

Accounting & Consulting Group, LLP

Certified Public Accountants

STATE OF NEW MEXICO
CITY OF DEMING
ANNUAL FINANCIAL REPORT
JUNE 30, 2012



STATE OF NEW MEXICO
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ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION

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STATE OF NEW MEXICO

City of Deming

Official Roster

June 30, 2012

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

Department Heads

Richard F. McInturff	City Administrator /Treasurer/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

Laura Holguin	Audit Specialist
Lloyd Valentine III	Senior Budget Analyst



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, 2012, 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 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, 2012 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 such 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, 2012, 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, 2012, 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 October 31, 2012 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.

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 12 through 19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The accompanying financial information listed as Supporting Schedules I through IV in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, New Mexico
October 31, 2012

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FINANCIAL SECTION

STATE OF NEW MEXICO
City of Deming
Management's Discussion and Analysis
June 30, 2012

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, 2012. 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 \$91,507,160 (*net assets*). Of this amount, \$17,220,420 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The government's total assets increased by \$404,400 during the fiscal year.
- As of June 30, 2012, the City's governmental activities funds reported combined ending net assets of \$50,406,765. Of this total, \$1,720,256 is designated for special revenue and capital projects.
- At the close of the current fiscal year, unrestricted net assets for the governmental activities was \$9,430,088, or changed 112 percent of total general fund expenses.
- The City of Deming's total debt additions were \$34,545 during the current fiscal year and its debt retirements were \$980,950. These retirements consisted of a NMFA loan #4 in the amount of \$879,888 and payments on NMFA loan #10 in the amount of \$98,133. Overall, debt decreased by \$946,405.

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, 2012

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 18 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 and Street Special Revenue 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 and B-2 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-3 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 40-62 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 66-95 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 \$91,507,160 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 \$72,498,929 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
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	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Current and other assets	\$ 12,340,066	\$ 8,901,076	\$ 21,241,142
Restricted cash and cash equivalents	444,158	467,733	911,891
Capital assets, net of accumulated depreciation	40,590,122	33,401,679	73,991,801
Total assets	<u>\$ 53,374,346</u>	<u>\$ 42,770,488</u>	<u>\$ 96,144,834</u>
<u>Liabilities</u>			
Current Liabilities	1,252,631	768,553	2,021,184
Non-current liabilities	1,714,950	901,540	2,616,490
Total liabilities	<u>2,967,581</u>	<u>1,670,093</u>	<u>4,637,674</u>
<u>Net Assets</u>			
Invested in capital assets, net of related debt	39,188,866	33,310,063	72,498,929
Restricted	1,787,811	-	1,787,811
Unrestricted	9,430,088	7,790,332	17,220,420
Total net assets	<u>50,406,765</u>	<u>41,100,395</u>	<u>91,507,160</u>
Total Liabilities and Net Assets	<u>\$ 53,374,346</u>	<u>\$ 42,770,488</u>	<u>\$ 96,144,834</u>

A portion of the City of Deming's total net assets (1.95 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*, \$17,220,420 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
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Analysis of Changes in Net Assets

The City's net assets increased by \$1,337,517 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	\$ 1,142,908	\$ 7,905,186	\$ 9,048,094
Operating grants and contributions	1,367,185	515,227	1,882,412
Capital grants and contributions	416,712	234,705	651,417
General revenues:			
Gross receipts taxes	6,916,078	-	6,916,078
Property taxes	710,410	-	710,410
Gasoline and motor vehicle taxes	664,592	-	664,592
Other taxes	400,687	-	400,687
Investment income	128,530	106,461	234,991
Miscellaneous income	170,920	381,897	552,817
Gain on sale of capital assets	284,346	312,829	597,175
Licenses and fees	1,915,742	-	1,915,742
Transfers	136,000	(136,000)	-
Total Revenues	14,254,110	9,320,305	23,574,415
Program expenses:			
General government	\$ 3,694,745	\$ -	\$ 3,694,745
Public safety	6,050,803	-	6,050,803
Public works	1,729,384	-	1,729,384
Culture and recreation	2,324,453	-	2,324,453
Health and welfare	131,728	-	131,728
Interest on long-term debt	6,924	-	6,924
Gas	-	3,466,621	3,466,621
Sewer	-	1,249,354	1,249,354
Solid Waste	-	1,309,507	1,309,507
Water	-	1,982,492	1,982,492
Cemetery	-	89,895	89,895
Airport	-	200,992	200,992
Total Expenses	13,938,037	8,298,861	22,236,898
Change in net assets	316,073	1,021,444	1,337,517
Net assets, beginning	50,090,692	40,078,951	90,169,643
Net assets, ending	\$ 50,406,765	\$ 41,100,395	\$ 91,507,160

STATE OF NEW MEXICO
City of Deming
Management's Discussion and Analysis
June 30, 2012

Governmental activities. Governmental activities increased the City of Deming' net assets by \$316,073. The key elements of this increase are as follows:

- Tax revenues increased to \$8,691,767 or 64 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 increased and totaled \$2,926,805 or 22 percent of total revenues. The primary recipients of these revenues are general governmental activities.
- The City's direct charges and rates to users of governmental services increased and made up \$1,915,742 or 14 percent of total governmental revenues. These charges are for fees, fines and forfeitures, ambulance services, licenses, and permits.

Business-type activities. Business-type activities increased the City's net assets by \$1,021,444. A slight drop in expenditures, along with capital and operating grant funds, assisted the City in generating excess revenue over expenditures.

- The City had a sale of capital assets for an increase of revenue in the amount of \$312,129
- Program revenues, for business-type activities, totaled \$8,655,118 or 93 percent of total revenues. The primary recipients of these revenues are charges for services in the public works.

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 includes the General Fund , Special Revenue, Capital Projects and Debt Service Funds.

Revenues for governmental functions overall totaled approximately \$22,338,537 in the fiscal year ended June 30, 2012, which represents an increase of \$8.09 million from the fiscal year ended June 30, 2011.

Expenditures for governmental functions, totaling \$13,938,037, also increased by approximately \$1,587,850 from the fiscal year ended June 30, 2011. This is largely due to the completion of the airport runway, and various street and community projects. In the fiscal year ended June 30, 2012, the change in net assets for governmental activities was \$316,073.

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 \$6,486,032.

The fund balance of the City of Deming' general fund increased by \$1,410,378 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 \$2,722,807. In the prior year, revenues exceeded expenditures by \$3,100,631.

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 \$7,790,332. The total increase in net assets for the enterprise funds was \$1,021,444.

STATE OF NEW MEXICO
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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, 2012. 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 \$975,318 less than the final budget amount (favorable variance). This was primarily due to Public Safety favorable variance of \$754,294 and a favorable variance of \$119,716 in Capital Outlay. The difference between actual expenditures and budgeted expenditures is due to various expenditures that were expected to occur during the year ended June 30, 2012, but were deferred for various reasons.

	<u>Budgeted Amounts</u>		Actual (Non- GAAP Budgetary Basis)	Favorable (Unfavorable) Variance
	<u>Original</u>	<u>Final</u>		
<i>Expenditures:</i>				
General Government	\$ 2,920,955	\$ 2,871,629	\$ 2,825,715	\$ 45,914
Public Safety	5,563,815	5,325,791	4,571,497	754,294
Health & Welfare	109,000	110,000	109,516	484
Culture and recreation	674,656	713,016	658,106	54,910
Capital Outlay	190,000	408,210	288,494	119,716
<i>Total Expenditures</i>	<u>\$ 9,458,426</u>	<u>\$ 9,428,646</u>	<u>\$ 8,453,328</u>	<u>\$ 975,318</u>

STATE OF NEW MEXICO
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Capital Assets and Debt Administration

Capital assets. The City of Deming' capital assets for its governmental and business-type activities as of June 30, 2012 amount to \$73,991,801 (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 \$3,197,516 for governmental activities and \$4,155,458 for business-type activities.

Capital assets, net of depreciation

	Governmental Activities	Business-like Activities	Total
Land	\$ 5,997,576	\$ 8,738,308	\$ 14,735,884
Construction in progress	2,055,493	2,743,391	4,798,884
Buildings and improvements	11,288,454	7,539,022	18,827,476
Machinery and Equipment	7,626,651	5,490,906	13,117,557
Infrastructure	52,240,549	-	52,240,549
Utility system	-	23,732,688	23,732,688
Airport infrastructure	-	3,129,797	3,129,797
Total capital assets	79,208,723	51,374,112	130,582,835
Less: accumulated depreciation	(38,618,601)	(17,972,433)	(56,591,034)
Total capital assets, net of accumulated depreciation	\$ 40,590,122	\$ 33,401,679	\$ 73,991,801

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.

Debt Administration. At the end of the current fiscal year, the City of Deming had total debt obligations outstanding of \$2,976,231.

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

- \$34,545 addition for a NMFA loan #12
- \$879,888 retirement of NMFA loan #4
- \$593,592 retirement to landfill closure and post closure costs.

Outstanding debt

	Governmental Activities	Business-type Activities	Total
NMFA Loan#10 Muni Court	\$ 401,256	\$ -	\$ 401,256
NMFA Loan #11 Fire Station	1,000,000	-	1,000,000
NMFA Loan #12 Clary Well	-	34,545	34,545
NMFA Loan #9 Sports	-	57,071	57,071
Compensated Absences	620,207	115,750	735,957
Landfill Post Closure	-	747,402	747,402
Total outstanding debt	\$ 2,021,463	\$ 954,768	\$ 2,976,231

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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

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**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO

City of Deming

Statement of Net Assets

June 30, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 4,019,752	\$ 3,169,440	\$ 7,189,192
Investments	6,149,927	4,591,584	10,741,511
Accounts receivables (net)	618,987	742,051	1,361,038
Taxes receivable	1,452,750	-	1,452,750
Inventory	98,650	398,001	496,651
Prepaid insurance	-	-	-
Total current assets	12,340,066	8,901,076	21,241,142
Noncurrent assets			
Restricted cash and cash equivalents	444,158	467,733	911,891
Capital assets	79,208,723	51,374,112	130,582,835
Less: accumulated depreciation	(38,618,601)	(17,972,433)	(56,591,034)
Total noncurrent assets	41,034,280	33,869,412	74,903,692
Total assets	\$ 53,374,346	\$ 42,770,488	\$ 96,144,834

The accompanying notes are an integral part of these financial statements

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Liabilities			
Current liabilities			
Accounts payable	\$ 665,574	\$ 180,339	\$ 845,913
Accrued payroll expenses	277,276	67,253	344,529
Accrued compensated absences	205,840	48,600	254,440
Court bond trust	2,327	-	2,327
Meter deposits	-	467,733	467,733
Accrued interest	941	-	941
Current portion of loans payable	100,673	4,628	105,301
Total current liabilities	1,252,631	768,553	2,021,184
Noncurrent liabilities			
Accrued compensated absences	414,367	67,150	481,517
Landfill closure and postclosure	-	747,402	747,402
Loans payable	1,300,583	86,988	1,387,571
Total noncurrent liabilities	1,714,950	901,540	2,616,490
Total liabilities	2,967,581	1,670,093	4,637,674
Net Assets			
Invested in capital assets, net of related debt	39,188,866	33,310,063	72,498,929
Restricted for:			
Debt service	67,555	-	67,555
Special revenue	1,720,256	-	1,720,256
Unrestricted	9,430,088	7,790,332	17,220,420
Total net assets	50,406,765	41,100,395	91,507,160
Total liabilities and net assets	\$ 53,374,346	\$ 42,770,488	\$ 96,144,834

STATE OF NEW MEXICO
City of Deming
Statement of Activities
For the Year Ended June 30, 2012

<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	\$ 3,694,745	\$ 711,144	\$ 79,363	\$ 202,500
Public safety	6,050,803	390,000	639,065	-
Public works	1,729,384	1,333	275,647	214,212
Culture and recreation	2,324,453	40,431	373,110	-
Health and welfare	131,728	-	-	-
Interest on long-term debt	6,924	-	-	-
<i>Total governmental activities</i>	<u>13,938,037</u>	<u>1,142,908</u>	<u>1,367,185</u>	<u>416,712</u>
Business-type Activities:				
Gas	3,466,621	3,360,042	5,000	-
Sewer	1,249,354	809,351	193,147	223,827
Solid waste	1,309,507	1,758,771	317,080	-
Water	1,982,492	1,862,310	-	-
Cemetery	89,895	49,412	-	-
Airport	200,992	65,300	-	10,878
<i>Total business-type activities</i>	<u>8,298,861</u>	<u>7,905,186</u>	<u>515,227</u>	<u>234,705</u>
<i>Total</i>	<u>\$ 22,236,898</u>	<u>\$ 9,048,094</u>	<u>\$ 1,882,412</u>	<u>\$ 651,417</u>

General Revenues and Transfers:

Taxes
Gross receipts taxes
Property taxes, levied for general purposes
Gasoline, franchise and motor vehicle
Other
Licenses and fees
Investment income
Miscellaneous revenue
Gain on sale of capital assets
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
\$ (2,701,738)	\$ -	\$ (2,701,738)
(5,021,738)	-	(5,021,738)
(1,238,192)	-	(1,238,192)
(1,910,912)	-	(1,910,912)
(131,728)	-	(131,728)
(6,924)	-	(6,924)
<u>(11,011,232)</u>	<u>-</u>	<u>(11,011,232)</u>
-	(101,579)	(101,579)
-	(23,029)	(23,029)
-	766,344	766,344
-	(120,182)	(120,182)
-	(40,483)	(40,483)
-	(124,814)	(124,814)
<u>-</u>	<u>356,257</u>	<u>356,257</u>
(11,011,232)	356,257	(10,654,975)
6,916,078	-	6,916,078
710,410	-	710,410
664,592	-	664,592
400,687	-	400,687
1,915,742	-	1,915,742
128,530	106,461	234,991
170,920	381,897	552,817
284,346	312,829	597,175
136,000	(136,000)	-
<u>11,327,305</u>	<u>665,187</u>	<u>11,992,492</u>
316,073	1,021,444	1,337,517
<u>50,090,692</u>	<u>40,078,951</u>	<u>90,169,643</u>
<u>\$ 50,406,765</u>	<u>\$ 41,100,395</u>	<u>\$ 91,507,160</u>

STATE OF NEW MEXICO

City of Deming
Balance Sheet
Governmental Funds
June 30, 2012

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	\$ 2,666,832	\$ 305,383	\$ 1,491,695	\$ 4,463,910
Investments	5,841,651	-	308,276	6,149,927
Receivables:				
Accounts	451,775	-	-	451,775
Taxes receivable	1,369,283	52,612	30,855	1,452,750
Other receivables	-	-	167,212	167,212
Inventory	98,650	-	-	98,650
<i>Total assets</i>	<u>\$ 10,428,191</u>	<u>\$ 357,995</u>	<u>\$ 1,998,038</u>	<u>\$ 12,784,224</u>
<i>Liabilities and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 60,221	\$ 386,313	\$ 219,040	\$ 665,574
Accrued payroll expenses	243,216	12,992	21,068	277,276
Deferred revenue	165,478	-	-	165,478
Court bond trust	2,327	-	-	2,327
<i>Total liabilities</i>	<u>471,242</u>	<u>399,305</u>	<u>240,108</u>	<u>1,110,655</u>
<i>Fund balances</i>				
Nonspendable				
Inventory	98,650	-	-	98,650
Spendable				
Restricted for:				
Public safety	-	-	568,116	568,116
Culture and recreation	-	-	633,280	633,280
Promotion	-	-	351,182	351,182
Transportation and roads	-	-	100	100
Capital improvements	-	-	100	100
Economic development	-	-	167,578	167,578
Debt service	-	-	67,555	67,555
Committed to:				
Minimum fund balance	705,435	-	-	705,435
Subsequent year's expenditures	2,666,832	-	-	2,666,832
Unassigned	6,486,032	(41,310)	(29,981)	6,414,741
<i>Total fund balances</i>	<u>9,956,949</u>	<u>(41,310)</u>	<u>1,757,930</u>	<u>11,673,569</u>
<i>Total liabilities and fund balances</i>	<u>\$ 10,428,191</u>	<u>\$ 357,995</u>	<u>\$ 1,998,038</u>	<u>\$ 12,784,224</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, 2012

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	\$ 11,673,569
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	40,590,122
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	165,478
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	(205,840)
Long-term portion of accrued compensated absences	(414,367)
Accrued interest	(941)
Bonds and notes payable	<u>(1,401,256)</u>
Net assets of governmental activities	<u>\$ 50,406,765</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, 2012

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>				
Taxes:				
Property	\$ 679,859	\$ -	\$ -	\$ 679,859
Gross receipts	6,916,078	-	-	6,916,078
Gasoline, franchise and motor vehicle	334,645	329,947	-	664,592
Other	-	-	400,687	400,687
Intergovernmental				
Federal operating grants	267,697	-	-	267,697
Federal capital grants	-	-	416,712	416,712
State operating grants	27,842	264,883	806,763	1,099,488
Charges for services	1,054,859	1,333	86,716	1,142,908
Licenses and fees	1,698,135	207,190	10,417	1,915,742
Investment income	114,990	184	13,356	128,530
Miscellaneous	93,923	15,503	61,494	170,920
<i>Total revenues</i>	<u>11,188,028</u>	<u>819,040</u>	<u>1,796,145</u>	<u>13,803,213</u>
<i>Expenditures</i>				
Current:				
General government	2,788,825	-	656,725	3,445,550
Public safety	4,595,482	-	118,040	4,713,522
Public works	-	1,342,143	267,750	1,609,893
Culture and recreation	639,670	-	1,580,846	2,220,516
Health and welfare	131,728	-	-	131,728
Capital outlay	309,516	196,005	1,582,055	2,087,576
Debt service:				
Principal	-	-	98,133	98,133
Interest	-	-	5,983	5,983
<i>Total expenditures</i>	<u>8,465,221</u>	<u>1,538,148</u>	<u>4,309,532</u>	<u>14,312,901</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>2,722,807</u>	<u>(719,108)</u>	<u>(2,513,387)</u>	<u>(509,688)</u>
<i>Other financing sources (uses)</i>				
Proceeds from sale of capital assets	471,035	1,882	61,572	534,489
Transfers in	151,667	500,000	1,646,426	2,298,093
Transfers out	(1,935,131)	-	(226,962)	(2,162,093)
<i>Total other financing sources (uses)</i>	<u>(1,312,429)</u>	<u>501,882</u>	<u>1,481,036</u>	<u>670,489</u>
<i>Net change in fund balance</i>	1,410,378	(217,226)	(1,032,351)	160,801
<i>Fund balance - beginning of year</i>	<u>8,546,571</u>	<u>175,916</u>	<u>2,790,281</u>	<u>11,512,768</u>
<i>Fund balance - end of year</i>	<u>\$ 9,956,949</u>	<u>\$ (41,310)</u>	<u>\$ 1,757,930</u>	<u>\$ 11,673,569</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, 2012

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	\$	160,801
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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:

Capital expenditures recorded in capital outlay		2,087,576
Depreciation expense		(1,653,280)
Net book value of capital assets disposed of		(250,143)

Revenues in the statement of activities that do not provide current financial
resources are not reported as revenue in the funds:

Increase in deferred revenue related to property taxes receivable		30,550
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Expenses in the Statement of Activities that do not require current financial
resources are not reported as expenditures in the funds:

Increase in accrued compensated absences		(156,623)
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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:

Loan repayments		98,133
Increase in accrued interest		(941)

Change in net assets of governmental activities	\$	<u>316,073</u>
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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, 2012

	Budgeted Amounts		Actual	Variations
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ 622,888	\$ 622,888	\$ 679,852	\$ 56,964
Gross receipts	6,355,000	6,355,000	6,897,421	542,421
Gasoline, franchise and motor vehicle	310,000	310,000	323,773	13,773
Intergovernmental:				
Federal operating grants	1,240,831	1,467,879	473,761	(994,118)
State operating grants	768,982	91,675	43,381	(48,294)
Charges for services	2,598,000	2,393,500	1,245,470	(1,148,030)
Licenses and fees	1,774,355	1,995,505	1,701,197	(294,308)
Investment income	25,000	25,000	119,019	94,019
Miscellaneous	100,000	101,500	236,359	134,859
<i>Total revenues</i>	<u>13,795,056</u>	<u>13,362,947</u>	<u>11,720,233</u>	<u>(1,642,714)</u>
<i>Expenditures</i>				
Current:				
General government	2,920,955	2,871,629	2,825,715	45,914
Public safety	5,563,815	5,325,791	4,571,497	754,294
Culture and recreation	674,656	713,016	658,106	54,910
Health and welfare	109,000	110,000	109,516	484
Capital outlay	190,000	408,210	288,494	119,716
<i>Total expenditures</i>	<u>9,458,426</u>	<u>9,428,646</u>	<u>8,453,328</u>	<u>975,318</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>4,336,630</u>	<u>3,934,301</u>	<u>3,266,905</u>	<u>(667,396)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(2,419,955)	(1,618,575)	-	1,618,575
Transfers in	244,581	245,196	151,667	(93,529)
Transfers out	(2,161,256)	(2,560,922)	(1,935,131)	625,791
<i>Total other financing sources (uses)</i>	<u>(4,336,630)</u>	<u>(3,934,301)</u>	<u>(1,783,464)</u>	<u>2,150,837</u>
<i>Net change in fund balance</i>	-	-	1,483,441	1,483,441
<i>Fund balance - beginning of year</i>	-	-	7,025,042	7,025,042
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,508,483</u>	<u>\$ 8,508,483</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 1,483,441	
Adjustments to revenues for property taxes and state operating grants.			(61,170)	
Adjustments to expenditures for salaries and operating expenses.			(11,893)	
Net change in fund balance (GAAP)			<u>\$ 1,410,378</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2012

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues</i>				
Taxes:				
Gasoline, franchise and motor vehicle	\$ 320,000	\$ 320,000	\$ 317,110	\$ (2,890)
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	264,383	264,383	264,883	500
Charges for services	1,500	1,500	1,333	(167)
Licenses and fees	205,000	205,000	207,190	2,190
Investment income	1,000	1,000	184	(816)
Miscellaneous	15,100	17,000	17,385	385
<i>Total revenues</i>	<u>806,983</u>	<u>808,883</u>	<u>808,085</u>	<u>(798)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public Works	976,094	1,067,459	984,659	82,800
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	743,865	743,865	196,005	547,860
<i>Total expenditures</i>	<u>1,719,959</u>	<u>1,811,324</u>	<u>1,180,664</u>	<u>630,660</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(912,976)</u>	<u>(1,002,441)</u>	<u>(372,579)</u>	<u>629,862</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	162,976	162,441	-	(162,441)
Transfers in	750,000	840,000	500,000	(340,000)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>912,976</u>	<u>1,002,441</u>	<u>500,000</u>	<u>(502,441)</u>
<i>Net change in fund balance</i>	-	-	127,421	127,421
<i>Fund balance - beginning of year</i>	-	-	177,962	177,962
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 305,383</u>	<u>\$ 305,383</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 127,421	
Adjustments to revenues for property taxes and state operating grants.			12,837	
Adjustments to expenditures for salaries and operating expenses.			<u>(357,484)</u>	
Net change in fund balance (GAAP)			<u>\$ (217,226)</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, 2012

	Gas	Sewer	Solid Waste
<i>Assets</i>			
<i>Current assets</i>			
Cash and cash equivalents	\$ 918,955	\$ 273,460	\$ 965,856
Investments	2,513,461	264,325	535,943
Customer receivables, net	176,251	98,768	173,332
Inventory	81,221	40,456	-
<i>Total current assets</i>	<u>3,689,888</u>	<u>677,009</u>	<u>1,675,131</u>
<i>Noncurrent assets</i>			
Restricted cash and cash equivalents	467,733	-	-
Capital assets	6,211,283	14,141,211	6,138,986
Accumulated depreciation	(3,424,079)	(5,671,773)	(2,015,019)
<i>Total noncurrent assets</i>	<u>3,254,937</u>	<u>8,469,438</u>	<u>4,123,967</u>
<i>Total assets</i>	<u>\$ 6,944,825</u>	<u>\$ 9,146,447</u>	<u>\$ 5,799,098</u>
<i>Liabilities and Net Assets</i>			
<i>Liabilities</i>			
<i>Current liabilities</i>			
Accounts payable	\$ 3,997	\$ 92,462	\$ 38,736
Accrued payroll expenses	16,175	5,939	31,861
Accrued compensated absences	13,115	3,888	19,656
Meter deposits	467,733	-	-
Accrued interest	-	-	-
Current maturity of loans payable	-	2,937	-
<i>Total current liabilities</i>	<u>501,020</u>	<u>105,226</u>	<u>90,253</u>
<i>Noncurrent liabilities</i>			
Accrued compensated absences	13,934	9,532	29,431
Landfill closure and post-closure costs	-	-	747,402
Loans payable	-	54,134	-
<i>Total noncurrent liabilities</i>	<u>13,934</u>	<u>63,666</u>	<u>776,833</u>
<i>Total liabilities</i>	<u>514,954</u>	<u>168,892</u>	<u>867,086</u>
<i>Net assets</i>			
Invested in capital assets, net of related debt	2,787,204	8,412,367	4,123,967
Unrestricted	3,642,667	565,188	808,045
<i>Total net assets</i>	<u>6,429,871</u>	<u>8,977,555</u>	<u>4,932,012</u>
<i>Total liabilities and net assets</i>	<u>\$ 6,944,825</u>	<u>\$ 9,146,447</u>	<u>\$ 5,799,098</u>

The accompanying notes are an integral part of these financial statements

Water	Cemetery	Airport	Total
\$ 747,119	\$ 136,166	\$ 127,884	\$ 3,169,440
1,020,674	196,338	60,843	4,591,584
293,700	-	-	742,051
276,324	-	-	398,001
<u>2,337,817</u>	<u>332,504</u>	<u>188,727</u>	<u>8,901,076</u>
-	-	-	467,733
14,616,466	495,028	9,771,138	51,374,112
(3,887,609)	(160,278)	(2,813,675)	(17,972,433)
<u>10,728,857</u>	<u>334,750</u>	<u>6,957,463</u>	<u>33,869,412</u>
<u>\$ 13,066,674</u>	<u>\$ 667,254</u>	<u>\$ 7,146,190</u>	<u>\$ 42,770,488</u>
\$ 45,144	\$ -	\$ -	\$ 180,339
13,278	-	-	67,253
11,941	-	-	48,600
-	-	-	467,733
-	-	-	-
1,691	-	-	4,628
<u>72,054</u>	<u>-</u>	<u>-</u>	<u>768,553</u>
14,253	-	-	67,150
-	-	-	747,402
32,854	-	-	86,988
<u>47,107</u>	<u>-</u>	<u>-</u>	<u>901,540</u>
119,161	-	-	1,670,093
10,694,312	334,750	6,957,463	33,310,063
2,253,201	332,504	188,727	7,790,332
12,947,513	667,254	7,146,190	41,100,395
<u>\$ 13,066,674</u>	<u>\$ 667,254</u>	<u>\$ 7,146,190</u>	<u>\$ 42,770,488</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, 2012

	Gas	Sewer	Solid Waste
<i>Operating revenues</i>			
Charges for services	\$ 3,360,042	\$ 809,351	\$ 1,758,771
<i>Total operating revenues</i>	<u>3,360,042</u>	<u>809,351</u>	<u>1,758,771</u>
<i>Operating expenses</i>			
Depreciation	155,382	282,978	239,384
Personnel services	409,527	187,008	822,158
Contractual services	51,092	37,644	97,527
Supplies and purchases	1,743,101	7,509	9,379
Maintenance and materials	39,634	80,218	120,347
Other operating expenses	698,507	418,303	507,523
Utilities	12,729	227,931	7,897
Equipment	147,960	7,580	58,840
Gross receipts taxes	208,689	-	-
<i>Total operating expenses</i>	<u>3,466,621</u>	<u>1,249,171</u>	<u>1,863,055</u>
<i>Operating income (loss)</i>	<u>(106,579)</u>	<u>(439,820)</u>	<u>(104,284)</u>
<i>Non-operating revenues (expenses)</i>			
Interest expense	-	(183)	-
Investment income	38,504	14,892	10,944
Miscellaneous income	57,476	33,402	68,056
Gain on sale of capital assets	986	-	9,859
<i>Total non-operating revenues (expenses)</i>	<u>96,966</u>	<u>48,111</u>	<u>88,859</u>
<i>Income (loss) before special items contributions and transfers</i>	<u>(9,613)</u>	<u>(391,709)</u>	<u>(15,425)</u>
Special item-decrease in post-closure estimate	-	-	553,548
Government contributions	5,000	416,974	317,080
Transfers out	(1,660)	(1,660)	(1,660)
<i>Change in net assets</i>	<u>(6,273)</u>	<u>23,605</u>	<u>853,543</u>
<i>Total net assets, beginning of year</i>	<u>6,436,144</u>	<u>8,953,950</u>	<u>4,078,469</u>
<i>Total net assets, end of year</i>	<u>\$ 6,429,871</u>	<u>\$ 8,977,555</u>	<u>\$ 4,932,012</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>\$ 1,862,310</u>	<u>\$ 49,412</u>	<u>\$ 65,300</u>	<u>\$ 7,905,186</u>
<u>1,862,310</u>	<u>49,412</u>	<u>65,300</u>	<u>7,905,186</u>
285,386	7,631	82,232	1,052,993
402,253	45,687	765	1,867,398
53,235	2,537	13,494	255,529
8,687	2,227	259	1,771,162
163,966	15,777	36,891	456,833
477,827	6,042	18,242	2,126,444
298,578	2,196	18,432	567,763
292,560	7,798	30,677	545,415
<u>-</u>	<u>-</u>	<u>-</u>	<u>208,689</u>
<u>1,982,492</u>	<u>89,895</u>	<u>200,992</u>	<u>8,852,226</u>
<u>(120,182)</u>	<u>(40,483)</u>	<u>(135,692)</u>	<u>(947,040)</u>
-	-	-	(183)
37,493	3,325	1,303	106,461
216,495	981	5,487	381,897
<u>291,552</u>	<u>-</u>	<u>10,432</u>	<u>312,829</u>
<u>545,540</u>	<u>4,306</u>	<u>17,222</u>	<u>801,004</u>
<u>425,358</u>	<u>(36,177)</u>	<u>(118,470)</u>	<u>(146,036)</u>
-	-	-	553,548
-	-	10,878	749,932
<u>(131,020)</u>	<u>-</u>	<u>-</u>	<u>(136,000)</u>
294,338	(36,177)	(107,592)	1,021,444
<u>12,653,175</u>	<u>703,431</u>	<u>7,253,782</u>	<u>40,078,951</u>
<u>\$ 12,947,513</u>	<u>\$ 667,254</u>	<u>\$ 7,146,190</u>	<u>\$ 41,100,395</u>

STATE OF NEW MEXICO
City of Deming
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

	Gas	Sewer	Solid Waste
<i>Cash flows from operating activities:</i>			
Cash received from user charges	\$ 3,431,710	\$ 943,631	\$ 1,748,546
Cash payments to employees for services	(400,266)	(180,190)	(807,753)
Cash payments to suppliers for goods and services	(2,824,877)	(764,827)	(833,420)
<i>Net cash provided (used) by operating activities</i>	<u>206,567</u>	<u>(1,386)</u>	<u>107,373</u>
<i>Cash flows from noncapital financing activities:</i>			
Government contributions	5,000	416,974	317,080
Miscellaneous income	58,462	41,466	47,558
Transfers (net)	(1,660)	(1,660)	(1,660)
<i>Net cash provided by noncapital financing activities</i>	<u>61,802</u>	<u>456,780</u>	<u>362,978</u>
<i>Cash flows from investing activities:</i>			
Acquisition of capital assets	(29,513)	(933,473)	(300,904)
Purchase of investments	(10,270)	-	-
Proceeds from sale of investments	-	1,081	1,418
Interest on investments	38,504	14,892	10,944
<i>Net cash provided (used) by investing activities</i>	<u>(1,279)</u>	<u>(917,500)</u>	<u>(288,542)</u>
<i>Cash flows from capital and related financing activities:</i>			
Interest paid	-	(183)	-
Proceeds from issuance of long-term debt	-	-	-
Principal payments on bonds, loans and notes payable	-	(2,929)	-
<i>Net cash provided (used) by capital and related financing activities</i>	<u>-</u>	<u>(3,112)</u>	<u>-</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	267,090	(465,218)	181,809
<i>Cash and cash equivalents - beginning of year</i>	<u>1,119,598</u>	<u>738,678</u>	<u>784,047</u>
<i>Cash and cash equivalents - end of year</i>	<u><u>\$ 1,386,688</u></u>	<u><u>\$ 273,460</u></u>	<u><u>\$ 965,856</u></u>
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</i>			
Operating income (loss)	\$ (106,579)	\$ (439,820)	\$ (104,284)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	155,382	282,978	239,384
Changes in assets and liabilities			
Receivables	71,668	134,280	(10,225)
Inventory	7,947	(12,449)	-
Accounts payable	68,888	26,807	(31,907)
Accrued payroll expenses	3,749	1,706	23,145
Accrued compensated absences	5,512	5,112	(8,740)
<i>Net cash provided (used) by operating activities</i>	<u><u>\$ 206,567</u></u>	<u><u>\$ (1,386)</u></u>	<u><u>\$ 107,373</u></u>

The accompanying notes are an integral part of these financial statements

Water	Cemetery	Airport	Total
\$ 1,947,387	\$ 58,307	\$ 66,792	\$ 8,196,373
(414,791)	(45,687)	(765)	(1,849,452)
(1,353,887)	(36,577)	(93,755)	(5,907,343)
<u>178,709</u>	<u>(23,957)</u>	<u>(27,728)</u>	<u>439,578</u>
-	-	10,878	749,932
766,411	981	15,919	930,797
(131,020)	-	-	(136,000)
<u>635,391</u>	<u>981</u>	<u>26,797</u>	<u>1,544,729</u>
(16,913)	(8,940)	(21,400)	(1,311,143)
(23,148)	-	(473)	(33,891)
-	110,651	-	113,150
37,493	3,325	1,303	106,461
<u>(2,568)</u>	<u>105,036</u>	<u>(20,570)</u>	<u>(1,125,423)</u>
-	-	-	(183)
34,545	-	-	34,545
(879,888)	-	-	(882,817)
<u>(845,343)</u>	<u>-</u>	<u>-</u>	<u>(848,455)</u>
(33,811)	82,060	(21,501)	10,429
<u>780,930</u>	<u>54,106</u>	<u>149,385</u>	<u>3,626,744</u>
<u>\$ 747,119</u>	<u>\$ 136,166</u>	<u>\$ 127,884</u>	<u>\$ 3,637,173</u>
\$ (120,182)	\$ (40,483)	\$ (135,692)	\$ (947,040)
285,386	7,631	82,232	1,052,993
85,077	8,895	1,492	291,187
10,606	-	-	6,104
(69,640)	-	24,240	18,388
(1,236)	-	-	27,364
(11,302)	-	-	(9,418)
<u>\$ 178,709</u>	<u>\$ (23,957)</u>	<u>\$ (27,728)</u>	<u>\$ 439,578</u>

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STATE OF NEW MEXICO
City of Deming
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2012

Exhibit E-1

<i>Assets</i>	
Cash	<u>\$ 752</u>
<i>Total assets</i>	<u><u>\$ 752</u></u>
<i>Liabilities</i>	
Due to other entities	<u>\$ 752</u>
<i>Total liabilities</i>	<u><u>\$ 752</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2012

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, 2012

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, 2012

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, 2012

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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.

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, 2012

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, 2012

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, 2012, 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.

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, 2012

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 consists of inventory in the amount of \$98,650.

Restricted and Committed Fund Balance: At June 30, 2012, the City has presented restricted fund balance on the governmental funds balance sheet in the amount of \$568,116 for public safety; \$633,280 for culture and recreation; \$351,182 for promotion; \$100 for transportation and roads; \$100 for capital improvements; \$167,578 for economic development; and \$67,555 for debt service. The City has also presented committed fund balance on the governmental funds balance sheet including \$705,435 for minimum fund balance and \$2,666,832 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, 2012

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 43 and 64-65.
- 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, 2012

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	4,336,630	3,934,301
Street Fund	(912,976)	(1,002,441)
Other Governmental Funds	(3,322,412)	(3,459,549)
Gas Enterprise Fund	(674,228)	(694,447)
Sewer Enterprise Fund	(2,069,722)	(2,274,739)
Solid Waste Enterprise Fund	(1,587,905)	(1,373,999)
Water Enterprise Fund	(345,417)	358,500
Cemetery Enterprise Fund	(91,938)	(99,295)
Airport Enterprise Fund	(810,928)	(720,828)

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 – Budget (Non-GAAP Budgetary Basis) 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, 2012 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, 2012.

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 on 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, 2012

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 were insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution. 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 at all FDIC-insured depository institutions. The separate coverage on non-interest bearing transaction accounts became effective on December 31, 2010 and will terminate on December 31, 2012. From December 31, 2010 to July 20, 2012 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, 2012.

Through July 20, 2012, 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, 2012, \$7,667,893 of the City's bank balance of \$8,421,889 was subject to custodial credit risk. \$7,667,893 of this amount was uninsured and collateralized at June 30, 2012 and \$0 was uninsured and uncollateralized at June 30, 2012.

	Wells Fargo Bank	First New Mexico Bank	Compass Bank	First Savings Bank	Total
Amount of deposits	\$ 3,996	\$ 5,172,884	\$ 280,021	\$ 2,964,988	\$ 8,421,889
FDIC Coverage	(3,996)	(250,000)	(250,000)	(250,000)	(753,996)
Total uninsured public funds	<u>-</u>	<u>4,922,884</u>	<u>30,021</u>	<u>2,714,988</u>	<u>7,667,893</u>
Collateralized by securities held by pledging institution or by its trust department or agent in other than the City's name	-	4,922,884	30,021	2,714,988	7,667,893
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (50% of uninsured funds)	\$ -	\$ 2,461,442	\$ 15,011	\$ 1,357,494	\$ 3,833,947
Pledged Collateral	2,118,138	16,268,480	250,000	3,267,942	21,904,560
Over (Under) collateralized	<u>\$ 2,118,138</u>	<u>\$ 13,807,038</u>	<u>\$ 234,989</u>	<u>\$ 1,910,448</u>	<u>\$ 18,070,613</u>

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2012

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 below. 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

As of June 30, 2012, the City had the following investments and maturities:

Investment Type	Weighted Average Maturities	Fair Value	Rating
Multi-Bank Securities	<1 year	\$ 16,749	Not Rated
First Savings Bank Securities	<1 year	2,563	Not Rated
First New Mexico Bank	<1 year	8,641	Not Rated
Western Heritage Bank Securities	<1 year	598,697	Not Rated
U.S. Treasury Money Market Mutual Funds	<90 Days	781,911	AAA
Reserve Contingency Fund	N/A	2,563	Not Rated
		<u>\$ 1,411,124</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 \$10,112,298 as investments in the Statement of Net Assets; however, these are classified as deposits for disclosure purposes. In addition, the City has reported U.S. Treasuries held in NMFA's bank account in the amount of \$781,911 as cash in the statement of net assets; however, they are considered investments for disclosure purposes.

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.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2012

NOTE 3. Deposits and Investments (continued)

Reconciliation of Cash, Investments and Cash Equivalents

Primary Government

Reconciliation to the Statement of Net Assets:

Cash and cash equivalents per Exhibit A-1	\$ 7,189,192
Restricted cash and cash equivalents per Exhibit A-1	911,891
Cash - Statement of Fiduciary Assets and Liabilities per Exhibit E-1	752
Investments per Exhibit A-1	<u>10,741,511</u>
 Total cash, investments, and cash equivalents	 <u>18,843,346</u>
 Add: outstanding checks	 1,000,783
Less: deposits in transit and other reconciling items	(170,811)
Less: petty cash	<u>(3,725)</u>
 Bank balance of deposits and investments	 <u>\$ 19,669,593</u>
Bank balance of deposits	\$ 8,421,889
Bank balance of New Mexico Finance Authority	781,225
Bank balance of investment account-First New Mexico Bank	7,745,817
Bank balance of investment account-Multi Bank Securities	16,749
Bank balance of investment account-Wells Fargo Bank Securities	2,100,090
Bank balance of investment account-First Saving Bank	2,563
Bank balance of investment account-Western Heritage Bank Securities	598,697
Balance of Reserve Contingency Fund	<u>2,563</u>
 Total bank balance of deposits and investments	 <u>\$ 19,669,593</u>

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2012

NOTE 4. Receivables

Governmental receivables as of June 30, 2012 are comprised of the following:

	<u>General</u>	<u>Street</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Accounts receivable	\$ 792,185	\$ -	\$ 167,212	\$ 959,397
Less: allowance for uncollectable accounts	<u>(340,410)</u>	<u>-</u>	<u>-</u>	<u>(340,410)</u>
Accounts receivable (net)	451,775	-	167,212	618,987
Gross receipts tax receivables	1,150,171	-	-	1,150,171
Franchise tax receivables	34,898	-	-	34,898
Oil and gas receivables	-	52,612	-	52,612
Property tax receivables	<u>184,214</u>	<u>-</u>	<u>30,855</u>	<u>215,069</u>
Net receivables	<u>\$ 1,821,058</u>	<u>\$ 52,612</u>	<u>\$ 198,067</u>	<u>\$ 2,071,737</u>

In accordance with GASB No. 33, property tax revenues in the amount of \$165,478 that were not collected within the period of availability have been reclassified as deferred revenue in the governmental fund financial statements as of June 30, 2012.

Business-type activity receivables as of June 30, 2012 are comprised of the following:

	<u>Gas</u>	<u>Sewer</u>	<u>Solid Waste</u>	<u>Water</u>
Accounts receivable	\$ 241,855	\$ 110,714	\$ 191,771	\$ 325,881
Less: allowance for uncollectable accounts	<u>(65,604)</u>	<u>(11,946)</u>	<u>(18,439)</u>	<u>(32,181)</u>
Accounts receivable (net)	<u>176,251</u>	<u>98,768</u>	<u>173,332</u>	<u>293,700</u>
Net receivables	<u>\$ 176,251</u>	<u>\$ 98,768</u>	<u>\$ 173,332</u>	<u>\$ 293,700</u>

	<u>Cemetery</u>	<u>Airport</u>	<u>Total</u>
Accounts receivable	\$ 57,955	\$ -	\$ 928,176
Less: allowance for uncollectable accounts	<u>(57,955)</u>	<u>-</u>	<u>(186,125)</u>
Accounts receivable (net)	<u>-</u>	<u>-</u>	<u>742,051</u>
Net receivables	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 742,051</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, 2012

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		
General Fund	EMS Fund	\$ 798
General Fund	Library Fund	240,000
General Fund	Street Fund	500,000
General Fund	Recreation Fund	200,000
General Fund	EDC Fund	20,000
General Fund	Community Center Fund	485,000
General Fund	CDBG	242,825
General Fund	Debt Service Fund	121,508
Lodger's Tax Fund	Lodger's Tax Promotional Fund	204,655
Special Events Center Fund	General Fund	22,307
General Fund	Swimming Pool Fund	125,000
Gas Fund	CDBG Planning Fund	1,660
Sewer Fund	CDBG Planning Fund	1,660
Solid Waste Fund	CDBG Planning Fund	1,660
Water Fund	CDBG Planning Fund	1,660
Water Fund	General Fund	<u>129,360</u>
	Total	<u><u>\$ 2,298,093</u></u>

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2012

NOTE 6. Capital Assets

The following is a summary of capital assets and changes occurring during the year ended June 30, 2012. Land and construction in progress are not subject to depreciation.

Governmental Activities:

	Balance June 30, 2011	Additions	Deletions	Adjustments	Balance June 30, 2012
Capital assets not being depreciated:					
Land	6137192	\$ 24,864	\$ (81,826)	\$ (82,654)	\$ 5,997,576
Construction in progress	1,687,567	1,563,529	(1,109,990)	(85,613)	2,055,493
	<u>7,824,759</u>	<u>1,588,393</u>	<u>(1,191,816)</u>	<u>(168,267)</u>	<u>8,053,069</u>
Capital assets being depreciated:					
Buildings and improvements	11,224,627	16,500	-	47,327	11,288,454
Equipment	7,473,794	492,668	(349,436)	9,625	7,626,651
Infrastructure	51,145,054	1,099,955	(4,460)	-	52,240,549
	<u>69,843,475</u>	<u>1,609,123</u>	<u>(353,896)</u>	<u>56,952</u>	<u>71,155,654</u>
Total capital assets	<u>77,668,234</u>	<u>3,197,516</u>	<u>(1,545,712)</u>	<u>(111,315)</u>	<u>79,208,723</u>
Accumulated depreciation:					
Buildings and improvements	3,574,227	273,328	-	1,554	3,849,109
Equipment	6,796,445	327,756	(303,634)	8,077	6,828,644
Infrastructure	26,891,593	1,052,198	(2,943)	-	27,940,848
Total accumulated depreciation	<u>37,262,265</u>	<u>1,653,282</u>	<u>(306,577)</u>	<u>9,631</u>	<u>38,618,601</u>
Net Capital Assets	<u>\$ 40,405,969</u>	<u>\$ 1,544,234</u>	<u>\$ (1,239,135)</u>	<u>\$ (120,946)</u>	<u>\$ 40,590,122</u>

Business-type Activities:

	Balance June 30, 2011	Additions	Deletions	Adjustments	Balance June 30, 2012
Capital assets not being depreciated:					
Land	\$ 8,960,584	\$ 3,474	(225,750)	-	\$ 8,738,308
Construction in progress	4,646,880	1,018,978	(2,844,316)	(78,151)	2,743,391
	<u>13,607,464</u>	<u>1,022,452</u>	<u>(3,070,066)</u>	<u>(78,151)</u>	<u>11,481,699</u>
Capital assets being depreciated:					
Buildings and improvements	7,382,535	105,906	-	50,581	7,539,022
Utility System	20,994,279	2,738,409	-	-	23,732,688
Airport infrastructure	3,129,797	-	-	-	3,129,797
Equipment	5,189,501	288,691	(94,737)	107,451	5,490,906
	<u>36,696,112</u>	<u>3,133,006</u>	<u>(94,737)</u>	<u>158,032</u>	<u>39,892,413</u>
Total capital assets	<u>50,303,576</u>	<u>4,155,458</u>	<u>(3,164,803)</u>	<u>79,881</u>	<u>51,374,112</u>
Accumulated depreciation:					
Buildings and improvements	2,999,329	155,633	-	40,206	3,195,168
Utility System	9,622,679	492,392	-	82,578	10,197,649
Airport infrastructure	248,746	59,328	-	9,908	317,982
Equipment	3,988,710	345,640	(94,737)	22,021	4,261,634
Total accumulated depreciation	<u>16,859,464</u>	<u>1,052,993</u>	<u>(94,737)</u>	<u>154,713</u>	<u>17,972,433</u>
Net Book Value	<u>\$ 33,444,112</u>	<u>\$ 3,102,465</u>	<u>\$ (3,070,066)</u>	<u>\$ (74,832)</u>	<u>\$ 33,401,679</u>

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2012

NOTE 6. Capital Assets (continued)

Depreciation expense for the year ended June 30, 2012 was charged to the functions of the governmental activities as follows:

General	\$ 197,542
Public Safety	1,263,231
Public works	108,930
Culture and Recreation	83,579
Health and Welfare	-
Total	<u>\$ 1,653,282</u>

NOTE 7. Long-term Debt

During the year ended June 30, 2012, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

Governmental Activities:

	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012	Due Within One Year
NMFA Loan # DEMING 10	\$ 499,389	\$ -	\$ 98,133	\$ 401,256	\$ 98,673
NMFA Loan # DEMING 11	1,000,000	-	-	1,000,000	2,000
Compensated Absences	463,583	362,464	205,840	620,207	205,840
Total long-term liabilities	<u>\$ 1,962,972</u>	<u>\$ 362,464</u>	<u>\$ 303,973</u>	<u>\$ 2,021,463</u>	<u>\$ 306,513</u>

During the year ended June 30, 2012, the following changes occurred in the liabilities reported in the business-type activities:

Business-type Activities:

	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012	Due Within One Year
NMFA Loan # DEMING 4	\$ 879,888	\$ -	\$ 879,888	-	-
NMFA Loan # DEMING 9	60,000	-	2,929	57,071	2,937
NMFA Loan # DEMING 12	-	34,545	-	34,545	1,691
Landfill closure and postclosure	1,300,950	40,044	593,592	747,402	-
Compensated Absences	125,168	39,182	48,600	115,750	48,600
Total	<u>\$ 2,366,006</u>	<u>\$ 113,771</u>	<u>\$ 1,525,009</u>	<u>\$ 954,768</u>	<u>\$ 53,228</u>

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2012

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. NMFA Loan #4 was paid off during the year.

Description	Date of Issue	Maturity Date	Interest Rate	Original Amount of Issue	Balance June 30, 2012
NMFA Loan #4	08/17/07	05/01/27	3.330%	\$ 1,024,005	\$ -
NMFA Loan #9	04/22/11	04/22/31	0.250%	60,000	57,071
NMFA Loan #10	05/13/11	05/13/16	1.476%	499,389	401,256
NMFA Loan #11	06/24/11	05/01/35	2.634%	1,000,000	1,000,000
NMFA Loan #12	04/27/12	06/01/32	0.250%	34,545	34,545
Total NMFA Loans					<u>\$ 1,492,872</u>

The annual requirements to amortize the governmental activity loans as of June 30, 2012, including interest payments are as follows:

Fiscal Year Ending June 30,	Governmental Activities				Total
	Principal		Interest		
	NMFA Loan 10	NMFA Loan 11	NMFA Loan 10	NMFA Loan 11	
2013	\$ 98,673	\$ 2,000	\$ 5,650	\$ 50,318	\$ 156,641
2014	99,511	34,300	4,811	27,144	165,766
2015	100,715	34,700	3,607	26,773	165,795
2016	102,357	35,100	1,965	26,270	165,692
2017	-	35,700	-	25,663	61,363
2018-2022	-	190,300	-	114,676	304,976
2023-2027	-	222,600	-	80,697	303,297
2028-2032	-	268,300	-	31,302	299,602
2033-2037	-	177,000	-	-	177,000
	<u>\$ 401,256</u>	<u>\$ 1,000,000</u>	<u>\$ 16,033</u>	<u>\$ 382,844</u>	<u>\$ 1,800,133</u>

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2012

NOTE 7. Long-term Debt (continued)

The annual requirements to amortize the business-type activity loans as of June 30, 2012, including interest payments are as follows:

Fiscal Year Ending June 30,	Business-Type Activities				Total
	Principal		Interest		
	NMFA Loan 9	NMFA Loan 12	NMFA Loan 9	NMFA Loan 12	
2013	\$ 2,937	\$ 1,691	\$ 143	\$ 82	\$ 4,853
2014	2,944	1,695	135	78	4,852
2015	2,951	1,699	128	74	4,852
2016	2,959	1,704	121	69	4,853
2017	2,966	1,708	113	65	4,852
2018-2022	14,942	8,603	454	262	24,261
2023-2027	15,130	17,445	267	154	32,995
2028-2032	12,242	-	77	44	12,363
	<u>\$ 57,071</u>	<u>\$ 34,545</u>	<u>\$ 1,437</u>	<u>\$ 828</u>	<u>\$ 93,881</u>

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, 2012, compensated absences for governmental activities increased \$156,624 over the prior year accrual. For business-type activities compensated absences decreased by \$9,418.

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.

Butterfield Landfill

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 for the Butterfield Landfill as of June 30, 2012 is \$40,044. The closure and post-closure liability is based on a cumulative capacity used to date for operating landfills as a percentage of projected capacity at the time of landfill closure. The estimated percent of the landfill used to date is 3% and the estimated remaining life of the landfill is estimated to be 31 years. The estimated total current costs of closure and post-closure costs to be recognized is \$1,115,496. 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.

Old Deming Landfill

During fiscal year 2012 the old Deming landfill was closed. The total remaining liability relating to the post closure costs yet to be amortized is \$707,358 and the post closure cost recognized during the current fiscal year is \$24,391.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2012

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, 2012:

Major Fund		
Street Fund	\$	(41,310)
Non Major Funds		
CDBG Planning Grant 2011/2012		<u>(29,981)</u>
Total Governmental Funds	<u>\$</u>	<u>(71,291)</u>

The City plans to recoup the deficit of the Street Fund through reimbursements of federal funds. The City plans to recoup the deficit of the CDBG Planning Grant 2011/2012 Fund through reimbursements of federal funds.

- 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, 2012.

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 Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P. O. Box 2123, Santa Fe, 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, 2012, 2011, and 2010 were \$887,850, \$753,380 and \$800,666, respectively, which equal the amount of the required contributions for each fiscal year.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2012

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.

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, 2012, the statute required each participating employer to contribute 1.834% of each participating employee’s annual salary; each participating employee was required to contribute .917% of their salary. In the fiscal year ending June 30, 2013 the contribution rate for employees and employers will rise as follows:

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>
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>
FY13	2.500%	1.250%

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2012

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

Also, employers joining the program after January 1, 1998 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. The City of Deming’s contributions to the RHCA for the years ended June 30, 2012, 2011, and 2010 were \$116,359, \$104,448 and \$77,369, respectively, which equal the required contributions for each year.

NOTE 12. Joint Powers Agreements

City of Deming and Luna County Multi-Services Agreement 2011-2012

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, 2011 through June 30, 2012, 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, 2011 through June 30, 2012, 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, 2012

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, 2012 are as follows:

<u>Contract</u>	<u>Year Ending</u>	<u>Amount</u>
Aeromed	7/15/2013	\$ 68,360
Robert Benavidez-Desert Aviation	6/25/2014	10,800
Chamber of Commerce	6/30/2013	78,000
Gunter Miller Enterprise LTD	4/1/2013	7,600
Entomology Consultants	2/20/2013	15,047
USDA	9/30/2015	7,500
Complete Care Cleaning	3/1/2013	54,708
Thyssenkrupp Elevator Corp	1/31/2013	1,079
Heather Barrett - Grant sublet	9/15/2012	10,000
WH Pacific	12/12/2012	102,098
Engineers Inc	7/15/2013	98,534
SmithCo	7/15/2013	759,974
Deming Luna County Commission on Aging	6/30/2013	82,500
Deming Luna County Humane Society	7/25/2013	100,000
Rio Mimbres Corporation	6/30/2013	89,000
Luna County Historical Society	6/30/2013	57,500
Classic Industries	6/30/2013	255,617
New Mexico Mounted Patrol	6/30/2013	15,000
Deming Public Schools	6/30/2013	99,500
Rural Transportation District	6/30/2013	60,000
New Mexico Main Street Program	6/30/2013	30,000
Deming Luna County Arts Council	6/30/2013	1,000
4th of July Firework Display	6/30/2013	5,000
Deming Soccer League	6/30/2013	1,000
Optimist Club	6/30/2013	1,000
Animal Guardians	6/30/2013	1,000
Luna County Sheriff's Reserve	6/30/2013	7,500
SWNM Fair Board	6/30/2013	1,000
Kimble & Associates	5/1/2013	30,000
		<u>\$ 2,050,317</u>

NOTE 15. Restricted Net Assets

The government-wide statement of net assets reports \$1,787,811 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 64 and 65.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2012

NOTE 16. Subsequent Events

The date to which events occurring after June 30, 2012, the date of the most recent statement of net assets, have been evaluated for possible adjustment to the financial statements or disclosures is October 31, 2012 which is the date on which the financial statements were issued.

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 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 March 2012, Statement No. 65 *Items Previously Reported as Assets and Liabilities*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The standard will be implemented during fiscal year June 30, 2014.

In March 2012, Statement No. 66 *Technical Corrections-2012—an amendment of GASB Statements No. 10 and No.62*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The standard will be implemented during fiscal year June 30, 2014.

In June 2012, Statement No. 67 *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2013. Earlier application is encouraged. The standard is expected to have no effect on the City in upcoming years.

In June 2012, Statement No. 68 *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. Earlier application is 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, 2012

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, 2012

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 (two 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.

Debt Service Fund

Fire Station Loan Fund-NMFA

To account for principal and interest payments due to NMFA on \$1,000,000 loan for fire station remodel.

STATE OF NEW MEXICO
City of Deming
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2012

Special Revenue

	Emergency Medical Services Fund	Fire Fund	Law Enforcement Protection Fund	Library Fund
<i>Assets</i>				
Cash and cash equivalents	\$ 1,047	\$ 567,069	\$ -	\$ 46,571
Investments	-	-	-	31,568
Receivables:				
Taxes receivable	-	-	-	-
Other receivables	-	-	-	-
<i>Total assets</i>	<u>\$ 1,047</u>	<u>\$ 567,069</u>	<u>\$ -</u>	<u>\$ 78,139</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll expenses	-	-	-	7,631
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,631</u>
<i>Fund balances</i>				
Spendable				
Restricted for:				
Public Safety	1,047	567,069	-	-
Culture and recreation	-	-	-	70,508
Promotion	-	-	-	-
Transportation and roads	-	-	-	-
Capital improvements	-	-	-	-
Economic development	-	-	-	-
Debt service	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>1,047</u>	<u>567,069</u>	<u>-</u>	<u>70,508</u>
<i>Total liabilities and fund balances</i>	<u>\$ 1,047</u>	<u>\$ 567,069</u>	<u>\$ -</u>	<u>\$ 78,139</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
\$ 91,828	\$ 26,423	\$ 76,832	\$ 167,578	\$ -
124,260	89,686	62,762	-	-
30,855	-	-	-	-
-	3,000	-	-	-
<u>\$ 246,943</u>	<u>\$ 119,109</u>	<u>\$ 139,594</u>	<u>\$ 167,578</u>	<u>\$ -</u>
\$ -	\$ 14,870	\$ -	\$ -	\$ -
-	-	-	-	-
<u>-</u>	<u>14,870</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	139,594	-	-
246,943	104,239	-	-	-
-	-	-	-	-
-	-	-	167,578	-
-	-	-	-	-
-	-	-	-	-
<u>246,943</u>	<u>104,239</u>	<u>139,594</u>	<u>167,578</u>	<u>-</u>
<u>\$ 246,943</u>	<u>\$ 119,109</u>	<u>\$ 139,594</u>	<u>\$ 167,578</u>	<u>\$ -</u>

STATE OF NEW MEXICO
City of Deming
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2012

	Special Revenue			CDBG Planning Grant 2011/2012 Fund
	Community Center Fund	Swimming Pool Fund	Cemetery Trust Fund	
<i>Assets</i>				
Cash and cash equivalents	\$ 410,351	\$ 36,141	\$ -	\$ 100
Investments	-	-	-	-
Receivables:				
Taxes receivable	-	-	-	-
Other receivables	-	-	-	164,212
<i>Total assets</i>	\$ 410,351	\$ 36,141	\$ -	\$ 164,312
<i>Liabilities</i>				
Accounts payable	\$ 9,877	\$ -	\$ -	\$ 194,293
Accrued payroll expenses	13,437	-	-	-
<i>Total liabilities</i>	23,314	-	-	194,293
<i>Fund balances</i>				
Spendable				
Restricted for:				
Public Safety	-	-	-	-
Culture and recreation	387,037	36,141	-	-
Promotion	-	-	-	-
Transportation and roads	-	-	-	-
Capital improvements	-	-	-	-
Economic development	-	-	-	-
Debt service	-	-	-	-
Unassigned	-	-	-	(29,981)
<i>Total fund balances</i>	387,037	36,141	-	(29,981)
<i>Total liabilities and fund balances</i>	\$ 410,351	\$ 36,141	\$ -	\$ 164,312

The accompanying notes are an integral part of these financial statements

CDBG 2010/2011 Planning Grant Option Fund		Park Acquisition Fund	Debt Service Fund		Total Nonmajor Governmental Funds		
			Fire Station	Loan- NMFA			
\$	100	\$	100	\$	67,555	\$	1,491,695
	-		-		-		308,276
	-		-		-		30,855
	-		-		-		167,212
<u>\$</u>	<u>100</u>	<u>\$</u>	<u>100</u>	<u>\$</u>	<u>67,555</u>	<u>\$</u>	<u>1,998,038</u>
\$	-	\$	-	\$	-	\$	219,040
	-		-		-		21,068
	-		-		-		240,108
	-		-		-		568,116
	-		-		-		633,280
	-		-		-		351,182
	100		-		-		100
	-		100		-		100
	-		-		-		167,578
	-		-		67,555		67,555
	-		-		-		(29,981)
	100		100		67,555		1,757,930
<u>\$</u>	<u>100</u>	<u>\$</u>	<u>100</u>	<u>\$</u>	<u>67,555</u>	<u>\$</u>	<u>1,998,038</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, 2012

	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	71,492	254,411	38,000	48,936
Charges for services	-	-	-	-
Licenses and fees	-	-	-	10,417
Investment income	-	-	-	378
Miscellaneous	-	-	-	1,796
<i>Total revenues</i>	71,492	254,411	38,000	61,527
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	38,453	40,121	39,466	-
Public works	-	-	-	-
Culture and recreation	-	-	-	253,287
Capital outlay	35,882	739,264	-	19,784
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	74,335	779,385	39,466	273,071
<i>Excess (deficiency) of revenues over expenditures</i>	(2,843)	(524,974)	(1,466)	(211,544)
<i>Other financing sources (uses)</i>				
Proceeds from sale of capital assets	-	-	-	287
Transfers in	798	-	-	240,000
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	798	-	-	240,287
<i>Net change in fund balances</i>	(2,045)	(524,974)	(1,466)	28,743
<i>Fund balances - beginning of year</i>	3,092	1,092,043	1,466	41,765
<i>Fund balances - end of year</i>	\$ 1,047	\$ 567,069	\$ -	\$ 70,508

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
\$ 400,687	\$ -	\$ -	\$ -	\$ -
-	-	-	202,500	-
-	3,000	321,174	4,000	-
-	-	-	-	-
-	-	-	-	-
5,014	3,231	1,830	-	-
-	-	4,587	-	-
<u>405,701</u>	<u>6,231</u>	<u>327,591</u>	<u>206,500</u>	<u>-</u>
-	-	-	644,829	11,896
-	-	-	-	-
-	-	-	-	-
319,911	249,489	58,186	-	-
-	-	375,326	53,568	-
-	-	-	-	-
-	-	-	-	-
<u>319,911</u>	<u>249,489</u>	<u>433,512</u>	<u>698,397</u>	<u>11,896</u>
<u>85,790</u>	<u>(243,258)</u>	<u>(105,921)</u>	<u>(491,897)</u>	<u>(11,896)</u>
45,802	-	1,793	-	-
-	204,655	200,000	20,000	-
(204,655)	-	-	-	(22,307)
<u>(158,853)</u>	<u>204,655</u>	<u>201,793</u>	<u>20,000</u>	<u>(22,307)</u>
(73,063)	(38,603)	95,872	(471,897)	(34,203)
<u>320,006</u>	<u>142,842</u>	<u>43,722</u>	<u>639,475</u>	<u>34,203</u>
<u>\$ 246,943</u>	<u>\$ 104,239</u>	<u>\$ 139,594</u>	<u>\$ 167,578</u>	<u>\$ -</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, 2012

	Special Revenue		
	Community Center Fund	Swimming Pool Fund	Cemetery Trust Fund
<i>Revenues</i>			
Taxes:			
Other	\$ -	\$ -	\$ -
Intergovernmental:			
Federal capital grants	-	-	-
State operating grants	65,750	-	-
Charges for services	46,285	40,431	-
Licenses and fees	-	-	-
Investment income	1,093	47	1,757
Miscellaneous	2,030	2,924	-
<i>Total revenues</i>	115,158	43,402	1,757
<i>Expenditures</i>			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	587,101	112,872	-
Capital outlay	124,872	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	711,973	112,872	-
<i>Excess (deficiency) of revenues over expenditures</i>	(596,815)	(69,470)	1,757
<i>Other financing sources (uses)</i>			
Proceeds from sale of capital assets	13,690	-	-
Transfers in	485,000	125,000	-
Transfers out	-	-	-
<i>Total other financing sources (uses)</i>	498,690	125,000	-
<i>Net change in fund balances</i>	(98,125)	55,530	1,757
<i>Fund balances - beginning of year</i>	485,162	(19,389)	(1,757)
<i>Fund balances - end of year</i>	\$ 387,037	\$ 36,141	\$ -

The accompanying notes are an integral part of these financial statements

Capital Projects			Debt Service Fund	
CDBG Planning Grant 2011/2012 Fund	CDBG 2010/2011 Planning Grant Option Fund	Park Acquisition Fund	Fire Station Loan-NMFA	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 400,687
164,212	50,000	-	-	416,712
-	-	-	-	806,763
-	-	-	-	86,716
-	-	-	-	10,417
-	-	-	6	13,356
-	-	-	50,157	61,494
<u>164,212</u>	<u>50,000</u>	<u>-</u>	<u>50,163</u>	<u>1,796,145</u>
-	-	-	-	656,725
-	-	-	-	118,040
211,110	56,640	-	-	267,750
-	-	-	-	1,580,846
223,459	-	9,900	-	1,582,055
-	-	-	98,133	98,133
-	-	-	5,983	5,983
<u>434,569</u>	<u>56,640</u>	<u>9,900</u>	<u>104,116</u>	<u>4,309,532</u>
<u>(270,357)</u>	<u>(6,640)</u>	<u>(9,900)</u>	<u>(53,953)</u>	<u>(2,513,387)</u>
-	-	-	-	61,572
242,825	6,640	-	121,508	1,646,426
-	-	-	-	(226,962)
<u>242,825</u>	<u>6,640</u>	<u>-</u>	<u>121,508</u>	<u>1,481,036</u>
(27,532)	-	(9,900)	67,555	(1,032,351)
(2,449)	100	10,000	-	2,790,281
<u>\$ (29,981)</u>	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 67,555</u>	<u>\$ 1,757,930</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, 2012

	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	52,780	71,492	71,492	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	125	-	0	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>52,905</u>	<u>71,492</u>	<u>71,492</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	46,613	39,500	38,453	1,047
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	11,000	35,882	35,882	-
<i>Total expenditures</i>	<u>57,613</u>	<u>75,382</u>	<u>74,335</u>	<u>1,047</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(4,708)</u>	<u>(3,890)</u>	<u>(2,843)</u>	<u>1,047</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	3,092	3,092	-	(3,092)
Transfers in	1,616	798	798	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>4,708</u>	<u>3,890</u>	<u>798</u>	<u>(3,092)</u>
<i>Net change in fund balance</i>	-	-	(2,045)	(2,045)
<i>Fund balance - beginning of year</i>	-	-	3,092	3,092
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,047</u>	<u>\$ 1,047</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (2,045)	
No adjustments to revenue.			-	
No adjustments to expenditures.			-	
Net change in fund balance (GAAP)			<u>\$ (2,045)</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, 2012

	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	175,000	253,725	254,411	686
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	250	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>175,250</u>	<u>253,725</u>	<u>254,411</u>	<u>686</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	24,000	52,556	49,258	3,298
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	1,252,430	1,252,349	739,264	513,085
<i>Total expenditures</i>	<u>1,276,430</u>	<u>1,304,905</u>	<u>788,522</u>	<u>516,383</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,101,180)</u>	<u>(1,051,180)</u>	<u>(534,111)</u>	<u>517,069</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	1,101,180	1,051,180	-	(1,051,180)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,101,180</u>	<u>1,051,180</u>	<u>-</u>	<u>(1,051,180)</u>
<i>Net change in fund balance</i>	-	-	(534,111)	(534,111)
<i>Fund balance - beginning of year</i>	-	-	1,101,180	1,101,180
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 567,069</u>	<u>\$ 567,069</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (534,111)	
No adjustments to revenue.			-	
Adjustments to expenditures for safety equipment and supplies.			9,137	
Net change in fund balance (GAAP)			<u>\$ (524,974)</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, 2012

	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	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	150	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>38,150</u>	<u>38,000</u>	<u>38,000</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	9,615	39,466	39,466	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	35,000	-	-	-
<i>Total expenditures</i>	<u>44,615</u>	<u>39,466</u>	<u>39,466</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(6,465)</u>	<u>(1,466)</u>	<u>(1,466)</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	1,465	1,466	-	(1,466)
Transfers in	5,000	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>6,465</u>	<u>1,466</u>	<u>-</u>	<u>(1,466)</u>
<i>Net change in fund balance</i>	-	-	(1,466)	(1,466)
<i>Fund balance - beginning of year</i>	-	-	1,466	1,466
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (1,466)	
No adjustments to revenue.			-	
No adjustments to expenditures.			-	
Net change in fund balance (GAAP)			<u>\$ (1,466)</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, 2012

	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	61,150	61,150	48,936	(12,214)
Charges for services	-	-	-	-
Licenses and fees	9,500	9,500	10,417	917
Investment income	50	50	378	328
Miscellaneous	2,200	2,500	2,083	(417)
<i>Total revenues</i>	<u>72,900</u>	<u>73,200</u>	<u>61,814</u>	<u>(11,386)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	289,077	298,267	259,136	39,131
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	16,650	16,650	14,561	2,089
<i>Total expenditures</i>	<u>305,727</u>	<u>314,917</u>	<u>273,697</u>	<u>41,220</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(232,827)</u>	<u>(241,717)</u>	<u>(211,883)</u>	<u>29,834</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	2,827	1,717	-	(1,717)
Transfers in	230,000	240,000	240,000	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>232,827</u>	<u>241,717</u>	<u>240,000</u>	<u>(1,717)</u>
<i>Net change in fund balance</i>	-	-	28,117	28,117
<i>Fund balance - beginning of year</i>	-	-	50,022	50,022
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,139</u>	<u>\$ 78,139</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 28,117	
No adjustments to revenue.			-	
Adjustments to expenditures for salaries and professional services.			626	
Net change in fund balance (GAAP)			<u>\$ 28,743</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, 2012

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues</i>				
Taxes:				
Other	\$ 350,000	\$ 350,000	\$ 409,310	\$ 59,310
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	1,250	1,250	5,014	3,764
Miscellaneous	38,000	38,000	45,802	7,802
<i>Total revenues</i>	<u>389,250</u>	<u>389,250</u>	<u>460,126</u>	<u>70,876</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	348,165	334,330	319,911	14,419
Health and welfare	-	-	-	-
Capital outlay	16,000	-	-	-
<i>Total expenditures</i>	<u>364,165</u>	<u>334,330</u>	<u>319,911</u>	<u>14,419</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>25,085</u>	<u>54,920</u>	<u>140,215</u>	<u>85,295</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	24,915	25,080	-	(25,080)
Transfers in	125,000	125,000	-	(125,000)
Transfers out	(175,000)	(205,000)	(204,655)	345
<i>Total other financing sources (uses)</i>	<u>(25,085)</u>	<u>(54,920)</u>	<u>(204,655)</u>	<u>(149,735)</u>
<i>Net change in fund balance</i>	-	-	(64,440)	(64,440)
<i>Fund balance - beginning of year</i>	-	-	280,528	280,528
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 216,088</u>	<u>\$ 216,088</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (64,440)	
Adjustments to revenues for lodgers' tax.			(8,623)	
No adjustments to expenditures.			-	
Net change in fund balance (GAAP)			<u>\$ (73,063)</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, 2012

	Budgeted Amounts		Actual	Variance 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	3,000	-	(3,000)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	100	100	3,231	3,131
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>5,100</u>	<u>3,100</u>	<u>3,231</u>	<u>131</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	245,000	275,000	234,619	40,381
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>245,000</u>	<u>275,000</u>	<u>234,619</u>	<u>40,381</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(239,900)</u>	<u>(271,900)</u>	<u>(231,388)</u>	<u>40,512</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	4,900	6,900	-	(6,900)
Transfers in	235,000	265,000	204,655	(60,345)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>239,900</u>	<u>271,900</u>	<u>204,655</u>	<u>(67,245)</u>
<i>Net change in fund balance</i>	-	-	(26,733)	(26,733)
<i>Fund balance - beginning of year</i>	-	-	142,842	142,842
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 116,109</u>	<u>\$ 116,109</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (26,733)	
Adjustments to revenue for investment income.			3,000	
Adjustments to expenditures for printing and publishing.			(14,870)	
Net change in fund balance (GAAP)			<u>\$ (38,603)</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, 2012

	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	402,598	320,261	321,174	913
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	150	150	1,830	1,680
Miscellaneous	200	2,000	6,380	4,380
<i>Total revenues</i>	<u>402,948</u>	<u>322,411</u>	<u>329,384</u>	<u>6,973</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	195,687	202,050	181,453	20,597
Health and welfare	-	-	-	-
Capital outlay	374,905	412,533	375,326	37,207
<i>Total expenditures</i>	<u>570,592</u>	<u>614,583</u>	<u>556,779</u>	<u>57,804</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(167,644)</u>	<u>(292,172)</u>	<u>(227,395)</u>	<u>64,777</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	92,644	92,172	-	(92,172)
Transfers in	75,000	200,000	200,000	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>167,644</u>	<u>292,172</u>	<u>200,000</u>	<u>(92,172)</u>
<i>Net change in fund balance</i>	-	-	(27,395)	(27,395)
<i>Fund balance - beginning of year</i>	-	-	166,989	166,989
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,594</u>	<u>\$ 139,594</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (27,395)	
No adjustments to revenue.			-	
Adjustments to expenditures for salaries and supplies.			123,267	
Net change in fund balance (GAAP)			<u>\$ 95,872</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, 2012

	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	2,200,000	300,000	202,500	(97,500)
State operating grants	4,000	4,000	4,000	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	250	250	8,000	7,750
Miscellaneous	-	12,625	12,617	(8)
<i>Total revenues</i>	<u>2,204,250</u>	<u>316,875</u>	<u>227,117</u>	<u>(89,758)</u>
<i>Expenditures</i>				
Current:				
General government	40,058	43,058	29,829	13,229
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	2,360,000	360,000	53,568	306,432
<i>Total expenditures</i>	<u>2,400,058</u>	<u>403,058</u>	<u>83,397</u>	<u>319,661</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(195,808)</u>	<u>(86,183)</u>	<u>143,720</u>	<u>229,903</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(9,192)	(8,817)	-	8,817
Transfers in	205,000	95,000	20,000	(75,000)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>195,808</u>	<u>86,183</u>	<u>20,000</u>	<u>(66,183)</u>
<i>Net change in fund balance</i>	-	-	163,720	163,720
<i>Fund balance - beginning of year</i>	-	-	3,858	3,858
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 167,578</u>	<u>\$ 167,578</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 163,720	
Adjustments to revenue for investment and miscellaneous income.			(20,617)	
Adjustments to expenditures for bad debt expense.			(615,000)	
Net change in fund balance (GAAP)			<u>\$ (471,897)</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, 2012

	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	-	-	-	-
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	12,510	11,896	11,896	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>12,510</u>	<u>11,896</u>	<u>11,896</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(12,510)</u>	<u>(11,896)</u>	<u>(11,896)</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	34,203	34,203	-	(34,203)
Transfers in	-	-	-	-
Transfers out	(21,693)	(22,307)	(22,307)	-
<i>Total other financing sources (uses)</i>	<u>12,510</u>	<u>11,896</u>	<u>(22,307)</u>	<u>(34,203)</u>
<i>Net change in fund balance</i>	-	-	(34,203)	(34,203)
<i>Fund balance - beginning of year</i>	-	-	34,203	34,203
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (34,203)	
No adjustments to revenue.			-	
No adjustments to expenditures.			-	
Net change in fund balance (GAAP)			<u>\$ (34,203)</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, 2012

	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	-	-	65,750	65,750
Charges for services	45,000	45,000	46,285	1,285
Licenses and fees	-	-	-	-
Investment income	150	150	1,093	943
Miscellaneous	3,100	18,600	15,720	(2,880)
<i>Total revenues</i>	<u>48,250</u>	<u>63,750</u>	<u>128,848</u>	<u>65,098</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	514,348	694,661	585,780	108,881
Health and welfare	-	-	-	-
Capital outlay	564,000	275,265	124,872	150,393
<i>Total expenditures</i>	<u>1,078,348</u>	<u>969,926</u>	<u>710,652</u>	<u>259,274</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,030,098)</u>	<u>(906,176)</u>	<u>(581,804)</u>	<u>324,372</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	490,098	360,561	-	(360,561)
Transfers in	540,000	545,615	485,000	(60,615)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,030,098</u>	<u>906,176</u>	<u>485,000</u>	<u>(421,176)</u>
<i>Net change in fund balance</i>	-	-	(96,804)	(96,804)
<i>Fund balance - beginning of year</i>	-	-	507,155	507,155
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 410,351</u>	<u>\$ 410,351</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (96,804)	
No adjustments to revenue.			-	
Adjustments to expenditures for salaries and maintenance.			(1,321)	
Net change in fund balance (GAAP)			<u>\$ (98,125)</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, 2012

	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	-	-	-	-
Charges for services	32,000	32,000	40,431	8,431
Licenses and fees	-	-	-	-
Investment income	50	50	47	(3)
Miscellaneous	-	5,000	4,621	(379)
<i>Total revenues</i>	<u>32,050</u>	<u>37,050</u>	<u>45,099</u>	<u>8,049</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	146,419	152,045	134,878	17,167
Health and welfare	-	-	-	-
Capital outlay	2,645	2,645	-	2,645
<i>Total expenditures</i>	<u>149,064</u>	<u>154,690</u>	<u>134,878</u>	<u>19,812</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(117,014)</u>	<u>(117,640)</u>	<u>(89,779)</u>	<u>27,861</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(7,986)	(7,360)	-	7,360
Transfers in	125,000	125,000	125,000	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>117,014</u>	<u>117,640</u>	<u>125,000</u>	<u>7,360</u>
<i>Net change in fund balance</i>	-	-	35,221	35,221
<i>Fund balance - beginning of year</i>	-	-	920	920
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,141</u>	<u>\$ 36,141</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 35,221	
Adjustments to revenue for charges for services.			1,669	
Adjustments to expenditures for supplies.			<u>18,640</u>	
Net change in fund balance (GAAP)			<u>\$ 55,530</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, 2012

	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	-	-	-	-
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	-	-	-	-
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>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ -	
Adjustments to revenue.			1,757	
No adjustments to expenditures.			-	
Net change in fund balance (GAAP)			<u>\$ 1,757</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-13

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, 2012

	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	425,000	425,000	-	(425,000)
State operating grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>425,000</u>	<u>425,000</u>	<u>-</u>	<u>(425,000)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	139,553	78,613	60,940
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	647,703	677,547	164,212	513,335
<i>Total expenditures</i>	<u>647,703</u>	<u>817,100</u>	<u>242,825</u>	<u>574,275</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(222,703)</u>	<u>(392,100)</u>	<u>(242,825)</u>	<u>149,275</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(297)	(900)	-	900
Transfers in	223,000	393,000	242,825	(150,175)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>222,703</u>	<u>392,100</u>	<u>242,825</u>	<u>(149,275)</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	100	100
<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)			\$ -	
Adjustments to revenue for federal grants.			164,212	
Adjustments to expenditures for professional services.			(191,744)	
Net change in fund balance (GAAP)			<u>\$ (27,532)</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, 2012

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues</i>				
Taxes:				
Other	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal operating grants	50,000	50,000	50,000	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	56,640	56,640	56,640	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>56,640</u>	<u>56,640</u>	<u>56,640</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(6,640)</u>	<u>(6,640)</u>	<u>(6,640)</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	-	-	-	-
Transfers in	6,640	6,640	6,640	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>6,640</u>	<u>6,640</u>	<u>6,640</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	100	100
<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.			-	
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

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, 2012

	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	-	-	-	-
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	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	10,000	10,000	9,900	100
<i>Total expenditures</i>	<u>10,000</u>	<u>10,000</u>	<u>9,900</u>	<u>100</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(10,000)</u>	<u>(10,000)</u>	<u>(9,900)</u>	<u>100</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	10,000	10,000	-	(10,000)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>
<i>Net change in fund balance</i>	-	-	(9,900)	(9,900)
<i>Fund balance - beginning of year</i>	-	-	10,000	10,000
<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)			\$ (9,900)	
No adjustments to revenue.			-	
No adjustments to expenditures.			-	
Net change in fund balance (GAAP)			<u>\$ (9,900)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-16

City of Deming

Fire Station Loan - NMFA Debt Service Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues</i>				
Investment income	-	-	6	6
Miscellaneous	-	-	50,157	50,157
<i>Total revenues</i>	-	-	50,163	50,163
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	114,579	98,133	16,446
Interest	-	6,930	5,983	947
<i>Total expenditures</i>	-	121,509	104,116	17,393
<i>Excess (deficiency) of revenues over expenditures</i>	-	(121,509)	(53,953)	67,556
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	-	-	-	-
Transfers in	-	121,509	121,508	(1)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	121,509	121,508	(1)
<i>Net change in fund balance</i>	-	-	67,555	67,555
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 67,555	\$ 67,555
Net change in fund balance (non-GAAP budgetary basis)			\$ 67,555	
No adjustments to revenue.			-	
No adjustments to expenditures.			-	
Net change in fund balance (GAAP)			\$ 67,555	

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, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Operating revenues</i>				
Charges for services	3,036,797	\$ 2,869,000	\$ 3,445,341	\$ 576,341
<i>Total operating revenues</i>	3,036,797	2,869,000	3,445,341	576,341
<i>Operating expenses</i>				
Personnel services	492,295	494,438	400,221	94,217
Contractual services	161,750	98,550	52,346	46,204
Supplies and purchased power	1,812,000	1,702,000	1,698,666	3,334
Maintenance and materials	97,000	98,750	39,634	59,116
Miscellaneous	599,409	602,209	701,484	(99,275)
Utilities	15,000	15,000	13,831	1,169
Equipment	533,571	552,500	131,739	420,761
Gross receipts taxes	-	-	208,689	(208,689)
<i>Total operating expenses</i>	3,711,025	3,563,447	3,246,610	316,837
<i>Operating income (loss)</i>	(674,228)	(694,447)	198,731	893,178
<i>Non-operating revenues (expenses)</i>				
Interest expense	-	-	-	-
Interest income	12,000	18,000	40,754	22,754
Miscellaneous income	126,200	127,185	25,738	(101,447)
<i>Income (loss) before special item, contributions and transfers</i>	138,200	145,185	66,492	(78,693)
Government contributions	-	-	13,797	13,797
Designated cash (budgeted cash increase)	538,428	556,522	-	(556,522)
Transfers	(2,400)	(7,260)	(1,660)	5,600
<i>Change in net assets</i>	-	-	277,360	277,360
<i>Total net assets, beginning of year</i>	-	-	3,622,789	3,622,789
<i>Total net assets, end of year</i>	\$ -	\$ -	\$ 3,900,149	\$ 3,900,149
Change in net assets (Non-GAAP budgetary basis)			\$ 277,360	
Adjustments to revenues for charges for services and investment income.			(63,622)	
Adjustments to expenses for salaries, operating, and depreciation expenses.			(220,011)	
Change in net assets (GAAP)			\$ (6,273)	

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, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Operating revenues</i>				
Charges for services	956,000	956,000	\$ 754,561	\$ 201,439
<i>Total operating revenues</i>	956,000	956,000	754,561	201,439
<i>Operating expenses</i>				
Personnel services	220,762	221,479	180,190	41,289
Contractual services	24,750	45,750	37,644	8,106
Supplies and purchased power	13,000	13,000	7,509	5,491
Maintenance and materials	2,207,000	2,357,800	979,596	1,378,204
Miscellaneous	347,910	358,410	274,256	84,154
Utilities	190,000	205,200	195,885	9,315
Equipment	22,300	29,100	11,964	17,136
Gross receipts taxes	-	-	-	-
<i>Total operating expenses</i>	3,025,722	3,230,739	1,687,044	1,543,695
<i>Operating income (loss)</i>	(2,069,722)	(2,274,739)	(932,483)	1,745,134
<i>Non-operating revenues (expenses)</i>				
Interest expense	-	-	(3,095)	(3,095)
Interest income	800	800	14,892	14,092
Miscellaneous income	16,500	16,500	39,073	22,573
<i>Income (loss) before special item, contributions and transfers</i>	17,300	17,300	50,870	33,570
Designated cash (budgeted cash increase)	(346,989)	(121,501)	-	121,501
Government contributions	2,527,000	2,396,000	416,974	(1,979,026)
Transfers	(127,589)	(17,060)	(1,660)	15,400
Change in net assets (Non-GAAP budgetary basis)	-	-	(466,299)	(466,299)
<i>Total net assets, beginning of year</i>	-	-	1,004,084	1,004,084
<i>Total net assets, end of year</i>	\$ -	\$ -	\$ 537,785	\$ 537,785
Net change in net assets			\$ (466,299)	
Adjustments to revenues for charges for services and investment income.			(104,977)	
Adjustments to expenses for salaries, operating, and depreciation expenses.			594,881	
Change in net assets (GAAP)			\$ 23,605	

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, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Operating revenues</i>				
Charges for services	\$ 3,257,000	\$ 3,257,000	\$ 1,677,449	\$ (1,579,551)
<i>Total operating revenues</i>	<u>3,257,000</u>	<u>3,257,000</u>	<u>1,677,449</u>	<u>(1,579,551)</u>
<i>Operating expenses</i>				
Personnel services	1,575,850	1,749,394	807,754	941,640
Contractual services	173,630	174,630	99,037	75,593
Supplies and purchased power	24,000	26,600	9,379	17,221
Maintenance and materials	324,000	387,000	113,736	273,264
Miscellaneous	1,309,225	1,188,175	497,335	690,840
Utilities	17,200	19,200	7,897	11,303
Equipment	1,421,000	1,086,000	381,150	704,850
Gross receipts taxes	-	-	-	-
<i>Total operating expenses</i>	<u>4,844,905</u>	<u>4,630,999</u>	<u>1,916,288</u>	<u>2,714,711</u>
<i>Operating income (loss)</i>	<u>(1,587,905)</u>	<u>(1,373,999)</u>	<u>(238,839)</u>	<u>1,135,160</u>
<i>Non-operating revenues (expenses)</i>				
Interest expense	-	-	-	-
Interest income	8,000	8,000	10,944	2,944
Miscellaneous income	10,600	11,250	92,866	81,616
<i>Income (loss) before special item, contributions and transfers</i>	<u>18,600</u>	<u>19,250</u>	<u>103,810</u>	<u>84,560</u>
Designated cash (budgeted cash increase)	648,505	660,869	-	(660,869)
Government contributions	952,000	770,000	317,080	(452,920)
Transfers	(31,200)	(76,120)	(1,660)	74,460
Change in net assets (Non-GAAP budgetary basis)	-	-	180,391	180,391
<i>Total net assets, beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,321,408</u>	<u>1,321,408</u>
<i>Total net assets, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,501,799</u>	<u>\$ 1,501,799</u>
Net change in net assets			\$ 180,391	
Adjustments to revenues for charges for services and investment income.			66,371	
Adjustments to expenses for salaries, operating, and depreciation expenses.			606,781	
Change in net assets (GAAP)			<u>\$ 853,543</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, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Operating revenues</i>				
Charges for services	\$ 1,960,000	\$ 1,960,000	\$ 1,782,828	\$ (177,172)
<i>Total operating revenues</i>	<u>1,960,000</u>	<u>1,960,000</u>	<u>1,782,828</u>	<u>(177,172)</u>
<i>Operating expenses</i>				
Personnel services	517,597	485,429	409,552	75,877
Contractual services	282,500	72,500	55,420	17,080
Supplies and purchased power	8,700	72,500	8,687	63,813
Maintenance and materials	177,000	217,000	166,728	50,272
Miscellaneous	399,620	71,071	378,428	(307,357)
Utilities	319,000	359,000	280,071	78,929
Equipment	601,000	324,000	40,506	283,494
Gross receipts taxes	-	-	-	-
<i>Total operating expenses</i>	<u>2,305,417</u>	<u>1,601,500</u>	<u>1,339,392</u>	<u>262,108</u>
<i>Operating income (loss)</i>	<u>(345,417)</u>	<u>358,500</u>	<u>443,436</u>	<u>84,936</u>
<i>Non-operating revenues (expenses)</i>				
Interest expense	(80,525)	(35,623)	(915,509)	(879,886)
Interest income (loss)	800	800	37,493	36,693
Miscellaneous income	81,884	374,784	554,937	180,153
<i>Income (loss) before special item, contributions and transfers</i>	<u>2,159</u>	<u>339,961</u>	<u>(323,079)</u>	<u>(663,040)</u>
Designated cash (budgeted cash increase)	(457,117)	(1,876,793)	-	1,876,793
Government contributions	500,000	126,545	-	(126,545)
Transfers	300,375	1,051,787	(131,020)	(1,182,807)
Change in net assets (Non-GAAP budgetary basis)	-	-	(10,663)	(10,663)
<i>Total net assets, beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,778,456</u>	<u>1,778,456</u>
<i>Total net assets, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,767,793</u>	<u>\$ 1,767,793</u>
Net change in net assets			\$ (10,663)	
Adjustments to revenues for charges for services and investment income.			(45,910)	
Adjustments to expenses for salaries, operating, and depreciation expenses.			350,911	
Change in net assets (GAAP)			<u>\$ 294,338</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 (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Operating revenues</i>				
Charges for services	\$ 72,000	\$ 64,000	\$ 58,307	\$ (5,693)
<i>Total operating revenues</i>	<u>72,000</u>	<u>64,000</u>	<u>58,307</u>	<u>(5,693)</u>
<i>Operating expenses</i>				
Personnel services	45,231	46,088	45,688	400
Contractual services	10,250	7,550	2,537	5,013
Supplies and purchased power	3,500	4,800	2,227	2,573
Maintenance and materials	11,250	18,250	15,777	2,473
Miscellaneous	6,657	8,557	6,042	2,515
Utilities	2,300	2,300	2,196	104
Equipment	84,750	75,750	16,737	59,013
Gross receipts taxes	-	-	-	-
<i>Total operating expenses</i>	<u>163,938</u>	<u>163,295</u>	<u>91,204</u>	<u>72,091</u>
<i>Operating income (loss)</i>	<u>(91,938)</u>	<u>(99,295)</u>	<u>(32,897)</u>	<u>66,398</u>
<i>Non-operating revenues (expenses)</i>				
Interest expense	-	-	-	-
Interest income	2,750	2,750	3,325	575
Miscellaneous income	100	100	981	881
<i>Income (loss) before special item, contributions and transfers</i>	<u>2,850</u>	<u>2,850</u>	<u>4,306</u>	<u>1,456</u>
Designated cash (budgeted cash increase)	44,088	51,445	-	(51,445)
Government contributions	-	-	-	-
Transfers	45,000	45,000	-	(45,000)
<i>Change in net assets</i>	-	-	(28,591)	(28,591)
<i>Total net assets, beginning of year</i>	-	-	361,095	361,095
<i>Total net assets, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 332,504</u>	<u>\$ 332,504</u>
Change in net assets (Non-GAAP budgetary basis)			\$ (28,591)	
Adjustments to revenues for charges for services and investment income.			(8,895)	
Adjustments to expenses for salaries, operating, and depreciation expenses.			1,309	
Change in net assets (GAAP)			<u>\$ (36,177)</u>	

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 (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variations
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Operating revenues</i>				
Charges for services	51,100	\$ 52,100	\$ 66,792	\$ 14,692
<i>Total operating revenues</i>	51,100	52,100	66,792	14,692
<i>Operating expenses</i>				
Personnel services	1,500	1,500	765	735
Contractual services	62,000	22,000	13,494	8,506
Supplies and purchased power	1,000	1,000	259	741
Maintenance and materials	33,500	45,000	41,971	3,029
Miscellaneous	22,578	24,378	18,242	6,136
Utilities	19,850	21,850	19,789	2,061
Equipment	721,600	657,200	21,400	635,800
Gross receipts taxes	-	-	-	-
<i>Total operating expenses</i>	862,028	772,928	115,920	657,008
<i>Operating income (loss)</i>	(810,928)	(720,828)	(49,128)	671,700
<i>Non-operating revenues (expenses)</i>				
Interest expense	-	-	-	-
Interest income	500	500	1,303	803
Miscellaneous income	-	15,000	15,919	919
<i>Income (loss) before special item, contributions and transfers</i>	500	15,500	17,222	1,722
Designated cash (budgeted cash increase)	126,988	635,328	-	(635,328)
Government contributions	653,440	-	10,878	10,878
Transfers	30,000	70,000	-	(70,000)
<i>Change in net assets</i>	-	-	(21,028)	(21,028)
<i>Total net assets, beginning of year</i>	-	-	209,755	209,755
<i>Total net assets, end of year</i>	\$ -	\$ -	\$ 188,727	\$ 188,727
Change in net assets (Non-GAAP budgetary basis)			\$ (21,028)	
Adjustments to revenues for charges for services and investment income.			(1,492)	
Adjustments to expenses for salaries, operating, and depreciation expenses.			(85,072)	
Change in net assets (GAAP)			\$ (107,592)	

The accompanying notes are an integral part of these financial statements

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SUPPORTING SCHEDULES

STATE OF NEW MEXICO
City of Deming
Schedule of Deposit and Investment Accounts
June 30, 2012

Schedule I

Bank Name/Account Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
First New Mexico Bank-cash accounts					
General Operating	Checking	\$ 4,231,701	\$ 80,120	\$ 132,277	\$ 4,179,544
Ambulance Billing	Checking	758,802	1,484	-	760,286
Payroll Clearing	Checking	17,816	-	17,816	-
CDBG Planning	Checking	100	-	-	100
CDBG Planning	Checking	164,312	-	164,212	100
Judicial Bond	Checking	153	624	25	752
Total First New Mexico Bank		<u>5,172,884</u>	<u>82,228</u>	<u>314,330</u>	<u>4,940,782</u>
Compass Bank					
General Operating	Checking	280,021	-	-	280,021
Total Compass Bank		<u>280,021</u>	<u>-</u>	<u>-</u>	<u>280,021</u>
First Savings Bank					
Utility Operating	Checking	2,535,565	87,022	669,410	1,953,177
Meter Deposit	Checking	429,423	875	12,053	418,245
Total First Savings Bank		<u>2,964,988</u>	<u>87,897</u>	<u>681,463</u>	<u>2,371,422</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>\$ 8,421,889</u>	<u>\$ 170,125</u>	<u>\$ 995,793</u>	<u>\$ 7,596,221</u>
New Mexico Finance Authority-Investment					
Deming 10					
Debt Service Account		\$ 17,398	\$ -	\$ -	\$ 17,398
Reserve Fund		50,157	-	-	50,157
Program Fund		303,208	-	-	303,208
Deming 11 - Cash Program Funds held in NMFA		375,917	686	-	376,603
Deming 12		34,545	-	-	34,545
Total New Mexico Finance Authority		<u>781,225</u>	<u>686</u>	<u>-</u>	<u>781,911</u>

See accompanying independent auditors' report

Bank Name/Account Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
First New Mexico Bank-investment accounts					
Golden Savings Investment	Savings - Investment	7,737,176	-	4,990	7,732,186
FNM Bank CD	Certificate of Deposit	1,027	-	-	1,027
FNM Bank CD	Certificate of Deposit	7,614	-	-	7,614
Total First New Mexico Bank		<u>7,745,817</u>	<u>-</u>	<u>4,990</u>	<u>7,740,827</u>
Wells Fargo Bank					
WF Bank CD	Investment	2,100,090	-	-	2,100,090
Total Wells Fargo Bank Securities		<u>2,100,090</u>	<u>-</u>	<u>-</u>	<u>2,100,090</u>
First Savings Bank					
Bank CD	Investment	2,563	-	-	2,563
Total First Savings Bank Securities		<u>2,563</u>	<u>-</u>	<u>-</u>	<u>2,563</u>
Multi-Bank Securities-Investments					
FNM Bank CD	Investment	7,915	-	-	7,915
FNM Bank CD	Investment	3,478	-	-	3,478
GNMA II GTD Mtg Pass Thru CTFS	Investment	5,356	-	-	5,356
Total Multi-Bank Securities		<u>16,749</u>	<u>-</u>	<u>-</u>	<u>16,749</u>
Western Heritage Bank					
Bank CD	Investment	200,000	-	-	200,000
Bank CD	Investment	203,697	-	-	203,697
Bank CD	Investment	195,000	-	-	195,000
Total Western Heritage Bank Securities		<u>598,697</u>	<u>-</u>	<u>-</u>	<u>598,697</u>
Reserve Contingency Fund	Investment	2,563	-	-	2,563
Reserve Contingency Fund		<u>2,563</u>	<u>-</u>	<u>-</u>	<u>2,563</u>
Total		<u>\$ 19,669,593</u>	<u>\$ 170,811</u>	<u>\$ 1,000,783</u>	<u>\$18,839,621</u>
Add: petty cash					<u>3,725</u>
Total deposits and investments					<u>\$ 18,843,346</u>
Deposits and investments per financial statements:					
Cash and cash equivalents - Exhibit A-1					\$ 7,189,192
Investments - Exhibit A-1					10,741,511
Restricted cash and cash equivalents - Exhibit A-1					911,891
Fiduciary funds cash- Exhibit E-1					752
Total deposits and investments					<u>\$18,843,346</u>

STATE OF NEW MEXICO
City of Deming
Schedule of Collateral Pledged by Depository
For Public Funds
June 30, 2012

Schedule II
Page 1 of 2

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value at June 30, 2012
First New Mexico Bank				
	FHLB	11/14/14	3133X9DC1	\$ 2,188,831
	FFCB	10/23/20	31331VA30	1,295,180
	FNMA	07/17/13	31359MSL8	1,043,933
	FFCB	10/18/17	31331VCY0	2,385,520
	FFCB	02/10/17	31331KBX7	2,173,624
	FHLB	03/11/06	3133XXP43	2,175,284
	FFCB	04/01/22	31331YA26	1,602,710
	FHLB	12/11/13	3133M6VF2	843,397
	Artesia	08/01/17	04310KAL6	500,000 *
	Catron & Cibola Counties	07/15/13	149321BP5	120,000 *
	Clovis	06/01/15	189387BM4	145,000 *
	Las Vegas	07/15/16	51778FCG2	500,000 *
	Sandoval County NM	12/15/17	80004PCU4	345,000 *
	Chaves County	08/01/18	162634BN8	500,000 *
	Ruidoso Securities	08/01/20	781338GM4	450,000 *
	Total First New Mexico Bank			<u>16,268,480</u>

The location of the safekeeper of the above securities is TIB, P.O. Box 560528, Dallas, Texas 75356-0528

First Savings Bank				
	MBS FNMA 10 YR	07/01/17	31371NGQ2	113,967
	FHR 2841 BJ	04/15/18	31395ES32	1,375
	MBS FNMA 15 YR	09/01/19	31403X4P7	248,443
	MBS FHLMC 15 YR. RELOCATION	04/01/20	31282CA98	201,105
	MBS FHLMC GOLD 15 YR	06/01/20	3128MBBB2	310,716
	MBS FNMA 15 YR.	06/01/22	31410GBG7	327,405
	FHR 2941 AJ	03/15/35	31395PRU8	547,134
	FHR 3048 PC	03/15/35	31396CSM3	169,832
	MBS FNMA 15 YR	07/01/17	31376J4L0	120,976
	MBS FNMA 15 YR	05/01/18	31400SC56	221,803
	MBS FHLMC M30034 GOLD	12/01/20	31282CBB2	279,140
	FHR 3048 PC	03/15/35	31396CSM3	84,916
	FNR 2010-135 CH	04/25/40	31398SN66	174,551
	FNMA Agency Notes	12/30/15	31366FPKH9	313,344
	FNMA Agency Note	11/15/16	3135G0ES8	153,236
	Total First Savings Bank			<u>3,267,942</u>

The location of the safekeeper of the above securities is IPA at 8500 Freeport Parkway, South Irving, TX.

See accompanying independent auditor's report

STATE OF NEW MEXICO
City of Deming
Schedule of Collateral Pledged by Depository - Continued
For Public Funds
June 30, 2012

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value at June 30, 2012
Compass Bank				
	FNMA PL#255892 5%	09/01/25	31371MF93	<u>250,000</u>
	Total Compass Bank			<u>250,000</u>
The location of the safekeeper of the above securities is FHL Bank Atlanta, at P.O. Box 10566, Birmingham, AL 35296-0001				
Wells Fargo Bank				
	FNMA	12/01/40	3138A2BX6	<u>2,118,138</u>
	Total Wells Fargo Bank			<u>2,118,138</u>
The location of the safekeeper of the above securities is BNY Mellon at One Wall Street, 4th Floor, New York, NY 10286				
	Total Pledged Collateral			<u>\$ 21,904,560</u>

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

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STATE OF NEW MEXICO
 City of Deming
 Schedule of Changes in Fiduciary Assets and Liabilities
 Agency Fund
 For the Year Ended June 30, 2012

Schedule III

	<u>Balance June 30, 2011</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance June 30, 2012</u>
Judicial Bond Fund	\$ 527	\$ 250	\$ 25	\$ 752
Total	<u>\$ 527</u>	<u>\$ 250</u>	<u>\$ 25</u>	<u>\$ 752</u>

See accompanying independent auditors' report

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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 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, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents and have issued our report thereon dated October 31, 2012. 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, 2012 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

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

A *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.

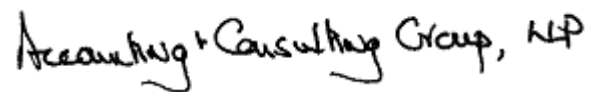
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting described in the accompanying schedule of findings and questioned costs as FS 12-01 that we consider to be a significant deficiency in internal control over financial reporting. 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.

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*.

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

This report is intended solely for the information and use of 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.

A handwritten signature in black ink that reads "Accounting & Consulting Group, LLP". The signature is written in a cursive, slightly slanted style.

Accounting & Consulting Group, LLP
Albuquerque, New Mexico
October 31, 2012

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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

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, 2012. 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, 2012.

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
October 31, 2012

STATE OF NEW MEXICO
City of Deming
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Funding Source/Grant or Contact Name	CFDA Number	Federal Grant Number	Expenditures
U.S. Department of Commerce Economic Development			
Section 209 Economic Adjusted Assistance	11.300	01-01-04648	\$ 41,381
U.S. Department of Housing and Urban Development Passed through the New Mexico Department of Finance and Administration			
Community Development Block Grants	14.228	10-C-RS-I-06-G-	50,000
Community Development Block Grants	14.228	11-C-NR-I-01-G-23	242,825
U.S. Department of Justice			
ARRA-FY2009 Recovery ACT JAG Program	16.804	2009-SB-B9-3308	1,322
U.S. Department of Justice Bureau of Justice Assistance			
Bulletproof Vest Partnership	16.607	2009BUBX080421	1,703
Bulletproof Vest Partnership	16.607	2009BUBX090460	5,374
Bulletproof Vest Partnership	16.607	2010BUBX100506	2,562
U.S. Department of Homeland Security			
Homeland Security Grant Program - Operation Stonegarden (1)	97.067	2009-SJ-T9-00001	69,927
Homeland Security Grant Program - Operation Stonegarden (1)	97.067	2009-SS-T0-0011	224,509
U.S. Environmental Protection Agency			
ARRA - Water Resources Development Act of 1999	66.418	W81G6992263515	41,954
U.S. Department of Energy			
ARRA - Rural Recycling Development Grant (1)	81.128	DE-EE0003799	297,669
ARRA - Energy Efficiency & Conservation Block Grant (1)	81.128	DE-EE0000681	76,152
Total Federal Financial Assistance			\$ 1,055,376

(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 Organizations*.

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	\$ 1,055,376
Total expenditures funded by other sources	<u>21,181,522</u>
Total expenditures per statement of activities exhibit A-2	<u><u>\$22,236,898</u></u>

STATE OF NEW MEXICO
City of Deming
Schedule of Findings and Questioned Costs
June 30, 2012

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? | No |
| 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
97.067	Homeland Security Grant Program – Operation Stonegarden
81.128	ARRA – Rural Recycling Development Grant and Energy Efficiency and Conservation Block Grant

- | | |
|--|-----------|
| 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

FS 2009-04 - Bank Depositories – Resolved
FS 2011-01 - Deficiencies in Internal Control over Financial Reporting - Resolved
FS 2011-02 - Deficiencies in Internal Control over Voided Checks - Resolved

Section III – Findings - Financial Statement Audit

FS 12-01 Bank Reconciliation (Significant Deficiency)

Condition: During our review of year-end bank reconciliations we noted several adjustments that were needed to correct the year-end cash balances.

- A \$103,805 adjustment was needed to record a debt service account and reserve account held by New Mexico Finance Authority in the name of City of Deming related to the payoff of the Deming #4 loan that occurred during fiscal year 2012
- A \$50,157 adjustment was needed to record reserve funds held by New Mexico Finance Authority in the name of City of Deming #10 loan
- A \$17,398 adjustment was needed to record a debt service account held by New Mexico Finance Authority in the name of the City of Deming #10 loan
- A \$60,000 adjustment was needed to remove a duplicate cash entry related to a prior year NMFA loan Deming #9 loan
- A \$1,800,000 adjustment was needed to reduce cash for loan proceeds not yet received from the New Mexico Environment Department and not held in the name of the City of Deming
- A \$164,393 adjustment was needed to agree beginning cash to reconciled balances per the prior year audit.

Criteria: GASB 34 paragraph 99 requires the restricted assets held at NMFA in the name of the City to be reported as restricted assets. It states as follows:

“Restricted assets should be reported when restrictions (as defined in paragraph 34) on asset use change the nature or normal understanding of the availability of the asset. For example, cash and investments normally are classified as current assets, and a normal understanding of these assets presumes that restrictions do not limit the government's ability to use the resources to pay current liabilities. But cash and investments held in a separate account that can be used to pay debt principal and interest only (as required by the debt covenant) and that cannot be used to pay other current liabilities should be reported as restricted assets. Because restricted assets may include temporarily invested debt proceeds or other resources that are not generated through operations (such as customer deposits), the amount reported as restricted assets will not necessarily equal restricted net assets.”

Good accounting practices require bank reconciliations to be reviewed in a timely fashion and require unusual reconciling items between bank balances and general ledger balances to be researched and resolved and adjusted for in a timely manner.

Effect: Material audit adjustments were required to properly reflect the City's rights to cash in the financial statements.

FS 12-01 Bank Reconciliation (Significant Deficiency)-Continued

Cause: Inadequate review of bank reconciliations by someone other than the preparer.

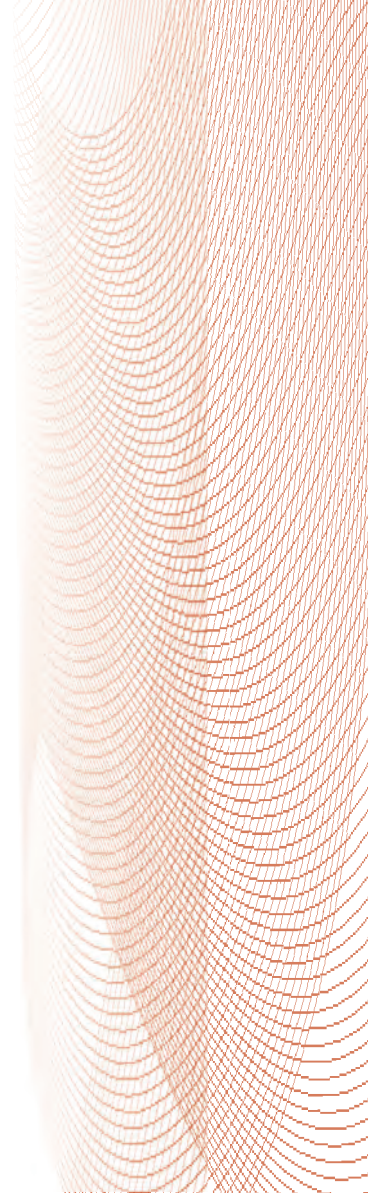
- NMFA cash is reconciled against the First New Mexico Bank and First Savings Bank even though the cash is in NMFA's bank account.
- The prior year trial balance was out of balance due to system generated one-sided journal entries to cash in the prior year which carried over to the current year cash balances.

Recommendation: We recommend bank reconciliations be reviewed by someone else other than the person who prepared the reconciliation. We recommend NMFA cash be reconciled separately from the operating and utility cash accounts.

Management's response: Management agrees with the auditor's recommendation. Staff has already implemented separate reconciliations for accounts at NMFA. The City will make adjustments to cash based on the prior year audit.

Section IV – Findings – Federal Awards

None



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