,126,704	\$ 129,728	\$ 272,847	\$ 67,501	\$ (656,628)	\$ -	\$ (656,628)
Municipal court	249,627	127,174	545,445	-	422,992	-	422,992
Library	341,393	7,723	28,451	-	(305,219)	-	(305,219)
General services	175,857	-	-	-	(175,857)	-	(175,857)
Fire and emergency management	1,809,515	608,456	337,540	78,779	(784,740)	-	(784,740)
Police	2,164,620	22,893	62,668	-	(2,079,059)	-	(2,079,059)
Senior citizens	104,211	-	14,381	-	(89,830)	-	(89,830)
Streets	1,600,195	-	-	794,195	(806,000)	-	(806,000)
Parks and recreation	832,793	40,088	39,242	948,290	194,827	-	194,827
Public works and transportation	120,787	5,178	68,802	-	(46,807)	-	(46,807)
Interest expense	66,483	-	-	-	(66,483)	-	(66,483)
Unallocated depreciation	771,174	-	-	-	(771,174)	-	(771,174)
Total governmental activities	9,363,359	941,240	1,369,376	1,888,765	(5,163,978)	-	(5,163,978)
Business - type activities:							
Water and sewer	2,747,030	3,931,978	-	262,200	-	1,447,148	1,447,148
Solid waste	1,115,189	1,120,248	-	12,617	-	17,676	17,676
Airport	353,901	138,422	-	11,139	-	(204,340)	(204,340)
Total business - type activities	4,216,120	5,190,648	-	285,956	-	1,260,484	1,260,484
Total primary government	\$ 13,579,479	\$ 6,131,888	\$ 1,369,376	\$ 2,174,721	(5,163,978)	1,260,484	(3,903,494)
General Revenues:							
Gross receipts taxes					5,265,357	119,760	5,385,117
Franchise taxes					332,881	-	332,881
Property taxes					273,079	-	273,079
Gasoline taxes					199,919	-	199,919
Lodger's taxes					89,501	-	89,501
Cigarette taxes					38,931	-	38,931
Water conservation fees					-	278,701	278,701
Investment earnings					9,821	7,202	17,023
Rentals, reimbursements and other					168,474	-	168,474
Transfers, net					1,307,048	(1,307,048)	-
Total general revenues and transfers					7,685,011	(901,385)	6,783,626
Change in net assets					2,521,033	359,099	2,880,132
Net assets - beginning of year					10,365,393	13,471,120	23,836,513
Net assets - end of year					\$ 12,886,426	\$ 13,830,219	\$ 26,716,645

See accompanying notes to financial statements.

**FUND FINANCIAL STATEMENTS**



**STATE OF NEW MEXICO  
CITY OF PORTALES**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2009**

	General Fund	Capital Repair and Replacement	Municipal Street Fund	Other Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,145,578	\$ 42,608	\$ 42,645	\$ 1,876,340	\$ 3,107,171
Restricted cash and cash equivalents	-	-	-	134,271	134,271
Investments	634,480	-	-	87,851	722,331
Receivables:					
Accounts	104,707	-	-	-	104,707
Taxes	817,518	-	39,561	108,983	966,062
Intergovernmental	4,629	373,045	-	15,327	393,001
Interest	-	-	-	21	21
Returned checks	1,281	-	-	-	1,281
Due from other funds	443,240	-	-	157,915	601,155
	<u>\$ 3,151,433</u>	<u>\$ 415,653</u>	<u>\$ 82,206</u>	<u>\$ 2,380,708</u>	<u>\$ 6,030,000</u>
Total assets					
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 98,059	\$ 92,745	\$ 14,534	\$ 180,585	\$ 385,923
Accrued interest	-	-	-	7,219	7,219
Accrued salaries	240,635	-	-	7,095	247,730
Accrued GGRT Bonds	20,459	-	-	-	20,459
Deferred revenue	5,116	-	-	-	5,116
Due to other funds	157,515	168,605	249,818	24,782	600,720
	<u>521,784</u>	<u>261,350</u>	<u>264,352</u>	<u>219,681</u>	<u>1,267,167</u>
Total liabilities					
Fund balances:					
Unreserved					
Undesignated, reported in:					
General fund	2,629,649	-	-	-	2,629,649
Special revenue fund	-	-	(182,146)	1,701,300	1,519,154
Capital projects fund	-	154,303	-	119,298	273,601
Debt service fund	-	-	-	340,429	340,429
	<u>2,629,649</u>	<u>154,303</u>	<u>(182,146)</u>	<u>2,161,027</u>	<u>4,762,833</u>
Total fund balances					
Total liabilities and fund balances	<u>\$ 3,151,433</u>	<u>\$ 415,653</u>	<u>\$ 82,206</u>	<u>\$ 2,380,708</u>	<u>\$ 6,030,000</u>

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, 2009**

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

Fund balances - total governmental funds	\$ 4,762,833
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,617,665
Certain revenues do not meet the measurable and available criteria for revenue recognition in governmental funds, accordingly, these revenues are deferred in the funds.	5,116
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 \$306,833 and note obligations of \$1,192,355.	<u>(1,499,188)</u>
Net assets - statement of net assets	<u>\$ 12,886,426</u>

See accompanying notes to financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009

REVENUES:	General Fund	Capital Repair and Replacement	Municipal Street Fund	Other Nonmajor Funds	Total Governmental Funds
Taxes:					
Gross receipts	\$ 4,711,861	\$ -	\$ -	\$ 681,928	\$ 5,393,789
Franchise	332,881	-	-	-	332,881
Property	267,963	-	-	-	267,963
Other	-	-	199,919	-	199,919
Intergovernmental	132,938	1,478,372	794,195	507,686	2,913,191
Charges for services	608,637	-	-	-	608,637
Licenses, fees and permits	138,627	-	-	116,600	255,227
Fines	103,633	-	-	-	103,633
Rentals	34,780	-	-	-	34,780
Grants and contributions	27,169	89,446	-	208,633	325,248
Interest	-	-	-	14,098	14,098
Other	75,747	-	-	-	75,747
Total revenues	6,434,236	1,567,818	994,114	1,528,945	10,525,113
EXPENDITURES:					
General government	1,847,177	3,358	-	384,969	2,235,504
Public safety	3,739,860	28,027	-	362,765	4,130,652
Public works	477,768	1,816	279,878	115,331	874,793
Culture and recreation	1,160,664	30,587	-	100,764	1,292,015
Capital outlay	60,322	1,567,067	848,005	347,080	2,822,474
Debt service:					
Principal	30,615	-	-	305,223	335,838
Interest and administrative fees	6,789	-	-	68,464	75,253
Total expenditures	7,323,195	1,630,855	1,127,883	1,684,596	11,766,529
Excess (deficiency) of revenues over expenditures	(888,959)	(63,037)	(133,769)	(155,651)	(1,241,416)
Other financing sources (uses):					
Proceeds from issuance of debt	-	-	-	-	-
Transfers in	1,355,000	373,178	89,846	135,047	1,953,071
Transfers out	(646,023)	-	-	-	(646,023)
Total other financing sources (uses)	708,977	373,178	89,846	135,047	1,307,048
Net changes in fund balances	(179,982)	310,141	(43,923)	(20,604)	65,632
Fund balance - beginning of year	2,809,631	(155,838)	(138,223)	2,181,631	4,697,201
Fund balance - end of year	\$ 2,629,649	\$ 154,303	\$ (182,146)	\$ 2,161,027	\$ 4,762,833

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, 2009**

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Net change in fund balances - total governmental funds	\$ 65,632
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 \$2,822,474 exceeded depreciation expense of \$771,174 in the current period.	2,051,300
Disposition of capital assets.	47,115
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.	5,116
Issuance of note obligations is revenue in the governmental funds but increases the liability in the statement of net assets. Repayment of bond and note principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets. This is the amount by which note obligation issuance of \$0 was exceeded by principal repayments of \$335,838.	335,838
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>16,032</u>
Change in net assets of governmental activities	<u>\$ 2,521,033</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, 2009**

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes:				
Gross receipts	\$ 5,124,401	\$ 5,124,401	\$ 4,711,861	\$ (412,540)
Franchise	300,000	300,000	332,881	32,881
Property	280,000	280,000	267,963	(12,037)
Intergovernmental	60,373	194,636	132,938	(61,698)
Charges for services	760,000	760,000	608,637	(151,363)
Licenses, fees and permits	44,100	44,100	138,627	94,527
Fines	109,500	109,500	103,633	(5,867)
Rentals	22,324	22,324	34,780	12,456
Grants and contributions	500	2,247	27,169	24,922
Interest	55,000	55,000	-	(55,000)
Other	161,100	160,353	75,747	(84,606)
Total revenues	6,917,298	7,052,561	6,434,236	(618,325)
Expenditures:				
Current:				
Legislative	483,219	320,299	222,163	98,136
Community development/planning	222,573	214,013	175,112	38,901
Administration	514,759	508,210	462,621	45,589
Finance	541,539	608,771	600,772	7,999
Municipal court	160,579	160,304	144,272	16,032
Library	300,393	299,706	293,650	6,056
General services	184,565	183,797	175,339	8,458
Fire and ambulance	1,691,659	1,663,628	1,639,795	23,833
Emergency management	-	70,899	-	70,899
Police	2,254,906	2,247,786	2,087,588	160,198
Senior citizens	131,471	130,448	103,501	26,947
Technology/IT	156,378	167,378	156,743	10,635
Streets	585,299	575,299	470,141	105,158
Parks	702,118	713,952	611,663	102,289
Recreation	192,551	192,351	146,704	45,647
Public works	6,242	5,930	5,316	614
Total expenditures	8,128,251	8,062,771	7,295,380	767,391
Deficit of revenues over expenditures	(1,210,953)	(1,010,210)	(861,144)	149,066
Other financing sources (uses):				
Operating transfers in	1,355,000	1,355,000	1,355,000	-
Operating transfers out	(461,781)	(662,524)	(646,023)	16,501
Total other financing sources (uses)	893,219	692,476	708,977	16,501
Net changes in fund balances	(317,734)	(317,734)	(152,167)	165,567
Fund balance - beginning of year	2,809,631	2,809,631	2,809,631	-
Fund balance - end of year	\$ 2,491,897	\$ 2,491,897	\$ 2,657,464	\$ 165,567
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (152,167)	
Net revenue accruals			-	
Net expenditure accruals			(27,815)	
Net changes in fund balance GAAP basis			\$ (179,982)	

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, 2009**

	<u>Budgeted Amounts</u>			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental:				
Federal	\$ 477,750	\$ 477,750	\$ 284,172	\$ (193,578)
State	2,062,841	2,062,841	1,194,200	(868,641)
Other	127,000	215,946	89,446	(126,500)
Total revenues	<u>2,667,591</u>	<u>2,756,537</u>	<u>1,567,818</u>	<u>(1,188,719)</u>
Expenditures:				
Current:				
Non capital purchases	-	-	-	-
Capital outlay	<u>2,874,872</u>	<u>3,129,715</u>	<u>1,567,067</u>	<u>1,562,648</u>
Total expenditures	<u>2,874,872</u>	<u>3,129,715</u>	<u>1,567,067</u>	<u>1,562,648</u>
Deficit of revenues over expenditures	(207,281)	(373,178)	751	373,929
Other financing sources:				
Transfers in	<u>207,281</u>	<u>373,178</u>	<u>373,178</u>	<u>-</u>
Net changes in fund balances	-	-	373,929	373,929
Fund balance - beginning of year	<u>(155,838)</u>	<u>(155,838)</u>	<u>(155,838)</u>	<u>-</u>
Fund balance - end of year	<u>\$ (155,838)</u>	<u>\$ (155,838)</u>	<u>\$ 218,091</u>	<u>\$ 373,929</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 373,929	
Net revenue accruals			-	
Net expenditure accruals			<u>(63,788)</u>	
Net changes in fund balance GAAP basis			<u>\$ 310,141</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, 2009**

	<u>Budgeted Amounts</u>			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental:				
State allocations	\$ 968,302	\$ 1,018,302	\$ 794,195	\$ (224,107)
Taxes:				
Gasoline taxes	-	-	199,919	199,919
Total revenue	968,302	1,018,302	994,114	(24,188)
Expenditures:				
Current:				
Repairs and maintenance	5,000	5,000	90,967	(85,967)
Supplies	80,000	80,000	187,294	(107,294)
Capital outlay	1,005,124	1,089,970	848,005	241,965
Total expenditures	1,090,124	1,174,970	1,126,266	48,704
Deficit of revenues over expenditures	(121,822)	(156,668)	(132,152)	(24,516)
Other financial uses				
Transfers in	55,000	89,846	89,846	-
Transfers out	-	-	-	-
Net change in fund balances	(66,822)	(66,822)	(42,306)	24,516
Fund balance - beginning of year	(138,223)	(138,223)	(138,223)	-
Fund balance - end of year	<u>\$ (205,045)</u>	<u>\$ (205,045)</u>	<u>\$ (180,529)</u>	<u>\$ 24,516</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (42,306)	
Net revenue accruals			-	
Net expenditure accruals			<u>(1,617)</u>	
Net changes in fund balance GAAP basis			<u>\$ (43,923)</u>	

See accompanying notes to financial statements.

**PROPRIETARY FUNDS**



**STATE OF NEW MEXICO  
CITY OF PORTALES**

**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS  
JUNE 30, 2009**

	Water and Sewer Fund	Solid Waste Fund	Airport Fund	Total Proprietary Funds
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents	\$ 669,981	\$ 252,702	\$ 150	\$ 922,833
Investments	470,491	195,225	-	665,716
Receivables:				
Accounts	308,311	95,248	-	403,559
Taxes	-	18,489	-	18,489
Interest	116	-	-	116
Intergovernmental	63,021	-	-	63,021
Returned checks	1,837	105	-	1,942
Inventory	-	-	42,767	42,767
Due from (to) other funds	(266)	(169)	-	(435)
	<u>1,513,491</u>	<u>561,600</u>	<u>42,917</u>	<u>2,118,008</u>
Total current assets				
<b>NONCURRENT ASSETS:</b>				
Restricted assets:				
Cash and cash equivalents	2,530,329	-	-	2,530,329
Investment	434,375	-	-	434,375
Bond issue costs, net	28,357	-	-	28,357
Bond reissue costs, net	44,247	-	-	44,247
Capital assets, net	11,716,402	407,145	1,953,545	14,077,092
	<u>14,753,710</u>	<u>407,145</u>	<u>1,953,545</u>	<u>17,114,400</u>
Total noncurrent assets				
Total assets	<u>\$ 16,267,201</u>	<u>\$ 968,745</u>	<u>\$ 1,996,462</u>	<u>\$ 19,232,408</u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable	92,799	43,471	2,138	138,408
Accrued interest	18,459	-	-	18,459
Accrued salaries	21,664	10,769	1,500	33,933
Unapplied credits	2,209	16,490	-	18,699
Current portion of compensated absences	4,347	1,466	634	6,447
Current portion of long term debt	665,700	819	446	666,965
	<u>805,178</u>	<u>73,015</u>	<u>4,718</u>	<u>882,911</u>
Total current liabilities				
<b>NONCURRENT LIABILITIES:</b>				
Customer deposits	217,010	-	-	217,010
Accrued compensated absences	27,848	9,392	4,065	41,305
Landfill closure	-	706,380	-	706,380
Long term debt due after one year	3,550,671	2,532	1,380	3,554,583
	<u>3,795,529</u>	<u>718,304</u>	<u>5,445</u>	<u>4,519,278</u>
Total non-current liabilities				
Total liabilities	4,600,707	791,319	10,163	5,402,189
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	7,500,031	403,794	1,951,719	9,855,544
Restricted for:				
Debt service	532,430	-	-	532,430
Capital projects	783,548	-	-	783,548
Water conservation	947,802	-	-	947,802
Landfill closure	-	706,380	-	706,380
Unrestricted	1,902,683	(932,748)	34,580	1,004,515
	<u>11,666,494</u>	<u>177,426</u>	<u>1,986,299</u>	<u>13,830,219</u>
Total net assets				
Total liabilities and net assets	<u>\$ 16,267,201</u>	<u>\$ 968,745</u>	<u>\$ 1,996,462</u>	<u>\$ 19,232,408</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, 2009**

	Water and Sewer Fund	Solid Waste Fund	Airport Fund	Total Proprietary Funds
Operating revenues:				
Charges for services	\$ 3,762,410	\$ 1,120,248	\$ -	\$ 4,882,658
Fuel sales	-	-	102,271	102,271
Late charges	87,797	-	952	88,749
Rentals	2,500	-	34,533	37,033
Tapping and reconnect fees	78,283	-	-	78,283
Other and miscellaneous	988	-	666	1,654
Total operating revenues	3,931,978	1,120,248	138,422	5,190,648
Operating expenses:				
Salaries and wages	481,503	262,813	31,465	775,781
Employee benefits	198,638	112,298	7,599	318,535
Maintenance	627,784	97,508	14,693	739,985
Contracted and purchased services	87,758	509,413	510	597,681
Supplies	52,739	64,892	8,659	126,290
Noncapital purchases	6,271	3,004	1,486	10,761
Operating costs	500,863	6,629	125,251	632,743
Depreciation	597,550	58,632	164,238	820,420
Amortization	36,302	-	-	36,302
Total operating expenses	2,589,408	1,115,189	353,901	4,058,498
Operating income (loss)	1,342,570	5,059	(215,479)	1,132,150
Non-operating revenues (expenses):				
Investment income	4,559	2,643	-	7,202
Environmental gross receipts tax	-	119,760	-	119,760
Water conservation fees	278,701	-	-	278,701
Grant proceeds	262,200	12,617	11,139	285,956
Interest expense	(157,622)	-	-	(157,622)
Total non-operating revenues (expenses)	387,838	135,020	11,139	533,997
Income (loss) before transfers	1,730,408	140,079	(204,340)	1,666,147
Transfers:				
Transfers in	581,751	-	47,952	629,703
Transfers out	(1,861,751)	(75,000)	-	(1,936,751)
Total transfers	(1,280,000)	(75,000)	47,952	(1,307,048)
Change in net assets	450,408	65,079	(156,388)	359,099
Net assets - beginning of year	11,216,086	112,347	2,142,687	13,471,120
Net assets - end of year	\$ 11,666,494	\$ 177,426	\$ 1,986,299	\$ 13,830,219

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, 2009**

	Water and Sewer Fund	Solid Waste Fund	Airport Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 4,006,383	\$ 1,121,018	\$ 138,422	\$ 5,265,823
Payments to suppliers and contractors	(1,218,918)	(649,432)	(149,933)	(2,018,283)
Payments to employees for services	(650,002)	(377,245)	(45,067)	(1,072,314)
Net cash provided by (used in) operating activities	<u>2,137,463</u>	<u>94,341</u>	<u>(56,578)</u>	<u>2,175,226</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>				
Environmental gross receipts tax	-	119,760	-	119,760
Due to / from other funds	(75,251)	(6,268)	(15,331)	(96,850)
Water conservation fees	278,701	-	-	278,701
Grant proceeds	-	-	11,139	11,139
Net transfers in (out)	(1,280,000)	(75,000)	47,952	(1,307,048)
Net cash provided by (used in) non-capital and related financing activities	<u>(1,076,550)</u>	<u>38,492</u>	<u>43,760</u>	<u>(994,298)</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</b>				
Grant proceeds	262,200	12,617	13,195	288,012
Interest expense	(160,304)	-	-	(160,304)
Purchase of capital assets	(685,871)	(74,314)	-	(760,185)
Principal payments on debt	(632,474)	(693)	(377)	(633,544)
Net cash provided by (used in) capital financing activities	<u>(1,216,449)</u>	<u>(62,390)</u>	<u>12,818</u>	<u>(1,266,021)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Investment income	27,353	7,418	-	34,771
Net cash used in investing activities	<u>27,353</u>	<u>7,418</u>	<u>-</u>	<u>34,771</u>
Net increase (decrease) in cash	(128,183)	77,861	-	(50,322)
Cash and cash equivalents, beginning of year	<u>3,328,493</u>	<u>174,841</u>	<u>150</u>	<u>3,503,484</u>
Cash and cash equivalents, end of year	<u>\$ 3,200,310</u>	<u>\$ 252,702</u>	<u>\$ 150</u>	<u>\$ 3,453,162</u>
<b>Reconciliation to cash and cash equivalents balances at year end:</b>				
Unrestricted cash	\$ 669,981	\$ 252,702	\$ 150	\$ 922,833
Restricted cash	<u>2,530,329</u>	<u>-</u>	<u>-</u>	<u>2,530,329</u>
Total cash and cash equivalents	<u>\$ 3,200,310</u>	<u>\$ 252,702</u>	<u>\$ 150</u>	<u>\$ 3,453,162</u>
<b>SCHEDULE OF NONCASH FINANCING AND INVESTING TRANSACTIONS:</b>				
Issuance of long-term note payable for additions to water improvement system	<u>\$ 1,140,268</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,140,268</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH:</b>				
Provided by (used in) operating activities:				
Operating income (loss)	\$ 1,342,570	\$ 5,059	\$ (215,479)	\$ 1,132,150
Adjustment to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation	597,550	58,632	164,238	820,420
Amortization	36,302	-	-	36,302
Changes in assets and liabilities:				
Receivables	63,811	(4,971)	-	58,840
Returned checks	(463)	-	-	(463)
Inventory	-	-	(6,030)	(6,030)
Accounts payable	92,799	32,014	666	125,479
Accrued wages	830	(2,558)	(305)	(2,033)
Unapplied credits	629	5,741	-	6,370
Compensated absences	(6,993)	424	332	(6,237)
Customer deposits	10,428	-	-	10,428
Net cash provided by (used in) operating activities	<u>\$ 2,137,463</u>	<u>\$ 94,341</u>	<u>\$ (56,578)</u>	<u>\$ 2,175,226</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, 2009**

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**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 two funds with deficit balances as of June 30, 2009: Municipal Street fund of \$(182,146) and Library fund of \$(434). 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**

***Cash and Cash Equivalents***—For purpose of the statement of cash flows, the City considers all highly liquid investments, including restricted assets, with a maturity when purchased of three months or less to be cash equivalents.

***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 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:

	<b>Years</b>
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, 2009.

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 \$250,000 in aggregate and separate from the \$250,000 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, 2009. The City's investments as of June 30, 2009 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, 2009.

***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 43 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, 2009 is \$1,822,422.

***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 \$1,637,763 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, 2009 is as follows:

	First Community Bank	Portales National Bank	Wells Fargo Bank	New Mexico Finance Authority	Bank of Albuquerque	Linsco/ Private Ledger	Total
Total cash deposits	\$ 4,630,097	\$ 53,104	\$ 523	\$ 300,091	\$ -	\$ 1,637,762	\$ 6,621,577
AP Institutional US Treasury Fund #52 held by the trustee in the City's name	-	-	-	-	322,082	-	322,082
Securities underlying a repurchase held by the investment trustee's counterparty in the City's name	-	-	-	-	44,528	-	44,528
FDIC/SPIC coverage	<u>(4,754,808)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>(6,254,808)</u>
Uninsured funds subject to custodial credit risk	(124,711)	(196,896)	(249,477)	300,091	(133,390)	1,137,762	733,379
Lloyd's of London securities insurance protection	-	-	-	-	-	1,137,762	1,137,762
Collateralized by securities held by the pledging institution or by its trust department or agent in the City's name	<u>494,294</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>494,294</u>
Funds (over) under collateralized - total funds subject to custodial credit risk	<u>\$ (619,005)</u>	<u>\$ (196,896)</u>	<u>\$ (249,477)</u>	<u>\$ 300,091</u>	<u>\$ (133,390)</u>	<u>\$ -</u>	<u>\$ (898,677)</u>

The following summarizes the collateral requirements at June 30, 2009:

50% of uninsured funds	\$ (62,356)	\$ (98,448)	\$ (124,739)	\$ -	\$ -	\$ -	\$ (285,543)
102% of repurchase agreement	-	-	-	-	45,419	-	45,419
Pledged securities	<u>494,294</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>494,294</u>
(Over) under collateralized	<u>\$ (556,650)</u>	<u>\$ (98,448)</u>	<u>\$ (124,739)</u>	<u>\$ -</u>	<u>\$ 45,419</u>	<u>\$ -</u>	<u>\$ (734,418)</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 \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

#### 4. ACCOUNTS RECEIVABLE

Accounts receivable reported in the business-type activities at June 30, 2009 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, 2009:

	<b>Accounts Receivable</b>	<b>Allowance for Uncollectibles</b>	<b>Total</b>
Water and sewer	\$ 543,640	\$ (235,329)	\$ 308,311
Solid waste	139,399	(44,151)	95,248
	<u>\$ 683,039</u>	<u>\$ (279,480)</u>	<u>\$ 403,559</u>

The general fund receivable of \$104,707 consists of ambulance charges outstanding at June 30, 2009. 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:

	<b>Taxes Receivable</b>
Gross receipts taxes	\$ 724,331
Franchise	77,489
Property taxes	11,352
Other	4,346
	<u>\$ 817,518</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 \$5,116.

**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, 2009 is as follows:

**TRANSFERS:**

<b>From Fund</b>	<b>To Fund</b>	<b>Amount</b>	<b>Purpose</b>
General Fund	Solid Waste	\$ 75,000	Subsidize general fund operations
General Fund	Water and Sewer	1,280,000	Subsidize general fund operations
Library Fund	General Fund	25,000	Fund library operations
Capital Repair and Replacement	General Fund	373,178	Fund capital expenditures
CDBG - Capital Projects	General Fund	50,000	Fund match for federal CDBG grant
Planning	General Fund	547	Fund match for planning grant
Airport Enterprise	General Fund	47,952	Subsidize airport operations
Correction Fund	General Fund	10,000	Subsidize correctional operations
Portales Area Transit	General Fund	49,500	Subsidize P.A.T. operations
Municipal Street Fund	General Fund	89,846	Fund street expenditures
W&S Improvement Revenue Bonds	Water & Sewer	427,745	Debt service payments
Water & Sewer	Water Improvement	206,804	Fund capital improvements reserve
		<u>\$ 2,635,572</u>	

**BALANCES:**

<b>From Fund</b>	<b>To Fund</b>	<b>Amount</b>	<b>Purpose</b>
Water and Sewer	Water Conservation	\$ 23,967	Fund Expenditure Reimbursement
General Fund	Streets Fund	249,818	Fund Expenditure Reimbursement
General Fund	Capital Repair and Replacement	168,605	Fund Expenditure Reimbursement
Capital Projects	Water and Sewer	401	Fund Expenditure Reimbursement
General Fund	Solid Waste	169	GGRT Collections Due
Water & Sewer	General Fund	135	GGRT Collections Due
General Fund	Beautification/Litter Control	1,028	Fund Expenditure Reimbursement
General Fund	Portales Area Transit	23,754	Fund Expenditure Reimbursement
Economic Development	General Fund	157,514	Fund Expenditure Reimbursement

## 6. CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2009 is as follows:

	Balance June 30, 2008	Additions	Retirements and Transfers	Balance June 30, 2009
<b>Governmental Activities:</b>				
Assets not being depreciated:				
Land	\$ 698,102	\$ -	\$ -	\$ 698,102
Construction in progress	322,871	1,505,193	(210,949)	1,617,115
Total assets not being depreciated	1,020,973	1,505,193	(210,949)	2,315,217
Assets being depreciated:				
Buildings	5,923,514	355,540	-	6,279,054
Improvements	2,949,702	684,843	-	3,634,545
Machinery and equipment	2,640,561	103,157	(1,025)	2,742,693
Furniture and fixtures	203,872	-	-	203,872
Vehicles	3,175,465	438,127	(95,156)	3,518,436
Total assets being depreciated	14,893,114	1,581,667	(96,181)	16,378,600
Less accumulated depreciation for:				
Buildings	(2,957,537)	(184,459)	-	(3,141,996)
Improvements	(977,239)	(99,633)	-	(1,076,872)
Machinery and equipment	(2,070,256)	(150,448)	325	(2,220,379)
Furniture and fixtures	(138,257)	(19,166)	-	(157,423)
Vehicles	(2,253,981)	(317,468)	91,967	(2,479,482)
Total accumulated depreciation	(8,397,270)	(771,174)	92,292	(9,076,152)
Total assets being depreciated, net	6,495,844	810,493	(3,889)	7,302,448
Governmental capital assets, net	<u>\$ 7,516,817</u>	<u>\$ 2,315,686</u>	<u>\$ (214,838)</u>	<u>\$ 9,617,665</u>
<b>Business-type Activities:</b>				
Assets not being depreciated:				
Land	\$ 4,593,347	\$ -	\$ -	\$ 4,593,347
Construction in progress	33,520	182,943	-	216,463
Total assets not being depreciated	4,626,867	182,943	-	4,809,810
Assets being depreciated:				
Buildings	1,153,940	-	13,751	1,167,691
Improvements	17,763,225	-	(13,751)	17,749,474
Machinery and equipment	2,707,357	1,513,156	-	4,220,513
Furniture and fixtures	4,929	-	-	4,929
Vehicles	1,134,950	204,354	-	1,339,304
Total assets being depreciated	22,764,401	1,717,510	-	24,481,911
Less accumulated depreciation for:				
Buildings	(864,020)	(22,530)	-	(886,550)
Improvements	(10,955,372)	(514,432)	-	(11,469,804)
Machinery and equipment	(1,799,802)	(209,902)	-	(2,009,704)
Furniture and fixtures	(3,481)	(493)	-	(3,974)
Vehicles	(771,534)	(73,063)	-	(844,597)
Total accumulated depreciation	(14,394,209)	(820,420)	-	(15,214,629)
Total assets being depreciated, net	8,370,192	897,090	-	9,267,282
Business-type capital assets, net	<u>\$ 12,997,059</u>	<u>\$ 1,080,033</u>	<u>\$ -</u>	<u>\$ 14,077,092</u>

The City reported \$771,174 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, 2009, was as follows:

	Balance June 30, 2008	Additions	Reductions	Balance June 30, 2009
<b>Governmental Activities:</b>				
Sales Tax Refund/Improv. Bonds	\$ 670,000	\$ -	\$ (220,000)	\$ 450,000
NMFA – Recreation Center	380,318	-	(27,758)	352,560
Lasalle Bank – HVAC System	23,527	-	(14,501)	9,026
Municipal Court Building	15,402	-	(15,402)	-
John Deere Credit	-	-	-	-
Kansas St. Bank – Fire Truck	125,776	-	(23,085)	102,691
Parking Lot	-	-	-	-
NM Retiree Health Care Authority	79,836	-	(15,213)	64,623
NMFA Loan - Fire pumper Truck	233,334	-	(19,879)	213,455
	<u>\$ 1,528,193</u>	<u>\$ -</u>	<u>\$ (335,838)</u>	<u>\$ 1,192,355</u>
Total Governmental Debt	<u>\$ 1,528,193</u>	<u>\$ -</u>	<u>\$ (335,838)</u>	<u>\$ 1,192,355</u>
<b>Business-Type Activities:</b>				
Water/Sewer Revenue Bonds	\$ 1,395,000	\$ -	\$ (325,000)	\$ 1,070,000
NMFA – Blackwater Well Field	2,201,773	-	(236,309)	1,965,464
Land Capital Lease	105,000	-	(70,000)	35,000
NMRHCA	13,050	-	(2,234)	10,816
Water Improvement	-	1,140,268	-	1,140,268
	<u>\$ 3,714,823</u>	<u>\$ 1,140,268</u>	<u>\$ (633,543)</u>	<u>\$ 4,221,548</u>
Total Business-Type Debt	<u>\$ 3,714,823</u>	<u>\$ 1,140,268</u>	<u>\$ (633,543)</u>	<u>\$ 4,221,548</u>

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

Year Ended June 30,	Governmental			Business-		
	Principal	Interest	Total	Principal	Type Interest	Total
2010	\$ 328,574	\$ 66,584	\$ 395,158	\$ 666,965	\$ 171,683	\$ 838,648
2011	312,431	50,905	363,336	658,775	144,195	802,970
2012	100,478	34,959	135,437	691,335	115,262	806,597
2013	95,690	19,228	114,918	328,723	84,140	412,863
2014	56,816	15,035	71,851	340,560	70,644	411,204
2015 - 2019	298,366	38,816	337,182	1,535,190	282,790	1,817,980
	<u>\$ 1,192,355</u>	<u>\$ 225,527</u>	<u>\$ 1,417,882</u>	<u>\$ 4,221,548</u>	<u>\$ 868,714</u>	<u>\$ 5,090,262</u>
Total	<u>\$ 1,192,355</u>	<u>\$ 225,527</u>	<u>\$ 1,417,882</u>	<u>\$ 4,221,548</u>	<u>\$ 868,714</u>	<u>\$ 5,090,262</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
<b>Governmental Activities:</b>						
Sales Tax Refund/Improv. Bonds	Varies to 5.00%	Semiannual Interest, Annual Principal	Approximately \$253,000 Annually	June 2011	\$ 230,000	Sales Tax Revenue
NMFA – Recreation Center	Varies to 5.47%	Monthly	\$4,085	May 2019	27,840	Capital Projects
Lasalle Bank – HVAC System	6.25%	Quarterly	\$3,625	December 2009	9,026	Energy Conservation
Kansas St. Bank – Fire Truck	4.30%	Annual	\$28,491	March 2013	24,076	Fire Protection
NM Retiree Health Care Authority	7.50%	Monthly	\$1,782	June 2013	16,176	General
NMFA – Fire Pumper Truck	3.77%	Annual	\$26,676	May 2008	21,456	Fire Protection
Varlesto					<u>21,456</u>	
					<u>\$328,574</u>	
<b>Business-Type Activities:</b>						
Water/Sewer Revenue Bonds	Varies to 4.90%	Semiannual Interest, Annual Principal	Approximately \$391,000 Annually	June 2012	\$ 340,000	Water and Sewer
NMFA – Blackwater Well Field	Varies to 4.79%	Monthly	\$27,918	May 2016	245,963	Water and Sewer
Land Capital Lease	0% - Imputed at 4%	Semiannual	\$35,000	December 2009	35,000	Water and Sewer
Water Improvement	3%	Annual	\$78,308.8	September 11, 2029	\$43,358	Water Conservation
NMRHCA	7.50%	Monthly	\$261	June 2013	<u>2,644</u>	Solid Waste, Airport, Water and Sewer
					<u>\$ 666,965</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, 2008	Additions	Reductions	Balance June 30, 2009	Due Within One Year
Governmental Activities	\$ 322,865	\$ 216,723	\$ (232,755)	\$ 306,833	\$ 32,264
Business-Type Activities	53,989	33,667	(39,904)	47,752	6,447
	<u>\$ 376,854</u>	<u>\$ 250,390</u>	<u>\$ (272,659)</u>	<u>\$ 354,585</u>	<u>\$ 38,711</u>

**9. REVENUE BONDS**

The City has the capacity and has issued both Sales Tax and Revenue Bonds whereby the City has pledged income derived from the Gross Receipts Tax and billings on water to pay the required debt service on the bonds. Moody's Investors Service affirmed the A3 underlying rating for both the Sales Tax and Revenue Bonds in July, 2009. No new bonds were issued in the current year.

**10. LANDFILL CLOSURE AND POST-CLOSURE COSTS**

State and federal laws and regulations require that the City place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure of the landfill site. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste.

The recognition of these landfill closure and post-closure care costs is based on the amount of the landfill used during the year. The landfill was closed in 1997. The estimated liability for landfill closure and postclosure care costs is \$706,380 as of June 30, 2009, which is based on 100 percent usage (filled) of the landfill. The estimated total current cost of the landfill closure and postclosure care is based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of June 30, 2009. However, the actual cost of post-closure care may be higher due to inflation, changes in technology, or changes in state and federal landfill laws and regulations.

**11. 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. The City participates in the New Mexico Self-Insurer's Fund risk pool. The New Mexico Self-Insurer's Fund risk pool operates as a common risk management and insurance program for workers compensation and property and casualty coverage.

These funds are funded entirely by member contributions and are administered by the New Mexico Self-Insurer's Fund. The pools are authorized by joint powers agreements entered into by each participating entity as a separate and independent government and legal entity pursuant to the provisions of Section 11-1-1 et. Seq. NMSA 1978. The City's contributions for the year ended June 30, 2009 were \$492,958.

The City has not filed any claims for which the settlement amount exceeded the insurance coverage in any preceding years. However, should a claim be filed against the Authority which exceeds the insurance coverage, the City would be responsible for a loss in excess of the coverage amounts. As claims are filed, the New Mexico Self-Insurer's Fund assesses and estimates the potential for loss.

At June 30, 2009 no unpaid claims have been filed which exceed the policy limits and to the best of management's knowledge and belief all known and unknown claims will be covered by insurance. No major lawsuits have been filed against the City.

## 12. 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](http://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, 2009, 2008, and 2007 were \$590,505, \$571,314 and \$537,562, respectively, which equal the amount of the required contributions for each fiscal year.

## 13. 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](http://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, 2009, 2008, and 2007 were \$56,895, \$55,007, and \$51,053, respectively, in employer contributions to the Retiree Health Care Authority.

#### **14. 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.

#### **15. ACCOUNTING STANDARDS**

In February 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions which is effective for financial statements for periods beginning after June 15, 2010, with earlier application encouraged. The Statement establishes the fund balance classifications for governmental funds. 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 March 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, which is effective upon its issuance. The objective of this Statement is to incorporate the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB authoritative literature. 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 March 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 56, Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards, which is effective upon its issuance. This Statement establishes accounting and financial reporting standards for related party transactions, subsequent events, and going concern considerations. The City incorporated this statement for the current fiscal year, and believes it had no significant effect on the financial statements for the year.

**SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO  
CITY OF PORTALES**

**DESCRIPTION OF NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2009**

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**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, 2009

	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	
<b>ASSETS</b>								
Cash and cash equivalents	\$ 3,912	\$ 7,826	\$ 5	\$ 55,875	\$ -	\$ 28	\$ 28	
Restricted cash and cash equivalents	-	-	-	23,939	-	-	-	
Investments	-	-	-	-	-	-	-	
Taxes receivable	-	-	-	-	-	-	-	
Intergovernmental receivable	-	-	-	-	3,230	-	-	
Accrued interest receivable	-	-	-	5	-	-	-	
Due from other funds	-	-	-	-	-	-	-	
<b>Total assets</b>	<b>\$ 3,912</b>	<b>\$ 7,826</b>	<b>\$ 5</b>	<b>\$ 79,819</b>	<b>\$ 3,230</b>	<b>\$ 28</b>	<b>\$ 28</b>	
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	\$ 3,493	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 462	
Accrued interest	-	-	-	2,309	-	-	-	
Accrued salaries	-	-	-	-	1,070	-	-	
Due to other funds	-	-	-	-	1,028	-	-	
<b>Total liabilities</b>	<b>3,493</b>	<b>-</b>	<b>-</b>	<b>2,309</b>	<b>2,098</b>	<b>-</b>	<b>462</b>	
Fund balances:								
Unreserved:								
Undesignated, reported in:								
Special revenue fund	419	7,826	5	77,510	1,132	28	(434)	
Capital projects fund	-	-	-	-	-	-	-	
Debt service fund	-	-	-	-	-	-	-	
<b>Total fund balances</b>	<b>419</b>	<b>7,826</b>	<b>5</b>	<b>77,510</b>	<b>1,132</b>	<b>28</b>	<b>(434)</b>	
<b>Total liabilities and fund balances</b>	<b>\$ 3,912</b>	<b>\$ 7,826</b>	<b>\$ 5</b>	<b>\$ 79,819</b>	<b>\$ 3,230</b>	<b>\$ 28</b>	<b>\$ 28</b>	

Continued



STATE OF NEW MEXICO  
CITY OF PORTALES

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2009

	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
<b>ASSETS</b>							
Cash and cash equivalents	\$ 224,107	\$ 105,128	\$ 91,815	\$ 27,023	\$ 8,115	\$ 29,941	\$ 61,251
Restricted cash and cash equivalents	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Taxes receivable	14,086	5,584	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-	12,097	-
Accrued interest receivable	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	401
<b>Total assets</b>	<b>\$ 238,193</b>	<b>\$ 110,712</b>	<b>\$ 91,815</b>	<b>\$ 27,023</b>	<b>\$ 8,115</b>	<b>\$ 42,038</b>	<b>\$ 61,652</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 16,356	\$ 1,458	\$ 1,143	\$ -	\$ -	\$ 985	\$ -
Accrued interest	-	-	-	-	-	-	-
Accrued salaries	-	2,550	-	-	-	3,475	-
Due to other funds	-	-	-	-	-	23,754	-
<b>Total liabilities</b>	<b>16,356</b>	<b>4,008</b>	<b>1,143</b>	<b>-</b>	<b>-</b>	<b>28,214</b>	<b>-</b>
Fund balances:							
Unreserved:							
Undesignated, reported in:							
Special revenue fund	221,837	106,704	90,672	27,023	8,115	13,824	61,652
Capital projects fund	-	-	-	-	-	-	-
Debt service funds	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>221,837</b>	<b>106,704</b>	<b>90,672</b>	<b>27,023</b>	<b>8,115</b>	<b>13,824</b>	<b>61,652</b>
<b>Total liabilities and fund balances</b>	<b>\$ 238,193</b>	<b>\$ 110,712</b>	<b>\$ 91,815</b>	<b>\$ 27,023</b>	<b>\$ 8,115</b>	<b>\$ 42,038</b>	<b>\$ 61,652</b>

Continued

STATE OF NEW MEXICO  
CITY OF PORTALES

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2009

	Special Revenue Funds							Total Nonmajor Special Revenue Funds
	Comprehensive Plan Fund	Energy Conservation Lease Debt Service Fund	Risk Management Fund	Criminal Justice Fund	Main Street Fund	Economic Development Fund		
<b>ASSETS</b>								
Cash and cash equivalents	\$ -	\$ 7,250	\$ 12,299	\$ 3,439	\$ 10,818	\$ 923,152	\$ 1,572,012	
Restricted cash and cash equivalents	-	-	-	-	-	-	23,939	
Investments	-	-	87,851	-	-	-	87,851	
Taxes receivable	-	2,417	-	-	-	36,972	59,059	
Intergovernmental receivable	-	-	-	-	-	-	15,327	
Accrued interest receivable	-	-	-	-	-	-	5	
Due from other funds	-	-	-	-	-	157,514	157,915	
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 9,667</b>	<b>\$ 100,150</b>	<b>\$ 3,439</b>	<b>\$ 10,818</b>	<b>\$ 1,117,638</b>	<b>\$ 1,916,108</b>	
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ 688	\$ -	\$ 156,000	\$ 180,585	
Accrued interest	-	37	-	-	-	-	2,346	
Accrued salaries	-	-	-	-	-	-	7,095	
Due to other funds	-	-	-	-	-	-	24,782	
<b>Total liabilities</b>	<b>-</b>	<b>37</b>	<b>-</b>	<b>688</b>	<b>-</b>	<b>156,000</b>	<b>214,808</b>	
Fund balances:								
Unreserved:								
Undesignated, reported in:								
Special revenue fund	-	9,630	100,150	2,751	10,818	961,638	1,701,300	
Capital projects fund	-	-	-	-	-	-	-	
Debt service fund	-	-	-	-	-	-	-	
<b>Total fund balances</b>	<b>-</b>	<b>9,630</b>	<b>100,150</b>	<b>2,751</b>	<b>10,818</b>	<b>961,638</b>	<b>1,701,300</b>	
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ 9,667</b>	<b>\$ 100,150</b>	<b>\$ 3,439</b>	<b>\$ 10,818</b>	<b>\$ 1,117,638</b>	<b>\$ 1,916,108</b>	

Continued

STATE OF NEW MEXICO  
CITY OF PORTALES

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2009

	Capital Projects Funds	Debt Service Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,778	\$ 300,550	\$ 1,876,340
Restricted cash and cash equivalents	110,332	-	134,271
Investments	-	-	87,851
Taxes receivable	8,170	41,754	108,983
Intergovernmental receivable	-	-	15,327
Accrued interest receivable	16	-	21
Due from other funds	-	-	157,915
Total assets	\$ 122,296	\$ 342,304	\$ 2,380,708
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 180,585
Accrued interest	2,998	1,875	7,219
Accrued salaries	-	-	7,095
Due to other funds	-	-	24,782
Total liabilities	2,998	1,875	219,681
Fund balances:			
Unreserved:			
Undesignated, reported in:			
Special revenue funds	-	-	1,701,300
Capital projects funds	119,298	-	119,298
Debt service funds	-	340,429	340,429
Total fund balances	119,298	340,429	2,161,027
Total liabilities and fund balances	\$ 122,296	\$ 342,304	\$ 2,380,708

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, 2009**

	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	\$ -	\$ 32,797	\$ 47,425	\$ 168,276	\$ 9,692	\$ 33,200	\$ 14,377			
Taxes	-	-	-	-	-	-	-			
Fees, fines and forfeitures	22,498	-	-	-	-	-	-			
Grants and contributions	-	-	-	-	-	-	-			14,074
Interest and other	-	-	-	1,333	-	-	-			-
Total revenues	22,498	32,797	47,425	169,609	9,692	33,200	28,451			
Expenditures:										
General government	-	-	-	-	9,750	-	-			
Public safety	40,068	21,074	47,425	95,867	-	13,613	-			
Public works	-	-	-	-	-	-	-			
Culture and recreation	-	-	-	-	-	13,809	46,723			
Capital outlay	-	8,581	-	311,216	-	5,495	-			
Debt service	-	-	-	42,964	-	-	-			
Principal	-	-	-	15,241	-	-	-			
Interest	-	-	-	-	-	-	-			
Total expenditures	40,068	29,655	47,425	465,288	9,750	32,917	46,723			
Excess (deficit) of revenues over expenditures	(17,570)	3,142	-	(295,679)	(58)	283	(18,272)			
Other financing sources:										
Proceeds from issuance of debt	-	-	-	-	-	-	-			25,000
Transfers in (out)	10,000	-	-	-	-	-	-			-
Total other financing sources	10,000	-	-	-	-	-	-			25,000
Net changes in fund balances	(7,570)	3,142	-	(295,679)	(58)	283	6,728			
Fund balance - beginning of year	7,989	4,684	\$ -	373,189	1,190	(255)	(7,162)			
Fund balance - end of year	\$ 419	\$ 7,826	\$ -	\$ 77,510	\$ 1,132	\$ 28	\$ (434)			

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, 2009

	Special Revenue Funds							Community Development Block Grant Fund
	Lodgers Tax Fund	Recreation Fund	Local DWI Program Fund	Law Enforcement Special Revenue Fund	CDBG Rehabilitation Loan Repayment Fund	Portales Area Transit Fund		
Revenues:								
Intergovernmental	\$ -	\$ -	\$ 111,704	\$ -	\$ -	\$ -	\$ 68,802	\$ -
Taxes	89,501	38,931	-	-	-	-	-	-
Fees, fines and forfeitures	461	25,922	27,960	25,408	-	-	5,178	-
Grants and contributions	-	14,599	16,500	7,400	-	-	-	-
Interest and other	620	-	-	-	-	-	-	-
Total revenues	90,582	79,452	156,164	32,808	-	-	73,980	-
Expenditures:								
General government	68,503	-	-	-	-	-	-	-
Public safety	-	-	132,657	2,419	-	-	-	-
Public works	-	-	-	-	-	-	115,331	-
Culture and recreation	-	40,232	-	-	-	-	-	-
Capital outlay	-	-	-	21,788	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	68,503	40,232	132,657	24,207	-	-	115,331	-
Excess (deficit) of revenues over expenditures	22,079	39,220	23,507	8,601	-	-	(41,351)	-
Other financing sources:								
Proceeds from issuance of debt	-	-	-	-	-	-	-	50,000
Transfers in (out)	-	-	-	-	-	-	49,500	-
Total other financing sources	-	-	-	-	-	-	49,500	50,000
Net changes in fund balances	22,079	39,220	23,507	8,601	-	-	8,149	50,000
Fund balance - beginning of year	199,758	67,484	67,165	18,422	8,115	-	5,675	11,652
Fund balance - end of year	221,837	106,704	90,672	27,023	8,115	-	13,824	61,652

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, 2009

	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	\$ 21,413	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 507,686
Taxes	-	14,501	-	-	-	239,448	-	-	382,381
Fees, fines and forfeitures	-	-	-	9,173	-	-	-	-	116,600
Grants and contributions	-	-	-	-	60	156,000	-	-	208,633
Interest and other	-	-	5,559	-	-	-	-	-	7,512
Total revenues	21,413	14,501	5,559	9,173	60	395,448			1,222,812
Expenditures:									
General government	23,046	-	5,500	-	398	277,772			384,969
Public safety	-	-	-	9,642	-	-			362,765
Public works	-	-	-	-	-	-			115,331
Culture and recreation	-	-	-	-	-	-			100,764
Capital outlay	-	-	-	-	-	-			347,080
Debt service	-	14,501	-	-	-	-			57,465
Principal	-	(70)	-	-	-	-			15,171
Interest	-	-	-	-	-	-			-
Total expenditures	23,046	14,431	5,500	9,642	398	277,772			1,383,545
Excess (deficit) of revenues over expenditures	(1,633)	70	59	(469)	(338)	117,676			(160,733)
Other financing sources:									
Proceeds from issuance of debt	-	-	-	-	-	-			-
Transfers in (out)	547	-	-	-	-	-			135,047
Total other financing sources	547	-	-	-	-	-			135,047
Net changes in fund balances	(1,086)	70	59	(469)	(338)	117,676			(25,686)
Fund balance - beginning of year	1,086	9,560	100,091	3,220	11,156	843,962			1,726,986
Fund balance - end of year	\$ -	\$ 9,630	\$ 100,150	\$ 2,751	\$ 10,818	\$ 961,638			\$ 1,701,300

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, 2009**

	Capital Projects Funds		Debt Service Funds		Total Nonmajor Governmental Funds
	Capital Projects		Sales Tax Revenue Bonds		
Revenues:		\$	\$		
Intergovernmental	-	-	-	-	507,686
Taxes	49,020		250,527		681,928
Fees, fines and forfeitures	-		-		116,600
Grants and contributions	-		-		208,633
Interest and other	3,583		3,003		14,098
<b>Total revenues</b>	<b>52,603</b>		<b>253,530</b>		<b>1,528,945</b>
Expenditures:					
General government	-		-		384,969
Public safety	-		-		362,765
Public works	-		-		115,331
Culture and recreation	-		-		100,764
Capital outlay	-		-		347,080
Debt service	27,758		220,000		305,223
Principal	19,881		33,412		68,464
Interest	-		-		-
<b>Total expenditures</b>	<b>47,639</b>		<b>253,412</b>		<b>1,684,596</b>
Excess (deficit) of revenues over expenditures	4,964		118		(155,651)
Other financing sources:					
Proceeds from issuance of debt	-		-		-
Transfers in	-		-		135,047
<b>Total other financing sources</b>	<b>-</b>		<b>-</b>		<b>135,047</b>
Net changes in fund balances	4,964		118		(20,604)
Fund balance - beginning of year	114,334		340,311		2,181,631
Fund balance - end of year	119,298	\$	340,429	\$	2,161,027

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, 2009**

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	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Correction fees	\$ 27,500	\$ 27,500	\$ 22,498	\$ (5,002)
Expenditures:				
Current:				
Supplies	<u>37,500</u>	<u>40,100</u>	<u>40,068</u>	<u>32</u>
Other financing uses:				
Transfers in	10,000	10,000	10,000	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	(2,600)	(7,570)	(4,970)
Fund balance - beginning of year	<u>10,794</u>	<u>10,794</u>	<u>10,794</u>	<u>-</u>
Fund balance - end of year	<u>\$ 10,794</u>	<u>\$ 8,194</u>	<u>\$ 3,224</u>	<u>\$ (4,970)</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, 2009**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental:				
State EMS Grant	\$ 20,000	\$ 32,797	\$ 32,797	\$ -
Expenditures:				
Current:				
Supplies	500	500	240	260
Operating costs	6,000	6,000	20,834	(14,834)
Capital outlay	13,500	26,297	8,581	17,716
Total expenditures	20,000	32,797	29,655	3,142
Other financing uses:				
Transfers in	-	-	-	-
Net change in fund balance	-	-	3,142	3,142
Fund balance - beginning of year	4,684	4,684	4,684	-
Fund balance - end of year	\$ 4,684	\$ 4,684	\$ 7,826	\$ 3,142

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, 2009**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental:				
State E-911 Inkind Grant	\$ 79,940	\$ 79,940	\$ 47,425	\$ (32,515)
Expenditures:				
Current:				
Purchased property services	48,291	48,291	20,366	27,925
Other operating costs	31,649	31,649	27,059	4,590
Total expenditures	79,940	79,940	47,425	32,515
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	5	5	5	-
Fund balance - end of year	\$ 5	\$ 5	\$ 5	\$ -

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, 2009**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental:				
State Fire Marshall Allotment	\$ 168,276	\$ 168,276	\$ 168,276	\$ -
Contributions	-	-	-	-
Interest income	-	-	1,333	1,333
Total revenues	168,276	168,276	169,609	1,333
Expenditures:				
Current:				
Purchased property services	40,875	40,875	-	40,875
Supplies	28,000	28,000	2,068	25,932
Operating costs	10,000	10,000	93,799	(83,799)
Capital outlay	382,594	382,594	311,216	71,378
Debt service:				
Principal	42,964	42,964	42,964	-
Interest	12,935	12,935	15,241	(2,306)
Total expenditures	517,368	517,368	465,288	52,080
Other financing sources:				
Proceeds from issuance of debt	-	-	-	-
Net changes in fund balance	(349,092)	(349,092)	(295,679)	53,413
Fund balance - beginning of year	373,189	373,189	373,189	-
Fund balance - end of year	\$ 24,097	\$ 24,097	\$ 77,510	\$ 53,413

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, 2009**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental:				
State Beautification Grant	\$ 9,600	\$ 9,600	\$ 9,692	\$ 92
Expenditures:				
Current:				
Salaries and wages	4,652	4,904	5,469	(565)
Employee benefits	448	590	639	(49)
Supplies	4,100	3,206	1,225	1,981
Noncapital purchases	-	-	-	-
Operating costs	400	900	1,347	(447)
Total expenditures	<u>9,600</u>	<u>9,600</u>	<u>8,680</u>	<u>920</u>
Net change in fund balances	-	-	1,012	1,012
Fund balance - beginning of year	<u>1,190</u>	<u>1,190</u>	<u>1,190</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,190</u>	<u>\$ 1,190</u>	<u>\$ 2,202</u>	<u>\$ 1,012</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 1,012	
Net revenue accruals			-	
Net expenditure accruals			<u>(1,070)</u>	
Net changes in fund balance GAAP basis			<u>\$ (58)</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, 2009**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental:				
State Law Enforcement Protection Grant	\$ 33,200	\$ 33,200	\$ 33,200	\$ -
Expenditures:				
Current:				
Noncapital purchases	13,200	13,200	14,108	(908)
Operating cost	10,000	10,000	13,314	(3,314)
Capital outlay	10,000	10,000	5,495	4,505
Total expenditures	33,200	33,200	32,917	283
Net change in fund balances	-	-	283	283
Fund balance - beginning of year	(255)	(255)	(255)	-
Fund balance - end of year	\$ (255)	\$ (255)	\$ 28	\$ 283

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, 2009**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental:				
Library Grant	\$ 3,126	\$ 3,126	\$ 3,146	\$ 20
Go Bond Issue	26,801	26,801	11,231	(15,570)
Grants and contributions:				
E-Rate Grant	3,632	3,632	3,782	150
Contributions	2,000	6,000	10,292	4,292
Total revenues	35,559	39,559	28,451	(11,108)
Expenditures:				
Current:				
Capital outlay	-	-	-	-
Noncapital library acquisitions	60,559	64,559	46,514	18,045
Total expenditures	60,559	64,559	46,514	18,045
Deficit of revenues over expenditures	(25,000)	(25,000)	(18,063)	(6,937)
Other financing uses				
Transfers	25,000	25,000	25,000	-
Net change in fund balance	-	-	6,937	6,937
Fund balance - beginning of year	(7,162)	(7,162)	(7,162)	-
Fund balance - end of year	\$ (7,162)	\$ (7,162)	\$ (225)	\$ 6,937
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 6,937	
Net revenue accruals			-	
Net expenditure accruals			(209)	
Net changes in fund balance GAAP basis			\$ 6,728	

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, 2009**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes:				
Lodgers' taxes	\$ 84,000	\$ 84,000	\$ 89,501	\$ 5,501
Fees, fines and forfeitures	-	-	461	461
Interest income	4,200	4,200	620	(3,580)
Total revenues	88,200	88,200	90,582	2,382
Expenditures:				
Current:				
Supplies	500	500	-	500
Operating costs	192,470	192,470	63,159	129,311
Total expenditures	192,970	192,970	63,159	129,811
Net change in fund balances	(104,770)	(104,770)	27,423	132,193
Fund balance - beginning of year	199,758	199,758	199,758	-
Fund balance - end of year	\$ 94,988	\$ 94,988	\$ 227,181	\$ 132,193

Reconciliation of budgetary basis to GAAP basis:

Net changes in fund balance budgetary basis	\$ 27,423
Net revenue accruals	-
Net expenditure accruals	(5,344)

Net changes in fund balance GAAP basis \$ 22,079

See accompanying notes to financial statements.



**STATE OF NEW MEXICO  
CITY OF PORTALES**

**JUVENILE 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, 2009**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes:				
Cigarette	\$ 33,000	\$ 33,000	\$ 38,931	\$ 5,931
Recreation summer program	6,000	6,000	25,334	19,334
Vending/concession proceeds	900	900	589	(311)
Grants and contributions:				
Hubbard Grant	-	10,000	10,000	-
Other donations	11,200	12,019	4,598	(7,421)
Total revenues	51,100	61,919	79,452	17,533
Expenditures:				
Current:				
Salaries and wages	32,724	32,724	22,321	10,403
Employee benefits	2,591	2,591	1,954	637
Supplies	14,450	25,269	14,665	10,604
Contractual services	1,400	1,400	-	1,400
Other operating costs	1,100	1,100	972	128
Total expenditures	52,265	63,084	39,912	23,172
Net change in fund balance	(1,165)	(1,165)	39,540	40,705
Fund balance - beginning of year	67,484	67,484	67,484	-
Fund balance - end of year	\$ 66,319	\$ 66,319	\$ 107,024	\$ 40,705
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 39,540	
Net revenue accruals			-	
Net expenditure accruals			(320)	
Net changes in fund balance GAAP basis			\$ 39,220	

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, 2009**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental:				
State grants	\$ 135,812	\$ 135,812	\$ 111,704	\$ (24,108)
Fees, fines and forfeitures:				
Fees and screenings	18,950	18,950	27,960	9,010
D.A.R.E. program	300	300	-	(300)
Contributions	-	16,100	16,500	400
Total revenues	155,062	171,162	156,164	(14,998)
Expenditures:				
Current:				
Contractual services	133,150	133,150	109,689	23,461
Travel	4,200	4,200	1,593	2,607
Supplies	9,312	9,312	6,958	2,354
Noncapital purchases	-	-	-	-
Operating costs	8,600	24,700	14,117	10,583
Total expenditures	155,262	171,362	132,357	39,005
Net change in fund balance	(200)	(200)	23,807	24,007
Fund balance - beginning of year	67,165	67,165	67,165	-
Fund balance - end of year	<u>\$ 66,965</u>	<u>\$ 66,965</u>	<u>\$ 90,972</u>	<u>\$ 24,007</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 23,807	
Net revenue accruals			-	
Net expenditure accruals			<u>(300)</u>	
Net changes in fund balance GAAP basis			<u>\$ 23,507</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, 2009**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Fees, fines and forfeitures:				
Fees	\$ 5,000	\$ 22,900	\$ 25,408	\$ 2,508
Contributions	4,500	4,500	7,400	2,900
Total revenues	9,500	27,400	32,808	5,408
Expenditures:				
Current:				
Supplies	12,000	12,000	2,419	9,581
Operating costs	-	-	-	-
Capital outlay	-	21,788	21,788	-
Total expenditures	12,000	33,788	24,207	9,581
Net change in fund balance	(2,500)	(6,388)	8,601	14,989
Fund balance - beginning of year	18,422	18,422	18,422	-
Fund balance - end of year	\$ 15,922	\$ 12,034	\$ 27,023	\$ 14,989

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, 2009**

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	<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, 2009**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental:				
State grants	\$ -	\$ 83,209	\$ 68,802	\$ (14,407)
Fees, fines and forfeitures:				
Fees	-	4,500	5,178	678
Total revenues	-	87,709	73,980	(13,729)
Expenditures:				
Current:				
Salaries and wages	28,233	74,053	81,554	(7,501)
Employee benefits	8,206	17,613	18,180	(567)
Travel	1,000	1,241	1,101	140
Repairs and maintenance	800	1,676	851	825
Supplies	3,847	17,743	10,107	7,636
Operating costs	6,831	10,979	2,649	8,330
Total expenditures	48,917	123,305	114,442	8,863
Deficit of revenues over expenditures	(48,917)	(35,596)	(40,462)	(4,866)
Other financing sources:				
Transfers in	49,500	49,500	49,500	-
Net change in fund balance	583	13,904	9,038	(4,866)
Fund balance - beginning of year	5,675	5,675	5,675	-
Fund balance - end of year	<u>\$ 6,258</u>	<u>\$ 19,579</u>	<u>\$ 14,713</u>	<u>\$ (4,866)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 9,038	
Net revenue accruals			-	
Net expenditure accruals			<u>(889)</u>	
Net changes in fund balance GAAP basis			<u>\$ 8,149</u>	

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, 2009**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental:				
Federal grants	\$ 450,000	\$ 500,000	\$ -	\$ (500,000)
Expenditures:				
Current:				
Capital outlay	<u>500,000</u>	<u>550,000</u>	<u>-</u>	<u>550,000</u>
Total expenditures	<u>500,000</u>	<u>550,000</u>	<u>-</u>	<u>550,000</u>
Deficit of revenues over expenditures	(50,000)	(50,000)	-	(50,000)
Other financing sources:				
Transfers in	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Net changes in fund balances	-	-	50,000	50,000
Fund balance - beginning of year	<u>11,652</u>	<u>11,652</u>	<u>11,652</u>	<u>-</u>
Fund balance - end of year	<u>\$ 11,652</u>	<u>\$ 11,652</u>	<u>\$ 61,652</u>	<u>\$ 50,000</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, 2009**

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	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental				
State grants	\$ 50,000	\$ 100,000	\$ 21,413	\$ (78,587)
Expenditures:				
Current:				
Capital outlay	<u>105,000</u>	<u>105,000</u>	<u>23,046</u>	<u>81,954</u>
Deficit of revenues over expenditures	(55,000)	(5,000)	(1,633)	3,367
Other financing sources:				
Transfers in	<u>50,000</u>	<u>5,000</u>	<u>547</u>	<u>(4,453)</u>
Net change in fund balance	(5,000)	-	(1,086)	(1,086)
Fund balance - beginning of year	<u>1,086</u>	<u>1,086</u>	<u>1,086</u>	<u>-</u>
Fund balance - end of year	<u>\$ (3,914)</u>	<u>\$ 1,086</u>	<u>\$ -</u>	<u>\$ (1,086)</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, 2009**

	<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	13,526	13,526	14,501	(975)
Interest	975	975	(70)	1,045
Total expenditures	<u>14,501</u>	<u>14,501</u>	<u>14,431</u>	<u>70</u>
Excess of revenues over expenditures	-	-	70	70
Fund balance - beginning of year	<u>9,560</u>	<u>9,560</u>	<u>9,560</u>	<u>-</u>
Fund balance - end of year	<u>\$ 9,560</u>	<u>\$ 9,560</u>	<u>\$ 9,630</u>	<u>\$ 70</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, 2009**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Interest and other:				
Investment income	\$ 4,000	\$ 4,000	\$ 5,559	\$ 1,559
Reimbursements and refunds	6,000	6,000	-	(6,000)
Total revenues	10,000	10,000	5,559	(4,441)
Expenditures:				
Current:				
Operating costs	10,000	10,000	5,500	4,500
Excess of revenues over expenditures	-	-	59	59
Net changes in fund balances	-	-	59	59
Fund balance - beginning of year	100,091	100,091	100,091	-
Fund balance - end of year	\$ 100,091	\$ 100,091	\$ 100,150	\$ 59

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, 2009**

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	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fees, fines and forfeitures:				
Fees	\$ 10,800	\$ 10,800	\$ 9,173	\$ (1,627)
Expenditures:				
Current:				
Operating costs	<u>10,800</u>	<u>10,800</u>	<u>9,642</u>	<u>1,158</u>
Net changes in fund balances	-	-	(469)	(469)
Fund balance - beginning of year	<u>3,220</u>	<u>3,220</u>	<u>3,220</u>	<u>-</u>
Fund balance - end of year	<u>\$ 3,220</u>	<u>\$ 3,220</u>	<u>\$ 2,751</u>	<u>\$ (469)</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, 2009**

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	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Contributions	\$ 500	\$ 500	\$ 60	\$ (440)
Expenditures:				
Current:				
Supplies	250	420	327	93
Operating costs	<u>250</u>	<u>80</u>	<u>71</u>	<u>9</u>
Total expenditures	<u>500</u>	<u>500</u>	<u>398</u>	<u>102</u>
Net changes in fund balances	-	-	(338)	(338)
Fund balance - beginning of year	<u>11,156</u>	<u>11,156</u>	<u>11,156</u>	<u>-</u>
Fund balance - end of year	<u>\$ 11,156</u>	<u>\$ 11,156</u>	<u>\$ 10,818</u>	<u>\$ (338)</u>

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, 2009**

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	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Gross receipts	\$ 223,000	\$ 223,000	\$ 239,448	\$ 16,448
Grants and contributions	-	-	156,000	156,000
Total revenues	<u>223,000</u>	<u>223,000</u>	395,448	172,448
Expenditures:				
Operating costs	<u>803,000</u>	<u>803,000</u>	121,772	681,228
Net changes in fund balances	(580,000)	(580,000)	273,676	853,676
Fund balance - beginning of year	<u>843,962</u>	<u>843,962</u>	<u>843,962</u>	-
Fund balance - end of year	<u>\$ 263,962</u>	<u>\$ 263,962</u>	<u>\$ 1,117,638</u>	<u>\$ 853,676</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 273,676	
Net revenue accruals			-	
Net expenditure accruals			<u>(156,000)</u>	
Net changes in fund balance GAAP basis			<u>\$ 117,676</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, 2009**

	<u>Budgeted Amounts</u>			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes:				
Gross receipts	\$ 49,020	\$ 49,020	\$ 49,020	\$ -
Interest	4,000	4,000	3,583	(417)
Total revenues	53,020	53,020	52,603	(417)
Expenditures:				
Debt service:				
Principal	27,758	27,758	27,758	-
Interest and administrative fees	20,260	20,260	19,881	379
Total operating expenses	48,018	48,018	47,639	379
Net change in fund balance	5,002	5,002	4,964	(38)
Fund balance - beginning of year	114,334	114,334	114,334	-
Fund balance - end of year	\$ 119,336	\$ 119,336	\$ 119,298	\$ (38)

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, 2009**

	<u>Budgeted Amounts</u>			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes:				
Gross receipts	\$ 250,528	\$ 250,528	\$ 250,527	\$ (1)
Interest	8,000	8,000	1,980	(6,020)
Total revenues	258,528	258,528	252,507	(6,021)
Expenditures:				
Debt service:				
Principal	220,000	220,000	220,000	-
Interest and administrative fees	33,280	33,280	32,389	891
Total expenditures	253,280	253,280	252,389	891
Excess of revenues over expenditures	5,248	5,248	118	(5,130)
Fund balance - beginning of year	340,311	340,311	340,311	-
Fund balance - end of year	<u>\$ 345,559</u>	<u>\$ 345,559</u>	<u>\$ 340,429</u>	<u>\$ (5,130)</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, 2009**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>
<b>OPERATING REVENUE:</b>				
Charges for services	\$ 4,526,650	\$ 4,526,650	\$ 3,762,410	\$ (764,240)
Late charges	50,000	50,000	87,797	37,797
Rentals	3,600	3,600	2,500	(1,100)
Tapping and reconnect fees	-	-	78,283	78,283
Other	19,900	19,900	988	(18,912)
<b>Total revenues</b>	<b>4,600,150</b>	<b>4,600,150</b>	<b>3,931,978</b>	<b>(668,172)</b>
<b>OPERATING EXPENDITURES:</b>				
Salaries and wages	508,323	508,323	481,503	26,820
Employee benefits	170,075	170,075	198,638	(28,563)
Travel	3,100	3,100	-	3,100
Maintenance	277,800	277,800	627,784	(349,984)
Contracted and purchased services	101,000	219,000	87,758	131,242
Supplies	59,900	59,900	52,739	7,161
Noncapital purchases	-	-	6,271	(6,271)
Operating costs	637,860	637,860	500,863	136,997
Capital outlay	3,957,000	3,957,000	1,826,139	2,130,861
Debt service	797,821	797,821	632,474	165,347
<b>Total operating expenses</b>	<b>6,512,879</b>	<b>6,630,879</b>	<b>4,414,169</b>	<b>2,216,710</b>
<b>Operating income (loss)</b>	<b>(1,912,729)</b>	<b>(2,030,729)</b>	<b>(482,191)</b>	<b>1,548,538</b>
<b>NON-OPERATING REVENUE (EXPENSES):</b>				
Investment income	89,000	89,000	4,559	(84,441)
Water conservation fees	-	-	278,701	278,701
Grant proceeds	672,740	790,740	262,200	(528,540)
Loan proceeds	2,000,000	2,000,000	-	(2,000,000)
Interest expense	-	-	(157,622)	(157,622)
<b>Total non-operating revenues (expenses)</b>	<b>2,761,740</b>	<b>2,879,740</b>	<b>387,838</b>	<b>(2,491,902)</b>
<b>Net income before transfers</b>	<b>849,011</b>	<b>849,011</b>	<b>(94,353)</b>	<b>(943,364)</b>
<b>Transfers:</b>				
Transfers in	792,373	792,373	581,751	(210,622)
Transfers out	(2,072,373)	(2,072,373)	(1,861,751)	210,622
<b>Total operating transfers</b>	<b>(1,280,000)</b>	<b>(1,280,000)</b>	<b>(1,280,000)</b>	<b>-</b>
<b>Net income</b>	<b>(430,989)</b>	<b>(430,989)</b>	<b>(1,374,353)</b>	<b>(943,364)</b>
<b>Fund balance - beginning of year</b>	<b>11,163,719</b>	<b>11,163,719</b>	<b>11,163,719</b>	<b>-</b>
<b>Fund balance - end of year</b>	<b>\$ 10,732,730</b>	<b>\$ 10,732,730</b>	<b>\$ 9,789,366</b>	<b>\$ (943,364)</b>
<b>Reconciliation of net income for budgetary basis to statements of activities for proprietary funds</b>				
<b>Net income after transfers - budgetary basis</b>			<b>\$ (1,374,353)</b>	
<b>Amounts reported in the statement of activities differ because:</b>				
Capital outlay is a budget expenditure but is reported on the proprietary fund statements of net assets			1,826,139	
Budgeted debt service expenditures reduce water and sewer liabilities and are not reported in proprietary funds statement of activities			632,474	
Depreciation is reported in the proprietary funds statement of activities but is not a budget expenditure item			(597,550)	
Amortization is reported in the proprietary funds statement of activities but is not a budget expenditure item			(36,302)	
<b>Net income after transfers - financial statement basis</b>			<b>\$ 450,408</b>	

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, 2009**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Operating revenues:				
Charges for services	\$ 1,087,000	\$ 1,094,896	\$ 1,120,248	\$ 25,352
Operating expenditures:				
Current				
Salaries and wages	276,318	276,318	262,813	13,505
Employee benefits	87,833	87,833	112,298	(24,465)
Travel	450	750	-	750
Maintenance	68,800	83,800	97,508	(13,708)
Contracted and purchased services	509,652	519,952	509,413	10,539
Supplies	125,000	114,700	64,892	49,808
Noncapital purchases	-	-	3,004	(3,004)
Operating costs	57,947	65,543	6,629	58,914
Capital outlay	55,000	55,000	74,314	(19,314)
Debt Service	-	-	693	(693)
Total operating expenses	1,181,000	1,203,896	1,131,564	72,332
Operating income (loss)	(94,000)	(109,000)	(11,316)	(97,684)
Non-operating revenues (expenses):				
Investment income	10,000	10,000	2,643	(7,357)
Environmental gross receipts tax	127,700	127,700	119,760	(7,940)
Grant proceeds	-	15,000	12,617	(2,383)
Total non-operating revenues (expenses)	137,700	152,700	135,020	17,680
Net income before transfers	43,700	43,700	123,704	(80,004)
Transfers:				
Transfers out	75,000	75,000	75,000	-
Net income (loss)	(31,300)	(31,300)	48,704	80,004
Fund balance - beginning of year	38,767	38,767	38,767	-
Fund balance - end of year	\$ 7,467	\$ 7,467	\$ 87,471	\$ 80,004

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

Net income after transfers - budgetary basis \$ 48,704

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 74,314

Budgeted debt service expenditures reduce water and sewer liabilities and are not reported in proprietary funds statement of activities 693

Depreciation is reported in the proprietary funds statement of activities but is not a budget expenditure item (58,632)

Net income after transfers - financial statement basis \$ 65,079

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, 2009**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Operating revenues:				
Fuel sales	\$ 108,879	\$ 108,879	\$ 102,271	\$ (6,608)
Late charges	830	830	952	122
Rentals	33,000	33,000	34,533	1,533
Other and miscellaneous	4,180	4,180	666	(3,514)
<b>Total revenues</b>	<b>146,889</b>	<b>146,889</b>	<b>138,422</b>	<b>(8,467)</b>
Operating expenditures:				
Current				
Salaries and wages	34,787	34,787	31,465	3,322
Employee benefits	5,777	5,777	7,599	(1,822)
Travel	1,000	1,000	-	1,000
Maintenance	25,480	644,164	14,693	629,471
Contracted and purchased services	-	-	510	(510)
Supplies	15,800	15,800	8,659	7,141
Noncapital purchases	-	-	1,486	(1,486)
Operating costs	139,955	139,955	125,251	14,704
Capital outlay	-	-	-	-
Debt service	-	-	377	(377)
<b>Total operating expenses</b>	<b>222,799</b>	<b>841,483</b>	<b>190,040</b>	<b>651,443</b>
<b>Operating loss</b>	<b>(75,910)</b>	<b>(694,594)</b>	<b>(51,618)</b>	<b>642,976</b>
Non-operating revenues (expenses):				
Grant proceeds	15,910	639,594	11,139	(628,455)
Loss on sale of asset	-	-	-	-
<b>Total non-operating revenues (expenses)</b>	<b>15,910</b>	<b>639,594</b>	<b>11,139</b>	<b>(628,455)</b>
<b>Net income before transfers</b>	<b>(60,000)</b>	<b>(55,000)</b>	<b>(40,479)</b>	<b>14,521</b>
Transfers:				
Transfers in	60,000	60,000	47,952	(12,048)
<b>Net income</b>	<b>-</b>	<b>5,000</b>	<b>7,473</b>	<b>2,473</b>
Fund balance - beginning of year	2,325,031	2,325,031	2,325,031	-
<b>Fund balance - end of year</b>	<b>\$ 2,325,031</b>	<b>\$ 2,330,031</b>	<b>\$ 2,332,504</b>	<b>\$ 2,473</b>

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

Net income after transfers - budgetary basis \$ 7,473

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

-

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

377

Depreciation is reported in the proprietary funds statement of activities but is not a budget expenditure item

(164,238)

Net loss after transfers - financial statement basis

\$ (156,388)

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
CITY OF PORTALES

SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY OF PUBLIC FUNDS  
JUNE 30, 2009

Name of Depository	Pledged Collateral	Maturity	CUSIP	Name and Location of Custodian	Par Value June 30, 2009	Fair Market Value June 30, 2009
<u>Bank of Albuquerque</u>	US Treasury	01/15/2025	912810FR4	FHLB, Tulsa OK	\$ -	\$ 46,309
				Pledged to Meet 104% Collateral Requirements	-	46,309
<u>First Community Bank</u>						
	FHR2768GH	03/15/2034	31394TA54		288,085	289,157
	FHR3047KA	08/23/2015	31396CHY9		193,906	205,767
				Pledged to Meet 50% Collateral Requirements	481,991	494,924
				Total Pledged Collateral - All Depositors	\$ 481,991	\$ 541,233

STATE OF NEW MEXICO  
CITY OF PORTALES

SCHEDULE OF DEPOSITS AND TEMPORARY INVESTMENTS BY DEPOSITORY FOR PUBLIC FUNDS  
JUNE 30, 2009

Account Description	Account Number	Account Type	Fund Type	Bank Balance June 30, 2009	Net Reconciling Items	Reconciled Balance June 30, 2009
<b>Portales National Bank</b>						
General Fund	12033	Interest	Governmental	\$ 50,761	\$ (39)	\$ 50,722
Solid Waste	12114	Interest	Business-Type	210	-	210
Payroll	12122	Interest	Governmental	1,129	(732)	397
Disbursement	12068	Interest	Governmental	1,004	(25)	979
			Total Deposits	\$ 53,104	\$ (796)	\$ 52,308
<b>Wells Fargo</b>						
Water	190-0064785	Checking	Business-Type	\$ 523	\$ (368)	\$ 155
			Total Deposits	\$ 523	\$ (368)	\$ 155
<b>First Community Bank</b>						
General Fund		Checking	Governmental	\$ 4,443,553	\$ (829,741)	\$ 3,613,812
CDBG Capital Project		Checking	Governmental	61,252	-	61,252
			Total Checking	4,504,805	(829,741)	3,675,064
Sales Tax 402		Interest	Business-type	44,605	-	44,605
Water & Sewer Improvement		Interest	Governmental	80,687	-	80,687
			Total Interest Bearing	125,292	-	125,292
			Total Deposits	\$ 4,630,097	\$ (829,741)	\$ 3,800,356
<b>New Mexico State Treasurer- Local Government Investment Pool</b>						
General Fund	7290-1568	Savings	Governmental	\$ 634,480	\$ -	\$ 634,480
Risk Management Reserve	7238-1574	Savings	Governmental	87,853	-	87,853
Water/Wastewater	7228-1580	Savings	Business-Type	470,491	-	470,491
Water Meter Reserve	7427-1564	Savings	Business-Type	117,135	97,010	214,145
Water Improvement Reserve	7235-1578	Savings	Business-Type	317,240	466,308	783,548
Solid Waste	7236-1576	Savings	Business-Type	195,225	-	195,225
			Total Deposits	\$ 1,822,424	\$ 563,318	\$ 2,385,742

**New Mexico Finance Authority Held at Bank of Albuquerque Trust Services**

Rec Center Financing	Portales	Savings	Governmental	\$ 45,883	\$ -	\$ 45,883
Water & Wastewater	Portales	Savings	Business-Type	320,727	-	320,727

Total Deposits \$ 366,610 \$ - \$ 366,610

**New Mexico Finance Authority**

Rec Center Financing	Portales	Savings	Governmental	\$ 64,449	\$ -	\$ 64,449
Pumper Truck	Portales	Savings	Governmental	23,939	-	23,939
Water & Wastewater	Portales	Savings	Business-Type	211,703	(27,923)	183,780

Total Deposits \$ 300,091 \$ (27,923) \$ 272,168

**Linsco/Private Ledger**

98 Water/Sewer Reserve Fund	2171-8277	Savings	Business-Type	\$ 410,047	\$ -	\$ 410,047
Water Conservation Reserve	4344-5955	Savings	Business-Type	971,769	-	971,769
97 Sales Tax Reserve Fund	29077396	Savings	Governmental	255,946	-	255,946

Total Deposits \$ 1,637,762 \$ - \$ 1,637,762

**Reconciliation of Accounts to Government-Wide Balance Sheet**

	Governmental Activities	Business-Type Activities	Total
Cash and Cash Equivalents - Unrestricted	\$ 3,107,171	\$ 922,833	\$ 4,030,004
Cash and Cash Equivalents - Restricted	134,271	2,530,329	2,664,600
Investments - Unrestricted	722,331	665,716	1,388,047
Investments - Restricted	-	434,375	434,375
	\$ 3,963,773	\$ 4,553,253	\$ 8,517,026

**Cash Source**

Portales National Bank	\$ 53,104	\$ (796)	\$ 52,308
Wells Fargo	523	(368)	155
First Community Bank	4,630,097	(829,741)	3,800,356
NM State Treasurer	1,822,424	563,318	2,385,742
NMFA- Bank of Albuquerque	366,610	-	366,610
NMFA	300,091	(27,923)	272,168
Linsco/Private Ledger	1,637,762	-	1,637,762
Petty Cash	1,925	-	1,925
	\$ 8,812,536	\$ (295,510)	\$ 8,517,026

**STATE OF NEW MEXICO  
CITY OF PORTALES**

**SCHEDULE OF JOINT POWERS AGREEMENTS  
JUNE 30, 2009**

<b>Other Principal</b>	<b>Agreement Description</b>	<b>Effective Date</b>	<b>Ending Date</b>	<b>Project Cost</b>	<b>Fiscal Year Contributions</b>	<b>Party Responsible for: Operations/ Revenues and Expenditure Reporting/ Audit Responsibility (If Any)</b>
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**



## **Strickler & Prieto, LLP**

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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, 2009, and have issued our report thereon dated March 17, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 responses as findings 2009-01 and 2006-02.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. 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.

A handwritten signature in blue ink, appearing to read "J. Smith & Partners, LLP".

March 17, 2010

**STATE OF NEW MEXICO  
CITY OF PORTALES**

**SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2009**

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**FINDINGS - FINANCIAL STATEMENT AUDIT**

**2006-2: Late Audit Report**

**Condition**

The audit report for fiscal year 2009 was not submitted by December 1, 2009, 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**

Accounting records were not completed in time to ensure the submission of a timely audit report.

**Recommendation**

We recommend the City have the fiscal year 2010 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.

**2009-01: Capital Assets**

**Condition**

During our substantive test work over capital assets we noted the following:

- Approximately \$1,718,000 in capital assets were incorrectly recorded as repairs and maintenance expense and reclassified by the auditor to capital asset accounts.
- Approximately \$1,688,000 in construction in progress assets were incorrectly recorded as repairs and maintenance expense and reclassified by the auditor to capital outlay and capital asset accounts.
- Approximately \$583,000 in capital asset additions were not recorded in the capital asset listing.
- Disposals for approximately \$55,000 were not recorded correctly in the capital asset listing.
- Several of the additions in the capital asset listing did not have the correct line item the expense was recorded in.
- The City is not reconciling the capital asset listing to the general ledger accounts.

**Criteria**

New Mexico State Statutes Section 12-6-10 directs the general services department to promulgate regulations to state agencies for the accounting and control of capital assets owned by government agencies and requires agencies to capitalize equipment that cost over \$5,000. In addition the City is required to maintain a current detailed capital asset listing and to record disposal and acquisitions of assets in the period in which they are disposed or acquired.

**Effect**

Repairs and maintenance expenditures were overstated by approximately \$3,989,000 and capital assets understated by \$3,989,000. Without proper recording of capital asset additions, the City's risk of asset misappropriation increases. There is also a potential for the overstatement of assets that no longer exist and remain on the listing.

**Cause**

According to City personnel this occurred due to oversight.

**Recommendation**

We recommend that City personnel identify all disposals and acquisitions as they occur and properly record them. The City should also consider reconciling capital assets on a monthly basis from the general ledger accounts to the capital asset listing.

**Agency Response**

The City will develop procedures to identify additions and disposals as they occur and properly record. The City is developing procedures to reconcile capital assets to the general ledger.

**D. STATUS OF PRIOR YEAR FINDINGS**

2006-02	Late Audit Report	Repeat
2006-07	Data Collection Form Not Timely Filed	Resolved
2008-01	Per Diem and Mileage Act	Resolved

**CITY OF PORTALES**

**EXIT CONFERENCE  
FOR THE YEAR ENDED JUNE 30, 2009**

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An exit conference was conducted on March 15, 2010 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**

Sharon King  
Thomas Howell  
Marilyn Rapp  
Michael Miller

Mayor  
City Manager  
City Treasurer  
Councilor

**Strickler & Prieto, LLP**

Brad Voge

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.