

Accounting & Consulting Group, LLP

Certified Public Accountants

**STATE OF NEW MEXICO
CITY OF DEMING
ANNUAL FINANCIAL REPORT
JUNE 30, 2011**



STATE OF NEW MEXICO
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ANNUAL FINANCIAL REPORT
JUNE 30, 2011

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INTRODUCTORY SECTION

STATE OF NEW MEXICO
City of Deming
Table of Contents
For the Year Ended June 30, 2011

	<u>Exhibit</u>	<u>Page</u>
INTRODUCTORY SECTION		
Table of Contents		4-5
Official Roster		7
FINANCIAL SECTION		
Independent Auditors' Report		10-11
Management's Discussion and Analysis		13-20
BASIC FINANCIAL STATEMENTS		
Government-wide Financial Statements		
Statement of Net Assets	A-1	22-23
Statement of Activities	A-2	24-25
Fund Financial Statements		
Balance Sheet – Governmental Funds	B-1	26
Reconciliation of the Balance Sheet to the Statement of Net Assets		27
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	B-2	28
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities		29
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual –		
General Fund	C-1	30
Street Special Revenue Fund	C-2	31
Statement of Net Assets-Proprietary Funds	D-1	32-33
Statement of Revenues, Expenses, and Changes in Net Assets-Proprietary Funds	D-2	34-35
Statement of Cash Flows –Proprietary Funds	D-3	36-37
Statement of Fiduciary Assets and Liabilities – Agency Fund	E-1	39
NOTES TO THE FINANCIAL STATEMENTS		41-64
SUPPLEMENTARY INFORMATION		
Nonmajor Fund Descriptions	<u>Statement</u>	66-67
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES		
Combining Balance Sheet – Nonmajor Governmental Funds	A-1	68-71
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	A-2	72-75
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual		
Emergency Medical Services Special Revenue Fund	B-1	76
Fire Special Revenue Fund	B-2	77
Law Enforcement Protection Special Revenue Fund	B-3	78
Library Special Revenue Fund	B-4	79
Lodgers' Tax Special Revenue Fund	B-5	80
Lodgers' Tax Promotional Special Revenue Fund	B-6	81
Recreation Special Revenue Fund	B-7	82
Economic Development Special Revenue Fund	B-8	83
Special Events Center Special Revenue Fund	B-9	84

STATE OF NEW MEXICO
City of Deming
Table of Contents
For the Year Ended June 30, 2011

	<u>Statement</u>	<u>Page</u>
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (CONTINUED)		
Statement of Revenues, Expenditures, and Changes in Fund Balance –		
Budget (Non-GAAP Budgetary Basis) and Actual		
Community Center Special Revenue Fund	B-10	85
Swimming Pool Special Revenue Fund	B-11	86
Cemetery Trust Special Revenue Fund	B-12	87
CDBG Planning Grant 2008/2009 Capital Projects Fund	B-13	88
CDBG Planning Grant 2010/2011 Capital Projects Fund	B-14	89
CDBG Planning Grant 2011/2012-Capital Projects Fund	B-15	90
CDBG Planning Grant Option 2010/2011 Capital Projects Fund	B-16	91
Park Acquisition Capital Projects Fund	B-17	92
Statement of Revenues, Expenses, and Changes in Net Assets –		
Budget (Non-GAAP Budgetary Basis) and Actual –Proprietary Funds		
Gas Enterprise Fund	C-1	93
Sewer Enterprise Fund	C-2	94
Solid Waste Enterprise Fund	C-3	95
Water Enterprise Fund	C-4	96
Cemetery Enterprise Fund	C-5	97
Airport Enterprise Fund	C-6	98
<u>Schedule</u>		
SUPPORTING SCHEDULES		
Schedule of Deposit and Investment Accounts	I	100
Schedule of Collateral Pledged by Depository for Public Funds	II	101
Schedule of Changes in Fiduciary Assets and Liabilities-Agency Fund	III	102
COMPLIANCE SECTION		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		104-105
FEDERAL FINANCIAL ASSISTANCE		
Independent Auditors’ Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133		108-109
Schedule of Expenditures of Federal Awards	IV	110-111
Schedule of Findings and Questioned Costs	V	113-116
OTHER DISCLOSURES		117

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STATE OF NEW MEXICO

City of Deming

Official Roster

June 30, 2011

<u>Name</u>	<u>Elected Officials</u>	<u>Title</u>
Andres Z. Silva		Mayor
William Shattuck		Mayor Pro-Team
David Sanchez		City Councilor
Joe Milo		City Councilor
Linda Enis		City Councilor
Frank M. Van Gundy		Municipal Judge

Department Heads

Richard F. McInturff	City Administrator /Treasurer/Deputy Clerk
Aaron Sera	Assistant City Administrator
Lawrence Brookley	Director of Public Works
Richard J. Kocab	Assistant Treasurer
Michael Carillo	Chief of Police
Edgar Davalos	Chief of Fire /EMS

Administration

Mary J. Valdez	City Clerk
Laura Holguin	Sr. Budget Analyst
Lloyd Valentine III	Sr. Budget Analyst

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FINANCIAL SECTION



Accounting & Consulting Group, LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget
Andres Z. Silva, Mayor
City Council of Deming
City of Deming
Deming, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the budgetary comparisons for the General Fund and the Street Special Revenue Fund, and the aggregate remaining fund information of the City of Deming, New Mexico (City), as of and for the year ended June 30, 2011, 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 respective budgetary comparisons for the proprietary funds and the remaining nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2011 as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Deming, as of June 30, 2011, and the respective changes in financial position and cash flows where applicable, thereof 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, 2011, and the respective changes in financial position thereof, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the budgetary comparisons referred to above present fairly, in all material respects, the respective budgetary comparisons for the year then ended in conformity with the cash basis of accounting and more fully described in note 2, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2011 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* presented on pages 13 through 20 is not a required part of the basic financial statements but is 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 financial statements that collectively comprise the City's basic financial statements, the combining and individual fund statements and the budgetary comparisons. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The accompanying financial information listed as Supporting Schedules I through III in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the City. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and each of the nonmajor governmental fund financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements and nonmajor governmental funds financial statements, taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, New Mexico
December 1, 2011

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STATE OF NEW MEXICO
City of Deming
Management's Discussion and Analysis
June 30, 2011

As management of the City of Deming, we offer readers of the City of Deming financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with the financial statements of the City of Deming and additional information provided.

FINANCIAL HIGHLIGHTS

- The assets of the City of Deming exceeded its liabilities at the close of the most recent fiscal year by \$90,169,643 (*net assets*). Of this amount, \$16,379,401 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$4,682,831 during the fiscal year. The majority of this increase is due to additional cash reserves and grant proceeds for projects for the year ended June 30, 2011.
- As of June 30, 2011, the City's governmental activities funds reported combined ending net assets of \$50,090,692. Of this total, \$2,989,792 is designated for special revenue and capital projects.
- At the close of the current fiscal year, unrestricted net assets for the governmental activities was \$8,194,320, or 98 percent of total general fund expenses.
- The City of Deming's total debt additions were \$2,392,806 during the current fiscal year. The key factors in this increase were increases in the post-closure liability estimate of \$833,417 and loans of \$499,389 for court renovations and \$1,000,000 for fire station improvements

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Deming's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Deming's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City of Deming's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether or not the financial position of the City of Deming is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused personal leave).

Both of the government-wide financial statements distinguish functions of the City of Deming that are principally supported in a majority by taxes and a minimal amount from other miscellaneous receipts (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Deming include general government, public safety, public works, culture and recreation, and health and welfare. The business-type activities of the City include Water Services, Sewer Services, Solid Waste Services, Natural Gas Services, Cemetery Operations, and Airport Operations.

The government-wide financial statements can be found in Exhibits A-1 and A-2 of this report.

STATE OF NEW MEXICO
City of Deming
Management's Discussion and Analysis
June 30, 2011

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Deming, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Deming can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *daily inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the City's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Deming maintains 19 individual governmental funds organized according to their type (special revenue, and capital projects). The City of Deming adopts an annual appropriated budget for its general fund, special revenue funds, and all other funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. In addition, the individual financial statements of the nonmajor governmental fund types include budgetary comparison data.

The basic governmental fund financial statements can be found in Exhibits B-1 through C-1 of this report.

Enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the water services, sewer services, solid waste services, natural gas services, cemetery operations, and airport operations for the City. The enterprise funds are considered to be major funds of the City and can be found in Exhibits D-1 through D-2 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41-64 of this report.

Combining statements. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 68-98 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Deming, assets exceeded liabilities by \$90,169,643 at the close of the current fiscal year.

The significant portion of the City of Deming's net assets represents the City's investment of \$70,800,450 in capital assets (e.g., land improvements, buildings, infrastructure and machinery & equipment), less any related outstanding debt used to acquire those assets. The City of Deming uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Deming's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

STATE OF NEW MEXICO
City of Deming
Management's Discussion and Analysis
June 30, 2011

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Current and other assets	\$ 12,155,423	\$ 9,935,816	\$ 22,091,239
Restricted cash and cash equivalents	-	409,468	409,468
Capital assets, net of accumulated depreciation	40,405,969	32,833,758	73,239,727
Total assets	\$ 52,561,392	\$ 43,179,042	\$ 95,740,434
<u>Liabilities</u>			
Current Liabilities	658,430	824,305	1,482,735
Non-current liabilities	1,812,389	2,275,786	4,088,056
Total liabilities	2,470,700	3,100,091	5,570,791
<u>Net Assets</u>			
Invested in capital assets, net of related debt	38,906,580	31,893,870	70,800,450
Restricted	2,989,792	-	2,989,792
Unrestricted	8,194,320	8,185,081	16,379,401
Total net assets	50,090,692	40,078,951	90,169,643
Total Liabilities and Net Assets	\$ 52,561,392	\$ 43,179,042	\$ 95,740,434

A portion of the City of Deming's total net assets (3.3 percent) represents resources that are subject to restrictions. The restrictions relate to covenants provided by the City's long-term debt issuance and capital projects. The remaining balance of *unrestricted net assets*, \$16,379,401 may be used to meet the government's ongoing obligations to citizens and creditors.

State of New Mexico
City of Deming
Management's Discussion and Analysis
June 30, 2011

Analysis of Changes in Net Assets

The City's net assets increased by \$4,682,831 during the current fiscal year. These increases are explained in the government and business-type activities discussion below, and are primarily a result of increased revenues from charges for services and miscellaneous revenues during the fiscal year.

<u>Revenues</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Program revenues:			
Charges for service	\$ 3,497,188	\$ 7,806,527	\$ 11,303,715
Operating grants and contributions	2,999,148	328,929	3,328,077
Capital grants and contributions	450,000	1,843,542	2,293,542
General revenues:			
Gross receipts taxes	6,631,374	-	6,631,374
Property taxes	672,328	-	672,328
Gasoline and motor vehicle taxes	335,836	-	335,836
Other taxes	668,893	-	668,893
Interest income	167,544	99,751	267,295
Miscellaneous income	479,417	144,561	623,978
Transfers	(111,890)	111,890	-
Total Revenues	15,789,838	10,335,200	26,125,038
Program expenses:			
General government	\$ 2,977,038	-	\$ 2,977,038
Public safety	5,240,132	-	5,240,132
Public works	1,700,060	-	1,700,060
Culture and recreation	2,372,913	-	2,372,913
Health and welfare	60,044	-	60,044
Gas	-	3,733,900	3,733,900
Sewer	-	1,080,521	1,080,521
Solid Waste	-	2,469,224	2,469,224
Water	-	1,637,048	1,637,048
Cemetery	-	27,683	27,683
Airport	-	143,644	143,644
Total Expenses	12,350,187	9,092,020	21,442,207
Change in net assets	3,439,651	1,243,180	4,682,831
Net assets, beginning	46,651,041	38,835,771	85,486,812
Net assets, ending	\$ 50,090,692	\$ 40,078,951	\$ 90,169,643

STATE OF NEW MEXICO
City of Deming
Management's Discussion and Analysis
June 30, 2011

Governmental activities. Governmental activities increased the City of Deming's net assets by \$3,439,651. The key elements of this increase are as follows:

- Tax revenues account for \$8,310,526 or 53 percent of governmental revenues. Tax revenues are made up of property, gross receipts, gasoline and motor vehicle and other taxes.
- Program revenue, for governmental activities, totaled \$6,944,412 or 44 percent of total revenues. The primary recipients of these revenues are general government and public works.
- The City's direct charges to users of governmental services made up \$3,495,264 or 22 percent of total governmental revenues. These charges are for fees, fines and forfeitures, ambulance services, licenses, and permits.
- The increase in revenues is because of miscellaneous revenues increasing and charges for services increasing because of the City outsourcing ambulance billing to increase insurance collections. Also, taxes showed a slight increase from the prior year.

Business-type activities. Business-type activities increased the City's net assets by \$1,243,180. A slight drop in expenditures, along with capital and operating grant funds, assisted, the City in generating excess revenue over expenditures.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Deming uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Deming'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 Deming's financing requirements. In particular, *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. Types of Governmental funds reported by the City include the General Fund and Special Revenue Funds.

Revenues for governmental functions overall totaled approximately \$15,878,083 in the fiscal year ended June 30, 2011, which represents an increase of \$3.3 million from the fiscal year ended June 30, 2010. This is largely due to the increase in federal and state operating and capital grants of approximately \$660,000, an increase in charges for services of approximately \$2.1 million, and miscellaneous income of approximately \$480,000. As mentioned earlier, a significant portion of the charges for services was a result of the City outsourcing ambulance billing to increase insurance collections. The increase in ambulance fees this year was \$295,545. The remaining portion of charges for services of \$1.6 million is due to administrative fees being charged to the business activity funds to reimburse the City for actual and overhead expenses incurred by those funds.

Expenditures for governmental functions, totaling \$14,261,920, also increased by approximately \$715,000 from the fiscal year ended June 30, 2010. This is largely due to the completion of various street and community projects of about \$1.3 million, increases in public safety of approximately \$300,000, and a decrease in public works of \$200,000, \$500,000 decrease in health and welfare and \$300,000 in economic development. In the fiscal year ended June 30, 2011, the change in net assets for governmental activities was \$3,439,652.

The General Fund is the chief operating fund of the City of Deming. At the end of the current fiscal year, *unassigned* fund balance of the general fund was \$6,907,622.

The fund balance of the City of Deming's general fund increased by \$2,216,644 during the current fiscal year, due to an increase in revenue and a decrease in expenditures. Overall, the general fund's performance resulted in revenues over expenditures of \$3,349,940. In the prior year, revenues exceeded expenditures by \$296,955.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the fiscal year, the unrestricted net assets for enterprise funds were \$8,185,081. The total increase in net assets for the enterprise funds was \$1,243,180.

STATE OF NEW MEXICO
City of Deming
Management's Discussion and Analysis
June 30, 2011

General Fund Budgetary Highlights

City budgets reflect the same pattern as seen in the revenue and expenditures of the City. The State of New Mexico budget process is defined under state law and regulation. To enhance the process of developing a budget at the City level, the City utilizes goals and objectives defined by the City Council, community input meetings, long term plans and input from various staff groups to develop the City budget. City priorities are well defined through this process.

GASB Statement No. 34 does not require a statement presenting the overall result of the budget for each year; however, all major budgetary funds are required to be reported as a separate statement.

The following table examines the summary budget performance of the general fund for the fiscal year ending June 30, 2011. Detailed budget performance is examined through the Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (non-GAAP budgetary Basis) and Actual for the general fund found at Exhibit C-1. The City's final budget differs from the original budget due to budget increases and decreases that were made during the fiscal year and expenditures not needed. Actual general fund expenditures were \$811,606 less than the final budget amount (favorable variance). This was primarily due to Public Safety favorable variance of \$475,523 and a favorable variance of \$214,181 in general government. The difference between actual expenditures and budgeted expenditures is due to various expenditures that were expected to occur during the year ended June 30, 2011, but were deferred for various reasons.

	Budgeted Amounts		Actual (Non- GAAP Budgetary Basis)	Favorable (Unfavorable) Variance
	Original	Final		
<i>Expenditures:</i>				
General government	\$ 2,770,921	\$ 2,828,250	\$ 2,614,069	\$ 214,181
Public safety	5,554,462	5,394,124	4,918,601	475,523
Culture and recreation	730,833	724,548	638,099	86,449
Capital Outlay	185,000	229,300	193,847	35,453
	<u>\$ 9,241,216</u>	<u>\$ 9,176,222</u>	<u>\$ 8,364,616</u>	<u>\$ 811,606</u>
<i>Total Expenditures</i>	<u>\$ 9,241,216</u>	<u>\$ 9,176,222</u>	<u>\$ 8,364,616</u>	<u>\$ 811,606</u>

STATE OF NEW MEXICO
City of Deming
Management's Discussion and Analysis
June 30, 2011

Capital Asset and Debt Administration

Capital assets. The City of Deming' capital assets for its governmental and business-type activities as of June 30, 2011 amount to \$73,239,727 (net of accumulated depreciation). Capital assets include land, land improvements, buildings and improvements, furniture, fixtures and equipment, and infrastructure. Capital additions for the City were \$5,651,855 for governmental activities and \$1,602,685 for business-type activities.

The significant additions to capital assets during the year were as follows:

- \$3,550,461 were additions to governmental infrastructure for completion of the Eighth Street Drainage Pond, and Spruce Street Reconstruction.
- \$3,322,367 were additions to governmental construction in progress for the ongoing projects of the Fire Station Remodel, the Court/City Hall Remodel, Raymond Reed Realignment, Outdoor Sports Complex, Pear Street Drainage, and Peru Mill Industrial Improvements.
- \$1,190,668 additions to business type construction in progress for the ongoing projects of Solana Utility Improvements, Recycle Building, and the Wastewater Treatment Plant Improvements.
- \$508,414 additions to business type land for the purchase of farm land and water rights.
- \$617,904 additions to business type Airport infrastructure for the completion of Runway 22.

Capital assets, net of depreciation

	Governmental Activities	Business-like Activities	Total
Land	\$ 6,137,192	\$ 8,960,584	\$ 15,097,776
Construction in progress	1,687,567	4,646,880	6,334,447
Buildings and improvements	11,224,627	7,382,535	18,607,162
Machinery and Equipment	7,473,794	5,189,501	12,663,295
Infrastructure	51,145,054	-	51,145,054
Utility system	-	20,994,279	20,994,279
Airport infrastructure	-	2,519,443	2,519,443
Total capital assets	77,668,234	49,693,222	127,361,456
Less: accumulated depreciation	(37,262,265)	(16,859,464)	(54,121,729)
Total capital asset, net of accumulated depreciation	\$ 40,405,969	\$ 32,833,758	\$ 73,239,727

For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures. See Note 6 in the accompanying Notes to the Financial Statements for further information regarding capital assets.

STATE OF NEW MEXICO
City of Deming
Management's Discussion and Analysis
June 30, 2011

Debt Administration. At the end of the current fiscal year, the City of Deming had total debt obligations outstanding of \$4,328,978.

The significant additions to long term debt during the year were as follows:

- \$60,000 addition for a NMFA loan in conjunction with a grant to construct effluent irrigation for Phase I of a Multi-Phased Sports Complex;
- \$499,389 addition for a NMED loan to enhance security and make improvements to the municipal court;
- \$1,000,000 addition for a NMED loan to make improvements to the main fire station.
- 833,417 additions to landfill closure and post closure costs.

Outstanding debt

	Governmental Activities	Business-type Activities	Total
NMFA Loan#10 Muni Court	\$ 499,389	\$ -	\$ 499,389
NMFA Loan #11 Fire Station	1,000,000	-	1,000,000
NMFA Loan #4 Water Storage	-	879,888	879,888
NMFA Loan #9 Sports Irrigati	-	60,000	60,000
Compensated Absences	463,583	125,168	588,751
Landfill Post Closure	-	1,300,950	1,300,950
	<hr/>	<hr/>	<hr/>
Total outstanding debt	<u>\$ 1,962,972</u>	<u>\$ 2,366,006</u>	<u>\$ 4,328,978</u>

See Note 7 in the accompanying Notes to the Financial Statements for further information regarding the City of Deming's long-term debt.

The City knows of no currently known facts, decisions or conditions that are expected to have a significant effect on financial position or results of operations.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Deming's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Deming, Richard McInturff - Treasurer, 309 South Gold Ave., Deming, New Mexico, 88030, Phone (575) 546-8848

**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO

City of Deming

Statement of Net Assets

June 30, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 2,811,617	\$ 3,217,276	\$ 6,028,893
Investments	6,693,842	4,670,843	11,364,685
Accounts receivables (net)	454,368	1,643,592	2,097,960
Other taxes receivable	1,367,485	-	1,367,485
Other receivables	742,678	-	742,678
Inventory	78,672	404,105	482,777
Prepaid insurance	6,761	-	6,761
Total current assets	<u>12,155,423</u>	<u>9,935,816</u>	<u>22,091,239</u>
Noncurrent assets			
Restricted cash and cash equivalents	-	409,468	409,468
Capital assets	77,668,234	49,693,222	127,361,456
Less: accumulated depreciation	<u>(37,262,265)</u>	<u>(16,859,464)</u>	<u>(54,121,729)</u>
Total noncurrent assets	<u>40,405,969</u>	<u>33,243,226</u>	<u>73,649,195</u>
Total assets	<u>\$ 52,561,392</u>	<u>\$ 43,179,042</u>	<u>\$ 95,740,434</u>

The accompanying notes are an integral part of these financial statements

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Liabilities			
Current liabilities			
Accounts payable	\$ 272,572	\$ 284,728	\$ 557,300
Accrued payroll expenses	232,829	34,652	267,481
Accrued compensated absences	150,702	47,050	197,752
Court bond trust	2,327	-	2,327
Meter deposits	-	409,468	409,468
Accrued interest	-	5,237	5,237
Current portion of loans payable	-	43,170	43,170
Total current liabilities	<u>658,430</u>	<u>824,305</u>	<u>1,482,735</u>
Noncurrent liabilities			
Accrued compensated absences	312,881	78,118	390,999
Landfill closure and postclosure	-	1,300,950	1,300,950
Loans payable	<u>1,499,389</u>	<u>896,718</u>	<u>2,396,107</u>
Total noncurrent liabilities	<u>1,812,270</u>	<u>2,275,786</u>	<u>4,088,056</u>
Total liabilities	<u>2,470,700</u>	<u>3,100,091</u>	<u>5,570,791</u>
Net Assets			
Invested in capital assets, net of related debt	38,906,580	31,893,870	70,800,450
Restricted for:			
Capital projects	10,000	-	10,000
Special revenue	2,979,792	-	2,979,792
Unrestricted	<u>8,194,320</u>	<u>8,185,081</u>	<u>16,379,401</u>
Total net assets	<u>50,090,692</u>	<u>40,078,951</u>	<u>90,169,643</u>
Total liabilities and net assets	<u>\$ 52,561,392</u>	<u>\$ 43,179,042</u>	<u>\$ 95,740,434</u>

STATE OF NEW MEXICO
City of Deming
Statement of Activities
For the Year Ended June 30, 2011

<u>Functions/Programs</u>	<u>Program Revenues</u>			
Primary Government	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
General government	\$ 2,977,038	\$ 2,908,822	\$ 104,302	\$ -
Public safety	5,240,132	534,503	526,878	-
Public works	1,700,060	11,014	2,050,741	450,000
Culture and recreation	2,372,913	42,849	317,227	-
Health and welfare	60,044	-	-	-
<i>Total governmental activities</i>	<u>12,350,187</u>	<u>3,497,188</u>	<u>2,999,148</u>	<u>450,000</u>
Business-type Activities:				
Gas	3,733,900	3,770,471	33,000	-
Sewer	1,080,521	607,757	210,929	417,871
Solid waste	2,469,224	1,516,954	85,000	-
Water	1,637,048	1,768,380	-	212,764
Cemetery	27,683	71,770	-	-
Airport	143,644	71,195	-	1,212,907
<i>Total business-type activities</i>	<u>9,092,020</u>	<u>7,806,527</u>	<u>328,929</u>	<u>1,843,542</u>
<i>Total</i>	<u>\$ 21,442,207</u>	<u>\$ 11,303,715</u>	<u>\$ 3,328,077</u>	<u>\$ 2,293,542</u>

General Revenues and Transfers:

Taxes
Gross receipts taxes
Property taxes, levied for general purposes
Gasoline and motor vehicle taxes
Franchise taxes
Cigarette and lodger's taxes
Investment income
Miscellaneous revenue
Transfers

Total general revenues and transfers

Change in net assets

Net assets, beginning

Net assets, ending

The accompanying notes are an integral part of these financial statements

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ 36,086	\$ -	\$ 36,086
(4,178,751)	-	(4,178,751)
811,695	-	811,695
(2,012,837)	-	(2,012,837)
(60,044)	-	(60,044)
<u>(5,403,851)</u>	<u>-</u>	<u>(5,403,851)</u>
-	69,571	69,571
-	156,036	156,036
-	(867,270)	(867,270)
-	344,096	344,096
-	44,087	44,087
-	1,140,458	1,140,458
<u>-</u>	<u>886,978</u>	<u>886,978</u>
(5,403,851)	886,978	(4,516,873)
6,631,374	-	6,631,374
672,328	-	672,328
335,836	-	335,836
275,837	-	275,837
393,056	-	393,056
167,544	99,751	267,295
479,417	144,561	623,978
(111,890)	111,890	-
<u>8,843,502</u>	<u>356,202</u>	<u>9,199,704</u>
3,439,651	1,243,180	4,682,831
<u>46,651,041</u>	<u>38,835,771</u>	<u>85,486,812</u>
<u>\$ 50,090,692</u>	<u>\$ 40,078,951</u>	<u>\$ 90,169,643</u>

STATE OF NEW MEXICO

City of Deming
Balance Sheet
Governmental Funds
June 30, 2011

Exhibit B-1
Page 1 of 2

	<u>General Fund</u>	<u>Street Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<i>Assets</i>				
Cash and cash equivalents	\$ 788,831	\$ 177,962	\$ 1,844,824	\$ 2,811,617
Investments	6,236,211	-	457,631	6,693,842
Receivables:				
Accounts	454,368	-	-	454,368
Taxes receivable	1,288,232	39,775	39,478	1,367,485
Other receivables	107,061	-	635,617	742,678
Inventory	78,672	-	-	78,672
Prepays	6,761	-	-	6,761
	<u>8,960,136</u>	<u>217,737</u>	<u>2,977,550</u>	<u>12,155,423</u>
<i>Total assets</i>	<u>\$ 8,960,136</u>	<u>\$ 217,737</u>	<u>\$ 2,977,550</u>	<u>\$ 12,155,423</u>
<i>Liabilities and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 80,590	\$ 32,660	\$ 159,322	\$ 272,572
Accrued payroll expenses	195,721	9,161	27,947	232,829
Deferred revenue	134,927	-	-	134,927
Court bond trust	2,327	-	-	2,327
	<u>413,565</u>	<u>41,821</u>	<u>187,269</u>	<u>642,655</u>
<i>Total liabilities</i>	<u>413,565</u>	<u>41,821</u>	<u>187,269</u>	<u>642,655</u>
<i>Fund balances</i>				
Nonspendable				
Inventory and prepaid expenditures	85,433	-	-	85,433
Spendable				
Restricted for:				
Public safety	-	-	1,096,601	1,096,601
Culture and recreation	-	-	570,649	570,649
Promotion	-	-	497,051	497,051
Transportation and roads	-	175,916	100	176,016
Capital improvements	-	-	10,000	10,000
Economic development	-	-	639,475	639,475
Committed to:				
Minimum fund balance	764,685	-	-	764,685
Subsequent year's expenditures	788,831	-	-	788,831
Unassigned	6,907,622	-	(23,595)	6,884,027
	<u>8,546,571</u>	<u>175,916</u>	<u>2,790,281</u>	<u>11,512,768</u>
<i>Total fund balances</i>	<u>8,546,571</u>	<u>175,916</u>	<u>2,790,281</u>	<u>11,512,768</u>
<i>Total liabilities and fund balances</i>	<u>\$ 8,960,136</u>	<u>\$ 217,737</u>	<u>\$ 2,977,550</u>	<u>\$ 12,155,423</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

City of Deming

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Assets
June 30, 2011

Exhibit B-1

Page 2 of 2

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

Fund balances - total governmental funds	\$ 11,512,768
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	40,405,969
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred revenue in the fund financial statements, but are considered revenue in the Statement of Activities	134,927
Certain liabilities, including loans payable and related components, accrued interest, and current and long-term portions of accrued compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds	
Current portion of accrued compensated absences	(150,702)
Long-term portion of accrued compensated absences	(312,881)
Bonds and notes payable	<u>(1,499,389)</u>
Net assets of governmental activities	<u>\$ 50,090,692</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Deming
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

Exhibit B-2
Page 1 of 2

	<u>General Fund</u>	<u>Street Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<i>Revenues</i>				
<i>Taxes:</i>				
Property	\$ 648,683	\$ -	\$ -	\$ 648,683
Gross receipts	6,631,374	-	-	6,631,374
Gasoline, franchise and motor vehicle	275,842	335,831	-	611,673
Other	-	-	393,056	393,056
<i>Intergovernmental</i>				
Federal operating grants	248,205	-	-	248,205
Federal capital grants	-	-	450,000	450,000
State operating grants	52,817	2,005,231	692,895	2,750,943
Charges for services	566,836	11,014	138,336	716,186
Licenses and fees	2,768,571	1,374	11,057	2,781,002
Investment income	136,979	-	30,565	167,544
Miscellaneous	398,246	35,845	45,326	479,417
<i>Total revenues</i>	<u>11,727,553</u>	<u>2,389,295</u>	<u>1,761,235</u>	<u>15,878,083</u>
<i>Expenditures</i>				
<i>Current:</i>				
General government	2,567,029	-	97,784	2,664,813
Public safety	4,936,799	-	150,034	5,086,833
Public works	-	707,044	5,811	712,855
Culture and recreation	643,257	-	1,539,286	2,182,543
Capital outlay	230,528	2,055,724	1,328,624	3,614,876
<i>Total expenditures</i>	<u>8,377,613</u>	<u>2,762,768</u>	<u>3,121,539</u>	<u>14,261,920</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>3,349,940</u>	<u>(373,473)</u>	<u>(1,360,304)</u>	<u>1,616,163</u>
<i>Other financing sources (uses)</i>				
Loan proceeds	-	-	1,499,389	1,499,389
Transfers in	460,154	50,000	1,732,789	2,242,943
Transfers out	(1,593,450)	-	(761,383)	(2,354,833)
<i>Total other financing sources (uses)</i>	<u>(1,133,296)</u>	<u>50,000</u>	<u>2,470,795</u>	<u>1,387,499</u>
<i>Net change in fund balance</i>	2,216,644	(323,473)	1,110,491	3,003,662
<i>Fund balance - beginning of year</i>	<u>6,329,927</u>	<u>499,389</u>	<u>1,679,790</u>	<u>8,509,106</u>
<i>Fund balance - end of year</i>	<u>\$ 8,546,571</u>	<u>\$ 175,916</u>	<u>\$ 2,790,281</u>	<u>\$ 11,512,768</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

City of Deming

Governmental Funds

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2011

Exhibit B-2

Page 2 of 2

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

Net change in fund balances - total governmental funds	\$	3,003,662
<p>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:</p>		
Capital expenditures recorded in capital outlay		3,614,876
Depreciation expense		(1,513,482)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:</p>		
Decrease in deferred revenue related to property taxes receivable		25,740
<p>Expenses in the Statement of Activities that do not require current financial resources are not reported as expenditures in the funds:</p>		
Increase in accrued compensated absences		(191,756)
<p>The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:</p>		
Loan proceeds		<u>(1,499,389)</u>
Change in net assets of governmental activities	\$	<u><u>3,439,651</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit C-1

City of Deming

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ 525,387	\$ 525,387	\$ 646,527	\$ 121,140
Gross receipts	6,150,538	6,150,538	6,557,497	406,959
Gasoline, franchise and motor vehicle	300,000	313,090	306,480	(6,610)
Intergovernmental:				
Federal operating grants	435,988	382,327	48,626	(333,701)
State operating grants	22,527	48,827	51,384	2,557
Charges for services	431,600	551,096	566,836	15,740
Licenses and fees	2,683,537	2,536,487	2,755,645	219,158
Investment income	10,000	64,000	134,006	70,006
Miscellaneous	465,000	477,500	398,246	(79,254)
<i>Total revenues</i>	<u>11,024,577</u>	<u>11,049,252</u>	<u>11,465,247</u>	<u>415,995</u>
<i>Expenditures</i>				
Current:				
General government	2,770,921	2,828,250	2,614,069	214,181
Public safety	5,554,462	5,394,124	4,918,601	475,523
Public works	-	-	-	-
Culture and recreation	730,833	724,548	638,099	86,449
Health and welfare	-	-	-	-
Capital outlay	185,000	229,300	193,847	35,453
<i>Total expenditures</i>	<u>9,241,216</u>	<u>9,176,222</u>	<u>8,364,616</u>	<u>811,606</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,783,361</u>	<u>1,873,030</u>	<u>3,100,631</u>	<u>1,227,601</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	402,354	(30,124)	-	30,124
Transfers in	405,617	460,154	2,460,154	2,000,000
Transfers out	(2,591,332)	(2,303,060)	(3,593,450)	(1,290,390)
<i>Total other financing sources (uses)</i>	<u>(1,783,361)</u>	<u>(1,873,030)</u>	<u>(1,133,296)</u>	<u>739,734</u>
<i>Net change in fund balance</i>	-	-	1,967,335	1,967,335
<i>Fund balance - beginning of year</i>	-	-	5,057,707	5,057,707
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,025,042</u>	<u>\$ 7,025,042</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 1,967,335	
Adjustments to revenues for property taxes and state operating grants.			262,306	
Adjustments to expenditures for salaries and operating expenses.			(12,997)	
Net change in fund balance (GAAP)			<u>\$ 2,216,644</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit C-2

City of Deming

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, 2011

	Budgeted Amounts		Actual	Variations
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline, franchise and motor vehicle	375,000	405,000	382,020	(22,980)
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	3,343,359	2,885,918	2,442,456	(443,462)
Charges for services	1,500	1,500	11,014	9,514
Licenses and fees	-	-	-	-
Investment income	150	150	1,374	1,224
Miscellaneous	100	35,100	35,845	745
<i>Total revenues</i>	<u>3,720,109</u>	<u>3,327,668</u>	<u>2,872,709</u>	<u>(454,959)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public Works	978,422	900,023	730,553	169,470
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	3,172,695	2,439,332	2,199,049	240,283
<i>Total expenditures</i>	<u>4,151,117</u>	<u>3,339,355</u>	<u>2,929,602</u>	<u>409,753</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(431,008)</u>	<u>(11,687)</u>	<u>(56,893)</u>	<u>(45,206)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	381,008	(38,313)	-	38,313
Transfers in	50,000	50,000	50,000	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>431,008</u>	<u>11,687</u>	<u>50,000</u>	<u>38,313</u>
<i>Net change in fund balance</i>	-	-	(6,893)	(6,893)
<i>Fund balance - beginning of year</i>	-	-	184,855	184,855
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 177,962</u>	<u>\$ 177,962</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (6,893)	
Adjustments to revenues for property taxes and state operating grants.			(483,414)	
Adjustments to expenditures for salaries and operating expenses.			166,834	
Net change in fund balance (GAAP)			<u>\$ (323,473)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

City of Deming
Statement of Net Assets
Proprietary Funds
June 30, 2011

	<u>Gas</u>	<u>Sewer</u>	<u>Solid Waste</u>
<i>Assets</i>			
<i>Current assets</i>			
Cash and cash equivalents	\$ 710,130	\$ 738,678	\$ 784,047
Investments	2,503,191	265,406	537,361
Customer receivables, net	247,919	233,048	163,107
Inventory	89,168	28,007	-
<i>Total current assets</i>	<u>3,550,408</u>	<u>1,265,139</u>	<u>1,484,515</u>
<i>Noncurrent assets</i>			
Restricted cash and cash equivalents	409,468	-	-
Capital assets	6,186,306	13,215,802	5,807,725
Accumulated depreciation	(3,239,398)	(5,388,795)	(1,775,635)
<i>Total noncurrent assets</i>	<u>3,356,376</u>	<u>7,827,007</u>	<u>4,032,090</u>
<i>Total assets</i>	<u>\$ 6,906,784</u>	<u>\$ 9,092,146</u>	<u>\$ 5,516,605</u>
<i>Liabilities and Net Assets</i>			
<i>Liabilities</i>			
<i>Current liabilities</i>			
Accounts payable	\$ 27,209	\$ 65,655	\$ 70,643
Accrued payroll expenses	12,426	4,233	8,716
Accrued compensated absences	12,619	1,626	21,356
Meter deposits	409,468	-	-
Accrued interest	-	-	-
Current maturity of loans payable	-	-	-
<i>Total current liabilities</i>	<u>461,722</u>	<u>71,514</u>	<u>100,715</u>
<i>Noncurrent liabilities</i>			
Accrued compensated absences	8,918	6,682	36,471
Landfill closure and post-closure costs	-	-	1,300,950
Loans payable	-	60,000	-
<i>Total noncurrent liabilities</i>	<u>8,918</u>	<u>66,682</u>	<u>1,337,421</u>
<i>Total liabilities</i>	<u>470,640</u>	<u>138,196</u>	<u>1,438,136</u>
<i>Net assets</i>			
Invested in capital assets, net of related debt	2,946,908	7,767,007	4,032,090
Unrestricted	3,489,236	1,186,943	46,379
<i>Total net assets</i>	<u>6,436,144</u>	<u>8,953,950</u>	<u>4,078,469</u>
<i>Total liabilities and net assets</i>	<u>\$ 6,906,784</u>	<u>\$ 9,092,146</u>	<u>\$ 5,516,605</u>

The accompanying notes are an integral part of these financial statements

Water	Cemetery	Airport	Total
\$ 780,930	\$ 54,106	\$ 149,385	\$ 3,217,276
997,526	306,989	60,370	4,670,843
378,777	8,895	611,846	1,643,592
286,930	-	-	404,105
<u>2,444,163</u>	<u>369,990</u>	<u>821,601</u>	<u>9,935,816</u>
-	-	-	409,468
14,857,917	486,088	9,139,384	49,693,222
(3,602,223)	(152,647)	(2,700,766)	(16,859,464)
<u>11,255,694</u>	<u>333,441</u>	<u>6,438,618</u>	<u>33,243,226</u>
<u>\$ 13,699,857</u>	<u>\$ 703,431</u>	<u>\$ 7,260,219</u>	<u>\$ 43,179,042</u>
\$ 114,784	\$ -	\$ 6,437	\$ 284,728
9,277	-	-	34,652
11,449	-	-	47,050
-	-	-	409,468
5,237	-	-	5,237
43,170	-	-	43,170
<u>183,917</u>	<u>-</u>	<u>6,437</u>	<u>824,305</u>
26,047	-	-	78,118
-	-	-	1,300,950
836,718	-	-	896,718
<u>862,765</u>	<u>-</u>	<u>-</u>	<u>2,275,786</u>
<u>1,046,682</u>	<u>-</u>	<u>6,437</u>	<u>3,100,091</u>
10,375,806	333,441	6,438,618	31,893,870
2,277,369	369,990	815,164	8,185,081
<u>12,653,175</u>	<u>703,431</u>	<u>7,253,782</u>	<u>40,078,951</u>
<u>\$ 13,699,857</u>	<u>\$ 703,431</u>	<u>\$ 7,260,219</u>	<u>\$ 43,179,042</u>

STATE OF NEW MEXICO
City of Deming
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

	Gas	Sewer	Solid Waste
<i>Operating revenues</i>			
Charges for services	\$ 3,770,471	\$ 607,757	\$ 1,516,954
<i>Total operating revenues</i>	<u>3,770,471</u>	<u>607,757</u>	<u>1,516,954</u>
<i>Operating expenses</i>			
Depreciation	155,780	261,828	88,398
Personnel services	469,117	277,312	733,141
Contractual services	41,676	17,998	90,746
Supplies and purchases	2,011,894	8,922	9,858
Maintenance and materials	46,162	62,787	951,818
Other operating expenses	724,014	263,549	516,653
Utilities	14,740	177,925	7,069
Equipment	40,600	10,200	71,541
Gross receipts taxes	229,917	-	-
<i>Total operating expenses</i>	<u>3,733,900</u>	<u>1,080,521</u>	<u>2,469,224</u>
<i>Operating income (loss)</i>	<u>36,571</u>	<u>(472,764)</u>	<u>(952,270)</u>
<i>Non-operating revenues (expenses)</i>			
Interest expense	-	-	-
Investment income	62,223	5,776	8,784
Miscellaneous income	66,815	37,133	5,350
<i>Total non-operating revenues (expenses)</i>	<u>129,038</u>	<u>42,909</u>	<u>14,134</u>
<i>Income (loss) before contributions and transfers</i>	<u>165,609</u>	<u>(429,855)</u>	<u>(938,136)</u>
Government contributions	33,000	628,800	85,000
Transfers in	-	-	-
Transfers out	-	(174,943)	-
<i>Change in net assets</i>	198,609	24,002	(853,136)
<i>Total net assets, beginning of year</i>	<u>6,237,535</u>	<u>8,929,948</u>	<u>4,931,605</u>
<i>Total net assets, end of year</i>	<u>\$ 6,436,144</u>	<u>\$ 8,953,950</u>	<u>\$ 4,078,469</u>

The accompanying notes are an integral part of these financial statements

<u>Water</u>	<u>Cemetery</u>	<u>Airport</u>	<u>Total</u>
<u>\$ 1,768,380</u>	<u>\$ 71,770</u>	<u>\$ 71,195</u>	<u>\$ 7,806,527</u>
<u>1,768,380</u>	<u>71,770</u>	<u>71,195</u>	<u>7,806,527</u>
282,749	2,722	71,933	863,410
484,470	-	1,317	1,965,357
42,215	5,172	19,825	217,632
7,048	2,357	261	2,040,340
106,322	9,937	14,035	1,191,061
431,369	4,480	14,305	1,954,370
235,260	2,148	18,818	455,960
17,481	867	3,150	143,839
-	-	-	229,917
<u>1,606,914</u>	<u>27,683</u>	<u>143,644</u>	<u>9,061,886</u>
<u>161,466</u>	<u>44,087</u>	<u>(72,449)</u>	<u>(1,255,359)</u>
(30,134)	-	-	(30,134)
15,643	5,739	1,586	99,751
<u>34,138</u>	<u>-</u>	<u>1,125</u>	<u>144,561</u>
<u>19,647</u>	<u>5,739</u>	<u>2,711</u>	<u>214,178</u>
<u>181,113</u>	<u>49,826</u>	<u>(69,738)</u>	<u>(1,041,181)</u>
212,764	-	1,212,907	2,172,471
-	286,833	-	286,833
-	-	-	(174,943)
<u>393,877</u>	<u>336,659</u>	<u>1,143,169</u>	<u>1,243,180</u>
<u>12,259,298</u>	<u>366,772</u>	<u>6,110,613</u>	<u>38,835,771</u>
<u>\$ 12,653,175</u>	<u>\$ 703,431</u>	<u>\$ 7,253,782</u>	<u>\$ 40,078,951</u>

STATE OF NEW MEXICO
City of Deming
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

	Gas	Sewer	Solid Waste
<i>Cash flows from operating activities:</i>			
Cash received from user charges	\$ 3,829,240	\$ 480,678	\$ 1,511,292
Cash payments to employees for services	(481,737)	(300,269)	(736,728)
Cash payments to suppliers for goods and services	(3,119,559)	(498,250)	(769,257)
<i>Net cash provided (used) by operating activities</i>	<u>227,944</u>	<u>(317,841)</u>	<u>5,307</u>
<i>Cash flows from noncapital financing activities:</i>			
Government contributions	24,203	905,374	85,000
Miscellaneous income	66,815	37,133	5,350
Transfers	-	(174,943)	-
<i>Net cash provided by noncapital financing activities</i>	<u>91,018</u>	<u>767,564</u>	<u>90,350</u>
<i>Cash flows from investing activities:</i>			
Acquisition of capital assets	(49,715)	(471,473)	(110,696)
Purchase of investments	(2,300,072)	(258,897)	(534,426)
Interest on investments	65,140	6,010	8,801
<i>Net cash (used) from investing activities</i>	<u>(2,284,647)</u>	<u>(724,360)</u>	<u>(636,321)</u>
<i>Cash flows from capital and related financing activities:</i>			
Interest paid	-	-	-
Proceeds from issuance of long-term debt	-	60,000	-
Principal payments on bonds, loans and notes payable	-	(36,306)	-
<i>Net cash provided (used) from capital and related financing activities</i>	<u>-</u>	<u>23,694</u>	<u>-</u>
<i>Net decrease in cash and cash equivalents</i>	(1,965,685)	(250,943)	(540,664)
<i>Cash and cash equivalents - beginning of year</i>	<u>3,085,283</u>	<u>989,621</u>	<u>1,324,711</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 1,119,598</u>	<u>\$ 738,678</u>	<u>\$ 784,047</u>
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</i>			
Operating income (loss)	\$ 36,571	\$ (472,764)	\$ (952,270)
<i>Adjustments to reconcile operating income to net cash provided by operating activities:</i>			
Depreciation	155,780	261,828	88,398
<i>Changes in assets and liabilities</i>			
Receivables	(38,668)	(127,079)	(5,662)
Inventory	4,147	5,068	-
Accounts payable	(14,703)	38,063	878,428
Accrued payroll expenses	(2,633)	(7,568)	(14,025)
Accrued compensated absences	(9,987)	(15,389)	10,438
Meter deposits	97,437	-	-
<i>Net cash provided (used) by operating activities</i>	<u>\$ 227,944</u>	<u>\$ (317,841)</u>	<u>\$ 5,307</u>

The accompanying notes are an integral part of these financial statements

Water	Cemetery	Airport	Total
\$ 1,719,348	\$ 62,875	\$ 71,195	\$ 7,674,628
(484,311)	-	-	(2,003,045)
(769,663)	(27,209)	(83,061)	(5,266,999)
<u>465,374</u>	<u>35,666</u>	<u>(11,866)</u>	<u>404,584</u>
353,774	-	627,702	1,996,053
34,138	-	1,125	144,561
-	286,833	-	111,890
<u>387,912</u>	<u>286,833</u>	<u>628,827</u>	<u>2,252,504</u>
(578,941)	(71,581)	(565,785)	(1,848,191)
(1,003,972)	(298,094)	(60,370)	(4,455,831)
118,265	5,798	1,594	205,608
<u>(1,464,648)</u>	<u>(363,877)</u>	<u>(624,561)</u>	<u>(6,098,414)</u>
(29,916)	-	-	(29,916)
-	-	-	60,000
(73,008)	-	-	(109,314)
<u>(102,924)</u>	<u>-</u>	<u>-</u>	<u>(79,230)</u>
(714,286)	(41,378)	(7,600)	(3,520,556)
<u>1,495,216</u>	<u>95,484</u>	<u>156,985</u>	<u>7,147,300</u>
<u>\$ 780,930</u>	<u>\$ 54,106</u>	<u>\$ 149,385</u>	<u>\$ 3,626,744</u>
\$ 161,466	\$ 44,087	\$ (72,449)	\$ (1,255,359)
282,749	2,722	71,933	863,410
(49,032)	(8,895)	-	(229,336)
17,003	-	-	26,218
53,029	(2,248)	(11,350)	941,219
(6,336)	-	-	(30,562)
6,495	-	-	(8,443)
-	-	-	97,437
<u>\$ 465,374</u>	<u>\$ 35,666</u>	<u>\$ (11,866)</u>	<u>\$ 404,584</u>

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STATE OF NEW MEXICO
City of Deming
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2011

Exhibit E-1

<i>Assets</i>	
Cash	<u>\$ 527</u>
<i>Total assets</i>	<u><u>\$ 527</u></u>
<i>Liabilities</i>	
Due to other entities	<u>\$ 527</u>
<i>Total liabilities</i>	<u><u>\$ 527</u></u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2011

NOTE 1. Summary of Significant Accounting Policies

The City of Deming (the City) was incorporated in 1902 under provisions of Chapter 3, Article 2, NMSA, 1978 as amended and regulated by the constitution of the State of New Mexico. The City operates under a Council-mayor form of government and provides the following services as authorized by public law: public safety (police and fire), public works, water, sanitation, health and welfare, culture and recreation, public improvements, planning and zoning and general administrative services.

The City of Deming is a body politic and corporate under the name and form of government selected by its qualified electors. The City may:

1. Sue or be sued;
2. Enter into contracts and leases;
3. Acquire and hold property, both real and personal;
4. Have common seal, which may be altered at pleasure;
5. Exercise such other privileges that are incident to corporations of like character or degree that are not inconsistent with the laws of New Mexico.
6. Protect generally the property of its City and its inhabitants;
7. Preserve peace and order within the City; and
8. Establish rates for services provided by the City utilities and revenue-producing projects, including amounts which the governing body determines to be reasonable in the operation of similar facilities.

This summary of significant accounting policies of City of Deming is presented to assist in the understanding of City of Deming's financial statements. The financial statements and notes are the representation of City of Deming's management who is responsible for their integrity and objectivity. The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. Governments also have the option of following subsequent private-sector guidance for their government-wide financial statements, subject to the same limitation. The City has elected not to follow subsequent private-sector guidance. The more significant of the City's accounting policies are described below.

A. Financial Reporting Entity

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14 and No. 39. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2011

NOTE 1. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the City does not have any component units required to be reported under GASB Statements No. 14 and No. 39.

B. Government-wide 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 Net Assets and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

In the government-wide Statement of Net Assets, the governmental activities column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt obligations. The City's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

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 segment. *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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements of time, reimbursement and contingencies imposed by the provider are met.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2011

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers 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 due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met. All other revenue items are considered to be measurable and available only when cash is received by the City.

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the City's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the City's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for fees and use of City facilities, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

The City reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The City does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Proprietary funds distinguish operating revenues and expense from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenue for the City's enterprise funds is charges for services for the City's utilities. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses

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

Under the requirements of GASB Statement No. 34, the City is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include the following, which includes funds that were not required to be presented as major but were at the discretion of management:

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2011

NOTE 1. Summary of Significant Accounting Policies (continued)

The City reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided through property and other taxes, federal sources, state sources, charges for services, licenses and fees, and other miscellaneous recoveries and revenue. Expenditures include all costs associated with the daily operation of the City except for items included in other funds.

The *Street Special Revenue Fund* accounts for the receipts and disbursements for City Street improvements. Financing is provided by motor vehicle fees and state grants. The fund is authorized by Section 7-1-6.27, NMSA 1978

C. *Measurement focus, basis of accounting, and financial statement presentation (continued)*

The City reports its proprietary funds as major funds. Proprietary funds include:

The *Gas Fund* accounts for the provision of gas services to the City residents. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, billing and collection.

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

The *Solid Waste Fund* accounts for the disposal of solid waste for the City residents.

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

The *Cemetery Trust Fund* accounts for the receipts and disbursements for the maintenance of the City's cemetery. Financing is provided by private donations. The fund is authorized by City Council.

The *Airport Fund* accounts for the operations and maintenance of the airport. Financing is provided by fuel sales and fees for services. The fund is authorized by City Council.

Additionally, the City reports the following agency fund:

The *Judicial Bond Fund* accounts for monies held and disbursed on behalf of local law enforcement agencies.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2011

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Assets or Fund Equity

Deposits and Investments: The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

Investments for the City are reported at fair value. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables: Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables 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 funds and reduces its related cost as a 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.

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.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In the government-wide and governmental fund financial statements, delinquent property taxes are recorded as revenue when levied net of estimated refunds and uncollectable amounts.

Property taxes are levied on November 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments by November 10th and April 10th. Property taxes uncollected after May 10th are considered delinquent. The taxes attach as an enforceable lien on property as of January 1st.

Prepaid Expenses: Prepaid expenses include insurance and contract payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Inventory: Inventory is valued at the lower of cost or market under the consumption method.

Restricted Assets: Restricted assets consist of those funds expendable for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be expended.

Capital Assets: Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. City of Deming was a phase II government for purposes of implementing GASB 34. Therefore, the City was required to report its major general infrastructure assets retroactively to June 30, 1980. The City has made the required restatement for infrastructure assets retroactive to June 30, 1980, in order to properly implement GASB 34. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5).

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2011

NOTE 1. Summary of Significant Accounting Policies (continued)

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10-50
Utility system	40
Infrastructure	40-50
Equipment, including vehicles	5-10

Accrued Expenses: Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2011, along with applicable PERA, FICA, RHC and Medicare payable.

Deferred Revenues: There are two types of deferred revenue. Under both the accrual and modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for deferred revenue (commonly referred to as unearned revenue). The other type of deferred revenue is "unavailable revenue." Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized as revenue of the current period. It must also be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period). If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred revenue. Within 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 with the balance sheet.

Compensated Absences: Qualified employees are entitled to accumulate annual leave according to a graduated leave schedule of ten days to twenty days per year, depending on length of service. No more than thirty (30) working days, or two hundred forty (240) hours of annual leave, may be carried forward from one fiscal year to the next. All excess annual leave shall be forfeited, if not used, unless extenuating circumstances warrant approval of an extension by the Mayor and Council of the City of Deming.

Qualified employees are entitled to accumulate regular sick leave at a rate of ten days per year. Regular sick leave can be carried over with no limit. Upon termination employees receive no pay for sick time. Employees eligible for retirement who still maintain an "old sick" leave balance will be paid for the entire balance.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2011

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Long-term Obligations: In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. For bonds issued after GASB 34 was implemented, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. For fund financial reporting, bond premiums, discounts as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as an other financing source, net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Fund Balance Classification Policies and Procedures: For committed fund balance, the City's highest level of decision-making authority is the City Council. The formal action that is required to be taken to establish a fund balance commitment is the City Council.

For assigned fund balance, the City Council or an official or body to which the City Council delegates the authority is authorized to assign amounts to a specific purpose. The authorization policy is in governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

For the classification of fund balances, the City considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the City considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Nonspendable fund balance consist of inventory in the amount of \$78,672 and prepaid expenses in the amount of \$6,761

Restricted and Committed Fund Balance: At June 30, 2011, the City has presented restricted fund balance on the governmental funds balance sheet in the amount of \$1,096,601 for public safety; \$570,649 for culture and recreation; \$497,051 for promotion; \$176,016 for transportation and roads; \$10,000 for capital improvements; and \$639,475 for economic development. The City has also presented committed fund balance on the governmental funds balance sheet including \$764,685 for minimum fund balance and \$788,831 for subsequent year's expenditures.

Minimum Fund Balance Policy: The City's policy for maintaining a minimum amount of fund balance for operations is to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies. At a minimum, the budget shall ensure that the City holds cash reserves of 1/12th the General Fund expenditures.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2011

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

- a. Invested in capital assets, net of related debt: Net assets invested in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets: Consist of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net assets restricted for “special revenue, and capital projects” are described on pages 44 and 66-67.
- c. Unrestricted net assets: All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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 and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates for the City include the depreciable lives and estimated allowance for uncollectible accounts receivables.

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets of the City are prepared prior to June 1 and must be approved by resolution of the City Council, and submitted to the Department of Finance and Administration for State approval. Once the budget has been formally approved, any amendments must also be approved by the City Commissioners and the Department of Finance and Administration. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget in total at the fund level.

Both proprietary and governmental fund budgets are prepared on the Non-GAAP cash budgetary basis. Budgetary basis expenditures exclude encumbrances. The budget secures appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

The budgetary information presented in these financial statements has been properly amended by City Commissioners in accordance with the above procedures. These amendments resulted in the following changes:

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2011

NOTE 2. Stewardship, Compliance and Accountability (continued)

Budgetary Information

	Excess (deficiency) of revenues over expenditures Operating income (loss)	
	Original Budget	Final Budget
Budgeted Funds:		
General Fund	\$ 1,783,361	\$ 1,873,030
Street Fund	(431,008)	(11,687)
Other Governmental Funds	(3,406,200)	(2,573,321)
Gas Enterprise Fund	(617,688)	(658,153)
Sewer Enterprise Fund	(1,208,728)	(1,380,702)
Solid Waste Enterprise Fund	(678,805)	(231,190)
Water Enterprise Fund	(313,712)	(410,888)
Cemetery Enterprise Fund	(155,805)	(18,948)
Airport Enterprise Fund	(764,450)	(797,630)

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual and Statements of Revenues, Expenses and Changes in Net Assets – (Non-GAAP Budgetary Basis Budget) and Actual present comparisons of the legally adopted budget with actual data on a budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP), a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2011 is presented. Reconciliations between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund can be found on each individual budgetary statement.

NOTE 3. Deposits 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 investment requirements as of June 30, 2011.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the City. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess 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.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2011

NOTE 3. Deposits and Investments (continued)

According to the Federal Deposit Insurance Corporation (FDIC), public unit deposits are funds owned by the public unit. Under the Transaction Account Guarantee Program (TAGP) in effect from July 1, 2010 to December 31, 2010, time deposits, savings deposits and interest bearing negotiable order of withdrawal (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. The TAGP program expired on December 31, 2010. On November 9, 2010, the FDIC Board of Directors issued a final rule to implement the section of the Dodd-Frank Wall Street Reform and Consumer Protection Act that provides temporary unlimited coverage for noninterest-bearing transaction accounts in all FDIC-insured depository institutions. The separate coverage on noninterest-bearing transaction accounts became effective on December 31, 2010 and will terminate on December 31, 2012.

From December 31, 2010 to July 20, 2011 accounts held by an official custodian for a government unit are insured as follows:

- Up to \$250,000 for the combined total of all time and savings deposits (including NOW accounts), and
- Unlimited coverage for noninterest-bearing transaction (demand deposit) accounts

Through July 20, 2011, there is no difference in deposit insurance coverage when an official custodian deposits money in-state or out-of-state.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk, other than following state statutes as set forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). Section 6-10-17, New Mexico Statutes Annotated, 1978 Compilation requires that all depositories provide collateral equal to at least one-half of the amount of public monies on deposit that are uninsured by FDIC limits. All depositories had collateral exceeding the amount required by law. As of June 30, 2011, \$15,427,385 of the City's bank balance of \$15,933,961 was subject to custodial credit risk. \$13,306,688 of this amount was insured and collateralized at June 30, 2011 and \$2,120,697 was uninsured and uncollateralized at June 30, 2011.

	Wells Fargo Bank	First New Mexico Bank	First Savings Bank	Total
Amount of deposits	\$ 3,996	\$ 13,366,479	\$ 2,563,486	\$ 15,933,961
FDIC Coverage	(3,996)	(250,000)	(252,580)	(506,576)
Total uninsured public funds	<u>-</u>	<u>13,116,479</u>	<u>2,310,906</u>	<u>15,427,385</u>
Collateralized by securities held by pledging institution or by its trust department or agent in other than the City's name	-	10,995,782	2,310,906	13,306,688
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ 2,120,697</u>	<u>\$ -</u>	<u>\$ 2,120,697</u>
Collateral requirement (50% of uninsured funds)	\$ -	\$ 6,558,240	\$ 1,155,453	\$ 7,713,693
Pledged Collateral	-	10,995,782	4,183,538	15,179,320
Over (Under) collateralized	<u>\$ -</u>	<u>\$ 4,437,542</u>	<u>\$ 3,028,085</u>	<u>\$ 7,465,627</u>

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2011

NOTE 3. Deposits and Investments (continued)

The collateral pledged is listed on Schedule II of this report. The collateral on Schedule II for First New Mexico Bank is split between deposits in the table above and investments in the table on the next page. The types of collateral are limited to direct obligations of the United States Government and all bonds issued by any agency, district, or political subdivision of the State of New Mexico.

Investments

Credit Risk

The New MexiGROW Local Government Investment Pool's (LGIP) investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP is not SEC registered. The New Mexico State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10(I) through 6-10-10(P) and Sections 6-10-10.1(A) and (E), NMSA 1978. The LGIP's investments are monitored by the same policies and procedures that apply to all other state investments. The pool does not have unit shares. Per Section 6-10-10.1(F), NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the LGIP is voluntary.

As of June 30, 2011, the City had the following investments and maturities:

Investment Type	Weighted Average Maturities	Fair Value	Rating
Multi-Bank Securities	<1 year	\$ 413,775	Not Rated
Edward D Jones Pass through Certificates	<1 year	29,756	Not Rated
Reserve Contingency Fund	N/A	10,570	Not Rated
		<u>\$ 454,101</u>	

The investments are listed on Schedule I of this report. The types of investment, interest rate, maturity date and fair value per security are included in the schedule. The City has presented certificates of deposits and interest bearing savings accounts of \$10,910,584 as investments in the Statement of Net Assets; however, these are classified as deposits for disclosure purposes.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2011

NOTE 3. Deposits and Investments (continued)

Interest Rate Risk – Investments. The City does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Concentration of Credit Risk – Investments. For an investment, concentration of credit risk is when any one issuer is 5% or more of the investment portfolio of the City. The investments in the Multi-Bank Securities represent 91% of the investment portfolio. Since the City only purchases investments with the highest credit rating, the concentration is not viewed to be an additional risk by the City. The City’s policy related to concentration of credit risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

The City utilizes pooled accounts for their funds. The General, Special Revenue, Capital Projects, and Agency Funds are all in multiple accounts.

Reconciliation of Cash, Investments and Cash Equivalents

Primary Government

Reconciliation to the Statement of Net Assets:

Cash and cash equivalents per Exhibit A-1	\$ 6,028,893
Restricted cash and cash equivalents per Exhibit A-1	409,468
Cash - Statement of Fiduciary Assets and Liabilities per Exhibit E-1	527
Investments per Exhibit A-1	<u>11,364,685</u>
 Total cash, investments, and cash equivalents	 <u>17,803,573</u>
 Add: outstanding checks	 306,907
Less: deposits in transit and other reconciling items	(1,616,426)
Less: petty cash	<u>(3,650)</u>
 Bank balance of deposits and investments	 <u>\$ 16,490,404</u>
 Bank balance of deposits	 \$ 15,933,961
Bank balance of trust account	21,888
Bank balance of investment account-Multi Bank Securities	459,063
Bank balance of investment account-Edward D Jones	64,922
Bank balance of New Mexico State Treasurer	<u>10,570</u>
 Total bank balance of deposits and investments	 <u>\$ 16,490,404</u>

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2011

NOTE 4. Receivables

Governmental receivables as of June 30, 2011 are comprised of the following:

	<u>General</u>	<u>Street</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Accounts receivable	\$ 1,486,247	\$ -	\$ 241,559	\$ 1,727,806
Less: allowance for uncollectable accounts	<u>(1,031,879)</u>	<u>-</u>	<u>(241,559)</u>	<u>(1,273,438)</u>
Accounts receivable (net)	454,368	-	-	454,368
Gross receipts tax receivables	1,134,576	39,775	39,478	1,213,829
Property tax receivables	153,656	-	-	153,656
Note Receivable	-	-	615,000	615,000
State operating grants receivables	103,032	-	16,617	119,649
Interest Receivable	<u>4,029</u>	<u>-</u>	<u>4,000</u>	<u>8,029</u>
Net receivables	<u>\$ 1,849,661</u>	<u>\$ 39,775</u>	<u>\$ 675,095</u>	<u>\$ 2,564,531</u>
Total accounts receivable (net)				<u>\$ 2,564,531</u>

In accordance with GASB No. 33, property tax revenues in the amount of \$134,927 that were not collected within the period of availability have been reclassified as deferred revenue in the governmental fund financial statements.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2011

NOTE 4. Receivables (continued)

Business-type activity receivables as of June 30, 2011 are comprised of the following:

	<u>Gas</u>	<u>Sewer</u>	<u>Solid Waste</u>	<u>Water</u>
Accounts receivable	\$ 327,154	\$ 93,365	\$ 187,701	\$ 337,349
Less: allowance for uncollectable accounts	<u>(90,282)</u>	<u>(14,413)</u>	<u>(24,594)</u>	<u>(37,074)</u>
Accounts receivable (net)	236,872	78,952	163,107	300,275
Interest receivable	2,250	-	-	-
State operating grants receivables	<u>8,797</u>	<u>154,096</u>	<u> </u>	<u>78,502</u>
Net receivables	<u>\$ 247,919</u>	<u>\$ 233,048</u>	<u>\$ 163,107</u>	<u>\$ 378,777</u>

	<u>Cemetery</u>	<u>Airport</u>	<u>Total</u>
Accounts receivable	\$ 54,261	\$ 11,603	\$ 1,011,433
Less: allowance for uncollectable accounts	<u>(45,366)</u>	<u>(10,111)</u>	<u>(221,840)</u>
Accounts receivable (net)	8,895	1,492	789,593
Interest receivable	-	-	2,250
State operating grants receivables	<u> </u>	<u>610,354</u>	<u>851,749</u>
Net receivables	<u>\$ 8,895</u>	<u>\$ 611,846</u>	<u>\$ 1,643,592</u>

All of the above net receivables are deemed to be fully collectible.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2011

NOTE 5. Interfund Receivables, Payables, and Transfers

Net operating transfers, made to close out funds and to supplement other funding sources in the normal course of operations, were as follows:

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
Primary Government		
CDBG Planning	General Fund	\$ 19,445
CDBG Grant	General Fund	265,766
Sewer	General Fund	174,943
General Fund	Library Fund	180,000
General Fund	Street Fund	50,000
General Fund	Recreation Fund	300,000
General Fund	Economic Development Fund	200,000
General Fund	Community Bldg Fund	475,000
General Fund	Swimming Pool Fund	65,000
General Fund	CDBG Planning	2,762
General Fund	CDBG Grant	286,000
General Fund	CDBG Grant	34,688
Lodger's Tax Fund	Lodger's Promotional Fund	189,339
Cemetery Trust Fund	Cemetery	<u>286,833</u>
	Total	<u><u>\$ 2,529,776</u></u>

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2011

NOTE 6. Capital Assets

The following is a summary of capital assets and changes occurring during the year ended June 30, 2011. Land and construction in progress are not subject to depreciation.

Governmental Activities:

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Capital assets not being depreciated:				
Land	\$ 6,088,923	\$ 48,269	\$ -	\$ 6,137,192
Construction in progress	1,915,661	3,322,367	(3,550,461)	1,687,567
	<u>8,004,584</u>	<u>3,370,636</u>	<u>(3,550,461)</u>	<u>7,824,759</u>
Capital assets being depreciated:				
Buildings and improvements	11,179,094	45,533	-	11,224,627
Equipment	7,275,087	198,707	-	7,473,794
Infrastructure	47,594,593	3,550,461	-	51,145,054
	<u>66,048,774</u>	<u>3,794,701</u>	<u>-</u>	<u>69,843,475</u>
Total capital assets	<u>74,053,358</u>	<u>7,165,337</u>	<u>(3,550,461)</u>	<u>77,668,234</u>
Accumulated depreciation:				
Buildings and improvements	3,305,500	268,727	-	3,574,227
Equipment	6,517,739	278,706	-	6,796,445
Infrastructure	25,925,544	966,049	-	26,891,593
Total accumulated depreciation	<u>35,748,783</u>	<u>1,513,482</u>	<u>-</u>	<u>37,262,265</u>
Net Capital Assets	<u>\$ 38,304,575</u>	<u>\$ 5,651,855</u>	<u>\$ (3,550,461)</u>	<u>\$ 40,405,969</u>

Business-type Activities:

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Capital assets not being depreciated:				
Land	\$ 8,452,170	\$ 508,414	\$ -	\$ 8,960,584
Construction in progress	4,074,116	1,190,668	(617,904)	4,646,880
	<u>12,526,286</u>	<u>1,699,082</u>	<u>(617,904)</u>	<u>13,607,464</u>
Capital assets being depreciated:				
Buildings and improvements	7,382,535	-	-	7,382,535
Utility System	20,994,279	-	-	20,994,279
Airport infrastructure	1,901,539	617,904	-	2,519,443
Equipment	5,045,516	149,109	(5,124)	5,189,501
	<u>35,323,869</u>	<u>767,013</u>	<u>(5,124)</u>	<u>36,085,758</u>
Total capital assets	<u>47,850,155</u>	<u>2,466,095</u>	<u>(623,028)</u>	<u>49,693,222</u>
Accumulated depreciation:				
Buildings and improvements	2,872,943	126,386	-	2,999,329
Utility System	9,258,504	364,175	-	9,622,679
Airport infrastructure	209,625	39,121	-	248,746
Equipment	3,660,106	333,728	(5,124)	3,988,710
Total accumulated depreciation	<u>16,001,178</u>	<u>863,410</u>	<u>(5,124)</u>	<u>16,859,464</u>
Net Book Value	<u>\$ 31,848,977</u>	<u>\$ 1,602,685</u>	<u>\$ (617,904)</u>	<u>\$ 32,833,758</u>

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2011

NOTE 6. Capital Assets (continued)

Depreciation expense for the year ended June 30, 2011 was charged to the functions of the governmental activities as follows:

General	\$ 119,433
Public Safety	166,781
Public works	982,435
Culture and Recreation	184,789
Health and Welfare	60,044
Total	<u>\$ 1,513,482</u>

NOTE 7. Long-term Debt

During the year ended June 30, 2011, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

Governmental Activities:

	Balance June 30, 2010	Additions	Retirements	Balance June 30, 2011	Due Within One Year
NMFA Loan # DEMING 10	\$ -	\$ 499,389	\$ -	\$ 499,389	\$ -
NMFA Loan # DEMING 11	-	1,000,000	-	1,000,000	-
Compensated Absences	271,827	206,869	15,113	463,583	150,702
Total long-term liabilities	<u>\$ 271,827</u>	<u>\$ 1,706,258</u>	<u>\$ 15,113</u>	<u>\$ 1,962,972</u>	<u>\$ 150,702</u>

There was no activity during the fiscal year and no current portions of the NMFA loans reported due to no required principal payments due until November 2012.

During the year ended June 30, 2011, the following changes occurred in the liabilities reported in the business-type activities:

Business-type Activities:

	Balance June 30, 2010	Additions	Retirements	Balance June 30, 2011	Due Within One Year
NMFA Loan # DEMING 4	\$ 921,856	\$ -	\$ 41,968	\$ 879,888	\$ 43,170
NMFA Loan # DEMING 9	-	60,000	-	60,000	-
Lease Payable	67,346	-	67,346	-	-
Landfill closure and postclosure	467,533	833,417	-	1,300,950	-
Compensated Absences	133,611	178,912	187,355	125,168	47,050
Total	<u>\$ 1,590,346</u>	<u>\$ 1,072,329</u>	<u>\$ 296,669</u>	<u>\$ 2,366,006</u>	<u>\$ 90,220</u>

There was no activity on the #9 NMFA loan due to no interest accruing and no required principal payments due until November 2012.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2011

NOTE 7. Long-term Debt (continued)

Loans

The City has entered into several loan agreements with the New Mexico Finance Authority, wherein the City pledged revenue derived from New Mexico Fire Protection Allotments to cover debt service.

Description	Date of Issue	Maturity Date	Interest Rate	Original Amount of Issue	Balance June 30, 2011
NMFA Loan #4	08/17/07	05/01/27	3.330%	\$ 1,024,005	\$ 879,888
NMFA Loan #9	04/22/11	04/22/31	0.250%	60,000	60,000
NMFA Loan #10	05/13/11	05/13/16	1.476%	499,389	499,389
NMFA Loan #11	06/24/11	05/01/35	2.634%	1,000,000	1,000,000
Total NMFA Loans					<u>\$ 2,439,277</u>

The annual requirements to amortize the governmental activity loans as of June 30, 2011, including interest payments are as follows:

Fiscal Year Ending June 30,	Governmental Activities					Total
	Principal		Interest		Total	
	NMFA Loan 10	NMFA Loan 11	NMFA Loan 10	NMFA Loan 11		
2012	\$ -	\$ -	\$ -	\$ -	\$ -	
2013	98,133	2,000	5,983	50,318	156,434	
2014	98,673	34,300	5,650	27,144	165,767	
2015	99,511	34,700	4,811	26,773	165,795	
2016	100,715	35,100	3,607	26,270	165,692	
2017-2021	102,357	185,800	1,965	119,645	409,767	
2022-2026	-	215,000	-	88,702	303,702	
2027-2031	-	258,100	-	42,420	300,520	
2032-2035	-	235,000	-	1,572	236,572	
	<u>\$ 499,389</u>	<u>\$ 1,000,000</u>	<u>\$ 22,016</u>	<u>\$ 382,843</u>	<u>\$ 1,904,248</u>	

The annual requirements to amortize the business-type activity loans as of June 30, 2011, including interest payments are as follows:

Fiscal Year Ending June 30,	Business-Type Activities				Total
	Principal		Interest		
	NMFA Loan 4	NMFA Loan 9	NMFA Loan 4	NMFA Loan 9	
2012	\$ 43,170	\$ -	\$ 26,526	\$ 166	\$ 69,862
2013	44,644	2,937	25,373	143	73,097
2014	45,962	2,944	24,169	135	73,210
2015	47,342	2,951	22,909	128	73,330
2016	48,786	2,959	21,587	121	73,452
2017-2021	275,367	14,905	85,655	492	376,419
2022-2026	316,559	15,092	41,180	304	373,136
2027-2031	58,058	18,212	6,378	115	82,762
	<u>\$ 879,888</u>	<u>\$ 60,000</u>	<u>\$ 253,776</u>	<u>\$ 1,604</u>	<u>\$ 1,195,268</u>

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2011

NOTE 7. Long-term Debt (continued)

Loans and capital leases have been liquidated by the Fire and Road Special Revenue Funds in prior years.

Compensated Absences – Employees of the City are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2011, compensated absences for governmental activities increased \$191,756 over the prior year accrual. For business-type activities compensated absences decreased by \$8,443. In prior years, the general fund was typically used to liquidate such long-term liabilities.

Landfill Closure and Post-Closure Costs

State and federal laws and regulations require that upon closing, the City place a final cover on its landfill when closed and performed 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 estimated capacity of the landfill used to date compared to the total estimated capacity. The liability for landfill closure and post-closure costs is \$628,200 and \$672,750 respectively as of June 30, 2011 for a total reported closure and post-closure liability of \$1,300,950 as of June 30, 2011. The closure and post-closure liability is based on cumulative capacity used to date (50%) as a percentage of projected capacity at the time of landfill closure. The estimated total current costs of closure and post-closure costs to be recognized is \$1,300,950 and the estimated remaining life of the landfill is estimated to be 19 years. 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. The City is required by the state of New Mexico Environmental Regulation Board to demonstrate financial assurance for post-closure costs.

NOTE 8. Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries and natural disasters.

The City is a member and is insured through the New Mexico City Insurance Authority. The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The Authority acts as the common carrier for the State of New Mexico cities. The City pays an annual premium to the Authority based on claim experience and the status of the pool. The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. The City is not liable for more than the premiums paid.

NOTE 9. Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

A. Deficit fund balance of individual funds. The following funds reflected a deficit fund balance as of June 30, 2011:

Non Major Funds	
Swimming Pool Fund	\$ (19,389)
Cemetery Trust Fund	(1,757)
CDBG 2011/2012	<u>(2,449)</u>
Total Governmental Funds	<u><u>\$ (23,595)</u></u>

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2011

NOTE 9. Other Required Individual Fund Disclosures (continued)

The City plans to recoup the deficit of the Cemetery Trust Fund through investment earnings. They plan to recoup the deficit of the CDBG 2011/2012 Fund through reimbursements of federal funds. The City plans to recoup the deficit of the Swimming Pool Fund through future charges for services.

- B. Excess of expenditures over appropriations. There were no funds with expenditures in excess of the budgeted appropriations.
- C. Designated cash appropriations in excess of available balances. There were no designated cash appropriations in excess of available balances for the year ended June 30, 2011.

NOTE 10. Pension Plan – Public Employees Retirement Association

Plan Description: Substantially all of City of Deming’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 benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P. O. Box 2123, Santa Fe, New Mexico 87504-2123. The report is also available on PERA’s website at www.pera.state.nm.us

Funding Policy: Plan members are required to contribute the following percentages of their gross salary: 16.3% for law enforcement and fire protection employees; and 9.15% for City employees. The City is required to contribute the following percentages of the gross covered salary: 18.5% for law enforcement and fire protection plan members; and 9.15% for City plan members. The contribution requirements of plan members and City of Deming are established in State Statute under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The City’s contributions to PERA for the fiscal years ended June 30, 2011, 2010, and 2009 were \$753,380, \$800,666, and \$843,453, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan

Plan Description. City of Deming 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 event the time period required for employee and employer contributions shall become the period of time between the employer’s effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

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

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2011

NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan (continued)

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2011, the statute required each participating employer to contribute 1.666% of each participating employee’s annual salary; each participating employee was required to contribute .8333% of their salary. In the fiscal years ending June 30, 2012 and June 30, 2013 the contribution rates for employees and employers will rise as follows:

(1)

For employees who are not members of an enhanced retirement plan the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY12	1.834%	.917%
FY13	2.000%	1.000%

(2)

For employees who are members of an enhanced retirement plan (state police and adult correctional officer coverage plan 1; municipal police member coverage plans 3, 4, and 5; municipal fire member coverage plan 3, 4 and 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act [10-12B-1 NMSA 1978]), during the fiscal year ended June 30, 2011, the statute required each participating employer to contribute 2.084% of each participating employee’s annual salary, and each participating employee was required to contribute 1.042% of their salary. In the fiscal years ending June 30, 2012 and June 30, 2013 the contribution rates for both employees and employers will rise as follows:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY12	2.292%	1.146%
FY13	2.500%	1.250%

Also, employers joining the program after 1/1/98 are 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.

City of Deming’s contributions to the RHCA for the years ended June 30, 2011, 2010, and 2009 were \$104,448, \$77,369, and \$81,311, respectively which equal the required contributions for each year.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2011

NOTE 12. Joint Powers Agreements

City of Deming and Luna County Multi-Services Agreement 2010-2011

Participants	City of Deming Luna County
Responsible party	City of Deming Luna County
Description	Luna County has the exclusive rights, licensee, and privilege to provide care of city prisoners, consolidated dispatch, and use of special events center. The City will pay Luna County set hourly fees for these services. Luna County agrees to pay the City of Deming for library operation costs, recreation programs, solid waste management and ambulance service. For fire prevention and suppression, Luna County and the City of Deming agree to render mutual aid.
Term of agreement	July 1, 2010 through June 30, 2011, renewable
Amount of project	Unknown
City contributions	Unknown
Audit responsibility	City of Deming

City of Deming and Rural Transportation District

Participants	City of Deming County of Grant County of Luna Town of Silver City
Responsible party	County of Grant
Description	The Grant County Public Transportation System will operate public transportation services within Grant and Luna County, City of Deming and Silver City as resources permit; thereby creating increased access to the enterprises, services, and events of the area.
Term of agreement	July 1, 2010 through June 30, 2011, renewable
Amount of project	Unknown
City contributions	\$60,000 initial contribution
Audit responsibility	County of Grant Auditors

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2011

NOTE 13. Contingent Liabilities

The City is party to 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.

NOTE 14. Commitments

The City's commitments as of June 30, 2011 are as follows:

<u>Contract</u>	<u>Year Ending</u>	<u>Amount</u>
Aeromed	7/15/2012	\$ 68,360
Robert Benavidez-Desert Aviation	6/25/2014	10,800
Chamber of Commerce	6/30/2013	78,000
Gunter Miller Enterprise LTD	4/1/2030	7,600
JNC & Associates	11/1/2011	12,000
Highland Enterprises	8/3/2011	<u>18,911</u>
Total commitments		<u>\$ 195,671</u>

NOTE 15. Restricted Net Assets

The government-wide statement of net assets reports \$2,989,792 of restricted net assets, all of which is restricted by enabling legislation. For descriptions of the related enabling legislation for special revenue and capital project funds see pages 66 and 67.

NOTE 16. Subsequent Events

LGIP Investment in the Reserve Primary Fund

The New Mexico State Treasurer's Office invested a portion of the LGIP in The Reserve Primary Fund ("the Fund"), a money market fund, in fiscal years 2006, 2007, 2008 and 2009. On September 15, 2008, the balance of the LGIP's investment in the Fund was \$381.7 million. On September 16, 2008, The Reserve Primary Fund's net asset value fell below \$1.00 and holdings in the Fund were frozen.

On July 15, 2010, the Reserve announced that it will begin its seventh distribution to Primary Fund shareholders on or about July 16, 2010. The distribution, in the amount of approximately \$215 million, represents approximately 67% of the Fund's remaining asset value of \$323 million as of the close of business on July 9, 2010. Including this seventh distribution, \$50.7 billion of Fund assets as of the close of business on September 15, 2008, will have been returned to investors. There have been no additional distributions in the past year.

The New Mexico State Treasurer's Office believes that there may be additional distributions. Uncertainty remains, however, as to the timing and amounts of these distributions. Effective November 24, 2010, all remaining assets were transferred to a liquidating services agent, Crederian Fund Services LLC.

The date to which events occurring after June 30, 2011, the date of the most recent statement of net assets, have been evaluated for possible adjustment to the financial statements or disclosures is December 1, 2011 which is the date on which the financial statements were issued.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2011

NOTE 17. Concentrations

The City depends on financial resources flowing from, or associated with, both the Federal Government and the State of New Mexico. Because of this dependency, the City is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State Appropriations.

NOTE 18. Subsequent Pronouncements

In November 2010, GASB Statement No. 60 *Accounting and Financial Reporting for Service Concession Arrangements*, Effective Date: For financial statements for periods beginning after December 15, 2011. The provisions of this Statement generally are required to be applied retroactively for all periods presented. The City is still evaluating the possible effects of this standard.

In November 2010, GASB Statement No. 61 *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012. Earlier application is encouraged. The standard is expected to have no effect on the City in upcoming years.

In December 2010, GASB Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, Effective Date: The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. The provisions of this Statement generally are required to be applied retroactively for all periods presented. The City will implement this standard during fiscal year June 30, 2013.

In June 2011, GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* Effective Date: The provisions of Statement 63 are effective for financial statements for periods beginning after December 15, 2011, with earlier application encouraged. The standard is expected to have no effect on the City in upcoming years.

In June 2011, GASB Statement No. 64 *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53* Effective Date: The provisions of Statement 64 are effective for financial statements for periods beginning after June 15, 2011, with earlier application encouraged. The standard is expected to have no effect on the City in upcoming years.

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
City of Deming
Nonmajor Fund Descriptions
June 30, 2011

Special Revenue Funds

Emergency Medical Services Fund

To account for the acquisition of emergency medical equipment financed through a grant from the state of New Mexico. The fund is authorized by Emergency Medical Fund Act, 24-10A-6, NMSA 1978.

Fire Fund

The fire fund accounts for the operation and acquisition of assets for the fire department. This fund is financed through the state fire allotment. The fund is authorized by the Fire Protection Act 59A-53-1 NMSA 1978.

Law Enforcement Protection Fund

To account for receipts and disbursements of State Funds Chapter 289, Law of 1983. These funds are to enhance the efficiency and effectiveness of the police force. The fund is authorized by Law Enforcement Protection Fund Act, 29-13-3, NMSA 1978.

Library Fund

To account for the receipts and disbursements for operations of the City's public library. Financing is provided from state grants and private donations. The fund is authorized by 3-18-14, NMSA 1978.

Lodger's Tax Fund

To account for the operations of promotional activities of the City of Deming. Financing is provided primarily by specific tax levy on area motels and hotels. The fund is authorized by 14-37-16, NMSA 1969.

Lodger's Tax Promotional Fund

To account for the disbursements for advertising, publicizing, and promoting such facilities of the City of Deming and tourist facilities within the City. The fund is authorized by 14-37-16, NMSA 1978.

Recreation Fund

To account for the operations and maintenance of City owned recreation facilities. Financing is provided by a cigarette tax levy to the extent that other revenues are not sufficient to provide such services. The fund is authorized by 7-12-15 and 16, NMSA 1978.

Economic Development Fund

To account for the receipts and disbursements for City economic development projects. Financing is provided from state grants and transfers from the general fund. The fund is authorized by City Council.

Special Events Center Fund

To account for the receipts and disbursements for operations of the City's community civic center. Financing is provided from user fees of the civic center. The fund is authorized by City Council.

Community Center Fund

To account for the receipts and disbursements for operations of the City's community youth center. Financing is provided from user fees of the community center. The fund is authorized by City Council.

Swimming Pool Fund

To account for the receipts and disbursements for operations of the City's swimming pool. Financing is provided by user fees of the swimming pool and transfers from the general fund. The fund is authorized by City Council.

STATE OF NEW MEXICO
City of Deming
Nonmajor Fund Descriptions
June 30, 2011

Special Revenue Funds-(continued)

Cemetery Trust Fund

To account for the receipts and disbursements for the maintenance of the City's cemetery. Financing is provided by private donations. The fund is authorized by City Council.

Capital Projects Funds

Community Development Block Grants (four funds)

To account for the receipts and disbursements for various planning improvements to areas such as comprehensive planning, street and drainage improvements and geographical information systems including building and structure improvements for the Morgan Hall project. Financing is provided by federal grants. The fund is authorized by City council.

Park Acquisition Fund

To account for the receipts and disbursements for the acquisition of land for City parks. Financing is provided by fees received from real estate developers. The fund is authorized by City Council.

STATE OF NEW MEXICO
City of Deming
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2011

Special Revenue

	Emergency Medical Services Fund	Fire Fund	Law Enforcement Protection Fund	Library Fund
<i>Assets</i>				
Cash and cash equivalents	\$ 3,092	\$ 1,101,180	\$ 1,466	\$ 18,520
Investments	-	-	-	31,502
Receivables:				
Taxes receivable	-	-	-	-
Other receivables	-	-	-	-
<i>Total assets</i>	<u>\$ 3,092</u>	<u>\$ 1,101,180</u>	<u>\$ 1,466</u>	<u>\$ 50,022</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ 9,137	\$ -	\$ 3,612
Accrued payroll expenses	-	-	-	4,645
<i>Total liabilities</i>	<u>-</u>	<u>9,137</u>	<u>-</u>	<u>8,257</u>
<i>Fund balances</i>				
Spendable				
Restricted for:				
Public Safety	3,092	1,092,043	1,466	-
Culture and recreation	-	-	-	41,765
Promotion	-	-	-	-
Transportation and roads	-	-	-	-
Capital improvements	-	-	-	-
Economic development	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>3,092</u>	<u>1,092,043</u>	<u>1,466</u>	<u>41,765</u>
<i>Total liabilities and fund balances</i>	<u>\$ 3,092</u>	<u>\$ 1,101,180</u>	<u>\$ 1,466</u>	<u>\$ 50,022</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Lodgers' Tax Fund	Lodgers' Tax Promotional Fund	Recreation Fund	Economic Development Fund	Special Events Center Fund
\$ 31,528	\$ 28,344	\$ 104,358	\$ 3,858	\$ 34,203
249,000	114,498	62,631	-	-
39,478	-	-	-	-
-	-	-	635,617	-
<u>\$ 320,006</u>	<u>\$ 142,842</u>	<u>\$ 166,989</u>	<u>\$ 639,475</u>	<u>\$ 34,203</u>
\$ -	\$ -	\$ 122,452	\$ -	\$ -
-	-	815	-	-
-	-	123,267	-	-
-	-	-	-	-
-	-	43,722	-	-
320,006	142,842	-	-	34,203
-	-	-	-	-
-	-	-	-	-
-	-	-	639,475	-
-	-	-	-	-
<u>320,006</u>	<u>142,842</u>	<u>43,722</u>	<u>639,475</u>	<u>34,203</u>
<u>\$ 320,006</u>	<u>\$ 142,842</u>	<u>\$ 166,989</u>	<u>\$ 639,475</u>	<u>\$ 34,203</u>

STATE OF NEW MEXICO
City of Deming
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2011

	Special Revenue			Capital Projects
	Community Center Fund	Swimming Pool Fund	Cemetery Trust Fund	CDBG Planning Grant 2008/2009 Fund
<i>Assets</i>				
Cash and cash equivalents	\$ 507,155	\$ 920	\$ -	\$ -
Investments	-	-	-	-
Receivables:				
Taxes receivable	-	-	-	-
Other receivables	-	-	-	-
<i>Total assets</i>	\$ 507,155	\$ 920	\$ -	\$ -
<i>Liabilities</i>				
Accounts payable	\$ 12,680	\$ 7,135	\$ 1,757	\$ -
Accrued payroll expenses	9,313	13,174	-	-
<i>Total liabilities</i>	21,993	20,309	1,757	-
<i>Fund balances</i>				
Spendable				
Restricted for:				
Public Safety	-	-	-	-
Culture and recreation	485,162	-	-	-
Promotion	-	-	-	-
Transportation and roads	-	-	-	-
Capital improvements	-	-	-	-
Economic development	-	-	-	-
Unassigned	-	(19,389)	(1,757)	-
<i>Total fund balances</i>	485,162	(19,389)	(1,757)	-
<i>Total liabilities and fund balances</i>	\$ 507,155	\$ 920	\$ -	\$ -

The accompanying notes are an integral part of these financial statements

Capital Projects

CDBG Planning Grant 2010/2011 Fund	CDBG Planning Grant 2011/2012 Fund	CDBG 2010/2011 Planning Grant Option Fund	Park Acquisition Fund	Total Nonmajor Governmental Funds
\$ -	\$ 100	\$ 100	\$ 10,000	\$ 1,844,824
-	-	-	-	457,631
-	-	-	-	39,478
-	-	-	-	635,617
<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 10,000</u>	<u>\$ 2,977,550</u>
\$ -	\$ 2,549	\$ -	\$ -	\$ 159,322
-	-	-	-	27,947
-	2,549	-	-	187,269
-	-	-	-	1,096,601
-	-	-	-	570,649
-	-	-	-	497,051
-	-	100	-	100
-	-	-	10,000	10,000
-	-	-	-	639,475
-	(2,449)	-	-	(23,595)
-	(2,449)	100	10,000	2,790,281
<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 10,000</u>	<u>\$ 2,977,550</u>

STATE OF NEW MEXICO
City of Deming
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2011

	Special Revenue			
	Emergency Medical Services Fund	Fire Fund	Law Enforcement Protection Fund	Library Fund
<i>Revenues</i>				
Taxes:				
Other	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal capital grants	-	-	-	-
State operating grants	45,593	188,075	38,000	52,351
Charges for services	-	-	-	-
Licenses and fees	-	-	-	11,057
Investment income	80	1,227	141	1,098
Miscellaneous	-	-	-	4,316
<i>Total revenues</i>	45,673	189,302	38,141	68,822
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	42,890	80,019	27,125	-
Public works	-	-	-	-
Culture and recreation	-	-	-	252,586
Capital outlay	-	98,361	21,253	-
<i>Total expenditures</i>	42,890	178,380	48,378	252,586
<i>Excess (deficiency) of revenues over expenditures</i>	2,783	10,922	(10,237)	(183,764)
<i>Other financing sources (uses)</i>				
Loan proceeds	-	1,000,000	-	-
Transfers in	-	-	-	180,000
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	1,000,000	-	180,000
<i>Net change in fund balances</i>	2,783	1,010,922	(10,237)	(3,764)
<i>Fund balances - beginning of year</i>	309	81,121	11,703	45,529
<i>Fund balances - end of year</i>	\$ 3,092	\$ 1,092,043	\$ 1,466	\$ 41,765

The accompanying notes are an integral part of these financial statements

Special Revenue

Lodgers' Tax Fund	Lodgers' Tax Promotional Fund	Recreation Fund	Economic Development Fund	Special Events Center Fund
\$ 393,053	\$ -	\$ 3	\$ -	\$ -
-	-	-	-	-
-	5,300	259,576	104,000	-
-	-	-	-	56,034
-	-	-	-	-
4,854	2,194	1,189	19,227	162
-	-	4,464	18,252	-
<u>397,907</u>	<u>7,494</u>	<u>265,232</u>	<u>141,479</u>	<u>56,196</u>
-	-	-	30,797	66,987
-	-	-	-	-
-	-	-	-	-
246,200	227,647	179,265	-	-
-	-	385,529	265,374	-
<u>246,200</u>	<u>227,647</u>	<u>564,794</u>	<u>296,171</u>	<u>66,987</u>
<u>151,707</u>	<u>(220,153)</u>	<u>(299,562)</u>	<u>(154,692)</u>	<u>(10,791)</u>
-	-	-	-	-
-	189,339	300,000	200,000	-
(189,339)	-	-	-	-
<u>(189,339)</u>	<u>189,339</u>	<u>300,000</u>	<u>200,000</u>	<u>-</u>
(37,632)	(30,814)	438	45,308	(10,791)
<u>357,638</u>	<u>173,656</u>	<u>43,284</u>	<u>594,167</u>	<u>44,994</u>
<u>\$ 320,006</u>	<u>\$ 142,842</u>	<u>\$ 43,722</u>	<u>\$ 639,475</u>	<u>\$ 34,203</u>

STATE OF NEW MEXICO
City of Deming
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and changes in fund balances
For the Year Ended June 30, 2011

	Special Revenue			Capital Projects
	Community Center Fund	Swimming Pool Fund	Cemetery Trust Fund	CDBG Planning Grant 2008/2009 Fund
<i>Revenues</i>				
Taxes:				
Other	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
Charges for services	49,960	31,792	550	-
Licenses and fees	-	-	-	-
Investment income	310	37	-	-
Miscellaneous	18,294	-	-	-
<i>Total revenues</i>	68,564	31,829	550	-
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	497,036	135,007	1,545	-
Capital outlay	51,142	2,643	-	-
<i>Total expenditures</i>	548,178	137,650	1,545	-
<i>Excess (deficiency) of revenues over expenditures</i>	(479,614)	(105,821)	(995)	-
<i>Other financing sources (uses)</i>				
Loan proceeds	499,389	-	-	-
Transfers in	475,000	65,000	-	-
Transfers out	-	-	(286,833)	(19,445)
<i>Total other financing sources (uses)</i>	974,389	65,000	(286,833)	(19,445)
<i>Net change in fund balances</i>	494,775	(40,821)	(287,828)	(19,445)
<i>Fund balances - beginning of year</i>	(9,613)	21,432	286,071	19,445
<i>Fund balances - end of year</i>	\$ 485,162	\$ (19,389)	\$ (1,757)	\$ -

The accompanying notes are an integral part of these financial statements

Capital Projects

CDBG Planning Grant 2010/2011 Fund	CDBG Planning Grant 2011/2012 Fund	CDBG 2010/2011 Planning Grant Option Fund	Park Acquisition Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 393,056
450,000	-	-	-	450,000
-	-	-	-	692,895
-	-	-	-	138,336
-	-	-	-	11,057
-	-	-	46	30,565
-	-	-	-	45,326
<u>450,000</u>	<u>-</u>	<u>-</u>	<u>46</u>	<u>1,761,235</u>
-	-	-	-	97,784
-	-	-	-	150,034
-	3,149	2,662	-	5,811
-	-	-	-	1,539,286
<u>470,234</u>	<u>34,088</u>	<u>-</u>	<u>-</u>	<u>1,328,624</u>
<u>470,234</u>	<u>37,237</u>	<u>2,662</u>	<u>-</u>	<u>3,121,539</u>
<u>(20,234)</u>	<u>(37,237)</u>	<u>(2,662)</u>	<u>46</u>	<u>(1,360,304)</u>
-	-	-	-	1,499,389
286,000	34,688	2,762	-	1,732,789
(265,766)	-	-	-	(761,383)
<u>20,234</u>	<u>34,688</u>	<u>2,762</u>	<u>-</u>	<u>2,470,795</u>
-	(2,549)	100	46	1,110,491
-	100	-	9,954	1,679,790
<u>\$ -</u>	<u>\$ (2,449)</u>	<u>\$ 100</u>	<u>\$ 10,000</u>	<u>\$ 2,790,281</u>

STATE OF NEW MEXICO

Statement B-1

City of Deming

Emergency Medical Services 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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues</i>				
Taxes:				
Other	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	105,662	45,593	45,593	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	80	80	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>105,662</u>	<u>45,673</u>	<u>45,673</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	109,008	49,019	45,927	3,092
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>109,008</u>	<u>49,019</u>	<u>45,927</u>	<u>3,092</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(3,346)</u>	<u>(3,346)</u>	<u>(254)</u>	<u>3,092</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	3,346	3,346	-	(3,346)
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>3,346</u>	<u>3,346</u>	<u>-</u>	<u>(3,346)</u>
<i>Net change in fund balance</i>	-	-	(254)	(254)
<i>Fund balance - beginning of year</i>	-	-	3,346	3,346
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,092</u>	<u>\$ 3,092</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (254)	
No adjustments to revenue.			-	
Adjustments to expenditures for supplies.			3,037	
Net change in fund balance (GAAP)			<u>\$ 2,783</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-2

City of Deming

Fire 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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues</i>				
Taxes:				
Other	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	188,075	188,075	188,075	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	1,227	1,227	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>188,075</u>	<u>189,302</u>	<u>189,302</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	148,122	80,364	76,790	3,574
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	777,534	195,967	98,361	97,606
<i>Total expenditures</i>	<u>925,656</u>	<u>276,331</u>	<u>175,151</u>	<u>101,180</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(737,581)</u>	<u>(87,029)</u>	<u>14,151</u>	<u>101,180</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	44,695	(912,971)	-	912,971
Loan proceeds	692,886	1,000,000	1,000,000	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>737,581</u>	<u>87,029</u>	<u>1,000,000</u>	<u>912,971</u>
<i>Net change in fund balance</i>	-	-	1,014,151	1,014,151
<i>Fund balance - beginning of year</i>	-	-	87,029	87,029
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,101,180</u>	<u>\$ 1,101,180</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 1,014,151	
No adjustments to revenue.			-	
Adjustments to expenditures for safety equipment and supplies.			(3,229)	
Net change in fund balance (GAAP)			<u>\$ 1,010,922</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-3

City of Deming

Law Enforcement Protection 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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues</i>				
Taxes:				
Other	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	38,000	38,000	38,000	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	140	140	141	1
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>38,140</u>	<u>38,140</u>	<u>38,141</u>	<u>1</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	25,405	29,291	27,826	1,465
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	25,000	21,253	21,253	-
<i>Total expenditures</i>	<u>50,405</u>	<u>50,544</u>	<u>49,079</u>	<u>1,465</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(12,265)</u>	<u>(12,404)</u>	<u>(10,938)</u>	<u>1,466</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	12,265	12,404	-	(12,404)
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>12,265</u>	<u>12,404</u>	<u>-</u>	<u>(12,404)</u>
<i>Net change in fund balance</i>	-	-	(10,938)	(10,938)
<i>Fund balance - beginning of year</i>	-	-	12,404	12,404
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,466</u>	<u>\$ 1,466</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (10,938)	
No adjustments to revenue.			-	
Adjustments to expenditures for supplies.			701	
Net change in fund balance (GAAP)			<u>\$ (10,237)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-4

City of Deming

Library 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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues</i>				
Taxes:				
Other	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	62,000	62,000	52,351	(9,649)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	11,500	9,500	11,057	1,557
Investment income	500	300	1,170	870
Miscellaneous	600	3,325	4,316	991
<i>Total revenues</i>	<u>74,600</u>	<u>75,125</u>	<u>68,894</u>	<u>(6,231)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	295,179	286,969	258,211	28,758
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>295,179</u>	<u>286,969</u>	<u>258,211</u>	<u>28,758</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(220,579)</u>	<u>(211,844)</u>	<u>(189,317)</u>	<u>22,527</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	207	(8,528)	-	8,528
Loan proceeds	-	-	-	-
Transfers in	220,372	220,372	180,000	(40,372)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>220,579</u>	<u>211,844</u>	<u>180,000</u>	<u>(31,844)</u>
<i>Net change in fund balance</i>	-	-	(9,317)	(9,317)
<i>Fund balance - beginning of year</i>	-	-	59,339	59,339
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,022</u>	<u>\$ 50,022</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (9,317)	
Adjustments to investment income.			(72)	
Adjustments to expenditures for salaries and professional services.			5,625	
Net change in fund balance (GAAP)			<u>\$ (3,764)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-5

City of Deming

Lodgers' Tax 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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues</i>				
Taxes:				
Other	\$ 325,000	\$ 380,000	\$ 379,071	\$ (929)
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	500	2,200	4,854	2,654
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>325,500</u>	<u>382,200</u>	<u>383,925</u>	<u>1,725</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	251,250	252,385	247,811	4,574
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>251,250</u>	<u>252,385</u>	<u>247,811</u>	<u>4,574</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>74,250</u>	<u>129,815</u>	<u>136,114</u>	<u>6,299</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	111,850	83,785	-	(83,785)
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(186,100)	(213,600)	(189,339)	24,261
<i>Total other financing sources (uses)</i>	<u>(74,250)</u>	<u>(129,815)</u>	<u>(189,339)</u>	<u>(59,524)</u>
<i>Net change in fund balance</i>	-	-	(53,225)	(53,225)
<i>Fund balance - beginning of year</i>	-	-	333,753	333,753
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 280,528</u>	<u>\$ 280,528</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (53,225)	
Adjustments to revenues for lodgers' tax.			13,982	
Adjustments to expenditures for maintenance contracts.			1,611	
Net change in fund balance (GAAP)			<u>\$ (37,632)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-6

City of Deming

Lodgers' Tax Promotional 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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues</i>				
Taxes:				
Other	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	5,000	5,300	5,300	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	3,300	1,500	2,203	703
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>8,300</u>	<u>6,800</u>	<u>7,503</u>	<u>703</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	269,200	255,200	244,463	10,737
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>269,200</u>	<u>255,200</u>	<u>244,463</u>	<u>10,737</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(260,900)</u>	<u>(248,400)</u>	<u>(236,960)</u>	<u>11,440</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	98,400	58,400	-	(58,400)
Loan proceeds	-	-	-	-
Transfers in	162,500	190,000	189,339	(661)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>260,900</u>	<u>248,400</u>	<u>189,339</u>	<u>(59,061)</u>
<i>Net change in fund balance</i>	-	-	(47,621)	(47,621)
<i>Fund balance - beginning of year</i>	-	-	190,463	190,463
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142,842</u>	<u>\$ 142,842</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (47,621)	
Adjustments to revenue for investment income.			(9)	
Adjustments to expenditures for printing and publishing.			16,816	
Net change in fund balance (GAAP)			<u>\$ (30,814)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-7

City of Deming

Recreation 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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues</i>				
Taxes:				
Other	\$ -	\$ 1,550	\$ 1,553	\$ 3
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	592,466	592,466	265,327	(327,139)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	500	1,050	1,190	140
Miscellaneous	500	1,050	4,464	3,414
<i>Total revenues</i>	<u>593,466</u>	<u>596,116</u>	<u>272,534</u>	<u>(323,582)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	179,258	268,975	225,624	43,351
Health and welfare	-	-	-	-
Capital outlay	578,466	574,966	271,224	303,742
<i>Total expenditures</i>	<u>757,724</u>	<u>843,941</u>	<u>496,848</u>	<u>347,093</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(164,258)</u>	<u>(247,825)</u>	<u>(224,314)</u>	<u>23,511</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	14,258	(52,175)	-	52,175
Loan proceeds	-	-	-	-
Transfers in	150,000	300,000	300,000	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>164,258</u>	<u>247,825</u>	<u>300,000</u>	<u>52,175</u>
<i>Net change in fund balance</i>	-	-	75,686	75,686
<i>Fund balance - beginning of year</i>	-	-	91,303	91,303
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 166,989</u>	<u>\$ 166,989</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 75,686	
Adjustments to revenue for state operating grants.			(7,302)	
Adjustments to expenditures for salaries and supplies.			(67,946)	
Net change in fund balance (GAAP)			<u>\$ 438</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-8

City of Deming

Economic Development 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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues</i>				
Taxes:				
Other	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	1,860,000	1,517,295	17,294	(1,500,001)
State operating grants	105,000	155,000	150,000	(5,000)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	100	100	227	127
Miscellaneous	15,000	6,000	5,635	(365)
<i>Total revenues</i>	<u>1,980,100</u>	<u>1,678,395</u>	<u>173,156</u>	<u>(1,505,239)</u>
<i>Expenditures</i>				
Current:				
General government	83,179	153,288	147,675	5,613
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	2,840,000	2,050,000	279,772	1,770,228
<i>Total expenditures</i>	<u>2,923,179</u>	<u>2,203,288</u>	<u>427,447</u>	<u>1,775,841</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(943,079)</u>	<u>(524,893)</u>	<u>(254,291)</u>	<u>270,602</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	43,079	(75,107)	-	75,107
Loan proceeds	-	-	-	-
Transfers in	900,000	600,000	200,000	(400,000)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>943,079</u>	<u>524,893</u>	<u>200,000</u>	<u>(324,893)</u>
<i>Net change in fund balance</i>	-	-	(54,291)	(54,291)
<i>Fund balance - beginning of year</i>	-	-	58,149	58,149
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,858</u>	<u>\$ 3,858</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (54,291)	
Adjustments to revenue for state operating grants.			(31,677)	
Adjustments to expenditures for supplies.			131,276	
Net change in fund balance (GAAP)			<u>\$ 45,308</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-9

City of Deming

Special Events Center 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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues</i>				
Taxes:				
Other	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	62,000	42,000	56,084	14,084
Licenses and fees	-	-	-	-
Investment income	200	200	162	(38)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>62,200</u>	<u>42,200</u>	<u>56,246</u>	<u>14,046</u>
<i>Expenditures</i>				
Current:				
General government	141,300	123,400	70,000	53,400
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>141,300</u>	<u>123,400</u>	<u>70,000</u>	<u>53,400</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(79,100)</u>	<u>(81,200)</u>	<u>(13,754)</u>	<u>67,446</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	5,500	7,600	-	(7,600)
Loan proceeds	-	-	-	-
Transfers in	73,600	73,600	-	(73,600)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>79,100</u>	<u>81,200</u>	<u>-</u>	<u>(81,200)</u>
<i>Net change in fund balance</i>	-	-	(13,754)	(13,754)
<i>Fund balance - beginning of year</i>	-	-	47,957	47,957
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,203</u>	<u>\$ 34,203</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (13,754)	
Adjustments to revenue for investment income.			(50)	
Adjustments to expenditures for utilities.			3,013	
Net change in fund balance (GAAP)			<u>\$ (10,791)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-10

City of Deming
 Community Center 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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues</i>				
Taxes:				
Other	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	67,500	52,500	53,360	860
Licenses and fees	-	-	-	-
Investment income	200	200	310	110
Miscellaneous	-	-	18,294	18,294
<i>Total revenues</i>	<u>67,700</u>	<u>52,700</u>	<u>71,964</u>	<u>19,264</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	576,043	584,625	492,770	91,855
Health and welfare	-	-	-	-
Capital outlay	285,000	554,100	51,142	502,958
<i>Total expenditures</i>	<u>861,043</u>	<u>1,138,725</u>	<u>543,912</u>	<u>594,813</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(793,343)</u>	<u>(1,086,025)</u>	<u>(471,948)</u>	<u>614,077</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(22,295)	2,025	-	(2,025)
Loan proceeds	85,638	499,000	499,389	389
Transfers in	730,000	585,000	475,000	(110,000)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>793,343</u>	<u>1,086,025</u>	<u>974,389</u>	<u>(111,636)</u>
<i>Net change in fund balance</i>	-	-	502,441	502,441
<i>Fund balance - beginning of year</i>	-	-	4,714	4,714
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 507,155</u>	<u>\$ 507,155</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 502,441	
Adjustments to revenue for rents and royalties.			(3,400)	
Adjustments to expenditures for salaries and maintenance.			(4,266)	
Net change in fund balance (GAAP)			<u>\$ 494,775</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-11

City of Deming

Swimming Pool 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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues</i>				
Taxes:				
Other	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	30,000	30,000	33,461	3,461
Licenses and fees	-	-	-	-
Investment income	50	50	37	(13)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>30,050</u>	<u>30,050</u>	<u>33,498</u>	<u>3,448</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	175,128	163,824	138,023	25,801
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>175,128</u>	<u>163,824</u>	<u>138,023</u>	<u>25,801</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(145,078)</u>	<u>(133,774)</u>	<u>(104,525)</u>	<u>29,249</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(14,922)	(16,226)	-	16,226
Loan proceeds	-	-	-	-
Transfers in	160,000	150,000	65,000	(85,000)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>145,078</u>	<u>133,774</u>	<u>65,000</u>	<u>(68,774)</u>
<i>Net change in fund balance</i>	-	-	(39,525)	(39,525)
<i>Fund balance - beginning of year</i>	-	-	40,445	40,445
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 920</u>	<u>\$ 920</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (39,525)	
Adjustments to revenue for charges for services.			(1,669)	
Adjustments to expenditures for supplies.			373	
Net change in fund balance (GAAP)			<u>\$ (40,821)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-12

City of Deming
Cemetery Trust 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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues</i>				
Taxes:				
Other	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	800	619	(181)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	800	619	(181)
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	800	619	(181)
<i>Other financing sources (uses)</i>				
Designated cash	194,510	286,030	-	(286,030)
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(194,510)	(286,830)	(286,830)	-
<i>Total other financing sources (uses)</i>	-	(800)	(286,830)	(286,030)
<i>Net change in fund balance</i>	-	-	(286,211)	(286,211)
<i>Fund balance - beginning of year</i>	-	-	286,211	286,211
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (non-GAAP budgetary basis)			\$ (286,211)	
Adjustments to investment income.			(410)	
Adjustments to expenditures for supplies.			(1,207)	
Net change in fund balance (GAAP)			\$ (287,828)	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-13

City of Deming

CDBG Planning Grant 2008/2009 Capital Projects Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variations Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues</i>				
Taxes:				
Other	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	2,973	2,973	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>2,973</u>	<u>2,973</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	24,638	9,497	8,166	1,331
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>24,638</u>	<u>9,497</u>	<u>8,166</u>	<u>1,331</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(24,638)</u>	<u>(6,524)</u>	<u>(5,193)</u>	<u>1,331</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	24,638	23,969	-	(23,969)
Loan proceeds	-	-	-	-
Transfers in	-	2,000	-	(2,000)
Transfers out	-	(19,445)	(19,445)	-
<i>Total other financing sources (uses)</i>	<u>24,638</u>	<u>6,524</u>	<u>(19,445)</u>	<u>(25,969)</u>
<i>Net change in fund balance</i>	-	-	(24,638)	(24,638)
<i>Fund balance - beginning of year</i>	-	-	24,638	24,638
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (24,638)	
Adjustments to grant revenue.			(2,973)	
Adjustments to expenditures for professional services.			8,166	
Net change in fund balance (GAAP)			<u>\$ (19,445)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-14

City of Deming

CDBG Planning Grant 2010/2011 Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues</i>				
Taxes:				
Other	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	450,000	450,000	450,000	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	503,143	470,234	470,234	-
<i>Total expenditures</i>	<u>503,143</u>	<u>470,234</u>	<u>470,234</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(53,143)</u>	<u>(20,234)</u>	<u>(20,234)</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(55,422)	-	-	-
Loan proceeds	-	-	-	-
Transfers in	108,565	286,000	286,000	-
Transfers out	-	(265,766)	(265,766)	-
<i>Total other financing sources (uses)</i>	<u>53,143</u>	<u>20,234</u>	<u>20,234</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ -	
No adjustments to revenue.			-	
No adjustments to expenditures.			-	
Net change in fund balance (GAAP)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-15

City of Deming

CDBG Planning Grant 2011/2012 Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variations Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues</i>				
Taxes:				
Other	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	600	600	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	34,088	34,088	-
<i>Total expenditures</i>	<u>-</u>	<u>34,688</u>	<u>34,688</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(34,688)</u>	<u>(34,688)</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	-	-	-	-
Loan proceeds	-	-	-	-
Transfers in	-	34,688	34,688	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>34,688</u>	<u>34,688</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>100</u>	<u>100</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 100</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ -	
No adjustments to revenue.			-	
Adjustments to expenditures for professional services.			(2,549)	
Net change in fund balance (GAAP)			<u>\$ (2,549)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-16

City of Deming

CDBG Planning Grant Option 2010/2011 Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues</i>				
Taxes:				
Other	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal operating grants	45,000	45,000	-	(45,000)
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>45,000</u>	<u>45,000</u>	<u>-</u>	<u>(45,000)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	50,000	50,000	2,662	47,338
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>50,000</u>	<u>50,000</u>	<u>2,662</u>	<u>47,338</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(5,000)</u>	<u>(5,000)</u>	<u>(2,662)</u>	<u>2,338</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(100)	-	-	-
Loan proceeds	-	-	-	-
Transfers in	5,100	5,000	2,762	(2,238)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>5,000</u>	<u>5,000</u>	<u>2,762</u>	<u>(2,238)</u>
<i>Net change in fund balance</i>	-	-	100	100
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 100</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 100	
No adjustments to revenue.			-	
No adjustments to expenditures.			-	
Net change in fund balance (GAAP)			<u>\$ 100</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-17

City of Deming

Park Acquisition Capital Projects Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues</i>				
Taxes:				
Other	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	50	46	(4)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>50</u>	<u>46</u>	<u>(4)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>50</u>	<u>46</u>	<u>(4)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	-	(50)	-	50
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(50)</u>	<u>-</u>	<u>50</u>
<i>Net change in fund balance</i>	-	-	46	46
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>9,954</u>	<u>9,954</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 46	
No adjustments to revenue.			-	
No adjustments to expenditures.			-	
Net change in fund balance (GAAP)			<u>\$ 46</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement C-1

City of Deming

Gas Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Assets
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2011

	Budget Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Operating revenues</i>				
Charges for services	\$ 3,817,000	\$ 3,488,000	\$ 3,731,803	\$ 243,803
<i>Total operating revenues</i>	<u>3,817,000</u>	<u>3,488,000</u>	<u>3,731,803</u>	<u>243,803</u>
<i>Operating expenses</i>				
Depreciation	-	-	-	-
Personnel services	525,297	511,406	482,082	29,324
Contractual services	64,500	63,600	43,931	19,669
Supplies and purchased power	2,410,000	2,061,000	2,032,667	28,333
Maintenance and materials	65,000	173,000	49,617	123,383
Miscellaneous	782,641	714,397	626,577	87,820
Utilities	15,000	15,000	13,638	1,362
Equipment	572,250	607,750	86,168	521,582
Gross receipts taxes	-	-	229,917	(229,917)
<i>Total operating expenses</i>	<u>4,434,688</u>	<u>4,146,153</u>	<u>3,564,597</u>	<u>581,556</u>
<i>Operating income (loss)</i>	<u>(617,688)</u>	<u>(658,153)</u>	<u>167,206</u>	<u>825,359</u>
<i>Non-operating revenues (expenses)</i>				
Interest expense	-	-	-	-
Interest income	25,000	21,000	65,140	44,140
Miscellaneous income	1,200	165,200	77,838	(87,362)
<i>Total non-operating revenues (expenses)</i>	<u>26,200</u>	<u>186,200</u>	<u>142,978</u>	<u>(43,222)</u>
Government contributions	-	38,000	24,203	(13,797)
Designated cash (budgeted cash increase)	591,488	433,953	-	(433,953)
Transfers	-	-	-	-
<i>Change in net assets</i>	<u>-</u>	<u>-</u>	<u>334,387</u>	<u>334,387</u>
<i>Total net assets, beginning of year</i>	<u>-</u>	<u>-</u>	<u>3,288,402</u>	<u>3,288,402</u>
<i>Total net assets, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,622,789</u>	<u>\$ 3,622,789</u>
Change in net assets (Non-GAAP budgetary basis)			\$ 334,387	
Adjustments to revenues for charges for services and investment income.			44,548	
Adjustments to expenditures for salaries, operating, and depreciation expenses.			(180,326)	
Net change in fund balance (GAAP)			<u>\$ 198,609</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement C-2

City of Deming

Sewer Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Assets
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2011

	Budget Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Operating revenues</i>				
Charges for services	\$ 644,000	\$ 669,000	\$ 634,774	\$ (34,226)
<i>Total operating revenues</i>	644,000	669,000	634,774	(34,226)
<i>Operating expenses</i>				
Depreciation	-	-	-	-
Personnel services	379,319	387,181	300,269	86,912
Contractual services	29,500	23,665	22,678	987
Supplies and purchased power	135,000	13,000	8,922	4,078
Maintenance and materials	649,800	1,162,084	565,539	596,545
Miscellaneous	416,909	258,622	255,967	2,655
Utilities	176,000	183,150	178,410	4,740
Equipment	66,200	22,000	6,283	15,717
Gross receipts taxes	-	-	-	-
<i>Total operating expenses</i>	1,852,728	2,049,702	1,338,068	711,634
<i>Operating income (loss)</i>	(1,208,728)	(1,380,702)	(703,294)	677,408
<i>Non-operating revenues (expenses)</i>				
Interest expense	-	-	-	-
Interest income	4,500	2,600	6,010	3,410
Miscellaneous income	2,500	117,175	68,903	(48,272)
<i>Total non-operating revenues (expenses)</i>	7,000	119,775	74,913	(44,862)
Designated cash (budgeted cash increase)	35,228	227,541	-	(227,541)
Government contributions	1,166,500	1,214,929	811,278	(403,651)
Transfers	-	(181,543)	(174,943)	6,600
Change in net assets (Non-GAAP budgetary basis)	-	-	7,954	7,954
<i>Total net assets, beginning of year</i>	-	-	996,130	996,130
<i>Total net assets, end of year</i>	\$ -	\$ -	\$ 1,004,084	\$ 1,004,084
Net change in net assets			\$ 7,954	
Adjustments to revenues for charges for services and investment income.			(209,729)	
Adjustments to expenditures for salaries, operating, and depreciation expenses.			225,777	
Net change in fund balance (GAAP)			\$ 24,002	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement C-3

City of Deming

Solid Waste Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Assets

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2011

	Budget Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Operating revenues</i>				
Charges for services	\$ 1,262,100	\$ 1,877,000	\$ 1,511,292	\$ (365,708)
<i>Total operating revenues</i>	<u>1,262,100</u>	<u>1,877,000</u>	<u>1,511,292</u>	<u>(365,708)</u>
<i>Operating expenses</i>				
Depreciation	-	-	-	-
Personnel services	750,305	764,389	736,728	27,661
Contractual services	115,500	191,089	106,927	84,162
Supplies and purchased power	18,000	12,700	9,858	2,842
Maintenance and materials	191,000	153,500	121,854	31,646
Miscellaneous	582,900	595,012	514,309	80,703
Utilities	10,700	15,100	7,069	8,031
Equipment	272,500	376,400	182,237	194,163
Gross receipts taxes	-	-	-	-
<i>Total operating expenses</i>	<u>1,940,905</u>	<u>2,108,190</u>	<u>1,678,982</u>	<u>429,208</u>
<i>Operating income (loss)</i>	<u>(678,805)</u>	<u>(231,190)</u>	<u>(167,690)</u>	<u>63,500</u>
<i>Non-operating revenues (expenses)</i>				
Interest expense	-	-	-	-
Interest income	2,500	7,200	8,801	1,601
Miscellaneous income	4,800	5,350	67,651	62,301
<i>Total non-operating revenues (expenses)</i>	<u>7,300</u>	<u>12,550</u>	<u>76,452</u>	<u>63,902</u>
Designated cash (budgeted cash increase)	586,505	(176,360)	-	176,360
Government contributions	85,000	395,000	85,000	(310,000)
Transfers	-	-	-	-
Change in net assets (Non-GAAP budgetary basis)	-	-	(6,238)	(6,238)
<i>Total net assets, beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,327,646</u>	<u>1,327,646</u>
<i>Total net assets, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,321,408</u>	<u>\$ 1,321,408</u>
Net change in net assets			\$ (6,238)	
Adjustments to revenues for charges for services and investment income.			5,645	
Adjustments to expenditures for salaries, operating, and depreciation expenses.			(852,543)	
Net change in fund balance (GAAP)			<u>\$ (853,136)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement C-4

City of Deming

Water Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Assets
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2011

	Budget Amounts		Actual	Variations
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Operating revenues</i>				
Charges for services	\$ 1,850,000	\$ 1,960,000	\$ 1,797,850	\$ (162,150)
<i>Total operating revenues</i>	<u>1,850,000</u>	<u>1,960,000</u>	<u>1,797,850</u>	<u>(162,150)</u>
<i>Operating expenses</i>				
Depreciation	-	-	-	-
Personnel services	520,096	536,991	484,311	52,680
Contractual services	54,400	42,445	40,030	2,415
Supplies and purchased power	11,200	42,445	7,048	35,397
Maintenance and materials	164,600	138,100	112,435	25,665
Miscellaneous	540,916	364,907	318,503	46,404
Utilities	259,000	300,100	258,429	41,671
Equipment	613,500	945,900	582,545	363,355
Gross receipts taxes	-	-	-	-
<i>Total operating expenses</i>	<u>2,163,712</u>	<u>2,370,888</u>	<u>1,803,301</u>	<u>567,587</u>
<i>Operating income (loss)</i>	<u>(313,712)</u>	<u>(410,888)</u>	<u>(5,451)</u>	<u>405,437</u>
<i>Non-operating revenues (expenses)</i>				
Interest expense	(31,622)	(29,917)	(29,916)	1
Interest income (loss)	8,000	14,500	(86,741)	(101,241)
Miscellaneous income	30,000	31,000	34,138	3,138
<i>Total non-operating revenues (expenses)</i>	<u>6,378</u>	<u>15,583</u>	<u>(82,519)</u>	<u>(98,102)</u>
Designated cash (budgeted cash increase)	(203,666)	(147,720)	-	147,720
Government contributions	511,000	543,025	275,272	(267,753)
Transfers	-	-	-	-
Change in net assets (Non-GAAP budgetary basis)	-	-	187,302	187,302
<i>Total net assets, beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,591,154</u>	<u>1,591,154</u>
<i>Total net assets, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,778,456</u>	<u>\$ 1,778,456</u>
Net change in net assets			\$ 187,302	
Adjustments to revenues for charges for services and investment income.			10,406	
Adjustments to expenditures for salaries, operating, and depreciation expenses.			<u>196,169</u>	
Net change in fund balance (GAAP)			<u>\$ 393,877</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement C-5

City of Deming
Cemetery Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Assets
Budget and Actual
For the Year Ended June 30, 2011

	Budget Amounts		Actual	Variations Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Operating revenues</i>				
Charges for services	\$ 62,500	\$ 91,500	\$ 71,770	\$ (19,730)
<i>Total operating revenues</i>	62,500	91,500	71,770	(19,730)
<i>Operating expenses</i>				
Depreciation	-	-	-	-
Personnel services	-	-	-	-
Contractual services	4,200	8,073	6,944	1,129
Supplies and purchased power	5,900	3,800	2,357	1,443
Maintenance and materials	6,500	13,750	10,413	3,337
Miscellaneous	3,450	7,270	4,480	2,790
Utilities	2,600	2,300	2,148	152
Equipment	195,655	75,255	72,448	2,807
Gross receipts taxes	-	-	-	-
<i>Total operating expenses</i>	218,305	110,448	98,790	11,658
<i>Operating income (loss)</i>	(155,805)	(18,948)	(27,020)	(8,072)
<i>Non-operating revenues (expenses)</i>				
Interest expense	-	-	-	-
Interest income	8,500	1,000	5,798	4,798
Miscellaneous income	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	8,500	1,000	5,798	4,798
Designated cash (budgeted cash increase)	(47,200)	(176,557)	-	176,557
Government contributions	-	-	-	-
Transfers	194,505	194,505	286,833	92,328
<i>Change in net assets</i>	-	-	265,611	265,611
<i>Total net assets, beginning of year</i>	-	-	95,484	95,484
<i>Total net assets, end of year</i>	\$ -	\$ -	\$ 361,095	\$ 361,095
Change in net assets (Non-GAAP budgetary basis)			\$ 265,611	
Adjustments to revenues for charges for services and investment income.			(59)	
Adjustments to expenditures for salaries, operating, and depreciation expenses.			71,107	
Net change in fund balance (GAAP)			\$ 336,659	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement C-6

City of Deming

Airport Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Assets

Budget and Actual

For the Year Ended June 30, 2011

	Budget Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Operating revenues</i>				
Charges for services	\$ 42,900	\$ 43,600	\$ 71,195	\$ 27,595
<i>Total operating revenues</i>	42,900	43,600	71,195	27,595
<i>Operating expenses</i>				
Depreciation	-	-	-	-
Personnel services	1,200	1,500	1,317	183
Contractual services	15,009	29,273	27,544	1,729
Supplies and purchased power	1,500	1,500	261	1,239
Maintenance and materials	18,500	18,500	10,093	8,407
Miscellaneous	21,400	26,407	24,929	1,478
Utilities	20,250	22,500	18,917	3,583
Equipment	729,491	741,550	565,785	175,765
Gross receipts taxes	-	-	-	-
<i>Total operating expenses</i>	807,350	841,230	648,846	192,384
<i>Operating income (loss)</i>	(764,450)	(797,630)	(577,651)	219,979
<i>Non-operating revenues (expenses)</i>				
Interest expense	-	-	-	-
Interest income	500	1,250	1,594	344
Miscellaneous income	118,500	1,200	1,125	(75)
<i>Total non-operating revenues (expenses)</i>	119,000	2,450	2,719	269
Designated cash (budgeted cash increase)	79,825	93,220	-	(93,220)
Government contributions	565,625	701,960	627,702	(74,258)
Transfers	-	-	-	-
<i>Change in net assets</i>	-	-	52,770	52,770
<i>Total net assets, beginning of year</i>	-	-	156,985	156,985
<i>Total net assets, end of year</i>	\$ -	\$ -	\$ 209,755	\$ 209,755
Change in net assets (Non-GAAP budgetary basis)			\$ 52,770	
Adjustments to revenues for charges for services and investment income.			585,197	
Adjustments to expenditures for salaries, operating, and depreciation expenses.			505,202	
Net change in fund balance (GAAP)			\$ 1,143,169	

The accompanying notes are an integral part of these financial statements

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
City of Deming
Schedule of Deposit and Investment Accounts
June 30, 2011

Schedule I

Bank Name/Account Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
First New Mexico Bank-cash accounts					
General Fund	Checking	\$ 235,599	\$ -	\$ -	\$ 235,599
General Operating	Checking	1,270,396	1,534,267	147,708	2,656,955
Ambulance Billing	Checking	934,006	4,610	2,996	935,620
Payroll Clearing	Checking	17,747	-	17,747	-
CDBG Planning	Checking	100	-	-	100
CDBG Planning	Checking	100	-	-	100
Judicial Bond	Checking	527	-	-	527
Total First New Mexico Bank		<u>2,458,475</u>	<u>1,538,877</u>	<u>168,451</u>	<u>3,828,901</u>
First Savings Bank					
Utility Operating	Checking	2,240,192	76,262	47,021	2,269,433
Meter Deposit	Checking	320,714	1,287	10,981	311,020
City of Deming CD	Certificate of Deposit-Investment	2,580	-	-	2,580
Total First Savings Bank		<u>2,563,486</u>	<u>77,549</u>	<u>58,002</u>	<u>2,583,033</u>
Wells Fargo Bank					
General Fund - Payroll	Checking	3,996	-	-	3,996
Total Wells Fargo Bank		<u>3,996</u>	<u>-</u>	<u>-</u>	<u>3,996</u>
	Bank balance of deposits	<u>\$ 5,025,957</u>	<u>\$ 1,616,426</u>	<u>\$ 226,453</u>	<u>\$ 6,415,930</u>
New Mexico Finance Authority-Investment					
Deming 4	Trust	21,888	-	-	21,888
Total New Mexico Finance Authority		<u>21,888</u>	<u>-</u>	<u>-</u>	<u>21,888</u>
First New Mexico Bank-investment accounts					
Golden Savings Investment	Savings - Investment	10,695,666	-	-	10,695,666
FNM Bank CD	Certificate of Deposit - Investment	7,614	-	-	7,614
FNM Bank CD	Certificate of Deposit - Investment	203,697	-	-	203,697
FNM Bank CD	Certificate of Deposit - Investment	1,027	-	-	1,027
Total First New Mexico Bank		<u>10,908,004</u>	<u>-</u>	<u>-</u>	<u>10,908,004</u>
Multi-Bank Securities-Investments					
GNMA II GTD Mtg Pass Thru CTFS	Investment	41,252	-	21,453	19,799
GNMA II GTD Mtg Pass Thru CTFS	Investment	5,177	-	1,229	3,948
Federal Natl Mtg Assn Medium Terms NTS	Investment	195,000	-	2,915	192,085
Federal Home Ln Mtg Corp Freddie NTS	Investment	200,000	-	8,156	191,844
GNMA II GTD Mtg Pass Thru CTFS	Investment	17,634	-	11,535	6,099
Total Multi-Bank Securities		<u>459,063</u>	<u>-</u>	<u>45,288</u>	<u>413,775</u>
Edward D Jones-Investments					
GNMA Guaranteed Pass Thru Certificate	Investment	8,953	-	7,144	1,809
GNMA Guaranteed Pass Thru Certificate	Investment	5,848	-	2,583	3,265
GNMA Guaranteed Pass Thru Certificate	Investment	23,331	-	15,472	7,859
GNMA Guaranteed Pass Thru Certificate	Investment	17,391	-	4,150	13,241
GNMA II Guaranteed Pass Thru Certificate	Investment	9,399	-	5,817	3,582
Total Edward D Jones		<u>64,922</u>	<u>-</u>	<u>35,166</u>	<u>29,756</u>
New Mexico State Treasurer Local Government Investment Pool					
Reserve Contingency Fund	State Treasurer Debt Service	10,570	-	-	10,570
New Mexico State Treasurer Local Government Investment Pool		<u>10,570</u>	<u>-</u>	<u>-</u>	<u>10,570</u>
Total		<u>\$16,490,404</u>	<u>\$ 1,616,426</u>	<u>\$ 306,907</u>	17,799,923
Add: petty cash					3,650
Total deposits and investments					<u>\$17,803,573</u>
Deposits and investments per financial statements:					
Cash and cash equivalents - Exhibit A-1					\$ 6,028,893
Investments - Exhibit A-1					11,364,685
Restricted cash and cash equivalents - Exhibit A-1					409,468
Fiduciary funds cash- Exhibit E-1					527
Total deposits and investments					<u>\$17,803,573</u>

See accompanying independent auditors' report

STATE OF NEW MEXICO
City of Deming
Schedule of Collateral Pledged by Depository
For Public Funds
June 30, 2011

Schedule II

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value at June 30, 2011
First New Mexico Bank				
FHLB		11/14/14	3133X9DC1	\$ 2,227,887
FFCB		10/23/20	31331VA30	1,191,470
FHLB		05/15/12	3133MNVV0	1,049,122
FNMA		07/17/13	31359MSL8	1,078,067
FHLMC		01/15/12	3134A4JT2	2,062,231
FHLB		12/11/13	3133M6VF2	877,005
Artesia Securities		08/01/17	04310KAL6	500,000 *
Catron & Cibola Counties Securities		07/15/13	149321BP5	120,000 *
Clovis Securities		06/01/15	189387BM4	145,000 *
Bernalillo Securities		08/01/16	085279LW5	450,000 *
Sandoval County Securities		12/15/17	80004PCU4	345,000 *
Chaves County Securities		08/01/18	162634BN8	500,000 *
Ruidoso Securities		08/01/20	781338GM4	450,000 *
Total First New Mexico Bank				<u>10,995,782</u>
The holder of the security pledged is TIB, P.O. Box 560528, Dallas, Texas 75356-0528				
First Savings Bank				
MBS FNMA 10 YR		07/01/17	31371NGQ2	171,157
FHR 2841 BJ		04/15/18	31395ES32	193,061
MBS FNMA 15 YR		09/01/19	31403X4P7	327,417
MBS FHLMC 15 YR. RELOCATION		04/01/20	31282CA98	293,153
MBS FHLMC GOLD 15 YR		06/01/20	3128MBBB2	426,453
MBS FNMA 15 YR.		06/01/22	31410GBG7	462,496
FHR 2941 AJ		03/15/35	31395PRU8	985,005
FHR 3048 PC		03/15/35	31396CSM3	318,320
MBS FNMA 15 YR		07/01/17	31376J4L0	184,604
MBS FNMA 15 YR		05/01/18	31400SC56	371,463
MBS FHLMC M30034 GOLD		12/01/20	31282CBB2	450,409
Total First Savings Bank				<u>4,183,538</u>
The location of the safekeeper of the above securities is 8500 Freeport Parkway, South Irving, TX.				
Total Pledged Collateral				<u><u>\$ 15,179,320</u></u>

*As per NMSA 2.2.2.10 (N) (4), the value of collateral consisting of obligation of the State of New Mexico, its agencies, institutions, counties, municipalities or other subdivisions shall be par value.

See accompanying independent auditor's report

STATE OF NEW MEXICO
 City of Deming
 Schedule of Changes in Fiduciary Assets and Liabilities
 Agency Fund
 For the Year Ended June 30, 2011

Schedule III

	<u>Balance June 30, 2010</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance June 30, 2011</u>
Judicial Bond Fund	\$ -	\$ 3,450	\$ 2,923	\$ 527
Total	<u>\$ -</u>	<u>\$ 3,450</u>	<u>\$ 2,923</u>	<u>\$ 527</u>

See accompanying independent auditors' report

COMPLIANCE SECTION



Accounting & Consulting Group, LLP
Certified Public Accountants

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
The Office of Management and Budget
City Council of Deming
City of Deming
Deming, New Mexico

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the budgetary comparisons for the General Fund and the Street Special Revenue Fund, and the aggregate remaining fund information of City of Deming (City), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents and have issued our report thereon dated December 1, 2011. We also have audited the financial statements of each of the City's nonmajor governmental funds, and the respective budgetary comparisons for the proprietary funds and the remaining nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2011 as listed in the table of contents. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item FS 2011-01 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item FS 2011-02 to be a significant deficiency.

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 did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted a certain other matter that is required to be reported pursuant to Government Auditing Standards paragraphs 5.14 and 5.16 and pursuant to Section 12-6-5, NMSA 1978 which is described in the accompanying schedule of findings and questioned costs as findings 2009-04.

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

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

Accounting + Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, New Mexico
December 1, 2011

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FEDERAL FINANCIAL ASSISTANCE



Accounting & Consulting Group, LLP
Certified Public Accountants

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

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget
City Council of Deming
City of Deming
Deming, New Mexico

Compliance

We have audited the City of Deming's (the City) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2011. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, City of Deming complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

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

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, New Mexico
December 1, 2011

STATE OF NEW MEXICO
City of Deming
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Funding Source/Grant or Contact Name	CFDA Number	Federal Grant Number	Expenditures
U.S. Department of Housing and Urban Development			
Passed through the New Mexico Department of Finance and Administration			
Community Development Block Grants	14.228	08-C-NM-I-1-G-45	\$ 2,973
Community Development Block Grants (1)	14.228	10-C-NM-I-1-G-13	450,000
U.S. Department of Justice			
ARRA-FY2009 Recovery ACT JAG Program	16.804	2009-SB-B9-3308	4,990
U.S. Department of Justice Bureau of Justice Assistance			
Bulletproof Vest Partnership	16.607	2009BUBX0904604	1,185
U.S. Department of Homeland Security			
Homeland Security Grant Program - Operation Stonegarden	97.067	2009-SJ-T9-00001	42,141
U.S. Department of Transportation/Federal Aviation Administration			
Airport Improvement Program (1)	20.106	3-35-0013-011-2009	18,905
Airport Improvement Program (1)	20.106	3-35-0013-011-2010	526,775
U.S. Environmental Protection Agency			
ARRA - Water Resources Development Act of 1999 (1)	81.128	W81G6992263515	668,811
U.S. Department of Energy			
ARRA - Energy Efficiency & Conservation Block Grant	66.418	DE-EE0000681	30,122
Total Federal Financial Assistance			\$ 1,745,902

(1) Denotes Major Federal Financial Assistance Program

See accompanying independent auditors' report.

Notes to Schedule of Expenditures of Federal Awards**1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the City of Deming (the City) and is presented on a modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements except for the proprietary funds. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organization*.

2. Subrecipients

The City did not provide any federal awards to subrecipients during the year.

Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 1,745,902
Total expenditures funded by other sources	<u>19,696,305</u>
Total expenditures per statement of activities exhibit A-2	<u><u>\$ 21,442,207</u></u>

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STATE OF NEW MEXICO
City of Deming
Schedule of Findings and Questioned Costs
June 30, 2011

Section I – Summary of Audit Results

Financial Statements:

- | | |
|----------------------------------------------------------------------------------|-------------|
| 1. Type of auditors’ report issued | Unqualified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. Noncompliance material to the financial statements noted? | No |

Federal Awards:

- | | |
|-----------------------------------------------------------------------------------------------------------------------|-------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| 2. Type of auditors’ report issued on compliance for major programs | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? | No |
| 4. Identification of major programs: | |

CFDA Number	Federal Program
14.228	Community Development Block Grant
20.106	Airport Improvement Program
81.128	ARRA-Water Resources Development Act of 1999

- | | |
|--------------------------------------------------------------------------------------------------------------|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 6. Auditee qualified as low-risk auditee under the requirements set forth by OMB Circular A-133 section 530? | No |

Section II – Prior Year Audit Findings

Prior Year Audit Findings

2007-06 - Submission of Audit Report - Resolved

2009-02 - Preparation of Financial Statements and Disclosures – Resolved.

2009-04 - Bank Depositories – Repeated

2009-05 - Cash Held by Financial Institutions and Collateral of Public Monies - Resolved

2009-08 - Travel and Per Diem - Resolved

2009-12 – Legal Compliance with Adopted Budget – Resolved

2010-01 – Lodgers’ Tax Audit - Resolved

Section III – Findings - Financial Statement Audit

FS 2009-04: Bank Depositories-Other Matter (Repeated)

Condition: The City maintains cash in interest bearing accounts in two separate financial institutions, and such deposits were not invested in a ratio based upon the financial institution’s total deposits.

Criteria: Section 6-10-36C NMSA 1978 states in part, “Public money placed in interest-bearing deposits in banks and savings and loan associations shall be equitably distributed among all banks and savings and loan associations having their main or staffed branch offices within the geographical boundaries of the governmental unit that have qualified as public depositories. The deposits shall be in the proportion that each bank’s or savings and loan association’s deposits bear to the total deposits of all banks and savings and loan associations.”

Effect: Non-compliance with New Mexico state statutes subjects City officials and personnel to punishment, as defined by state statutes.

Cause: Although City staff was aware of the requirements of Section 6-10-36C, the City did not make any changes to the ratio of their interest bearing accounts, due to a lack of cooperation from the financial institutions in receiving their deposit totals.

Auditors’ Recommendations: We suggest that the City place more of an emphasis in getting the banking institutions to cooperate and provide the required information. Alternatively, the City may be able to secure the information from federal or state agencies that regulate the banks. Once the information is obtained, the investments at the banks can be adjusted as deemed necessary.

Management’s Response: The City has made a good faith effort to comply with the above mentioned statute. Local bank branches have proved to be uncooperative in disclosing information. Local depositories do not want to disclose their total deposits for competitive reasons

Section III – Findings - Financial Statement Audit (continued)

FS 2011-01- Deficiencies in Internal Control over Financial Reporting- Material Weakness

Condition: During our process of understanding the City and its environment, we noted instances where elements of the City's internal control framework were nonexistent or deficient. The City does not have a comprehensive documented internal control system over financial information. The City does not maintain proper oversight or monitoring in regards to the City's accounting activities and has not taken the proper measures to monitor and mitigate the risk for fraud, misappropriation of assets, or misstatement of financial statements. During our audit, we noted the following internal control deficiencies:

- The trial balance was out of balance due to a one-sided journal entry to cash.
- Several funds on the trial balance were out of balance.
- Journal entries do not have initials or a sign off showing that they were reviewed or that there is a formal review process in place. Five employees have the ability to make journal entries.
- There is no formal review of the City's bank reconciliations.

Criteria: The COSO Internal Control Integrated Framework consists of five critical elements that must be present in carrying out the achievement objectives of an organization. These elements are known as the control environment, risk assessment, control activities, information and communication and monitoring. With these elements in place, the City can maximize its potential for achieving its performance targets and reduce the risk of loss of resources.

Effect: Without all of the five elements of the COSO Internal Control Integrated Framework present, the City is exposing itself to the risk of misappropriation of assets and does not have set processes in place to maximize the resources of the City to achieve the goals set forth by the City.

Cause: The City has not performed a recent risk assessment for those key controls, including monitoring in place to prevent and detect errors or fraud.

Auditors' Recommendations: The City should ensure that a comprehensive internal control structure over financial information is designed, documented, and implemented. Management should follow and ensure that all staff follows the City's documented internal control procedures. The City should implement an effective review system to make sure that all payments made, as well as any changes made to the system, are valid and accurate. The City Council is charged with governance and should provide effective oversight of the internal control and financial reporting process.

Management's Response: It is management's opinion that there is an error in the third party data service provider's system concerning the first control deficiency cited. A two sided journal entry (credit to investment income and a debit to investments) is generating an additional debit to cash and results in Cash and the General Ledger Trial Balance Debit and Credit activity being out of balance. City accounting personnel have noted the anomaly as a reconciling item in the bank reconciliation. City personnel do not make one sided entries. The service providers system appears to be responsible for the anomaly. We have made the service provider aware of the issue. Until the service provider corrects the issue, we have resolved the problem by debiting cash instead of investments.

The control deficiency concerning some of the funds of the trial balance being out of balance is directly related to the same service provider issue above. Now that management is aware of a flaw in the data processing system, personnel will be more diligent in proofing the trial balance reports.

Section III – Findings - Financial Statement Audit (continued)

FS 2011-01- Deficiencies in Internal Control over Financial Reporting- Material Weakness (continued)

Management agrees with the journal entry finding. A Journal Entry Register has already been implemented for the current fiscal year. The person initiating the journal entry initials the register and the person approving the entry initials the actual entry, both will be required.

Management agrees with the bank reconciliation finding. Starting with this current fiscal year all bank reconciliations will be initialed and dated by both the person preparing the reconciliation and by the person reviewing the reconciliation. The review will include checking the sources of balances and adjustments.

FS 2011-02- Deficiencies in Internal Control over Voided Checks-Significant Deficiency

Condition: The City does not retain original voided checks and instead copies them and shreds the original.

Criteria: Section 6.20.2.17 of NMAC requires the City to establish and implement written policies and procedures for purchasing which shall be in compliance with the procurement Code, Section 13-1-21 et seq., NMSA 1978.

Effect: Not retaining the original voided check could increase the chances of fraud activity.

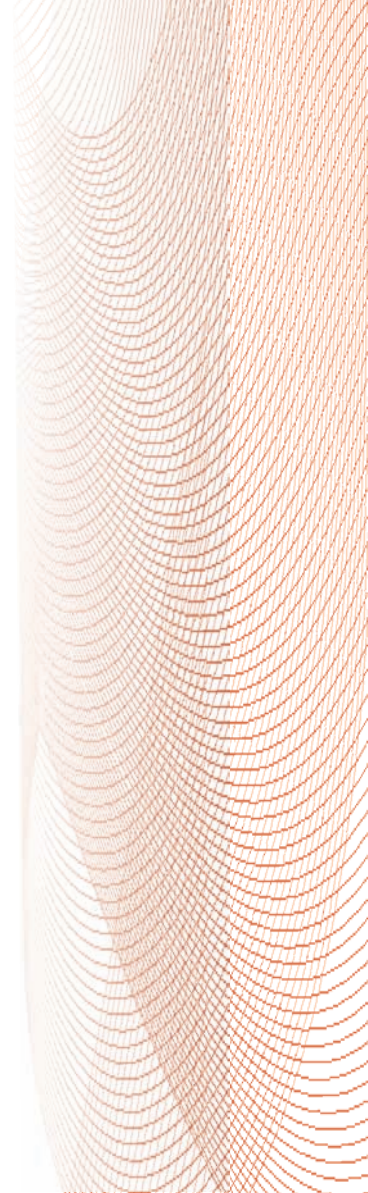
Cause: The City is making copies of voided checks and shredding the original voided checks.

Auditors' Recommendation: The City should implement a new policy that states that the original voided check should be retained.

Management's Response: Management agrees with the finding and recommendation. This change in procedure will decrease the likelihood of fraudulent activity.

Section IV – Findings – Federal Awards

None



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