



KRIEGEL/GRAY/SHAW & CO., P.C.

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STATE OF NEW MEXICO

CITY OF GRANTS

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2012

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CITY OF GRANTS
OFFICIAL ROSTER
JUNE 30, 2012

ELECTED OFFICIALS

<u>Name</u>	<u>Title</u>
<i>Joe Murrietta</i>	<i>Mayor</i>
<i>Martin Hicks</i>	<i>Mayor Pro-Tem</i>
<i>Walter Jaramillo</i>	<i>Councilor</i>
<i>Michael Quintana</i>	<i>Councilor</i>
<i>Ruben Sandoval</i>	<i>Councilor</i>

ADMINISTRATIVE STAFF

<i>Bob Horacek</i>	<i>City Manager</i>
<i>Michelle Lucero</i>	<i>Systems Analyst</i>

INDEPENDENT AUDITORS' REPORT

Mr. Hector H. Balderas, State Auditor and
The Mayor and City Council
City of Grants
Grants, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund of the City of Grants (the "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, nonmajor enterprise, and the budgetary comparisons for the major capital project fund, major proprietary funds, and all nonmajor funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 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 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously 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 Grants, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons of the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental and nonmajor enterprise fund of the City of Grants as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital projects fund, major proprietary funds, and all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Mr. Hector H. Balderas, State Auditor and
The Mayor and City Council
City of Grants
Grants, New Mexico
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In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2012 on our consideration of the City of Grants' 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 4 through 11 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 historical 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, and 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, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The Financial Data Schedule (FDS) is presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development, and is not a required part of the basic financial statements of the City of Grants. The additional schedules listed as "other supplementary information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information 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.

Kriegel/Gray/Shaw & Co., P.C.

Kriegel/Gray/Shaw & Co., P.C.

December 12, 2012

CITY OF GRANTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

As management of the City of Grants, we offer our residents and others who may read the City of Grants' financial statements this narrative overview and analysis of the financial activities of the City of Grants for fiscal year ended June 30, 2012.

FINANCIAL HIGHLIGHTS

- The City's total net assets increased over the course of this year's operations.
- During the year the City's expenses were \$1,639,686 less than the \$10,781,537 generated in taxes, other revenues, and transfers for governmental programs.
- In the City's business-type activities, revenues, and transfers increased 206.4% to \$2,043,536 while expenses increased 2.1%.
- The general fund reported a deficit this year of \$175,316.

OVERVIEW OF FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the City of Grants' basic financial statements. The City of Grants' basic financial statements consist of three separate components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information, including budgetary comparison information, in addition to the basic financial statements.

Certain items in the prior year financial statements have been reclassified for comparison purposes.

Governmental-Wide Financial Statements

The government-wide financial statements include a statement of net assets with all government funds and account types. In addition, a statement of activities for government activities and business activities are included.

The statement of net assets reports all financial and capital resources. The statement of net assets presents information on all the City of Grants' assets and liabilities using the accrual basis of accounting. Over time increases or decreases in net assets may determine whether the financial position of the City of Grants is improving or deteriorating.

The statements of accounts illustrate the statement of activities for the City of Grants. The statement of activities presents information, which illustrates how the City's net assets changed during the most recent fiscal year. Again, revenues and expenses are recorded using the accrual basis of accounting. The statement of activities includes revenues from governmental activities as well as business-type activities.

The City of Grants, also known as the primary government, is predominantly financed through taxes, intergovernmental revenues, and other non-exchange revenues. These governmental activities include general government, public safety, public works, health and welfare and cultural and recreation. These governmental activities are classified and reported in governmental funds and special revenue funds. The business type activities are financed primarily from user fees charged to external parties for goods and or services. These activities are reported in enterprise funds in our financial statements. The City of Grants' business type activities include water and sewer systems, refuse, the City golf course, and housing.

The government-wide financial statements can be found on pages 11 through 12 of this report.

CITY OF GRANTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

Fund Financial Statements

The City of Grants accounts for its finances through several fiscal and accounting entities called funds. We, like other state and local governments, use fund accounting to comply with state statutes regarding all finance-related transactions. The City of Grants has created its respective funds to establish a measure of flow from financial resources and/or to determine net income or net loss. These funds allow the City of Grants to manage its finances more effectively and more efficiently. The City of Grants maintains the following categories of fund types: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

The governmental funds for the City of Grants include the general fund, special revenue funds, capital projects funds, and debt service funds. The governmental funds reporting focuses predominantly on the sources, uses, and balances of current financial resources that have been established by an approved appropriated budget. The governmental funds provide a detailed short-term view of the City's general government operations and the basic services it provides. The financial information contained in the governmental funds is useful in helping determine whether or not there are sufficient financial assets to provide funding for the City's current programs.

Proprietary Funds

Proprietary funds are used to account for activities similar to those in the private sector and focuses on the determination of operating income, changes in net assets, financial position, and cash flows. Proprietary funds are reported in the same manner that all activities are reported in the Statement of Net Assets and Statement of Activities (revenues and expenses). In fact, the City's enterprise funds are the same as the business-type activities that are reported in the government-wide statements; however, they provide more detail in regards to cash flows for proprietary funds. The City's intent is that costs of providing the goods or services to the general public on a continuing basis will be financed or recovered through user charges. The City has the following enterprise funds: Utility Fund, Low Rent, Golf Course Operating Fund and Project home.

Fiduciary Funds

Fiduciary fund reporting focuses on assets and liabilities that are held in a trustee or agency capacity for other government agencies and therefore cannot be used to support the City's own programs. Fiduciary funds are not reflected in the government-wide financial statement for the reason that their resources are not available to the City. Agency funds are custodial in nature and do not involve measurement of results of operations.

Notes to the Financial Statements

The City's notes to the financial statements provide additional information that is necessary for a better understanding of all data that is illustrated in the government-wide and fund financial statements.

CITY OF GRANTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

Government-Wide Financial Analysis

City of Grants
Summary of Net Assets

	Governmental Activities		Business-Type Activities		Total	
		Restated		Restated		Restated
	2012	2011	2012	2011	2012	2011
Assets:						
Current assets and other assets	\$11,274,623	\$11,265,562	\$4,045,227	\$4,168,201	\$15,319,850	\$15,433,763
Capital	38,847,271	37,639,686	18,361,903	16,791,115	57,209,174	54,430,801
Total assets	\$50,121,894	\$48,905,248	\$22,407,130	\$20,959,316	\$72,529,024	\$69,864,564
Liabilities:						
Current and other liabilities	\$800,277	\$1,208,034	\$424,136	\$1,057,507	\$1,224,413	\$2,265,541
Long-term liabilities	1,141,530	1,156,813	2,926,017	2,905,488	4,067,547	4,062,301
Total liabilities	1,941,807	2,364,847	3,350,153	3,962,995	5,291,960	6,327,842
Net Assets:						
Invested in capital assets, net of related debt	36,066,720	36,623,390	15,523,664	13,596,436	53,590,384	50,219,826
Restricted net assets	3,238,829	3,164,948	850,933	984,145	4,089,762	4,149,093
Unrestricted net assets	6,874,538	6,752,063	2,682,380	2,415,740	9,556,918	9,167,803
Total net assets	48,180,087	46,540,401	19,056,977	16,996,321	67,237,064	63,536,722
Total liabilities and net assets	\$50,121,894	\$48,905,248	\$22,407,130	\$20,959,316	\$72,529,024	\$69,864,564

Capital assets (net of accumulated depreciation) make up 77.5% of the City's total assets from governmental activities. Investments in capital assets include: land, buildings, machinery and equipment, and infrastructure. The City of Grants utilizes these assets to provide services to its citizens; therefore, these assets are not available for future spending.

At the end of the current fiscal year, the City of Grants reported a positive balance in all three categories of net assets.

In evaluating the operating performances of an agency, the rate of return on assets is probably one of the most useful measures of the entity's profitability and efficiency. The return on assets ratio for the City is 5.1% for fiscal year ending June 30, 2012. This ratio aids management in gauging the effectiveness of its use of assets.

In the Governmental activities total liabilities have been decreased by 16.7% due to a decrease in accounts payable and accrued expenses and principle payments on long-term debt. Total assets have increased in 2012 predominantly due to increases in capital assets including construction in progress. Investment income continued to decrease in fiscal year 2012 due to decreases in interest rates. These factors primarily affect the increase in current assets in 2012 compared to 2011.

Net assets for business-type activities have increased by \$2,060,656, an increase of 12.1%. The increase is due primarily to a five-year rate increase for water, wastewater and refuse implemented in fiscal year 2008-2009. Overall, liabilities were reduced due to annual reductions in long-term debt. Additional debt was incurred in fiscal year 2012 to improve the water system. In addition, capital assets increased (evidenced by capital transfers in) due to construction of utility projects.

CITY OF GRANTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

Financial Analysis of the City's Major Funds

GENERAL FUND

The General Fund is the major operating fund for the City. The General Fund is the single largest fund pertaining to revenues and expenditures. Total revenues in fiscal year 2011 were \$9,463,026 and \$8,395,770 in 2012, a decrease of \$1,067,256 (11.3%) for comparative years. The majority of the difference is due to a decrease in taxes.

Expenditures in the General Fund for fiscal year 2011 were \$6,378,547 and \$6,390,183 for fiscal year 2012, an increase of \$11,636. The slight increase was due primarily to a conscious effort to maintain expenditure levels in a declining economy. The General Fund fund balance decreased in 2012 in the amount of \$175,316 with expenditures less transfers exceeding revenues for an ending fund balance of \$6,952,378 as of June 30, 2012.

GENERAL GOVERNMENT IMPROVEMENTS FUND

The General Government Improvements Fund accounts for the City's capital outlay projects primarily funded from the state legislative appropriations, federal grants, and City monies. In the fiscal year 2010/2011 the City accounted for \$314,978 in federal grant revenues and \$292,598 in state grants for total grant revenues of \$610,310. In fiscal year 2011/2012 the total grant revenues of \$2,601,110 consisted of federal grant revenues of \$596,876 and state grant revenues of \$2,004,234.

The revenues received by the City will fluctuate as a result of grant appropriations received from year to year. Fluctuations will also occur when monies are expended and received annually.

Expenditures in fiscal year 2010/2011 were \$1,529,453. The majority of the expenditures were incurred for the Nimitz Bridge, roads, city hall building, downtown master plan, airport improvements, street drainage projects, and various other small equipment purchases. Expenditures in fiscal year 2011/2012 were \$1,863,903 with an additional capital transfer out of \$2,243,767. The capital transfer was due to project Grants Funds expended and incurred in the General Government Improvements Fund for the benefit of other funds. Expenditures were incurred for the City's Well #5, roads, airport improvements, street drainage projects, and various other small equipment purchases.

UTILITY FUND

The Utility Fund is used to account for all water, sewer and refuse revenues and expenses. It is a major proprietary fund for the City. Total operating revenues for 2010/2011 fiscal year was \$5,675,004 and \$5,754,318 for 2011/2012; a slight increase of \$79,314 (1.4%). The slight increase is attributable to variation in customer usage. Net income increased in 2012 versus 2011 by \$1,212,112. Operating expenses increased in fiscal year 2011/2012 compared to 2010/2011 by \$163,063, which is 3.4%. The net income increase results predominantly from capital assets transferred in from the general government improvement fund.

CITY OF GRANTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

General Fund Budgetary Highlights

The City of Grants total actual expenditures for fiscal year 2011/2012 were 5.8% under the budgeted expenditure amounts for the year. Public safety is responsible for 32.5%, general government is responsible for 27.5% and public works is responsible for 25.7% of the General Fund expenditures.

The City's total state shared and municipal tax amount for fiscal year 2011/2012 decreased by 14.2% over fiscal year 2010/2011. The Grants economy continued to show growth in spite of the overall economic down turns in the State and County.

General Fund budgeted expenditures decreased from the original budget to the final budget by \$93,008. This decrease was due to capital outlay budgeted amounts in the original budget being decreased for the final budget. The revenue decreased from the original budget to the final by \$177,001. The primary difference is due to a reduction in property tax collections.

City of Grants
Summary of Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	Restated 2011	2012	Restated 2011	2012	Restated 2011
Revenues:						
<u>Program Revenues:</u>						
Charges for services	\$1,277,003	\$1,315,939	\$6,031,593	\$6,050,055	\$7,308,596	\$7,365,994
Operating grants and contributions	912,027	1,277,977	25,853	15,648	937,880	1,293,625
Capital grants and contributions	2,837,766	748,283	0	0	2,837,766	748,283
<u>General Revenue:</u>						
Taxes	7,519,185	8,421,979	0	0	7,519,185	8,421,979
Investment income	4,835	23,547	6,406	8,264	11,241	31,811
Miscellaneous	267,513	111,775	338	(435)	267,851	111,340
<i>Total revenue</i>	12,818,329	11,899,500	6,064,190	6,073,532	18,882,519	17,973,032
Expenses:						
General Government	2,081,641	2,191,737	0	0	2,081,641	2,191,737
Public Safety	2,707,411	2,591,967	0	0	2,707,411	2,591,967
Public Works	2,314,224	3,010,023	0	0	2,314,224	3,010,023
Health and Welfare	900,905	923,198	0	0	900,905	923,198
Culture and Recreation	1,096,346	1,053,367	0	0	1,096,346	1,053,367
Interest and fees on long-term debt	41,324	51,184	0	0	41,324	51,184
Water, sewer and refuse	0	0	5,082,372	4,926,874	5,082,372	4,926,874
Golf	0	0	800,414	797,033	800,414	797,033
Rental	0	0	157,540	158,092	157,540	158,092
<i>Total expenses</i>	9,141,851	9,821,476	6,040,326	5,881,999	15,182,177	15,703,475
Increase in net assets before transfers	3,676,478	2,078,024	23,864	191,533	3,700,342	2,269,557
Transfers	(2,036,792)	(659,022)	2,036,792	659,022	0	0
<i>Change in Net Assets</i>	1,639,686	1,419,002	2,060,656	850,555	3,700,342	2,269,557
Net Assets – July 1 (as restated)	46,540,401	45,121,399	16,996,321	16,145,766	63,536,722	61,267,165
<i>Net Assets - June 30</i>	\$48,180,087	\$46,540,401	\$19,056,977	\$16,996,321	\$67,237,064	\$63,536,722

CITY OF GRANTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

Government Activities

Revenue received from program and general activities was predominantly less than expenses for fiscal year 2012, with the exception of capital grants where amounts expended have been capitalized.

Business-Type Activities

Business-type activities income before transfers increased the City's net assets by \$23,864. Net operational income was responsible for this net increase.

Financial Analysis of the City's Funds

As mentioned earlier, the City of Grants uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As of the end of current fiscal year, the City of Grants governmental funds reported combined ending balances of \$10,469,680, which is an increase from the prior year ending fund balances. The City's proprietary funds provide the same type of information found in the government-wide financial statement, but in more detail. The business-type activities have demonstrated sufficient revenue and sufficient cash flow to guarantee that all expenditures, including long-term debt will be paid in a timely manner.

Capital Assets and Debt Administration

Capital Assets

The City of Grants net capital assets for its government type activities as of June 30, 2012 amounted to \$38,847,271. This investment in capital assets includes land improvements, building improvements, vehicles, machinery and equipment, and infrastructure. The most significant impact on capital assets during the year resulted from the following:

- Street Improvements and Drainage Projects

Long-term Debt

The City's total debt (excluding compensated absences and leases payable) as of June 30, 2012 is \$3,406,047, which decreased by \$728,660, which represents payments on outstanding debt. The majority of this amount is due to the outstanding loan amount of \$2,485,496 that was from the New Mexico Environmental Department, for construction and acquisition of equipment for a wastewater treatment plant facility previously constructed in 1992.

More detailed information regarding these activities and funds is included in Note 5.

The City of Grants issued no new long-term bonds during the current fiscal year. The City has no general obligation bonds outstanding at June 30, 2012.

CITY OF GRANTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

City of Grants
Outstanding Bonds and Liabilities to Financial Institutions

	Governmental Activities		Business-type Activities		Total Activities	
	2012	2011	2012	2011	2012	2011
Revenue Bonds	\$285,000	\$425,000	\$140,000	\$265,000	\$425,000	\$690,000
General Obligation Bonds	0	0	0	0	0	0
Notes Payable	390,363	434,844	2,485,496	2,853,411	2,875,859	3,288,255
NMFA – Fire Truck	105,188	156,452	0	0	105,188	156,452
Capital Leases	0	0	212,743	284,706	212,743	284,706
Total	\$780,551	\$1,016,296	\$2,838,239	\$3,403,117	\$3,618,790	\$4,419,413

Economic Factors

The City of Grants base gross receipts taxes which is the City's largest resource increased by 4.5% from fiscal year 2008/2009 to fiscal year 2009/2010, 35% from fiscal year 2009/2010 to fiscal year 2010/2011, 10.6% decrease from fiscal year 2010/2011 to fiscal year 2011/2012. The current fiscal year shows a decrease.

The City's comparison of gross receipts for 2010/2011 to fiscal year 2011/2012 excluding construction gross receipts is a decrease of 10% in fiscal year 2011/2012. There is one main indicator that explains the above mentioned overall 10% decrease. The decrease in gross receipts taxes was due to the State of New Mexico Taxation and Revenue Department deducting approximately \$800,000 from fiscal year 2011/2012. The New Mexico Taxation and Revenue Department had a recovery of excess distributions due to the granting of a claim for a refund by a tax payer reporting gross receipts incorrectly using the City of Grants location code.

The City continues to insure that revenues are sufficient to meet budgeted obligations. In the Utility Fund, the City continues to increase utility rates by the consumer price index factor annually. The City makes every effort possible to ensure that the resources available are maximized to provide services to the public.

Requests for Information

This financial report is designed to provide a general overview of the City of Grants' finances for those interested in the government finances. Questions concerning any of the information provided in the report or request for additional information should be addressed to the City of Grants, City Manager at 600 West Santa Fe Avenue, Grants, New Mexico 87020.

CITY OF GRANTS
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Cash and investments	\$8,873,803	\$2,128,938	\$11,002,741
Cash held with trustee	508,481	0	508,481
Grant revenue receivable	708,830	0	708,830
Accounts receivable, net	153,423	563,535	716,958
State taxes receivable	1,211,084	0	1,211,084
Internal balances	(185,664)	185,664	0
Inventories	0	90,395	90,395
Other assets	4,666	0	4,666
Restricted Assets:			
Cash - SBF - Construction	0	40,000	40,000
Cash - debt reserves	0	810,871	810,871
Cash - customer deposits	0	225,824	225,824
Capital Assets:			
Capital assets not depreciated	5,882,623	4,757,717	10,640,340
Capital assets, depreciated	47,412,119	35,020,144	82,432,263
Accumulated depreciation	(14,447,471)	(21,415,958)	(35,863,429)
<i>Total capital assets</i>	<i>38,847,271</i>	<i>18,361,903</i>	<i>57,209,174</i>
<i>Total assets</i>	<i>50,121,894</i>	<i>22,407,130</i>	<i>72,529,024</i>
Liabilities			
Accounts payable	560,411	176,254	736,665
Accrued payroll	239,866	17,025	256,891
Customer deposits	0	230,462	230,462
Prepaid rents	0	395	395
Long-term liabilities:			
Due within one year	241,688	591,870	833,558
Due in more than one year	899,842	2,334,147	3,233,989
<i>Total liabilities</i>	<i>1,941,807</i>	<i>3,350,153</i>	<i>5,291,960</i>
Net Assets			
Invested in capital assets, net of related debt	38,066,720	15,523,664	53,590,384
Restricted for:			
Debt service	634,854	810,871	1,445,725
Other purposes	2,603,975	40,062	2,644,037
Unrestricted (deficit)	6,874,538	2,682,380	9,556,918
<i>Total net assets</i>	<i>\$48,180,087</i>	<i>\$19,056,977</i>	<i>\$67,237,064</i>

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating	Capital	Primary Government		
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	
Primary Government							
Governmental Activities:							
General government	\$2,081,641	\$224,414	\$189,923	\$0	(\$1,667,304)	\$0	(\$1,667,304)
Public safety	2,707,411	24,188	238,389	0	(2,444,834)	0	(2,444,834)
Public works	2,314,224	964,099	0	2,837,766	1,487,641	0	1,487,641
Health and welfare	900,905	26,589	463,760	0	(410,556)	0	(410,556)
Cultural and recreational	1,096,346	37,713	19,955	0	(1,038,678)	0	(1,038,678)
Interest and fees on long-term debt	41,324	0	0	0	(41,324)	0	(41,324)
Total governmental activities	9,141,851	1,277,003	912,027	2,837,766	(4,115,055)	0	(4,115,055)
Business-Type Activities:							
Water	2,359,000	2,087,717	0	0	0	(271,283)	(271,283)
Sewer	1,615,185	1,886,260	0	0	0	271,075	271,075
Refuse	1,108,187	1,780,341	0	0	0	672,154	672,154
Golf	800,414	227,830	0	0	0	(572,584)	(572,584)
Rental	157,540	49,445	25,853	0	0	(82,242)	(82,242)
Total business-type activities	6,040,326	6,031,593	25,853	0	0	17,120	17,120
Total primary government	\$15,182,177	\$7,308,596	\$937,880	\$2,837,766	(\$4,115,055)	\$17,120	(\$4,097,935)

General Revenues

Taxes:			
Gross receipts/state shared	\$6,274,866	\$0	\$6,274,866
Property	489,851	0	489,851
Lodgers' tax	406,681	0	406,681
Franchise tax	347,787	0	347,787
Investment income	4,835	6,406	11,241
Other	267,540	338	267,878
Loss on asset disposals	(27)	0	(27)
Operating transfers, net	206,975	(206,975)	0
Capital transfers, net	(2,243,767)	2,243,767	0
Total general revenues and transfers	5,754,741	2,043,536	7,798,277
Change in net assets	1,639,686	2,060,656	3,700,342
Net assets (deficit), beginning of year, as previously stated	46,547,014	16,960,966	63,507,980
Restatements	(6,613)	35,355	28,742
Net assets (deficit), beginning of year, as restated	46,540,401	16,996,321	63,536,722
Net assets (deficit), end of year	\$48,180,087	\$19,056,977	\$67,237,064

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
GOVERNMENTAL FUNDS
BALANCE SHEETS
JUNE 30, 2012

	Major Funds			Total Governmental Funds
	General Fund	General Government Improvements	Nonmajor Governmental Funds	
ASSETS				
Pooled cash and investments	\$5,955,780	\$176,786	\$2,741,237	\$8,873,803
Cash held with trustee	0	0	508,481	508,481
Accounts receivable, net allowance	1,299,375	0	65,132	1,364,507
Grant revenue receivable	0	677,573	31,257	708,830
Due from other funds	9,730	0	0	9,730
Total assets	\$7,264,885	\$854,359	\$3,346,107	\$11,465,351
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$78,854	\$420,442	\$61,115	\$560,411
Accrued payroll	233,653	0	6,213	239,866
Due to other funds	0	168,438	26,956	195,394
Total liabilities	312,507	588,880	94,284	995,671
Fund Balances:				
Restricted	0	0	3,238,766	3,238,766
Committed	0	0	0	0
Assigned	31,882	265,479	27,886	325,247
Unassigned	6,920,496	0	(14,829)	6,905,667
Total fund balance	6,952,378	265,479	3,251,823	10,469,680
Total liabilities and fund balance	\$7,264,885	\$854,359	\$3,346,107	\$11,465,351

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
RECONCILIATION OF THE FUND BALANCE OF GOVERNMENTAL FUNDS
TO GOVERNMENTAL ACTIVITIES NET ASSETS
JUNE 30, 2012

FUND BALANCE of Governmental Funds	\$10,469,680
Amounts reported for governmental activities in the statement of net assets are different because: Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	38,847,271
Some liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.	(1,141,530)
Bond issuance costs are capitalized and amortized and therefore, are not expensed (\$46,696 capitalized and \$42,030 amortized).	4,666
<hr/> <i>Net assets of governmental activities</i>	<hr/> \$48,180,087

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
GOVERNMENTAL FUNDS

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Major Funds			Total Governmental Funds
	General Fund	General Government Improvements	Nonmajor Governmental Funds	
REVENUES				
Intergovernmental - federal	\$0	\$596,876	\$261,403	\$858,279
Intergovernmental - state	52,758	2,004,234	742,341	2,799,333
Intergovernmental - other	44,200	0	32,401	76,601
Property tax	489,851	0	0	489,851
State shared taxes and municipal taxes	6,161,018	0	113,848	6,274,866
Lodgers' tax	0	0	406,681	406,681
Licenses and permits	77,358	0	0	77,358
Fines	21,149	0	0	21,149
Franchise tax	347,787	0	0	347,787
Fees, service charges, and rental revenue	1,123,131	17,082	52,330	1,192,543
Investment income	(359)	0	5,194	4,835
Sale of property	14,970	0	9,980	24,950
Donations	561	0	978	1,539
Miscellaneous	63,346	177,832	1,405	242,583
<i>Total revenues</i>	8,395,770	2,796,024	1,626,561	12,818,355
EXPENDITURES				
Current:				
General government	952,712	0	55,183	1,007,895
Public safety	2,339,661	0	264,646	2,604,307
Public works	2,313,858	0	103,058	2,416,916
Health and welfare	0	0	837,403	837,403
Cultural and recreational	765,017	0	316,296	1,081,313
Capital outlay	18,935	1,863,903	492,749	2,375,587
Debt Service:				
Principal	0	0	235,745	235,745
Interest and other charges	0	0	31,527	31,527
Fees	0	0	5,127	5,127
<i>Total expenditures</i>	6,390,183	1,863,903	2,341,734	10,595,820
<i>Revenues over (under) expenditures</i>	2,005,587	932,121	(715,173)	2,222,535
Other Financing Sources (Uses):				
Transfers in	31,991	1,584,036	1,557,313	3,173,340
Transfers out	(2,212,894)	0	(753,471)	(2,966,365)
Capital transfer out	0	(2,243,767)	0	(2,243,767)
<i>Total other financing sources (uses)</i>	(2,180,903)	(659,731)	803,842	(2,036,792)
<i>Net changes in fund balances</i>	(175,316)	272,390	88,669	185,743
FUND BALANCE				
Fund balance, beginning of year, as previously stated	7,178,334	(6,911)	3,119,127	10,290,550
Restatements	(50,640)	0	44,027	(6,613)
Fund balance, beginning of year, as restated	7,127,694	(6,911)	3,163,154	10,283,937
<i>Fund balance, end of year</i>	\$6,952,378	\$265,479	\$3,251,823	\$10,469,680

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Net change in fund balances - Governmental Funds	\$185,742
 Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$2,480,989) exceeded depreciation (\$1,273,377).	1,207,612
Loss on disposal of capital assets.	(27)
Repayment of bond and notes payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets (\$235,735).	235,745
Some expenses (or reduction thereof) reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds - accrued compensated absences.	15,284
Bond issuance costs are amortized.	(4,670)
<i>Change in net assets of governmental activities</i>	\$1,639,686

CITY OF GRANTS
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
REVENUES				
Taxes	\$492,310	\$492,310	\$510,565	\$18,255
State shared taxes and municipal taxes	4,942,525	4,942,525	6,020,742	1,078,217
Franchise fees	311,000	311,000	332,183	21,183
Fine and forfeits	75,000	75,000	66,045	(8,955)
Licenses and permits	19,500	19,500	29,040	9,540
Intergovernmental revenue	186,534	186,534	91,871	(94,663)
Fees and service charges	1,004,500	1,004,500	1,041,211	36,711
Donations	500	500	561	61
Investment income	15,000	15,000	12,176	(2,824)
Sale of property	17,000	17,000	14,970	(2,030)
Other revenue	6,000	6,000	99,746	93,746
<i>Total revenues</i>	<u>7,069,869</u>	<u>7,069,869</u>	<u>8,219,110</u>	<u>1,149,241</u>
EXPENDITURES				
Current:				
General government	1,872,183	1,904,175	1,070,521	833,654
Public safety	2,247,675	2,247,675	2,338,771	(91,096)
Public works	1,903,954	1,778,954	2,322,052	(543,098)
Cultural and recreational	969,600	969,600	771,365	198,235
Health and welfare	0	0	0	0
Capital outlay	11,000	11,000	7,753	3,247
<i>Total expenditures</i>	<u>7,004,412</u>	<u>6,911,404</u>	<u>6,510,462</u>	<u>400,942</u>
<i>Excess (deficiency) of revenues over expenditures</i>	65,457	158,465	1,708,648	1,550,183
Other Financing Sources (Uses):				
Operating transfers in	178,885	31,992	31,992	0
Operating transfers (out)	(1,670,166)	(2,212,894)	(2,212,894)	0
<i>Total other financing sources (uses)</i>	<u>(1,491,281)</u>	<u>(2,180,902)</u>	<u>(2,180,902)</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(1,425,824)	(2,022,437)	<u>(\$472,254)</u>	<u>\$1,550,183</u>
Budgeted cash carryover	<u>1,425,824</u>	<u>2,022,437</u>		
	<u>\$0</u>	<u>\$0</u>		
Budgetary - GAAP Reporting Reconciliation:				
Excess (deficiency) of revenues and other financial sources over expenditures and other financing uses (budgetary)			(\$472,254)	
Adjustments for revenue accruals, transfers, earnings on investments			176,660	
Adjustments for expenditures for payables, inventory, other expenditure accruals			120,278	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)			<u>(\$175,316)</u>	

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
PROPRIETARY FUNDS
STATEMENT OF FUND NET ASSETS
JUNE 30, 2012

	Golf Course	Utilities	Nonmajor Proprietary Funds	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$72,276	\$2,056,360	\$302	\$2,128,938
Cash held with trustee	0	0	0	0
Investments	0	0	0	0
Accounts receivable - other	771	0	19,977	20,748
Accounts receivable - tenants (net of allowance)	0	0	2,743	2,743
Accounts receivable, water and sewer (net of allowance)	0	540,044	0	540,044
Interest receivable	0	0	0	0
Inventory	0	90,395	0	90,395
Due from other funds	0	168,438	17,226	185,664
<i>Total current assets</i>	<i>73,047</i>	<i>2,855,237</i>	<i>40,248</i>	<i>2,968,532</i>
Non-Current Assets				
Restricted Assets:				
Cash - SBF - construction	0	40,000	0	40,000
Cash - debt reserves	0	810,871	0	810,871
Cash - customer deposits	0	225,824	0	225,824
<i>Total restricted assets</i>	<i>0</i>	<i>1,076,695</i>	<i>0</i>	<i>1,076,695</i>
Capital Assets:				
Capital assets - not depreciated	0	4,710,993	46,724	4,757,717
Capital assets - depreciated	2,221,956	31,645,541	1,152,647	35,020,144
Less accumulated depreciation	(1,165,013)	(19,612,739)	(638,206)	(21,415,958)
<i>Net capital assets</i>	<i>1,056,943</i>	<i>16,743,795</i>	<i>561,165</i>	<i>18,361,903</i>
<i>Total assets</i>	<i>1,129,990</i>	<i>20,675,727</i>	<i>601,413</i>	<i>22,407,130</i>
LIABILITIES				
Current Liabilities:				
Accounts payable	1,837	168,760	5,657	176,254
Accrued payroll	9,068	7,396	561	17,025
Tenant security deposits/utility deposits	0	225,762	4,700	230,462
Prepaid rents	0	0	395	395
Due to other funds	0	0	0	0
Current portion of long-term debt/lease payable	77,578	513,103	1,189	591,870
<i>Total current liabilities</i>	<i>88,483</i>	<i>915,021</i>	<i>12,502</i>	<i>1,016,006</i>
Non-Current Liabilities:				
Long-term debt	0	2,112,393	0	2,112,393
Compensated absences	43,482	41,229	1,878	86,589
Leases payable	135,165	0	0	135,165
<i>Total noncurrent liabilities</i>	<i>178,647</i>	<i>2,153,622</i>	<i>1,878</i>	<i>2,334,147</i>
<i>Total liabilities</i>	<i>267,130</i>	<i>3,068,643</i>	<i>14,380</i>	<i>3,350,153</i>
Net Assets:				
Invested in capital assets, net of related debt	844,200	14,118,299	561,165	15,523,664
Restricted for construction	0	40,000	0	40,000
Restricted for debt service	0	810,871	0	810,871
Restricted for customer deposits	0	62	0	62
Unrestricted	18,660	2,637,852	25,868	2,682,380
<i>Total net assets</i>	<i>\$862,860</i>	<i>\$17,607,084</i>	<i>\$587,033</i>	<i>\$19,056,977</i>

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Golf Course	Utilities	Nonmajor Proprietary Funds	Total
OPERATING REVENUES				
Water, sewer and refuse sales	\$0	\$5,754,318	\$0	\$5,754,318
Golf fees	227,830	0	0	227,830
Rental income	0	0	49,445	49,445
<i>Total operating revenues</i>	227,830	5,754,318	49,445	6,031,593
OPERATING EXPENSES				
Operating expenses	626,971	4,385,358	123,893	5,136,222
Depreciation	156,087	635,373	33,647	825,107
<i>Total operating expenses</i>	783,058	5,020,731	157,540	5,961,329
<i>Net income (loss) from operations</i>	(555,228)	733,587	(108,095)	70,264
NON-OPERATING REVENUES (EXPENSES)				
Federal grants and subsidies	0	0	25,853	25,853
Interest earnings	0	6,406	0	6,406
Interest expense	(17,356)	(60,979)	0	(78,335)
Other miscellaneous income (expense)	0	0	338	338
Loss on asset disposals	0	0	0	0
Other debt expense	0	(662)	0	(662)
<i>Total non-operating revenues (expenses)</i>	(17,356)	(55,235)	26,191	(46,400)
<i>Net income (loss) before contributions and transfers</i>	(572,584)	678,352	(81,904)	23,864
Operating transfers in	477,000	991,598	20,044	1,488,642
Operating transfers (out)	0	(1,695,617)	0	(1,695,617)
Capital transfers in	0	2,336,147	0	2,336,147
Capital transfers (out)	0	(92,380)	0	(92,380)
<i>Change in net assets</i>	(95,584)	2,218,100	(61,860)	2,060,656
Total fund net assets, at beginning of year	926,363	15,385,710	648,893	16,960,966
Restatements	32,081	3,274	0	35,355
Total fund net assets, at beginning of year, as restated	958,444	15,388,984	648,893	16,996,321
<i>Total fund net assets, at end of year</i>	\$862,860	\$17,607,084	\$587,033	\$19,056,977

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
PROPRIETARY FUND TYPES
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Golf Course	Utilities	Nonmajor Proprietary Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers (including other funds)	\$227,340	\$5,733,638	\$26,724	\$5,987,702
Cash paid to suppliers	(365,705)	(4,062,993)	(57,848)	(4,486,546)
Cash paid to employees	(345,888)	(358,670)	(73,720)	(778,278)
<i>Net cash provided (used) by operating activities</i>	(484,253)	1,311,975	(104,844)	722,878
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Grants and subsidies	0	0	25,853	25,853
Advances (to) from other funds	0	(168,438)	9,450	(158,988)
Transfers in (out)	477,000	(704,019)	20,044	(206,975)
Non tenant income	0	0	338	338
<i>Net cash provided (used) by noncapital financing activities</i>	477,000	(872,457)	55,685	(339,772)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of property and equipment	0	(144,933)	(5,179)	(150,112)
Disposition of assets	0	0	0	0
Long-term debt proceeds	0	0	0	0
Loss on asset disposal	0	0	0	0
Principal paid: revenue bonds/lease purchase/advances	0	(492,915)	0	(492,915)
Interest paid: revenue bonds/lease purchase/advances	0	0	0	0
Other income	0	0	0	0
Other debt expense	0	(662)	0	(662)
<i>Net cash provided (used) by capital and related financing activities</i>	0	(638,510)	(5,179)	(643,689)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received/paid	(17,356)	(54,573)	0	(71,929)
<i>Net cash provided (used) by investing activities</i>	(17,356)	(54,573)	0	(71,929)
<i>Net increase (decrease) in pooled cash</i>	(24,609)	(253,565)	(54,338)	(332,512)
Pooled cash and investments, beginning of year	96,885	3,386,620	54,640	3,538,145
<i>Pooled cash and investments, end of year</i>	\$72,276	\$3,133,055	\$302	\$3,205,633
Cash and cash equivalents	\$72,276	\$2,096,360	\$302	\$2,168,938
Cash held with trustee	0	0	0	0
Restricted cash	0	1,036,695	0	1,036,695
<i>Total cash</i>	\$72,276	\$3,133,055	\$302	\$3,205,633
Non Cash Transactions:				
Capital assets transferred in	\$0	\$2,243,767	\$0	\$2,243,767

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
PROPRIETARY FUND TYPES
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Golf Course	Utilities	Nonmajor Proprietary Funds	Total
Reconciliation of operating income to net cash provided (used) by operating activities				
Operating income (loss)	(\$555,228)	\$733,586	(\$108,095)	\$70,263
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	156,086	635,373	31,632	823,091
Provision for uncollectible accounts	0	(1,402)	(219)	(1,621)
Change in assets and liabilities:				
(Increase) Decrease in assets:				
Accounts receivable	(490)	(4,234)	(22,501)	(27,225)
Inventories	0	(21,704)	0	(21,704)
Prepays	0	0	0	0
Increase (Decrease) in liabilities:				
Accounts and contracts payable	(86,516)	(34,190)	(425)	(121,131)
Wages payable	(12,441)	(12,504)	(4,465)	(29,410)
Compensated absences	14,336	10,390	(1,217)	23,509
Tenant deposits/utility deposits	0	6,660	300	6,960
Tenants prepaid rent	0	0	146	146
Total adjustments	70,975	578,389	3,251	652,615
Net cash provided (used) by operating activities	(\$484,253)	\$1,311,975	(\$104,844)	\$722,878

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
JUNE 30, 2012

	<u>Agency Funds</u>
ASSETS	
Cash, certificates of deposits and investments	\$21,403
<i>Total assets</i>	\$21,403
LIABILITIES	
Due to others	\$21,403
<i>Total liabilities</i>	\$21,403

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description and Reporting Entity

The municipality was originally incorporated in the year 1941 as the Town of Grants. On October 20, 1966, an ordinance was adopted pursuant to Section 14-1-3, New Mexico Statutes, 1952 Annotated, as amended proclaiming the Town as City of Grants (the "City") effective December 1, 1966. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: Public Safety - (Police, Fire, and Emergency Ambulance), Highways and Streets, Sanitation, Health and Social Services, Culture-Recreation, Water and Sewer Facilities, Housing Public Improvements, Planning and Zoning, and General Administrative Services. The City operates the following enterprises: water, sewer, public housing, and a golf course.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America 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 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 the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statement. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The more significant of the City's accounting policies are described below.

Reporting Entity

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB 14. 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 City and/or its citizens, or whether the activity is conducted within the geographic boundaries of the City and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities.

Based upon the application of these criteria, the City of Grants Housing Authority is the only component unit, which has been blended with the other funds of the City in the special revenue funds (Housing Capital Funds Program and Housing Authority Vouchers) and enterprise funds (Low Rent and Home Program). The Housing Authority Board is appointed by the City Council.

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting

Government-Wide Statements – The statement of net assets and the statement of activities display information about the primary government (the City). These statements include the financial activities of the overall government, except for fiduciary fund activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements – The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category (governmental, proprietary, and fiduciary) are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the general fund as a major governmental fund:

Primary Operating Fund – It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major funds:

General Government Improvements Fund – Accounts for construction and improvements funds received from various sources for the improvement of City properties.

Enterprise – Utilities fund accounts for the provision of water, sewer, and refuse 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, operation, maintenance, financing and related debt service, and billing and collection.

Enterprise – Golf Course Fund – accounts for the operation of the municipal golf course.

Agency Funds – are used to account for monies held by the City in a custodial capacity. They do not report operations or have a measurement focus.

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements—the government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from sales taxes and franchise taxes are recognized if they are collected within sixty days after year-end. These derived tax revenues are recognized when the underlying transaction takes place (when the retail sale is generated). Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements - Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

All governmental and business-type activities and enterprise funds of the City follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

Budgets and Budgetary Accounting

The City Council adopts an annual budget for the General, Special Revenue, Capital Projects, Enterprise, and Debt Service Funds, which are prepared by management and approved by the City Council and by the Local Government Division of the Department of Finance and Administration.

These budgets are prepared on the non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. Because the budget process in the State of New Mexico requires that the beginning cash balances be appropriated in the budget of the subsequent fiscal year, such appropriated balance is legally restricted and is therefore used in the calculation to determine the balance.

Actual expenditures may not exceed the budget on a fund basis, i.e. budgeted expenditures must be within budgeted amounts. Budgets may be amended in two ways. All budget transfers that will exceed a cumulative of five percent of a department's total budget require approval from the Local Governmental Division of the Department of Finance and Administration. Transfers, which do not exceed the five percent limit, require approval by the City Council. Resolutions for budget increases will only be approved in the event of an emergency.

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The budgets for the Housing Authority follow HUD requirements in that certain programs are not budgeted (HOME program) and other program budgets are guidelines only and therefore, budgets are not amended.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

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

Prior to June 1, the City submits a proposed budget to the Local Government Division of the Department of Finance and Administration. The budget submitted has been approved by the City Council after presentation by the City Manager. The operating budget includes proposed expenditures and the means of financing them.

The Local Government Division, in relation to the City, shall:

- a. Examine each proposed budget, and on or before July 1 of each year, approve and certify to the City an operating budget for use pending approval of final budget.
- b. Hold public hearings on proposed budgets.
- c. Make such corrections; revisions, and amendments to proposed budgets as may be necessary to meet the requirements of law.
- d. Certify a final budget for the City prior to the first Monday in September of each year. Such budgets, when approved, shall be binding upon all tax officials of the State.
- e. Upon the approval of the Secretary of Finance and Administration, authorize the transfer of funds from one budget item to another budget item when such transfer is required or an emergency condition exists meriting such transfer and such transfer is not prohibited by law. In case of emergency necessitating the expenditures for item or items not provided for in the budget, upon approval of the Secretary of Finance and Administration, the budget may be revised to authorize such expenditures.
- f. With written approval of the Secretary of Finance and Administration and the Attorney General, increase the total budget of the City in the event the City undertakes an activity, service, project, or construction program which was not contemplated at the time the final budget was adopted and approved and which activity, service, project, or construction program will produce sufficient revenue to cover such increase in the budget or the City has surplus funds on hand not necessary to meet the expenditures provided for in the budget with which to cover such increase in the budget.
- g. Supervise the disbursement of funds to the end that expenditures will not be made in excess of budgeted items or for items not budgeted, and that there will not be illegal expenditures.
- h. Prescribe the form for all budgets, books, records, and accounts for the City.
- i. With the approval of the Secretary of Finance and Administration, make rules and regulations relating to budgets, records, reports, handling and disbursement of public funds, or in any manner relating to the financial affairs of the City.

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council and the Local Government Division of the Department of Finance and Administration (DFA). Unexpended budget appropriations lapse at year-end.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Fund.

Assets Liabilities and Equity

Cash Equivalents

The City pools idle cash from all funds for the purpose of increasing income through investment activities. A "Pooled Cash" concept is used in maintaining the cash and investment accounts in the accounting records. Under this method, all cash is pooled for investment purposes and each fund has equity in the pooled amount.

Investments

The City's investments are regulated by state law, as well as by guidelines and rules promulgated by the State Investment Council and the State Treasurer. All investments are generally highly liquid in nature and are integrated with cash on the financial statements with appropriate disclosure. Investments are stated at fair value, which is determined using selected bases. Certificates of deposit are reported at carrying amount, which reasonably estimates fair value. Additional cash, investment information, and fair values are presented in Note 2.

The City participates in the State Treasurer Local Government Investment Pool. This pool is regulated by state law and regulations. Investment in the pool is reported at carrying amount, which reasonably estimates fair value.

Restricted Cash and Investments

The amount of cash held representing utility deposits and rental deposits are classified as restricted on the Statement of Net Assets - Proprietary Funds.

Receivables and Payables

Under generally accepted accounting principles the City would normally include property taxes receivable subsequent to sixty days after year-end as revenue and accounts receivable. Cibola County has been unable to determine this amount as of June 30, 2012 and therefore, this amount has not been recorded on the records of the City. The unrecorded revenue is not material to the financial statements as of June 30, 2012.

Accrued expenses are accrued payroll and payroll related liabilities (withheld taxes and deductions).

Proprietary Fund Types

Accounts receivable consists of charges to users for utility services provided, and for unpaid charges from customers of the golf course, and for rental assistance provided to citizens.

Management has determined that accounts receivable are fully collectible at June 30, 2012 with the exception of certain receivables from utility services provided to customers. Accordingly, a \$76,298 allowance for doubtful accounts has been recorded in the Joint Utility Enterprise Fund.

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. The City defines capital assets as assets with lives greater than one-year and a cost or donated value of \$5,000 or greater in accordance with New Mexico State Statutes.

Donated capital assets are recorded at their estimated fair value at the date of donation. Infrastructure assets have been recorded (predominantly roads and utilities). The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Land improvements	10 – 50
Infrastructure	25 – 50
Buildings and improvements	30 – 50
Machinery and Equipment	3 – 15

The City has not capitalized library books as their net book value has been determined to be immaterial.

It is the policy of the City to capitalize interest for construction projects incurred through the proprietary funds.

Property Taxes

The City of Grants receives property taxes from the Cibola County Treasurer for operational purposes. Property taxes are assessed on January 1 of each year, except on livestock, and are payable in two equal installments on November 10th of the year in which the tax bill is prepared and April 10th of the following year, with the levies becoming delinquent 30 days thereafter. The authorized municipal tax rate for general operating purposes is .004555 per \$1,000 of net taxable value of both residential and non-residential property allocated to the municipality. In addition, tax levies are authorized by statute to service payments due on general obligation bonds which have been authorized pursuant to state law. Currently, the City has no outstanding general obligation bonds.

The Mill Levy tax rates for the City of Grants for 2012 were as follows:

	<u>Residential</u>	<u>Non-Residential</u>
General Operating	.0065	.0065

These are the tax rates applied to each \$1,000 of property value taxable by the City.

Deferred Revenue

Deferred revenues relate to grant funds received prior to expenditures. The funds are considered unearned and therefore have been reported as deferred revenues.

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

As a local government entity, the City is not subject to federal or state income taxes.

Compensated Absences

The City allows employees to accrue annual leave based on years of service. Upon termination, accrued annual leave is paid in full. Employees are eligible to be paid half of their accrued sick leave up to 240 hours upon termination.

As of June 30, 2012, the liability for accrued compensated absences is \$545,094. The amount applicable to the Enterprise Funds Utility is \$41,228; Golf Course is \$43,482, and Nonmajor Proprietary Funds of \$3,067. The amount applicable to Government Activities is \$460,383. These liabilities will be liquidated as leave time is utilized from the various funding sources from which each employee is paid.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the proprietary fund type considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the General Fund consists of expendable supplies held for consumption.

Net Assets

Net assets are displayed in three components:

Invested in Capital Assets, net of related debt – This component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any related debt attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets – Net assets are reported as restricted when constraints placed on net asset use are either (1) externally imposed by creditors, grantors, contributions or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets – Net assets that do not meet the definition of “restricted” and “Invested in capital assets, net of related debt.”

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2. CASH AND INVESTMENTS

The City's cash balances are reserved from subsequent years and consist of demand deposits, interest bearing savings accounts, certificates of deposit and short-term investment funds. The certificates of deposit have varying interest rates and maturity dates. The majority of City cash and investments are co-mingled. All interest income is accounted for in the related funds.

The City's investments are governed by state law. State regulations require that uninsured demand deposits and deposit-type investments such as certificates of deposit be collateralized by the depository thrift or banking institution. At present, state statutes require that a minimum of fifty percent of uninsured balances on deposit with any one institution must be collateralized, with higher requirements up to 100% for financially troubled institutions.

Cash and certificates of deposit at June 30, 2012 consisted of the following:

	CASH		Account Type
	Reconciled Balance	On Deposit June 30, 2012	
Petty Cash – Cibola Senior Center	\$66		
Petty Cash – General Operating	1,840		
Petty Cash – Utilities Operating	495		
Petty Cash – Water Meter Deposits	200		
Petty Cash – Appearance Bonds	500		
Grants State Bank	3,172,355	\$3,274,538	Interest Checking
Grants State Bank	4,297	4,297	Checking
Grants State Bank	23,444	23,444	Checking
Wells Fargo Bank Government Imp.	176,786	176,786	Checking
Wells Fargo Bank Payroll	0	20,077	Checking
U.S. Bank Housing Authority – Vouchers	150,246	152,093	Checking
U.S. Bank Housing Authority – Low Rent	302	597	Checking
U.S. Bank Housing Home Program	0	0	Checking
	3,530,531	3,651,832	

Held and Directed by Trustee

Cash – directed by the New Mexico Finance Authority.

Debt service account	\$120,635
Debt service account	173,170
Debt service account	106,471
Debt service account	8
Debt reserve account	64,505
Debt reserve account	88,584
Debt reserve account	150,163
<u>Project account – Water Trust Board</u>	40,000
	\$743,536

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

Investments

	Cost	Market	Percent of Investment Portfolio
Grant State Bank:			
Certificate of Deposit	\$500,000	\$500,000	
Certificate of Deposit	500,000	500,000	
Certificate of Deposit	400,000	400,000	
Certificate of Deposit	400,000	400,000	
Certificate of Deposit	500,000	500,000	
	2,300,000	2,300,000	28%
State Treasurer:			
Pool – Reserve Contingency Fund	14,747	0	
Pool – LGIP Fund	6,035,253	6,035,253	
<i>Total Pool</i>	6,050,000	6,035,253	72%
<i>Total Investments</i>	8,350,000	8,335,253	100%
<i>Total Cash and Investments</i>	\$12,624,068	\$12,609,320	

Governmental Activities	\$9,382,284
Business-Type Activities	2,128,938
Business-Type Activities Restricted	1,076,695
Fiduciary Funds	21,403
	\$12,609,320

Investment Type	Cost Basis	Market Value	Credit Risk- Rating	Weighted Average Maturity Days
State Investment Pool** - LGIP	\$6,035,253	\$6,035,253	AAAm	36
State Investment Pool – Reserve Contingency Fund	14,747	0		♦
CD's	2,300,000	2,300,000	NR	90
	8,350,000	8,335,253		
Less investments reported as cash equivalents		(8,335,253)		
		\$0		

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

** The City's investment in the State Investment Pool was not rated, although the securities within the pool are rated.

- a. The investments are valued at fair value based on quoted market prices as of the valuation date;
- b. The State Treasurer Local Government Investment Pool is not SEC registered. The State Treasurer is authorized to invest the short-term investment funds with the advice and consent of the State Board of Finance in accordance with Sections 6-10-10 I through 6-10-10 P and Sections 6-10-10 1A and E, NMSA 1978.
- c. The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts fund were invested; and
- d. Participation in the local government investment pool is voluntary.
- e. Separately issued financial statements are available from the New Mexico State Treasurer that does disclose the collateral pledged to secure State Treasurer cash and investments.

◆ The Reserve Contingency Fund was established from the State Investment Pool LGIP's remaining position in the Reserve Primary Fund. The Reserve Contingency Fund, which is not rated, is a non-performing asset and, as such, a WAM cannot be calculated. The remaining balance of the fund has been written off in accordance with the states determination that any future distributions are not likely.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's policies place no limit on the amount the City may invest in any one issuer.

Credit Risk – The City's investments shall be in accordance with State Law, 6-10-10, and 6-10-10.1 NMSA 1978, including but not limited to the following: Treasury Bills, Notes, Bonds, Strips, and US Government securities which are backed by the full faith and credit of the U.S. Government. Negotiable securities of the State of New Mexico or any county, municipality, or school district with the advice and consent of the Board of Finance per 6-10-44 NMSA 1978, 6-10-10FNMSA 1978, 6-10-10NMSA 1978.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the City investments. The City's investment policy follows New Mexico State Statute Section 6-1 0-36E (NMSA, 1978 Comp) requiring the interest rate on time deposits shall not be less than the rate fixed 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.

Foreign Currency Risk – Deposits and Investments – The City is not exposed to the risk that changes in exchange rates will adversely affect the fair value of an investment as none of the investments pools nor certificates of deposit are dominated in a foreign currency.

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 3. PLEDGED COLLATERAL

	First Community Bank	Grants State Bank	Wells Fargo
Cash in bank, per June 30, 2012 (Note 2)	\$152,690	\$3,302,279	\$196,863
Certificates of deposit (Note 2)	0	2,300,000	0
Less: FDIC coverage	(152,690)	(500,000)	(196,863)
Temporary Liquidity Guarantee ❖	0	(27,741)	0
Uninsured public funds	0	5,074,538	0
100% collateral requirement	0	152,093	0
50% collateral requirements	0	2,461,223	0
Pledged securities	0	3,415,000	0
Over (under) collateralized	\$0	\$801,684	\$0

Securities are held at Federal Home Loan Bank Dallas (Dallas, Texas).

❖ All non interest bearing accounts are guaranteed, in addition to the \$250,000 insurance coverage on demand deposits, through the Temporary Liquidity Guarantee Program.

<u>Grants State Bank</u>			<u>Par Value</u>
Alamogordo WTR/SWR NC FR	011500FS9	06/01/2013	\$120,000
Alamogordo NM ISD	011464FF6	08/01/2012	180,000
Catron & Cibola County's Non-Callable, Bond	149321BN0	07/15/2012	110,000
Chaves County Non-Call Bond	162634BG3	08/01/2012	200,000
Grants & Cibola County's NMSch Dist., Bond	388240DX8	11/15/2013	125,000
Grants & Cibola County SD Non-Call	388240EJ8	11/15/2017	200,000
Grants & Cibola County SD NC Fr	388240CJ0	10/01/2012	125,000
Grants & Cibola County SD NC Fr	388240CK7	10/01/2013	125,000
Grants & Cibola County SD NONC	388240DW0	11/15/2012	125,000
Grants & Cibola County SD GO	388240FR9	04/15/2019	500,000
Hondo VY PUB SCH NONC FR	438177BV8	10/01/2013	25,000
Las Vegas NM City Sch Dist BQ	51778FCF4	07/15/2015	250,000
Lea Cnty NM Pub Sch Dist. BQ NC	521513AD3	07/15/2014	200,000
Pojoaque VY PUB SCH DIST NMBQ NONC	73085PAN9	08/01/2013	200,000
Southern Sandoval NM Flood BQ	843789EYO	08/01/2023	200,000
Taos NM Gross Receipts BQ Call	87601RAL4	06/01/2023	300,000
Torrance Etc Cnty NM MUN	891400KW2	07/15/2012	125,000
Torrance Etc Cnty MSD Non-Call Fr	891400LU5	07/15/2012	100,000
West Las Vegas SD FR	953769GM2	12/01/2015	105,000
West Las Vegas NM BQ	953769JK3	07/15/2012	100,000
Total Pledged			\$3,415,000

Securities are held at The Independent Bankers Bank (Dallas, Texas).

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 3. PLEDGED COLLATERAL (CONTINUED)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2012, \$0 of the government's bank balances of \$5,951,832 were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$1,659,538
Uninsured and collateralized held by a member bank other than the depositing bank.	3,415,000
	\$5,074,538

NOTE 4. CAPITAL ASSETS

Capital asset activity for the City's primary government for the year ended June 30, 2012 was as follows:

	Balance 06/30/2011	Additions	Deletions	Transfers	Balance 06/30/2012
Governmental Activities:					
Capital Assets:					
Non-Depreciable:					
Art	\$122,897	\$0	\$0	\$0	\$122,897
Land	3,412,322	38,181	0	(30,000)	3,420,503
Construction in process	1,603,009	4,473,032	0	(3,736,818)	2,339,223
Depreciable:					
Buildings	11,961,205	0	0	0	11,961,205
Land improvements	5,586,316	5,413	0	124,131	5,715,860
Machinery and equipment	6,062,092	196,251	(3,446)	319,066	6,573,963
Infrastructure	22,069,358	11,880	0	1,079,853	23,161,091
<i>Total</i>	50,817,199	4,724,757	(3,446)	(2,243,768)	53,294,742
Less Accumulated Depreciation:					
Buildings	(3,443,832)	(285,980)	0	0	(3,729,812)
Land improvements	(1,163,407)	(157,674)	0	0	(1,321,081)
Machinery and equipment	(4,495,139)	(366,849)	3,419	0	(4,858,569)
Infrastructure	(4,075,135)	(462,874)	0	0	(4,538,009)
<i>Total accumulated depreciation</i>	(13,177,513)	(1,273,377)	3,419	0	(14,447,471)
<i>Net capital assets</i>	\$37,639,686	\$3,451,380	(\$27)	(\$2,243,768)	\$38,847,271

Depreciation expense for governmental activities is \$1,273,377 for the year.

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4. CAPITAL ASSETS (CONTINUED)

	Balance 06/30/2011	Additions	Deletions	Transfers	Balance 06/30/2012
Business-Type Activities:					
Capital Assets:					
Non-Depreciable:					
Land	\$2,279,374	\$0	\$0	\$30,000	\$2,309,374
Construction in process	379,607	0	0	1,550,522	1,930,129
Idle assets	0	0	0	392,602	392,602
Water rights	125,612	0	0	0	125,612
Depreciable:					
Buildings	2,059,599	950	0		2,060,549
Land improvements	4,063,051	5,175	0		4,068,226
Machinery and equipment	3,099,201	53,623	(2,015)		3,150,809
Infrastructure	25,377,536	92,380	0	270,644	25,740,560
<i>Total</i>	<u>37,383,980</u>	<u>152,128</u>	<u>(2,015)</u>	<u>2,243,768</u>	<u>39,777,861</u>
Less Accumulated Depreciation:					
Buildings	(896,346)	(51,467)	0	0	(947,813)
Land improvements	(409,368)	(127,937)	0	0	(537,306)
Machinery and equipment	(2,028,865)	(275,081)	2,015	0	(2,301,931)
Infrastructure	(17,258,286)	(370,622)	0	0	(17,628,908)
<i>Total accumulated depreciation</i>	<u>(20,592,865)</u>	<u>(825,107)</u>	<u>2,015</u>	<u>0</u>	<u>(21,415,958)</u>
<i>Net capital assets</i>	<u>\$16,791,115</u>	<u>(\$672,979)</u>	<u>\$0</u>	<u>\$2,243,768</u>	<u>\$18,361,903</u>
Loss on asset disposal			\$0		

Depreciation expense for business-type activities is \$825,107 for the year.

Depreciation expense was charged to functions as follows:

	Governmental Activities	Business-Type Activities
General Government	\$1,100,151	\$0
Public Safety	112,679	0
Health and Welfare	60,547	0
Water	0	294,874
Sewer	0	340,499
Golf	0	156,087
Housing	0	33,647
<i>Total</i>	<u>\$1,273,377</u>	<u>\$825,107</u>

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5. CHANGES IN LONG-TERM DEBT

The following summarized the changes in the long-term debt for government activities during 2012:

	Balance 06/30/2011	Additions	Deletions/ Transfers	Balance 06/30/2012	Amount Due Within One Year
Bond payable	\$425,000	\$0	(\$140,000)	\$285,000	\$140,000
Notes payable	434,844	0	(44,481)	390,363	49,615
NMFA – fire truck	156,452	0	(51,264)	105,188	52,073
Accrued compensated absences	376,262	293,179	(308,462)	360,979	0
<i>Totals</i>	\$1,392,558	\$293,179	(\$544,207)	\$1,141,530	\$241,688

Bonds and notes payable have been and are liquidated by gross receipts tax revenues. Accrued compensated absences have been liquidated in the past by the fund to which the employees are assigned.

Series: New Mexico Finance Authority
 Purpose: 1993A and B Refunding
 Original Issue: \$1,495,000
 Principal: August 1
 Interest: February 1 and August 1
 Rates: .620% - 3.110%

Amortized as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$140,000	\$6,596	\$146,596
2014	145,000	2,255	147,255
<i>Totals</i>	\$285,000	\$8,851	\$293,851

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5. CHANGES IN LONG-TERM DEBT (CONTINUED)

Purpose: Construction of Building to be leased for use as museum
 Date of Issue: December 1, 1998
 Original Issue: \$844,445
 Principal: May 1
 Interest: November 1 and May 1
 Rate: 3.150% - 5.150%

Amortized as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$49,615	\$18,835	\$68,450
2014	49,754	16,526	66,280
2015	49,896	14,176	64,072
2016	55,043	11,801	66,844
2017	60,194	9,147	69,341
2018 – 2019	125,861	9,451	135,312
<i>Totals</i>	\$390,363	\$79,936	\$470,299

Purpose: Purchase of Fire Truck
 Date of Issue: July 10, 2009
 Original Issue: \$203,000
 Principal: May 1
 Interest: November 1 and May 1
 Rate: 1.32% - 2.45%

Amortized as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$52,073	\$2,343	\$54,416
2014	53,115	1,301	54,416
<i>Totals</i>	\$105,188	\$3,644	\$108,832

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5. CHANGES IN LONG-TERM DEBT (CONTINUED)

The annual principal payment requirements for debt outstanding as of June 30, 2012, in governmental activities, are summarized as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal Payment</u>
2013	\$241,688
2014	247,869
2015	49,896
2016	55,043
2017	60,194
2018 – 2019	125,861
Accrued compensation	360,979
	\$1,141,530

The following summarizes the changes in the Business-Type Activities Long-Term Debt during 2012:

	<u>Balance 06/30/2011</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance 06/30/2012</u>	<u>Amount Due Within One Year</u>
Bonds payable	\$265,000	\$0	(\$125,000)	\$140,000	\$140,000
Notes payable	2,853,411	0	(367,915)	2,485,496	373,103
Leases payable	284,706	0	(71,963)	212,743	77,578
Accrued compensated absences	68,587	55,929	(36,738)	87,778	1,189
Totals	\$3,471,704	\$55,929	(\$601,616)	\$2,926,017	\$591,870

Bonds outstanding reported in the Proprietary Fund at June 30, 2012, consist of the following issues.

Series: New Mexico Finance Authority
 Purpose: Series 1993 Water and Sewer Refunding
 Original Issue: \$1,060,000
 Principal: February 1
 Interest: February 1 and August 1
 Rates: .62% - 3.110%

Amortized as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$140,000	\$4,354	\$144,354

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5. CHANGES IN LONG-TERM DEBT (CONTINUED)

Notes outstanding reported in the Proprietary Fund at June 30, 2012, consist of the following:

New Mexico Environmental Department Loan

Purpose: Construction and Acquisition of Equipment for Waste Water Treatment Plant
 Original Issue: \$6,600,000
 Principal: August 15
 Interest: August 15
 Rates 3.00%

Amortized as follows:

<u>Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$362,896	\$45,784	\$408,680
2014	370,154	38,526	408,680
2015	377,557	31,123	408,680
2016	385,108	23,572	408,680
2017	392,810	15,870	408,680
2018	400,667	8,013	408,680
Totals	\$2,289,192	\$162,888	\$2,452,080

New Mexico Finance Authority – 194 WTB

Purpose: Construction of water system improvements along Nimitz Drive.
 Original Issue: \$168,438
 Principal: June 1
 Interest: December 1 and June 1
 Rates Zero plus .25% administrative fee

Amortized as follows:

<u>Fiscal year ended June 30,</u>	<u>Principal</u>	<u>(Adm. Fee)</u> <u>Interest</u>	<u>Total</u>
2013	\$8,244	\$401	\$8,645
2014	8,265	380	8,645
2015	8,285	359	8,644
2016	8,306	339	8,645
2017	8,327	318	8,645
2018 – 2022	41,950	1,275	43,225
2023 – 2027	42,475	750	43,225
2028 – 2030	34,362	215	34,577
Totals	\$160,214	\$4,037	\$164,251

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5. CHANGES IN LONG-TERM DEBT (CONTINUED)

New Mexico Finance Authority – 152 WTB

Purpose: Construction of water system improvements – First Street, Second Street, and Roosevelt Street.
 Original Issue: \$40,000
 Principal: June 1
 Interest: December 1 and June 1
 Rates: Zero plus .25% administrative fee

Amortized as follows:

<u>Fiscal year ended June 30,</u>	(Adm. Fee)		Total
	Principal	Interest	
2013	\$1,963	\$90	\$2,053
2014	1,968	85	2,053
2015	1,973	80	2,053
2016	1,977	75	2,052
2017	1,982	71	2,053
2018 – 2022	9,985	278	10,263
2023 – 2027	10,111	152	10,263
2028 – 2030	6,130	31	6,161
<i>Totals</i>	\$36,089	\$862	\$36,951

Bank of the West - Lease

Purpose: To Purchase Golf Carts
 Original Issue: \$234,842
 Principal: Monthly
 Interest: Monthly
 Rate: 5.75%

Amortized as follows:

<u>Fiscal Year Ending June 30,</u>	Principal	Interest	Total
2013	\$40,266	\$6,293	\$46,559
2014	42,644	3,915	46,559
2015	44,786	214	45,000
<i>Totals</i>	\$127,696	\$10,422	\$138,118

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5. CHANGES IN LONG-TERM DEBT (CONTINUED)

Grants State Bank - Lease

Purpose: To Purchase Golf Course Equipment
 Original Issue: \$178,151
 Principal: Monthly
 Interest: Monthly
 Rate: 5.723%

Amortized as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2013	\$37,352	\$3,821	\$41,173
2014	39,546	1,627	41,173
2015	8,149	48	8,197
Totals	\$85,047	\$5,496	\$90,543

The following summarizes the combined aggregate maturities for long-term borrowing in the Proprietary Fund for the years following June 30, 2012:

June 30,	Principal Payment
2013	\$591,870
2014	462,577
2015	440,791
2016	395,391
2017	403,119
2018 – 2022	452,602
2023 – 2027	52,586
2028 – 2030	40,492
Accrued compensation – long-term	86,589
Total	\$2,926,017

Lease Purchase Contracts

At June 30, 2012 the City had machinery and equipment capitalized under purchase agreements, as follows:

Machinery and equipment	\$513,444
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Of the total interest cost incurred on long-term debt of \$109,862 none was capitalized at June 30, 2012.

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 6. INTERFUND TRANSACTIONS

Interfund Transactions

There are transactions that constitute reimbursements to a fund for expenditures initially expended from one fund that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditure in the fund that is reimbursed.

Interfund payables and receivables are reflected in the appropriate fund.

<u>Interfund Transfers In (Out)</u>	<u>Transfers Out</u>			Totals
	General Fund	Nonmajor Governmental Funds	Utilities	
Transfers In:				
General fund	\$31,991	\$0	\$0	\$31,991
General governmental improvements	1,062,269	171,767	350,000	1,584,036
Nonmajor governmental funds	995,653	561,660	0	1,557,313
Utilities	122,981	0	868,617	991,598
Golf course	0	0	477,000	477,000
Nonmajor proprietary funds	0	20,044	0	20,044
Totals	\$2,212,894	\$753,471	\$1,695,617	\$4,661,982

<u>Capital Transfers In (Out)</u>	<u>Transfers Out</u>			Totals
	General Government Improvements	Utilities	Nonmajor Proprietary Funds	
Transfers In:				
Utilities	\$2,243,767	\$92,380	\$0	\$2,336,147
Nonmajor proprietary funds	0	0	0	0
Totals	\$2,243,767	\$92,380	\$0	\$2,336,147

<u>Due From (to) Other Funds</u>	<u>Due To</u>		Totals
	General Governmental Improvements	Nonmajor Governmental Funds	
Due From:			
General fund	\$0	\$9,730	\$9,730
Nonmajor proprietary funds	0	17,226	17,226
Utilities	168,438	0	168,438
Totals	\$168,438	\$26,956	\$195,394

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 7. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Plan Description. Substantially all of the City of Grants' 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 9.15% (ranges from 3.83% to 16.65% depending upon the plan - i.e., state general, state hazardous duty, state police and adult correctional officers, municipal general, municipal police, municipal fire, municipal detention officer) of their gross salary, police contribute 7.0% and fire employees contribute 8.0%. The City of Grants is required to contribute 9.15% (ranges from 7.0% to 25.72% depending upon the plan) for other employees of the gross covered salary, police contribute 18.5% and fire employees contribute 17.5%. The contribution requirements of plan members and the City of Grants are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The City of Grants' contributions to PERA for the fiscal years ending June 30, 2012, 2011 and 2010 were \$341,454, \$335,418, and \$319,154, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE 8. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

The City of Grants has chosen not to participate in Retiree Health Care or any other post employment benefit program.

NOTE 9. COMMITMENTS AND CONTINGENCIES

Grant Audit

The City receives Federal and State Grants for specific purposes that are subject to review and audit by the funding agencies. Such audits could result in a request for reimbursement by the agency for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the City management, such disallowances, if any, will not be significant.

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 10. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Accounting principles generally accepted in the United States of America require disclosure, as part of the basic financial statements, of certain information concerning individual funds including:

Net Working Capital:

Enterprise Fund:

Utility	\$1,940,215
Low Rent	\$27,746
Golf Course	(\$15,436)

Deficit Fund Balance:

Local Government Corrections	(\$14,829)
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The deficit will be funded by future funding and general fund transfers.

NOTE 11. SURETY BOND

Surety bonds are in force per the following schedule:

<u>Insurance Company</u>	<u>Type of Bond</u>	<u>Coverage From - To</u>	<u>Coverage Limits</u>
Western Surety	Position	09/30/2011 09/30/2012	\$10,000 each on Cashiers, Mayor, Pro-Tem Mayor, Project Assistant
Western Surety	Employee Theft/ Dishonesty	07/01/2011 06/30/2012	\$10,000 each incident \$20,000 aggregate all employees
Western Surety	Municipal Judge Bond	08/24/2011 08/24/2012	City Manager - \$50,000 Municipal Judge - \$50,000
National Union	Airport	07/01/2011 06/30/2012	\$10,000 each incident

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 12. FUND BALANCE CLASSIFICATIONS

The City has defined fund balance classifications for governmental funds as follows:

Nonspendable Fund Balance – includes amounts that by their nature are not expendable such as inventories, prepaids and long-term notes receivable.

Restricted Fund Balance – includes amounts that have constraints placed on their use which are:

externally imposed by:

- Creditors (such as debt covenants)
- Grantors
- Contributors
- Laws or regulations of other governments (state and federal)

OR

imposed by law through constitutional provisions or enabling legislation.

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purpose stipulated in the legislation. Legal enforceability means that a government can be compelled by an external party – such as citizens, public interest groups, or the judiciary - to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolution of the City’s Council. These committed amounts cannot be used for any other purposes unless the government removes or changes the specified use by resolution (the same type of action taken to commit the funds).

Assigned Fund Balance – includes amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the City Council, a finance or budget committee, or the City Manager to which the Council has delegated the authority to assign amounts to be used for specific purposes.

Unassigned Fund Balance – includes amounts in the General Fund that have not been classified in any other fund balance category noted above.

Hierarchy of Application of Expenditures

The City will apply restricted resources first when an expenditure is incurred for which both restricted and unrestricted fund balance or net assets is available.

The City will apply committed resources first, then assigned, then unassigned when an expenditure is incurred for which amounts in any of these unrestricted fund balance classifications could be used.

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 12. FUND BALANCE CLASSIFICATIONS (CONTINUED)

The classification of governmental fund balances are as follows:

	General Fund	Major Special Revenue Fund – GGI	Other Funds	Total
Fund Balances:				
Nonspendable:				
Inventory	\$0	\$0	\$0	\$0
Restricted for:				
Cemetery care	0	0	112,846	112,846
Health and social services	0	0	16,727	16,727
Streets and parks	0	0	1,922,305	1,922,305
Housing	0	0	131,432	131,432
Fire protection	0	0	35,698	35,698
Library	0	0	19,073	19,073
Law enforcement and corrections	0	0	95,147	95,147
Recreation and promotion	0	0	270,684	270,684
Debt service	0	0	634,854	634,854
Committed To:				
Judgements/settlements	0	0	0	0
Assigned To:				
Senior activities	0	0	27,886	27,886
City maintenance/projects	0	265,479	0	265,479
Retiree healthcare	31,882	0	0	31,882
Unassigned	6,920,496	0	(14,829)	6,905,604
<i>Total fund balances</i>	\$6,952,378	\$265,479	\$3,251,823	\$10,469,680

NOTE 13. PARTICIPATION IN PUBLIC ENTITY RISK POOL

The City is a member of the New Mexico Self-Insurers' Fund (the "Fund"). The Fund was created to formulate, develop, and administer a program of modified self-funding for the Fund's membership, obtain lower costs for insurance coverage, and develop a comprehensive loss control program. The City pays an annual premium to the Fund for its workers' compensation liability, general liability, auto liability, auto physical damage, and property coverage. The City's agreement with the Fund provides that the Fund will be self-sustaining through member premiums, and will provide, through commercial companies reinsurance contracts, individual stop loss coverage for member cities.

The City paid premiums of \$432,430 for the year ended June 30, 2012.

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 14. OPERATING LEASES

The City of Grants has entered into two thirty-six (36) month operating leases with IBM covering an "AS/400" computer and 2000 LPM Matrix printer and various peripherals calling for monthly payments of \$1,491. The leases were renewed April 1, 2011 for one year.

The City of Grants has entered into two 48-month operating leases with Ricoh covering copiers calling for monthly payments of \$120 and \$284 beginning January 2012.

The City of Grants has entered into 48 month operating leases with Ricoh covering a copier for city hall calling for monthly payments of \$434 beginning May 2011.

The City of Grants has entered into a 12 month operating lease with Sunguard Hte, Inc. covering a software lease calling for an annual payment of \$33,558 beginning May 2012.

The City of Grants has entered into a 48 month operating lease with Ricoh covering a copier with monthly payments of \$671 beginning October 2012.

The City of Grants has entered into a 48 month operating lease with Ricoh for an Aficio MP C2050 printer with monthly payments of \$128 beginning July 2012.

Future minimum lease payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2013	\$37,518
2014	37,518
2015	31,079
<i>Total</i>	\$106,115

All of above leases contain provisions for termination in the event budgetary constraints prevent the City from meeting financed obligations under said leases.

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 15. SEGMENT INFORMATION

The City issued revenue bonds to finance the construction and improvements of the water and waste water (sewer) facilities. Both the water and sewer departments are accounted for in the utilities fund, which also accounts for refuse services. However, the revenue bonds rely solely on the revenue generated by the water and sewer activities for repayment. Summary financial information for the water and sewer departments is presented below.

CONDENSED STATEMENT OF NET ASSETS

	Water	Sewer
Assets:		
Current assets	(\$1,669,492)	(\$40,968)
Restricted assets	671,262	405,433
Capital assets	9,188,315	7,555,480
<i>Total assets</i>	8,190,085	7,919,945
Liabilities:		
Current liabilities	561,879	296,443
Noncurrent liabilities	1,165,212	976,764
<i>Total liabilities</i>	1,727,091	1,273,207
Net Assets:		
Invested in capital assets, net of related debt	7,777,416	6,340,883
Restricted	445,500	405,433
Unrestricted	(1,759,922)	(99,578)
<i>Total net assets</i>	\$6,462,994	\$6,646,738

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

	Water	Sewer
Water/sewer charges, pledged against bonds	\$2,087,717	\$1,886,260
Depreciation expense	(294,874)	(340,500)
Operating expense	(2,064,126)	(1,955,685)
<i>Operating income</i>	(271,283)	(409,925)
Interest income	2,403	2,403
Interest expense and other debt expense	(31,151)	(30,492)
Operating transfers, net	(234,673)	(234,673)
Capital transfers, net	1,682,826	560,941
<i>Change in net assets</i>	1,148,122	(111,746)
Beginning net assets, as previously stated	5,312,974	6,757,633
Restatement	1,898	851
Beginning net assets, as restated	5,314,872	6,758,484
<i>Ending net assets</i>	\$6,462,994	\$6,646,738

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 15. SEGMENT INFORMATION (CONTINUED)

CONDENSED STATEMENT OF CASH FLOWS

	Water	Sewer
Net Cash Provided (Used) By:		
Operating activities	(\$6,000)	(\$94,652)
Noncapital financing activities	(318,892)	(318,892)
Capital and related financing activities	(420,129)	(279,362)
Investing activities	2,403	2,403
<i>Net increase (decrease)</i>	(742,618)	(690,503)
Beginning cash and cash equivalents	(633,708)	780,446
Ending cash and cash equivalents	(\$1,376,326)	\$89,943
Cash and Cash Equivalents:		
Cash (included in current assets)	(\$2,047,588)	(\$315,490)
Cash (restricted assets)	671,262	405,433
	(\$1,376,326)	\$89,943

NOTE 16. RESTATEMENTS

Beginning equity was restated for the following:

Major Governmental Funds:

General Fund – to correct prior year accounts payable	(\$50,640)
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Nonmajor Governmental Funds:

Cibola Senior Citizens – to correct prior year accounts payable	(\$1,794)
Fire Protection – to correct prior year accounts payable	616
Lodger's Tax – to correct prior year accounts payable	17,464
State and Local Narcotics – to record prior year balances for seized asset cash accounts (law enforcement)	27,741
Total Nonmajor Governmental Funds	44,027
Total Governmental Funds/Governmental Activities	(\$6,613)

Major Proprietary Funds:

Golf Course – to correct prior year accounts payable	\$32,081
Utilities – to correct prior year accounts payable	3,274
Total Proprietary Funds/Business-Type Activities	\$35,355

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 17. COMMITMENTS

The City had outstanding construction contracts at June 30, 2012.

	Contract Amount	Spent to Date	Commitment Remaining	Source of Payment
Wilson & Co.				
City Hall Complex	\$21,572	\$1,530	\$20,042	City
National Roofing Co., Inc.				
Library/Police/Senior Center Roof	29,377	5,479	23,898	City
Roof Doctor, Inc.				
Library/Police/Senior Center Roof	30,721	0	30,721	City
Roof Doctor, Inc.				
Library/Police/Senior Center Roof	34,360	0	34,360	City
Roof Doctor, Inc.				
Library/Police/Senior Center Roof	6,480	0	6,480	City
Wilson & Co.				
Library/Police/Senior Center Roof	27,804	12,115	15,689	City
Kay Park Recreation Corp				
Parks Improvements	1,706	0	1,706	City
Metal Mart				
Parks Improvements	2,886	0	2,886	City
Wilson & Co.				
1 st /2 nd /Johnson St. Improvements	142,475	141,229	1,246	State
Wilson & Co.				
1 st /2 nd /Johnson St. Improvements	224,965	207,212	17,753	City
Wilson & Co.				
Library Improvements	4,212	3,235	977	City
Smalley Electric				
General	1,603	0	1,603	City
G. Sandoval Construction				
Street Misc	5,400	0	5,400	City
Wilson & Co.				
Street Misc	8,444	0	8,444	City
Forsgren & Associates				
Wastewater Treatment Plan	79,500	58,626	20,874	City
KBK Construction				
Wastewater Treatment Plan	316,351	178,157	138,193	City
Wilson & Co.				
Water Well #5	52,945	49,958	2,987	City
NW NM Council of Governments				
Comprehensive Plan	5,000	3,750	1,250	Federal
Wilson & Co.				
Comprehensive Plan	53,994	18,916	35,078	Federal
Ingram Library Services, Inc.				
Library Improvements	1,788	974	814	State
G. Sandoval Construction				
CDGB Johnson St. Improvements	547,436	545,350	2,086	Federal

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 17. COMMITMENTS (CONTINUED)

	Contract Amount	Spent to Date	Commitment Remaining	Source of Payment
Wilson & Co. CDGB Johnson St. Improvements	\$4,104	\$3,434	\$670	Federal
Wilson & Co. CDGB Johnson St. Improvements	49,126	48,728	398	Federal
Wilson & Co. Cemetery Expansion	48,880	43,567	5,313	City
TLC Plumbing Nimitz Road	846,753	709,087	137,666	State
Wilson & Co. Nimitz Road	134,028	129,836	4,192	State
TLC Plumbing Nimitz II	945,200	941,943	3,257	State
Precision Surveys, Inc. Water Well #5	4,917	0	4,917	City
Wilson & Co. 2 nd Street	134,426	0	134,426	State
Wilson & Co. College/Rosevelt St. Improvements	19,980	5,986	13,994	City
Contech Engineered Passive Drain	384	0	384	City
John Shoemaker & Associates 1 st St. Rod Design	14,931	0	14,931	State
Wilson & Co. 1 st St. Rod Design	29,149	13,208	15,942	State
Forsgren & Associates Water Siepeg Study	82,641	43,571	39,071	State
G. Sandoval Construction Nimitz III	211,772	204,730	7,042	State
Western Technologies Nimitz III	1,928	0	1,927	State
Wilson & Co. Nimitz III	33,131	16,748	<u>16,382</u>	State
			<u>\$772,999</u>	

NOTE 18. ENABLING LEGISLATION

In 2010/2011, the City of Grants enacted enabling legislation to create a special gross receipts tax. The legislation specified that the proceeds of this tax could be used only to finance street and parks improvements. The City determined that the restriction was legally enforceable. The government-wide statement of net assets prepared by the City for the year ended June 30, 2012, included the following information:

Net assets restricted for:	
Street and parks improvement	\$1,209,551

SUPPLEMENTARY INFORMATION

CITY OF GRANTS
SPECIAL REVENUE FUNDS
JUNE 30, 2012

Special Revenue Funds

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

Cemetery Perpetual Care – To account for the portion of the sale of cemetery lots to be used for the perpetual care and maintenance of the city cemetery. Authorized by city resolution and NMSA 3-40-1.

Cibola Senior Citizens – To account for state and federal funding for senior programs authorized by federal regulations.

Emergency Medical Services – To account for the state funding for the acquisition of emergency medical equipment. Authority NMSA 24-10A-1.

Fire Protection – To account for the state funding and for the acquisition and maintenance of adequate fire protection facilities in the Grants-Milan area. Authority NMSA 59A-53-1.

Foster Grandparents Program – To account for state funding for senior citizens. Authorized by city resolution.

Gasoline Road Tax – To account for state funds for maintenance of roads. Authorized as a special revenue fund by city resolution and NMSA 7-1-6.9.

GRT Street & Parks Improvement – To account for gross receipts tax increment specifically earmarked for street and parks improvements authorized by City resolution.

Housing Authority Capital Funds Program – To account for federal funding made available by Housing and Urban Development (HUD) to Public Housing Authorities for their capital activities, including modernization and development of public housing. Financing is authorized by federal regulations.

Housing Authority Vouchers – To account for the Federal funding assistance payments and modernization provided by HUD, Section 8 grants used for housing rental of homes. Financing is authorized by Federal regulations.

Juvenile Recreation – To account for the revenues generated by cigarette taxes, which are restricted to expenditures for recreational purposes. Authority NMSA 7-12-15.

Law Enforcement Protection – To account for the state funding for law enforcement, which is used to provide adequate police protection. Authority NMSA 29-13-3.

Litter Control and Beautification – To account for funding for cleanup and beautification from the State Highway Department. Authorized by city resolution and NMSA 67-16-14.

Local Government Corrections – To account for state grant monies received by the municipality for prisoner care. Authority NMSA 33-3-25.

CITY OF GRANTS
SPECIAL REVENUE FUNDS
JUNE 30, 2012

Special Revenue Funds (Continued)

Lodgers' Tax – To account for the collection and administration of the lodgers' tax which is imposed on overnight motel and motel accommodations. Authority NMSA 3-38-14.

Lodgers' Tax Promotional – To account for the expenditure of lodgers' tax funds, which are used to promote commerce and tourism. Authority NMSA 3-38-14.

Senior Companion Program – To account for provision of nutrition services, transportation, information, and referrals. Authorized by city resolution.

Senior Employment Program – To account for state funding for the employment of seniors. Authorized by city resolution.

Special Library Donation – To account for memorial donations and the purchase of books for the library. Authorized by city resolution.

State and Local (S & L) Narcotics Assistance Control Program – To account for the Federal funding for law enforcement activities against narcotics use and trafficking. Authorized enforcement by Federal regulations PL 99-570.

CITY OF GRANTS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2012

	Cemetery Perpetual Care	Cibola Senior Citizens	Emergency Medical Services	Fire Protection	Foster Grandparents
ASSETS					
Cash	\$112,846	\$23,885	\$595	\$36,985	\$4,184
Accounts receivable	0	0	0	0	0
Grant revenue receivable	0	9,499	0	0	1,532
Due from other funds	0	0	0	0	0
Other deferred charges	0	0	0	0	0
Total assets	\$112,846	\$33,384	\$595	\$36,985	\$5,716
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$0	\$0	\$0	\$1,286	\$0
Accrued payroll	0	5,498	0	0	0
Deferred revenue	0	0	0	0	0
Due to other funds	0	0	0	0	0
Total liabilities	0	5,498	0	1,286	0
Fund Balance:					
Restricted	112,846	0	595	35,699	5,716
Committed	0	0	0	0	0
Assigned	0	27,886	0	0	0
Unrestricted	0	0	0	0	0
Total fund balance	112,846	27,886	595	35,699	5,716
Total liabilities and fund balance	\$112,846	\$33,384	\$595	\$36,985	\$5,716

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2012

	Gasoline Road Tax	GRT Street & Parks Improvement	Housing Authority Capital Funds Program	Housing Authority Vouchers	Juvenile Recreation
ASSETS					
Cash	\$713,156	\$1,209,551	\$0	\$150,246	\$92,373
Accounts receivable	0	0	0	0	0
Grant revenue receivable	0	0	0	0	0
Due from other funds	0	0	0	0	0
Other deferred charges	0	0	0	0	0
Total assets	\$713,156	\$1,209,551	\$0	\$150,246	\$92,373
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$0	\$402	\$0	\$1,214	\$0
Accrued payroll	0	0	0	374	0
Deferred revenue	0	0	0	0	0
Due to other funds	0	0	0	17,226	0
Total liabilities	0	402	0	18,814	0
Fund Balance:					
Restricted	713,156	1,209,149	0	131,432	92,373
Committed	0	0	0	0	0
Assigned	0	0	0	0	0
Unrestricted	0	0	0	0	0
Total fund balance	713,156	1,209,149	0	131,432	92,373
Total liabilities and fund balance	\$713,156	\$1,209,551	\$0	\$150,246	\$92,373

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2012

	Law Enforcement Protection	Litter Control and Beautification	Local Government Corrections	Lodgers' Tax	Lodgers' Tax Promotional
ASSETS					
Cash	\$19,754	\$0	\$1,384	\$88,764	\$94,214
Accounts receivable	27,800	0	0	37,332	0
Grant revenue receivable	0	1,250	0	0	0
Due from other funds	0	0	0	0	0
Other deferred charges	0	0	0	0	0
Total assets	\$47,554	\$1,250	\$1,384	\$126,096	\$94,214
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$0	\$0	\$16,213	\$0	\$42,000
Accrued payroll	0	0	0	0	0
Deferred revenue	0	0	0	0	0
Due to other funds	0	1,200	0	0	0
Total liabilities	0	1,200	16,213	0	42,000
Fund Balance:					
Restricted	47,554	50	0	126,096	52,214
Committed	0	0	0	0	0
Assigned	0	0	0	0	0
Unrestricted	0	0	(14,829)	0	0
Total fund balance	47,554	50	(14,829)	126,096	52,214
Total liabilities and fund balance	\$47,554	\$1,250	\$1,384	\$126,096	\$94,214

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2012

	Senior Companion Program	Senior Employment Program	Special Library Donation	State and Local Narcotics Assistance Control	Totals
ASSETS					
Cash	\$256	\$5	\$19,073	\$47,593	\$2,614,864
Accounts receivable	0	0	0	0	65,132
Grant revenue receivable	16,612	2,364	0	0	31,257
Due from other funds	0	0	0	0	0
Other deferred charges	0	0	0	0	0
Total assets	\$16,868	\$2,369	\$19,073	\$47,593	\$2,711,253
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$0	\$0	\$0	\$0	\$61,115
Accrued payroll	0	341	0	0	6,213
Deferred revenue	0	0	0	0	0
Due to other funds	8,500	30	0	0	26,956
Total liabilities	8,500	371	0	0	94,284
Fund Balance:					
Restricted	8,368	1,998	19,073	47,593	2,603,912
Committed	0	0	0	0	0
Assigned	0	0	0	0	27,886
Unrestricted	0	0	0	0	(14,829)
Total fund balance	8,368	1,998	19,073	47,593	2,616,969
Total liabilities and fund balance	\$16,868	\$2,369	\$19,073	\$47,593	\$2,711,253

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Cemetery Perpetual Care	Cibola Senior Citizens	Emergency Medical Services	Fire Protection	Foster Grandparents
REVENUES					
Intergovernmental - federal	\$0	\$103,049	\$0	\$0	\$0
Intergovernmental - state	0	138,307	8,456	155,758	65,707
Intergovernmental - other	0	32,401	0	0	0
Property tax	0	0	0	0	0
Lodgers' tax	0	0	0	0	0
State shared taxes and municipal taxes	0	0	0	0	0
Fees	0	18,039	0	0	0
Investment income	262	0	0	197	0
Sales of property	9,980	0	0	0	0
Donations	0	0	0	0	0
Miscellaneous	0	11	0	0	0
Total revenues	10,242	291,807	8,456	155,955	65,707
EXPENDITURES					
Current:					
General government	0	0	0	0	0
Public safety	0	0	11,671	106,842	0
Public works	0	0	0	0	0
Health and welfare	6,099	356,098	0	0	65,012
Culture and recreation	0	0	0	0	0
Capital outlay	0	0	0	33,577	0
Total expenditures	6,099	356,098	11,671	140,419	65,012
<i>Excess (deficiency) of revenues over expenditures</i>	4,143	(64,291)	(3,215)	15,536	695
Other Financing Sources (Uses):					
Operating transfers in	0	60,000	0	0	0
Operating transfers (out)	0	0	0	(54,293)	0
Total other financing sources (uses)	0	60,000	0	(54,293)	0
Net changes in fund balances	4,143	(4,291)	(3,215)	(38,757)	695
Fund balance, beginning of year	108,703	33,971	3,810	73,840	5,021
Restatements	0	(1,794)	0	616	0
Fund balance, beginning of year, as restated	108,703	32,177	3,810	74,456	5,021
Fund balance (deficit), end of year	\$112,846	\$27,886	\$595	\$35,699	\$5,716

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Gasoline Road Tax	GRT Street & Parks Improvement	Housing Authority Capital Funds Program	Housing Authority Vouchers	Juvenile Recreation
REVENUES					
Intergovernmental - federal	\$0	\$0	\$35,000	\$123,354	\$0
Intergovernmental - state	236,656	0	0	0	0
Intergovernmental - other	0	0	0	0	0
Property tax	0	0	0	0	0
Lodgers' tax	0	0	0	0	0
State shared taxes and municipal taxes	113,845	0	0	0	3
Fees	0	0	0	0	0
Investment income	1,475	1,774	0	0	232
Sales of property	0	0	0	0	0
Donations	0	0	0	0	0
Miscellaneous	0	0	0	1,394	0
<i>Total revenues</i>	<u>351,976</u>	<u>1,774</u>	<u>35,000</u>	<u>124,748</u>	<u>235</u>
EXPENDITURES					
Current:					
General government	0	0	0	0	0
Public safety	0	0	0	0	0
Public works	103,058	0	0	0	0
Health and welfare	0	0	0	300,923	0
Culture and recreation	0	0	0	0	0
Capital outlay	381,980	46,521	14,956	0	0
<i>Total expenditures</i>	<u>485,038</u>	<u>46,521</u>	<u>14,956</u>	<u>300,923</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(133,062)	(44,747)	20,044	(176,175)	235
Other Financing Sources (Uses):					
Operating transfers in	200,000	491,480	0	0	0
Operating transfers (out)	0	(171,767)	(20,044)	0	0
<i>Total other financing sources (uses)</i>	<u>200,000</u>	<u>319,713</u>	<u>(20,044)</u>	<u>0</u>	<u>0</u>
<i>Net changes in fund balances</i>	66,938	274,966	0	(176,175)	235
Fund balance, beginning of year	646,218	934,183	0	307,607	92,138
Restatements	0	0	0	0	0
Fund balance, beginning of year, as restated	646,218	934,183	0	307,607	92,138
<i>Fund balance (deficit), end of year</i>	<u>\$713,156</u>	<u>\$1,209,149</u>	<u>\$0</u>	<u>\$131,432</u>	<u>\$92,373</u>

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Law Enforcement Protection	Litter Control and Beautification	Local Government Corrections	Lodgers' Tax	Lodgers' Tax Promotional
REVENUES					
Intergovernmental - federal	\$0	\$0	\$0	\$0	\$0
Intergovernmental - state	27,200	4,000	0	0	0
Intergovernmental - other	0	0	0	0	0
Property tax	0	0	0	0	0
Lodgers' tax	0	0	0	406,681	0
State shared taxes and municipal taxes	0	0	0	0	0
Fees	0	0	34,291	0	0
Investment income	0	0	0	239	0
Sales of property	0	0	0	0	0
Donations	0	0	0	0	0
Miscellaneous	0	0	0	0	0
<i>Total revenues</i>	27,200	4,000	34,291	406,920	0
EXPENDITURES					
Current:					
General government	0	0	0	55,183	0
Public safety	0	0	146,133	0	0
Public works	0	0	0	0	0
Health and welfare	0	4,451	0	0	0
Culture and recreation	0	0	0	0	316,276
Capital outlay	15,715	0	0	0	0
<i>Total expenditures</i>	15,715	4,451	146,133	55,183	316,276
<i>Excess (deficiency) of revenues over expenditures</i>	11,485	(451)	(111,842)	351,737	(316,276)
Other Financing Sources (Uses):					
Operating transfers in	0	0	80,000	0	313,000
Operating transfers (out)	0	0	0	(363,000)	0
<i>Total other financing sources (uses)</i>	0	0	80,000	(363,000)	313,000
<i>Net changes in fund balances</i>	11,485	(451)	(31,842)	(11,263)	(3,276)
Fund balance, beginning of year	36,069	501	17,013	119,895	55,490
Restatements	0	0	0	17,464	0
Fund balance, beginning of year, as restated	36,069	501	17,013	137,359	55,490
<i>Fund balance (deficit), end of year</i>	\$47,554	\$50	(\$14,829)	\$126,096	\$52,214

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Senior Companion Program	Senior Employment Program	Special Library Donation	State and Local Narcotics Assistance Control	Totals
REVENUES					
Intergovernmental - federal	\$0	\$0	\$0	\$0	\$261,403
Intergovernmental - state	80,214	26,043	0	0	742,341
Intergovernmental - other	0	0	0	0	32,401
Property tax	0	0	0	0	0
Lodgers' tax	0	0	0	0	406,681
State shared taxes and municipal taxes	0	0	0	0	113,848
Fees	0	0	0	0	52,330
Investment income	0	0	40	0	4,219
Sales of property	0	0	0	0	9,980
Donations	0	0	978	0	978
Miscellaneous	0	0	0	0	1,405
<i>Total revenues</i>	80,214	26,043	1,018	0	1,625,586
EXPENDITURES					
Current:					
General government	0	0	0	0	55,183
Public safety	0	0	0	0	264,646
Public works	0	0	0	0	103,058
Health and welfare	78,683	26,137	0	0	837,403
Culture and recreation	0	0	20	0	316,296
Capital outlay	0	0	0	0	492,749
<i>Total expenditures</i>	78,683	26,137	20	0	2,069,335
<i>Excess (deficiency) of revenues over expenditures</i>	1,531	(94)	998	0	(443,749)
Other Financing Sources (Uses):					
Operating transfers in	0	0	0	0	1,144,480
Operating transfers (out)	0	0	0	0	(609,104)
<i>Total other financing sources (uses)</i>	0	0	0	0	535,376
<i>Net changes in fund balances</i>	1,531	(94)	998	0	91,627
Fund balance, beginning of year	6,837	2,092	18,075	19,852	2,481,315
Restatements	0	0	0	27,741	44,027
Fund balance, beginning of year, as restated	6,837	2,092	18,075	47,593	2,525,342
<i>Fund balance (deficit), end of year</i>	\$8,368	\$1,998	\$19,073	\$47,593	\$2,616,969

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
CEMETERY PERPETUAL CARE FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Sale of lots	\$7,000	\$7,000	\$9,980	\$2,980
Interest on investments	0	0	262	262
Donations	0	0	0	0
<i>Total revenues</i>	<u>7,000</u>	<u>7,000</u>	<u>10,242</u>	<u>3,242</u>
EXPENDITURES				
Personnel	0	0	0	0
Operating	0	0	6,099	(6,099)
Capital outlay	100,000	100,000	0	100,000
<i>Total expenditures</i>	<u>100,000</u>	<u>100,000</u>	<u>6,099</u>	<u>93,901</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(93,000)</u>	<u>(93,000)</u>	<u>\$4,143</u>	<u>\$97,143</u>
Budgeted cash carryover	<u>93,000</u>	<u>93,000</u>		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$4,143
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$4,143</u>

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
CIBOLA SENIOR CITIZENS FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$283,404	\$283,404	\$289,147	\$5,743
Fees and charges	19,747	19,747	18,039	(1,708)
Other revenue	1,000	1,000	11	(989)
<i>Total revenues</i>	<u>304,151</u>	<u>304,151</u>	<u>307,197</u>	<u>3,046</u>
EXPENDITURES				
Personnel	211,209	211,209	211,434	(225)
Operating	160,762	160,762	154,143	6,619
Capital outlay	0	0	0	0
<i>Total expenditures</i>	<u>371,971</u>	<u>371,971</u>	<u>365,577</u>	<u>6,394</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(67,820)	(67,820)	(58,380)	9,440
Other Financing Sources (Uses):				
Operating transfers in	60,000	60,000	60,000	0
Operating transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(7,820)	(7,820)	<u>\$1,620</u>	<u>\$9,440</u>
Budgeted cash carryover	7,820	7,820		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$1,620
Adjustments for revenue accruals	(15,390)
Adjustments for expenditures accruals	9,479
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>(\$4,291)</u>

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
EMERGENCY MEDICAL SERVICES FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$8,446	\$8,446	\$8,456	\$10
Interest on investments	0	0	0	0
<i>Total revenues</i>	<u>8,446</u>	<u>8,446</u>	<u>8,456</u>	<u>10</u>
EXPENDITURES				
Personnel	0	0	0	0
Operating	0	0	11,671	(11,671)
Capital outlay	12,256	12,256	0	12,256
<i>Total expenditures</i>	<u>12,256</u>	<u>12,256</u>	<u>11,671</u>	<u>585</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(3,810)	(3,810)	<u>(\$3,215)</u>	<u>\$595</u>
Budgeted cash carryover	3,810	3,810		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$3,215)
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>(\$3,215)</u>

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
FIRE PROTECTION FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$123,334	\$123,334	\$155,758	\$32,424
Miscellaneous	0	0	0	0
Interest on investments	0	0	197	197
<i>Total revenues</i>	<u>123,334</u>	<u>123,334</u>	<u>155,955</u>	<u>32,621</u>
EXPENDITURES				
Personnel	0	0	0	0
Operating	64,797	64,797	106,230	(41,433)
Capital outlay	79,250	79,250	33,577	45,673
<i>Total expenditures</i>	<u>144,047</u>	<u>144,047</u>	<u>139,807</u>	<u>4,240</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(20,713)	(20,713)	16,148	36,861
Other Financing Sources (Uses):				
Operating transfers (out)	(54,293)	(54,293)	(54,293)	0
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(75,006)	(75,006)	<u>(\$38,145)</u>	<u>\$36,861</u>
Budgeted cash carryover	75,006	75,006		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$38,145)
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	(612)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>(\$38,757)</u>

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
FOSTER GRANDPARENTS PROGRAM FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$75,199	\$75,199	\$66,324	(\$8,875)
EXPENDITURES				
Personnel	21,404	21,404	58,444	(37,040)
Operating	44,303	44,303	7,263	37,040
Capital outlay	0	0	0	0
<i>Total expenditures</i>	<i>65,707</i>	<i>65,707</i>	<i>65,707</i>	<i>0</i>
<i>Excess (deficiency) of revenues over expenditures</i>	<i>\$9,492</i>	<i>\$9,492</i>	<i>\$617</i>	<i>(\$8,875)</i>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$617
Adjustments for revenue accruals	(617)
Adjustments for expenditures accruals	695
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$695

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
GASOLINE ROAD TAX FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$1,245,514	\$1,245,514	\$236,656	(\$1,008,858)
Property tax	0	0	0	0
State shared taxes	105,000	105,000	113,845	8,845
Interest on investments	0	0	1,475	1,475
Miscellaneous revenue	0	0	0	0
<i>Total revenues</i>	<u>1,350,514</u>	<u>1,350,514</u>	<u>351,976</u>	<u>(998,538)</u>
EXPENDITURES				
Personnel	78,959	78,959	78,959	0
Operating	1,766,496	1,766,496	406,079	1,360,417
Capital outlay	0	0	0	0
<i>Total expenditures</i>	<u>1,845,455</u>	<u>1,845,455</u>	<u>485,038</u>	<u>1,360,417</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(494,941)	(494,941)	(133,062)	361,879
Other Financing Sources (Uses):				
Operating transfers in	200,000	200,000	200,000	0
Operating transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(294,941)	(294,941)	<u>\$66,938</u>	<u>\$361,879</u>
Budgeted cash carryover	294,941	294,941		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues and other financial sources over expenditures and other financing uses (budgetary)	\$66,938
Adjustments for revenue accruals, transfers, earnings on investments	0
Adjustments for expenditures for payables, inventory, other expenditure accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$66,938</u>

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
GRT STREET & PARKS IMPROVEMENTS
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Interest on investments	\$2,500	\$2,500	\$1,774	(\$726)
EXPENDITURES				
Personnel	0	0	0	0
Operating	0	0	0	0
Capital outlay	200,000	200,000	46,118	153,882
<i>Total expenditures</i>	200,000	200,000	46,118	153,882
<i>Excess (deficiency) of revenues over expenditures</i>	(197,500)	(197,500)	(44,344)	153,156
Other Financing Sources (Uses):				
Operating transfers in	(518,474)	(430,195)	319,713	749,908
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(715,974)	(627,695)	\$275,369	\$903,064
Budgeted cash carryover	715,974	627,695		
	\$0	\$0		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$275,369
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	(403)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$274,966

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
HOUSING AUTHORITY CAPITAL FUNDS PROGRAM
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$35,000	\$35,000	\$35,000	\$0
Interest on investments	0	0	0	0
<i>Total revenues</i>	35,000	35,000	35,000	0
EXPENDITURES				
Personnel	0	0	0	0
Operating	0	0	0	0
Capital outlay	15,000	15,000	14,956	44
<i>Total expenditures</i>	15,000	15,000	14,956	44
<i>Excess (deficiency) of revenues over expenditures</i>	20,000	20,000	20,044	44
Other Financing Sources (Uses):				
Operating transfers (out)	(20,000)	(20,000)	(20,044)	(44)
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	\$0	\$0	\$0	\$0

Note: The budget used is only a guideline and is not required by HUD to be amended.

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$0
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$0

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
HOUSING AUTHORITY VOUCHERS FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$500,000	\$500,000	\$123,354	(\$376,646)
Interest on investments	0	0	0	0
Miscellaneous income	0	0	1,394	1,394
<i>Total revenues</i>	<u>500,000</u>	<u>500,000</u>	<u>124,748</u>	<u>(375,252)</u>
EXPENDITURES				
Personnel	24,000	24,000	15,093	8,907
Operating	14,810	14,810	17,642	(2,832)
Housing assistance payments	500,000	500,000	268,188	231,812
Capital outlay	0	0	0	0
<i>Total expenditures</i>	<u>538,810</u>	<u>538,810</u>	<u>300,923</u>	<u>237,887</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(38,810)</u>	<u>(38,810)</u>	<u>(\$176,175)</u>	<u>(\$137,365)</u>
Budgeted cash carryover	38,810	38,810		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$176,175)
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>(\$176,175)</u>

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
JUVENILE RECREATION FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
State shared taxes	\$0	\$0	\$3	\$3
Interest on investments	0	0	232	232
<i>Total revenues</i>	<u>0</u>	<u>0</u>	<u>235</u>	<u>235</u>
EXPENDITURES				
Personnel	0	0	0	0
Operating	60,000	60,000	0	60,000
Capital outlay	0	0	0	0
<i>Total expenditures</i>	<u>60,000</u>	<u>60,000</u>	<u>0</u>	<u>60,000</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(60,000)	(60,000)	<u>\$235</u>	<u>\$60,235</u>
Budgeted cash carryover	60,000	60,000		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$235
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$235

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
LAW ENFORCEMENT PROTECTION FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$26,600	\$26,600	\$26,600	\$0
Miscellaneous	0	0	0	0
Interest on investments	0	0	0	0
<i>Total revenues</i>	<u>26,600</u>	<u>26,600</u>	<u>26,600</u>	<u>0</u>
EXPENDITURES				
Personnel	0	0	0	0
Operating	13,800	13,800	15,715	(1,915)
Capital outlay	35,800	21,669	0	21,669
<i>Total expenditures</i>	<u>49,600</u>	<u>35,469</u>	<u>15,715</u>	<u>19,754</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(23,000)	(8,869)	<u>\$10,885</u>	<u>\$19,754</u>
<i>Budgeted cash carryover</i>	<u>8,869</u>	<u>8,869</u>		
	<u>(\$14,131)</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$10,885
Adjustments for revenue accruals	600
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$11,485</u>

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
LITTER CONTROL AND BEAUTIFICATION FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$7,100	\$7,100	\$2,750	(\$4,350)
EXPENDITURES				
Personnel	7,100	7,100	805	6,295
Operating	0	0	3,646	(3,646)
Capital outlay	0	0	0	0
<i>Total expenditures</i>	7,100	7,100	4,451	2,649
Excess (deficiency) of revenues over expenditures	\$0	\$0	(\$1,701)	(\$1,701)

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$1,701)
Adjustments for revenue accruals	1,250
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	(\$451)

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
LOCAL GOVERNMENT CORRECTIONS FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Court fees	\$45,000	\$45,000	\$34,291	(\$10,709)
Interest on investments	0	0	0	0
<i>Total revenues</i>	45,000	45,000	34,291	(10,709)
EXPENDITURES				
Personnel	0	0	0	0
Operating	110,000	145,000	144,566	434
Capital outlay	0	0	0	0
<i>Total expenditures</i>	110,000	145,000	144,566	434
Excess (deficiency) of revenues over expenditures	(65,000)	(100,000)	(110,275)	(10,275)
Other Financing Sources (Uses):				
Operating transfers (in)	60,000	80,000	80,000	0
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(5,000)	(20,000)	(30,275)	(10,275)
Budgeted cash carryover	5,000	20,000		
	\$0	\$0		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$30,275)
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	(1,567)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	(\$31,842)

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
LODGERS' TAX FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Lodgers' tax	\$350,000	\$350,000	\$402,436	\$52,436
Interest on investments	0	0	239	239
<i>Total revenues</i>	<u>350,000</u>	<u>350,000</u>	<u>402,675</u>	<u>52,675</u>
EXPENDITURES				
Personnel	0	0	0	0
Operating	63,619	63,619	57,742	5,877
Capital outlay	0	0	0	0
<i>Total expenditures</i>	<u>63,619</u>	<u>63,619</u>	<u>57,742</u>	<u>5,877</u>
<i>Excess (deficiency) of revenues over expenditures</i>	286,381	286,381	344,933	58,552
Other Financing Sources (Uses):				
Operating transfers (out)	(363,000)	(363,000)	(363,000)	0
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(76,619)	(76,619)	<u>(\$18,067)</u>	<u>\$58,552</u>
Budgeted cash carryover	76,619	76,619		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$18,067)
Adjustments for revenue accruals	4,245
Adjustments for expenditures accruals	2,559
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>(\$11,263)</u>

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
LODGERS' TAX PROMOTIONAL FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES	\$0	\$0	\$0	\$0
EXPENDITURES				
Personnel	0	0	0	0
Operating	333,000	333,000	302,895	30,105
Capital outlay	0	0	0	0
<i>Total expenditures</i>	333,000	333,000	302,895	30,105
<i>Excess (deficiency) of revenues over expenditures</i>	(333,000)	(333,000)	(302,895)	30,105
Other Financing Sources (Uses):				
Operating transfers in	313,000	313,000	313,000	0
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(20,000)	(20,000)	<u>\$10,105</u>	<u>\$30,105</u>
Budgeted cash carryover	20,000	20,000		
	\$0	\$0		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$10,105
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	(13,381)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>(\$3,276)</u>

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
SENIOR COMPANION PROGRAM FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$98,389	\$98,389	\$73,110	(\$25,279)
EXPENDITURES				
Personnel	25,141	25,141	25,374	(233)
Operating	53,542	53,542	53,309	233
Capital outlay	0	0	0	0
<i>Total expenditures</i>	<i>78,683</i>	<i>78,683</i>	<i>78,683</i>	<i>0</i>
<i>Excess (deficiency) of revenues over expenditures</i>	<i>\$19,706</i>	<i>\$19,706</i>	<i>(\$5,573)</i>	<i>(\$25,279)</i>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$5,573)
Adjustments for revenue accruals	7,104
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$1,531

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
SENIOR EMPLOYMENT PROGRAM FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$33,873	\$33,873	\$27,119	(\$6,754)
EXPENDITURES				
Personnel	28,666	28,666	26,043	2,623
Operating	0	0	0	0
<i>Total expenditures</i>	28,666	28,666	26,043	2,623
<i>Excess (deficiency) of revenues over expenditures</i>	\$5,207	\$5,207	\$1,076	(\$4,131)

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$1,076
Adjustments for revenue accruals	(1,076)
Adjustments for expenditures accruals	(94)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	(\$94)

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
SPECIAL LIBRARY DONATION FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Donations	\$500	\$500	\$978	\$478
Interest on investments	200	200	40	(160)
<i>Total revenues</i>	<u>700</u>	<u>700</u>	<u>1,018</u>	<u>318</u>
EXPENDITURES				
Personnel	0	0	0	0
Operating	3,500	3,500	20	3,480
Capital outlay	5,000	5,000	0	5,000
<i>Total expenditures</i>	<u>8,500</u>	<u>8,500</u>	<u>20</u>	<u>8,480</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(7,800)	(7,800)	<u>\$998</u>	<u>\$8,798</u>
Budgeted cash carryover	<u>7,800</u>	<u>7,800</u>		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$998
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$998

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
STATE AND LOCAL NARCOTICS ASSISTANCE CONTROL PROGRAM FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$0	\$0	\$0	\$0
Miscellaneous	0	0	0	0
<i>Total revenues</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXPENDITURES				
Personnel	0	0	0	0
Operating	19,852	19,852	0	19,852
Capital outlay	0	0	0	0
<i>Total expenditures</i>	<u>19,852</u>	<u>19,852</u>	<u>0</u>	<u>19,852</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(19,852)	(19,852)	<u>\$0</u>	<u>\$19,852</u>
Budgeted cash carryover	19,852	19,852		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$0
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$0</u>

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
DEBT SERVICE FUNDS
JUNE 30, 2012

Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

GRT Income Fund -- To accumulate funds for payment of principal and interest.

GRT Revenue Bond Debt Service Fund 1993A -- To accumulate funds for payment of refunding debt.

GRT Revenue Bond Reserve Fund 1993A -- To accumulate funds per refunding bond agreement to insure future payment.

NMFA Loan -- To accumulate funds for payment of loan to be paid from proceeds of a statewide gross receipts tax distributed by the New Mexico Taxation and Revenue Department.

NMFA Reserve -- To accumulate funds for payment of loan to be paid from proceeds of gross receipts tax.

CITY OF GRANTS
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2012

	GRT Income Fund	GRT Revenue Bond Debt Service	GRT Revenue Bond Reserve	NMFA Loan	NMFA Reserve	Totals
ASSETS						
Cash	\$0	\$126,373	\$0	\$0	\$0	\$126,373
Cash held with trustee	0	173,170	150,163	120,643	64,505	508,481
Total assets	\$0	\$299,543	\$150,163	\$120,643	\$64,505	\$634,854
LIABILITIES AND FUND BALANCE						
Liabilities	\$0	\$0	\$0	\$0	\$0	\$0
Fund Balance:						
Restricted	0	299,543	150,163	120,643	64,505	634,854
Total fund balance	0	299,543	150,163	120,643	64,505	634,854
Total liabilities and fund balance	\$0	\$299,543	\$150,163	\$120,643	\$64,505	\$634,854

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	GRT Income Fund	GRT Revenue Bond Debt Service	GRT Revenue Bond Reserve	NMFA Loan	NMFA Reserve	Totals
REVENUES						
Taxes	\$0	\$0	\$0	\$0	\$0	\$0
Investment income	0	24	641	35	275	975
<i>Total revenues</i>	0	24	641	35	275	975
EXPENDITURES						
Debt Service:						
Principal	0	140,000	0	95,745	0	235,745
Interest	0	10,670	0	20,857	0	31,527
Fees	0	887	0	4,240	0	5,127
<i>Total expenditures</i>	0	151,557	0	120,842	0	272,399
Excess (deficiency) of revenues over expenditures	0	(151,533)	641	(120,807)	275	(271,424)
Other Financing Sources (Uses):						
Operating transfers in	144,367	144,367	0	124,099	0	412,833
Operating transfers (out)	(144,367)	0	0	0	0	(144,367)
<i>Total other financing sources (uses)</i>	0	144,367	0	124,099	0	268,466
<i>Net changes in fund balances</i>	0	(7,166)	641	3,292	275	(2,958)
Fund balance, beginning of year	0	306,709	149,522	117,351	64,230	637,812
<i>Fund balance, end of year</i>	\$0	\$299,543	\$150,163	\$120,643	\$64,505	\$634,854

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
GRT INCOME FUND
DEBT SERVICE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Interest on investments	\$0	\$0	\$0	\$0
EXPENDITURES				
Paying agent fees	0	0	0	0
Bond interest	0	0	0	0
Bond principal	0	0	0	0
<i>Total expenditures</i>	0	0	0	0
<i>Excess (deficiency) of revenues over expenditures</i>	0	0	0	0
Other Financing Sources (Uses):				
Operating transfers in	144,367	144,367	144,367	0
Operating transfers (out)	(144,367)	(144,367)	(144,367)	0
<i>Total other financing sources (uses)</i>	0	0	0	0
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	\$0	\$0	\$0	\$0

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$0
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$0

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
GRT REVENUE BOND DEBT SERVICE FUND 1993A
DEBT SERVICE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Interest on investments	\$0	\$0	\$24	\$24
EXPENDITURES				
Paying agent fees	4,000	4,000	887	3,113
Bond interest	10,670	10,670	10,670	0
Bond principal	140,000	140,000	140,000	0
<i>Total expenditures</i>	<u>154,670</u>	<u>154,670</u>	<u>151,557</u>	<u>3,113</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(154,670)	(154,670)	(151,533)	3,137
Other Financing Sources (Uses):				
Operating transfers in	151,867	151,867	144,367	(7,500)
Operating transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	<u>151,867</u>	<u>151,867</u>	<u>144,367</u>	<u>(7,500)</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(2,803)	(2,803)	<u>(\$7,166)</u>	<u>(\$4,363)</u>
Budgeted cash carryover	2,803	2,803		
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$7,166)
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>(\$7,166)</u>

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
GRT REVENUE BOND RESERVE FUND 1993A
DEBT SERVICE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Interest	\$7,500	\$7,500	\$641	(\$6,859)
EXPENDITURES				
Management fees	500	500	0	500
<i>Excess (deficiency) of revenues over expenditures</i>	7,000	7,000	641	(6,359)
Other Financing Sources (Uses):				
Operating transfers in	0	0	0	0
Operating transfers (out)	(7,500)	(7,500)	0	7,500
<i>Total other financing sources (uses)</i>	(7,500)	(7,500)	0	7,500
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(500)	(500)	\$641	\$1,141
Budgeted cash carryover	500	500		
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	\$0	\$0		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$641
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$641

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
NMFA LOAN FUND
DEBT SERVICE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Interest/Investment income	\$0	\$0	\$35	\$35
EXPENDITURES				
Principal	95,745	95,745	95,745	0
Interest	24,011	24,011	20,857	3,154
Fees	3,000	3,000	4,240	(1,240)
<i>Total expenditures</i>	<u>122,756</u>	<u>122,756</u>	<u>120,842</u>	<u>1,914</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(122,756)	(122,756)	(120,807)	1,949
Other Financing Sources (Uses):				
Loan proceeds - NMFA	5,000	5,000	0	(5,000)
Operating transfers in	124,224	124,224	124,099	(125)
Operating transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	<u>129,224</u>	<u>129,224</u>	<u>124,099</u>	<u>(5,125)</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	<u>\$6,468</u>	<u>\$6,468</u>	<u>\$3,292</u>	<u>(\$4,024)</u>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$3,292
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$3,292

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
NMFA RESERVE FUND
DEBT SERVICE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Interest on investments	\$5,000	\$5,000	\$275	(\$4,725)
EXPENDITURES				
Principal	0	0	0	0
Interest	0	0	0	0
Fees	0	0	0	0
<i>Total expenditures</i>	0	0	0	0
<i>Excess (deficiency) of revenues over expenditures</i>	5,000	5,000	275	(4,725)
Other Financing Sources (Uses):				
Operating transfers (out)	(5,000)	(5,000)	0	5,000
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	\$0	\$0	\$275	\$275

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$275
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$275

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
TOTAL ALL NONMAJOR GOVERNMENTAL FUND TYPES
COMBINING BALANCE SHEET
JUNE 30, 2012

	Special Revenue	Debt Service	Total
ASSETS			
Cash	\$2,614,864	\$126,373	\$2,741,237
Cash held with trustee	0	508,481	508,481
Accounts receivable	65,132	0	65,132
Grant revenue receivable	31,257	0	31,257
Total assets	\$2,711,253	\$634,854	\$3,346,107
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$61,115	\$0	\$61,115
Accrued payroll	6,213	0	6,213
Due to other funds	26,956	0	26,956
Total liabilities	94,284	0	94,284
Fund Balances:			
Restricted	2,603,912	634,854	3,238,766
Assigned	27,886	0	27,886
Unrestricted	(14,829)	0	(14,829)
Total fund balances	2,616,969	634,854	3,251,823
Total liabilities and fund balances	\$2,711,253	\$634,854	\$3,346,107

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS

TOTAL ALL NONMAJOR GOVERNMENTAL FUND TYPES COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Special Revenue	Debt Service	Total
REVENUES			
Intergovernmental - federal	\$261,403	\$0	\$261,403
Intergovernmental - state	742,341	0	742,341
Intergovernmental - other	32,401	0	32,401
State shared and municipal taxes	113,848	0	113,848
Lodgers' tax	406,681	0	406,681
Fees	52,330	0	52,330
Investment income	4,219	975	5,194
Sales of property	9,980	0	9,980
Donations	978	0	978
Miscellaneous	1,405	0	1,405
Total revenues	1,625,586	975	1,626,561
EXPENDITURES			
Current:			
General government	55,183	0	55,183
Public safety	264,646	0	264,646
Public works	103,058	0	103,058
Health and welfare	837,403	0	837,403
Culture and recreation	316,296	0	316,296
Capital outlay	492,749	0	492,749
Debt Service:			
Principal	0	235,745	235,745
Interest	0	31,527	31,527
Fees	0	5,127	5,127
Total expenditures	2,069,335	272,399	2,341,734
<i>Excess (deficiency) of revenues over expenditures</i>	(443,749)	(271,424)	(715,173)
Other Financing Sources (Uses):			
Operating transfers in	1,144,480	412,833	1,557,313
Operating transfers (out)	(609,104)	(144,367)	(753,471)
Total other financing sources (uses)	535,376	268,466	803,842
<i>Net changes in fund balances</i>	91,627	(2,958)	88,669
Fund balance, beginning of year	2,481,315	637,812	3,119,127
<i>Restatements</i>	44,027	0	44,027
Fund balance, beginning of year, as restated	2,525,342	637,812	3,163,154
Fund balance, end of year	\$2,616,969	\$634,854	\$3,251,823

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
CAPITAL PROJECTS FUNDS
JUNE 30, 2012

Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

General Government Improvements Fund – Accounts for construction and improvement funds received from various sources for the improvement of City properties.

CITY OF GRANTS
GENERAL GOVERNMENT IMPROVEMENTS
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
REVENUES				
Intergovernmental	\$7,690,977	\$7,690,977	\$2,155,971	(\$5,535,006)
Other	0	0	177,832	177,832
Rental revenue	6,000	6,000	17,083	11,083
<i>Total revenues</i>	<u>7,696,977</u>	<u>7,696,977</u>	<u>2,350,886</u>	<u>(5,346,091)</u>
EXPENDITURES				
Current:				
Capital outlay	10,093,911	10,093,911	4,193,517	5,900,394
<i>Total expenditures</i>	<u>10,093,911</u>	<u>10,093,911</u>	<u>4,193,517</u>	<u>5,900,394</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(2,396,934)	(2,396,934)	(1,842,631)	554,303
Other Financing Sources (Uses):				
Operating transfers in	1,965,155	2,200,155	1,584,036	(616,119)
Operating transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	<u>1,965,155</u>	<u>2,200,155</u>	<u>1,584,036</u>	<u>(616,119)</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(431,779)	(196,779)	<u>(\$258,595)</u>	<u>(\$61,816)</u>
Budgeted cash carryover	431,779	196,779		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$258,595)
Adjustments for revenue accruals	445,138
Capital transfers out	(2,243,767)
Adjustments for expenditures accruals	2,329,614
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$272,390</u>

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
ENTERPRISE FUNDS
JUNE 30, 2012

PROPRIETARY FUND TYPES

Enterprise Funds

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Golf Course Operating Fund – To account for the operation of the municipal golf course.

Home Program – A HUD-funded program passed through the New Mexico Mortgage Finance Authority. The program is designed to provide decent, safe, and sanitary housing for eligible low-income families and the elderly.

Low Rent – A direct HUD-funded program designed to provide decent, safe and sanitary housing and related facilities for eligible low-income families and the elderly through an authorized Public Housing Authority (PHA) or Indian Housing Authority (IHA).

CITY OF GRANTS
NONMAJOR PROPRIETARY FUND
BALANCE SHEET
JUNE 30, 2012

Low Rent

ASSETS

Current Assets:

Cash and cash equivalents	\$302
Investments	0
Accounts receivable tenants (net of allowance)	2,743
Accounts receivable	19,977
Interest receivable	0
Prepaid insurance	0
Other deferred charges	0
Due from other funds	17,226
<i>Total current assets</i>	<u>40,248</u>

Capital Assets

	1,199,371
Less accumulated depreciation	(638,206)
<i>Net capital assets</i>	<u>561,165</u>

Total assets

\$601,413

LIABILITIES

Current Liabilities:

Accounts payable	\$5,657
Accrued payroll	561
Due to other funds	0
Deferred revenue	0
Tenant security deposits	4,700
Tenants prepaid rent	395
Compensated absences - current portion	1,189
<i>Total current liabilities</i>	<u>12,502</u>

Non-Current Liabilities:

Accrued compensated absences	1,878
Leases payable - long-term portion	0
<i>Total noncurrent liabilities</i>	<u>1,878</u>

Total liabilities

14,380

Net Assets:

Invested in capital assets, net of related debt	561,165
Unrestricted	25,868
<i>Total fund net assets</i>	<u>587,033</u>

Total liabilities and fund net assets

\$601,413

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
NONMAJOR PROPRIETARY FUND
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Low Rent
OPERATING REVENUES	
Rental income	\$49,445
<i>Total operating revenues</i>	49,445
OPERATING EXPENSES	
Operating expenses	123,893
Depreciation	33,647
<i>Total operating expenses</i>	157,540
<i>Operating income (loss)</i>	(108,095)
NON-OPERATING REVENUE AND (EXPENSES)	
Federal grants and subsidies	25,853
Interest earnings	0
Other	338
Loss on asset disposals	0
<i>Total non-operating revenue and (expenses)</i>	26,191
<i>Net income (loss) before contributions and transfers</i>	(81,904)
Operating transfers in	20,044
Operating transfers (out)	0
Capital transfers in	0
Capital transfers (out)	0
<i>Change in net assets</i>	(61,860)
Total fund net assets, at beginning of year	648,893
<i>Total fund net assets, at end of year</i>	\$587,033

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
NONMAJOR ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Low Rent

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from customers (including other funds)	\$26,724
Cash paid to suppliers	(57,848)
Cash paid to employees	(73,720)
<i>Net cash provided (used) by operating activities</i>	<i>(104,844)</i>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Grants and subsidies	25,853
Advances (to) from other funds	9,450
Transfers in (out)	20,044
Non tenant income	338
<i>Net cash provided (used) by noncapital financing activities</i>	<i>55,685</i>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Purchase of property and equipment, net of trades	(5,179)
Disposition of assets	0
Lease proceeds	0
Capital transfers (in) out	0
Loss on asset disposal	0
Principal paid: revenue bonds/lease purchase/advances	0
Grants and subsidies	0
Other income	0
<i>Net cash provided (used) by capital and related financing activities</i>	<i>(5,179)</i>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest received	0
<i>Net cash provided (used) by investing activities</i>	<i>0</i>

Net increase (decrease) in cash (54,338)

Cash and restricted cash, beginning of year 54,640

Cash and restricted cash, end of year ***\$302***

Non Cash Transactions:

Capital assets transferred in (out) \$0

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
NONMAJOR ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Low Rent</u>
Reconciliation of operating income to net cash provided (used) by operating activities	
Operating income (loss)	(\$108,095)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	31,632
Provision for uncollectible accounts	(219)
Change in assets and liabilities:	
(Increase) Decrease in assets:	
Accounts receivables	(22,501)
Inventories	0
Prepays and deposits	0
Increase (Decrease) in liabilities:	
Accounts and contracts payable	(425)
Wages payable	(4,465)
Compensated absences	(1,217)
Other deferred charges: Tenant deposits	300
Tenants prepaid rent	146
<i>Total adjustments</i>	3,251
<i>Net cash provided (used) by operating activities</i>	(\$104,844)

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
GOLF COURSE OPERATING FUND
ENTERPRISE FUNDS
STATEMENT OF REVENUES AND EXPENSES
BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
REVENUES				
Golf course fees	\$275,000	\$275,000	\$222,940	(\$52,060)
Rental income	0	0	1,122	1,122
Other	0	0	3,768	3,768
<i>Total revenues</i>	<u>275,000</u>	<u>275,000</u>	<u>227,830</u>	<u>(47,170)</u>
OPERATING EXPENSES				
Personnel	399,475	399,475	350,206	49,269
Operating	361,186	361,186	378,970	(17,784)
Capital outlay	0	0	0	0
<i>Total operating expenses</i>	<u>760,661</u>	<u>760,661</u>	<u>729,176</u>	<u>31,485</u>
<i>Operating income (loss)</i>	<u>(485,661)</u>	<u>(485,661)</u>	<u>(501,346)</u>	<u>(15,685)</u>
Non-Operating Revenue (Expenses)				
Transfers in	398,000	477,000	477,000	0
Transfers (out)	0	0	0	0
<i>Total non-operating revenue (expenses)</i>	<u>398,000</u>	<u>477,000</u>	<u>477,000</u>	<u>0</u>
<i>Net income (loss) after transfers</i>	<u>(87,661)</u>	<u>(8,661)</u>	<u>(\$24,346)</u>	<u>(\$15,685)</u>
Budgeted cash carryover	<u>87,661</u>	<u>8,661</u>		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Net income (loss) after transfers	(\$24,346)
Adjustments for revenue accruals	0
Capital transfers	0
Adjustments for expense accruals	(71,238)
Net income (loss) (GAAP) Basis	(\$95,584)

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
HOME PROGRAM
ENTERPRISE FUNDS
STATEMENT OF REVENUES AND EXPENSES
BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
REVENUES				
Rental income	\$0	\$0	\$0	\$0
Interest on investments	0	0	0	0
Miscellaneous income	0	0	0	0
Gain (loss) on sale of assets	0	0	0	0
<i>Total revenues</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
OPERATING EXPENSES				
Personnel	0	0	0	0
Operating	0	0	0	0
<i>Total operating expenses</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Operating income (loss)</i>	0	0	<u>\$0</u>	<u>\$0</u>
Budgeted cash carryover	0	0		
	<u>\$0</u>	<u>\$0</u>		

Note: Project Home - sale of housing units is not a budgeted program per HUD.

Budgetary - GAAP Reporting Reconciliation:

Operating income (loss)	\$0
Adjustments for revenue accruals	0
Adjustments for expense accruals, depreciation and transfers	0
Net income (loss) after transfers (GAAP) Basis	\$0

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
LOW RENT
ENTERPRISE FUNDS
STATEMENT OF REVENUES AND EXPENSES
BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
REVENUES				
Rental income	\$25,000	\$25,000	\$49,445	\$24,445
<i>Total revenues</i>	25,000	25,000	49,445	24,445
OPERATING EXPENSES				
Personnel	55,000	100,000	73,168	26,832
Operating	75,000	75,000	50,724	24,276
Capital outlay	0	0	3,499	(3,499)
<i>Total operating expenses</i>	130,000	175,000	127,391	47,609
<i>Operating income (loss)</i>	(105,000)	(150,000)	(77,946)	72,054
Non-Operating Revenue (Expenses)				
HUD grants and subsidy	75,000	75,000	25,853	(49,147)
Interest	500	500	0	(500)
Other	0	0	338	338
Transfers in	0	0	20,044	20,044
<i>Total non-operating revenue (expenses)</i>	75,500	75,500	46,235	(29,265)
<i>Net income (loss) after non-operating revenue</i>	(29,500)	(74,500)	(\$31,711)	\$42,789
Budgeted cash carryover	29,500	29,500		
	\$0	(\$45,000)		

Note: The budget is used only as a guideline and is not required by HUD to be amended.

Budgetary - GAAP Reporting Reconciliation:

Net income (loss) after non-operating revenue	(\$31,711)
Adjustments for revenue accruals	0
Adjustments for expense accruals and depreciation	(30,149)
Net income (loss) (GAAP) Basis	(\$61,860)

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
UTILITIES
ENTERPRISE FUNDS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
REVENUES				
Refuse collection	\$1,537,000	\$1,537,000	\$1,636,705	\$99,705
Water sales (net)	1,800,000	1,800,000	1,957,500	157,500
Sewer charges	1,660,000	1,660,000	1,763,980	103,980
Total government tax	248,750	248,750	282,413	33,663
Other	33,000	33,000	123,172	90,172
<i>Total revenues</i>	<u>5,278,750</u>	<u>5,278,750</u>	<u>5,763,770</u>	<u>485,020</u>
OPERATING EXPENSES				
Public works	5,132,208	5,132,208	4,325,446	806,762
Capital outlay	655,000	655,000	260,839	394,161
<i>Total operating expenses</i>	<u>5,787,208</u>	<u>5,787,208</u>	<u>4,586,285</u>	<u>1,200,923</u>
<i>Operating income (loss)</i>	(508,458)	(508,458)	1,177,485	1,685,943
Non-Operating Revenue (Expenses)				
Interest income	33,500	33,500	6,406	(27,094)
Transfers in	974,317	996,498	991,598	(4,900)
Transfers (out)	(1,621,517)	(1,700,517)	(1,695,617)	4,900
Interest expense	(63,395)	(63,395)	(60,978)	2,417
Principal payments	(490,958)	(490,958)	(492,916)	(1,958)
Debt service fees	(5,000)	(5,000)	(1,276)	3,724
<i>Total non-operating revenue (expenses)</i>	<u>(1,173,053)</u>	<u>(1,229,872)</u>	<u>(1,252,783)</u>	<u>(22,911)</u>
<i>Net income (loss)</i>	(1,681,511)	(1,738,330)	<u>(\$75,298)</u>	<u>\$1,663,032</u>
Budgeted cash carryover	1,681,511	1,738,330		
	\$0	\$0		

Budgetary - GAAP Reporting Reconciliation:

Net income	(\$75,298)
Adjustments for revenue accruals	(9,452)
Capital transfers in (out) - net	2,243,767
Adjustments for expense accruals	59,083
Net income (GAAP) Basis	\$2,218,100

The Notes to Financial Statements are an integral part of these statements.

OTHER SUPPLEMENTARY INFORMATION

CITY OF GRANTS
AGENCY FUNDS
JUNE 30, 2012

FIDUCIARY FUND TYPES

Agency Funds

Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments, or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Appearance Bond Fund -- To account for collection and payments of Appearance Bonds from individuals arrested or cited by City Police.

Senior Citizens -- To account for funds raised by members of the City of Grants Senior Citizen Organization to be used by and for Senior Citizen functions.

CITY OF GRANTS
ALL AGENCY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Balance June 30, 2011	Increase	Decrease	Balance June 30, 2012
Appearance Bond Fund:				
Assets				
Petty cash	\$500	\$0	\$0	\$500
Cash in bank	21,139	15,519	18,021	18,637
	<u>\$21,639</u>	<u>\$15,519</u>	<u>\$18,021</u>	<u>\$19,137</u>
Liabilities				
Deposits held for others	\$21,639	\$15,519	\$18,021	\$19,137
Senior Activity Account:				
Assets				
Cash in bank	\$2,919	\$224	\$877	\$2,266
Liabilities				
Funds held for Seniors	\$2,919	\$224	\$877	\$2,266
Total Agency Funds:				
Assets				
Petty cash	\$500	\$0	\$0	\$500
Cash in bank	24,058	15,743	18,898	20,903
<i>Total assets</i>	<u>\$24,558</u>	<u>\$15,743</u>	<u>\$18,898</u>	<u>\$21,403</u>
Liabilities				
Deposits held for others	\$24,558	\$15,743	\$18,898	\$21,403

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
SCHEDULE OF JOINT POWERS AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Participants	Responsible Party for Operations	Descriptions	Beginning and Ending dates	Total Estimated Amount of Project	Contribution 6/30/2011	Audit Responsibility	Revenues and Expenditures Reported on:
City of Grants NW New Mexico Solid Waste Authority	NW New Mexico Solid Waste Authority	Solid waste disposal services.	July 1, 2011 June 30, 2012	N/A	987,453	WM NM Solid Waste	REV: NW NMSW EXP: City of Grants
City of Grants County of Cibola Village of Milan	Village of Milan	Operation of Public Transit System	September 1, 2006 and Continuing	N/A	\$45,766	Village of Milan	REV: Village of Milan Lib. Sr. Anim Cibola County Cibola Transit Authority EXP: City of Grants

The Notes to Financial Statements are an integral part of these statements.

CITY OF GRANTS
SENIOR PROGRAMS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<u>Sources(s) of Revenue(s)</u>	<u>Congreg. Meals</u>	<u>Home Del. Meals</u>	<u>Transportation</u>	<u>Assisted Transportation</u>	<u>Homemaker</u>	<u>Senior Emp.</u>	<u>NSIP</u>	<u>Chore</u>	<u>Total</u>
Federal IIIB	\$0	\$0	\$33,484	\$0	\$6,526	\$0	\$0	\$0	\$40,010
Federal IIIC-1	30,157	0	0	0	0	0	0	0	30,157
Federal IIIC-2	0	8,477	0	0	0	0	0	0	8,477
Federal III-E	0	0	0	0	0	0	0	0	0
State	53,475	63,120	13,937	0	7,775	0	0	0	138,307
State Senior Employment	0	0	0	0	0	26,043	0	0	26,043
NSIP	0	0	0	0	0	0	24,405	0	24,405
Local Funds	13,053	47,076	12,864	0	19,419	0	0	0	92,412
Program Income	14,112	3,928	0	0	0	0	0	0	18,040
Totals	\$110,797	\$122,601	\$60,285	\$0	\$33,720	\$26,043	\$24,405	\$0	\$377,851

Units Provided:

Actual Expenditures BY Funding Source

Federal IIIB	\$0	\$0	\$33,484	\$0	\$6,526	\$0	\$0	\$0	\$40,010
Federal IIIC-1	30,157	0	0	0	0	0	0	0	30,157
Federal IIIC-2	0	8,477	0	0	0	0	0	0	8,477
Federal III-E	0	0	0	0	0	0	0	0	0
State	53,475	63,120	13,937	0	7,775	0	0	0	138,307
State Senior Employment	0	0	0	0	0	26,043	0	0	26,043
NSIP	0	0	0	0	0	0	24,406	0	24,406
Local Funds	13,068	60,101	12,864	0	20,148	0	0	0	106,181
Program Income	14,112	3,928	0	0	0	0	0	0	18,040
Totals	\$110,812	\$135,626	\$60,285	\$0	\$34,449	\$26,043	\$24,406	\$0	\$391,621

Units Provided: \$17,399 \$17,703 \$5,819 \$1,451 \$42,372

The Notes to Financial Statements are an integral part of these statements.

ADDITIONAL FEDERAL INFORMATION

CITY OF GRANTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal Grantor/Program Title	Federal CFDA Number or Agency Prefix	Project Number	Award Amount	Accrued or (Deferred) Revenue at June 30, 2011	Receipts	Expenditures	Accrued or (Deferred) Revenue at June 30, 2012
<u>U.S. Department of Health and Human Services</u>							
Passed through North Central							
New Mexico Economic Development District:							
Special Programs for the Aging Title III B	93.044	Contract #2011-12 60015	\$40,342	\$2,322	(\$41,810)	\$40,010	\$522
Title III C	93.045		40,254	6,162	(43,243)	38,634	1,553
Area Agency on Aging		Contract					
Nutritional Service Incentive Program	93.053	No. 2011-12	24,405	0	(24,405)	24,405	0
Total U.S. Department of Health and Human Services			\$105,001	\$8,484	(\$109,458)	\$103,049	\$2,075
<u>U.S. Department of Housing and Urban Development</u>							
Passed through New Mexico Department of Finance and Administration							
Community Development Block Grant -							
Johnson Street	14.288	10-C-NR-I-01-G-23	\$445,000	\$59,489	(\$400,500)	\$385,511	\$44,500
Comprehensive Plan	14.288	10-C-RS-I-06-A-111	50,000	0	0	22,666	22,666
Direct Funding:							
Low Rent Public Housing Operating							
Subsidy - Housing	14.850	NM030-00000111D	25,853	0	(25,853)	25,853	0
Section 8 Rental Voucher Program -							
Housing	14.871		90,744	0	(90,744)	90,744	0
Public Housing Capital Fund	14.872	NM02P030501-09	40,276	21,907	(1,930)	0	19,977
Public Housing Capital Fund	14.872	NM02P030501-10	39,920	0	(35,000)	35,000	0
Total U.S. Department of Housing and Urban Development			\$691,793	\$81,396	(\$554,027)	\$559,774	\$87,143
<u>U.S. Department of Justice</u>							
Office of Justice Programs							
ARRA	16.579	2009-SB-B9-2118	\$39,740	\$2,559	(\$2,559)	\$0	\$0
Total U.S. Department of Justice			\$39,740	\$2,559	(\$2,559)	\$0	\$0

CITY OF GRANTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal Grantor/Program Title	Federal CFDA Number or Agency Prefix	Project Number	Award Amount	Accrued or (Deferred) Revenue at June 30, 2011	Receipts	Expenditures	Accrued or (Deferred) Revenue at June 30, 2012
<u>U.S. Department of Transportation</u>							
Airport Improvement Project	20.106	3-35-0020-011-2009	\$245,430	\$0	\$0	\$0	\$0
Airport Improvement Project (AWOS)	20.106	3-35-0020-012-2010	212,847	1,948	(190,647)	188,699	0
<i>Total U.S. Department of Transportation</i>			\$458,277	\$1,948	(\$190,647)	\$188,699	\$0
<i>Total Federal Financial Assistance</i>			\$1,294,811	\$94,387	(\$856,691)	\$851,522	\$89,218
Grant revenue receivable (page 11) (\$708,830 less state grant receivables of \$619,612)							\$89,218
							\$0

N/A - Not Available

Basis of Presentation:

The above schedule of expenditures of federal awards includes the federal grant activity of City of Grants and is presented on the accrual basis of accounting.

This information in this schedule is presented in accordance with the requirements of OMB Circular A.133, "Audits of State, Local Governments, and Non-Profit Organizations."

Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Housing Authority of the City of Grants
Financial Data Schedule
6/30/2012

Line Item #	Account Description	Business Activities	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
111	Cash - Unrestricted	0	0	3,420	0	3,420
113	Cash - Other Restricted	0	0	146,826	0	146,826
114	Cash - Tenant Security Deposits	0	4,700	0	0	4,700
100	Total Cash	0	4,700	150,246	0	154,946
121	Accounts Receivable - PHA Projects	0	0	0	0	0
122	Due from HUD - Other Projects	0	19,977	0	0	19,977
124	Accounts Receivable - Other Government	0	0	0	0	0
125	Accounts Receivable - Miscellaneous	0	0	0	0	0
126	Accounts Receivable - Tenants	0	2,962	0	0	2,962
126.1	Allowance for Doubtful Accts - Tenants	0	(219)	0	0	(219)
126.2	Allowance for Doubtful Accts - Other	0	0	0	0	0
120	Total Receivables, Net of Allowance for Doubtfull Accls	0	22,720	0	0	22,720
132	Investments - Restricted	0	0	0	0	0
142	Prepaid Expenses and Other Assets	0	0	0	0	0
144	Inter Program Due From	0	17,226	0	0	17,226
150	Total Current Assets	0	44,646	150,246	0	194,892
161	Land	0	46,724	0	0	46,724
162	Buildings	0	1,457,290	0	0	1,457,290
163	Furniture, Equip & Machinery - Dwellings	0	20,412	0	0	20,412
164	Furniture, Equip & Machinery - Administration	0	33,523	8,814	0	42,337
165	Leasehold Improvements	0	43,531	0	0	43,531
166	Accumulated Depreciation	0	(851,461)	(8,814)	0	(860,275)
167	Construction in Progress	0	0	0	0	0
168	Infrastructure	0	0	0	0	0
160	Total Capital Assets, Net of Accumulated Deprec	0	750,019	0	0	750,019
180	Total Non-Current Assets	0	750,019	0	0	750,019
190	Total Assets	0	794,665	150,246	0	944,911
311	Bank Overdraft	0	4,398	0	0	4,398
312	Accounts Payable <= 90 Days	0	5,656	1,215	0	6,871
321	Accrued Wages/Payroll Taxes Payable	0	561	348	0	909
322	Accrued Compensated Absences - Current Portion	0	1,189	535	0	1,724
341	Tenant Security Deposits	0	4,700	0	0	4,700
342	Deferred Revenues	0	395	0	0	395
347	Inter Program - Due To	0	0	17,226	0	17,226
310	Total Current Liabilities	0	16,899	19,324	0	36,223
354	Accrued Compensated Absences - Non Current	0	1,878	805	0	2,683
350	Total Noncurrent Liabilities	0	1,878	805	0	2,683
300	Total Liabilities	0	18,777	20,129	0	38,906
508	Total Contributed Capital	0	0	0	0	0
508.1	Invested in Capital Assets, Net of Related Debt	0	748,357	0	0	748,357
511	Total Reserved Fund Balance	0	0	0	0	0

Housing Authority of the City of Grants
Financial Data Schedule
6/30/2012

Line Item #	Account Description	Business Activities	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
511.1	Restricted Net Assets	0	0	126,697	0	126,697
512.1	Unrestricted Net Assets	0	27,531	3,420	0	30,951
513	Total Equity/Net Assets	0	775,888	130,117	0	906,005
600	Total Liabilities and Equity/Net Assets	0	794,665	150,246	0	944,911
70300	Net Tenant Rental Revenue	0	48,000	0	0	48,000
70400	Tenant Revenue - Other	0	1,445	0	0	1,445
70500	Total Tenant Revenue	0	49,445	0	0	49,445
70600	HUD PHA Operating Grants	0	25,853	123,354	20,044	169,251
70610	Capital Grants	0	0	0	14,956	14,956
71100	Investment Income - Unrestricted	0	0	1	0	1
71300	Proceed from Disposition of Assets Held for Sale	0	0	0	0	0
71310	Cost of Sale of Assets	0	0	0	0	0
71400	Fraud Recovery	0	0	1,394	0	1,394
71500	Other Revenue	0	338	0	0	338
71600	Gain or Loss on Sale of Capital Assets	0	(27)	0	0	(27)
72000	Investment Income - Restricted	0	0	0	0	0
70000	Total Revenue	0	75,609	124,749	35,000	235,358
91100	Administrative Salaries	0	50,902	11,581	0	62,483
91200	Auditing Fees	0	0	0	0	0
91300	Management Fees	0	0	0	0	0
91310	Bookkeeping Fees	0	3,346	6,360	0	9,706
91400	Advertising and Marketing	0	363	173	0	536
91500	Employee Benefit Contributions - Administrative	0	14,129	3,512	0	17,641
91600	Office Expenses	0	5,088	5,139	0	10,227
91700	Legal Expenses	0	0	0	0	0
91800	Travel	0	2,438	2,290	0	4,728
91900	Other	0	3,531	2,870	0	6,401
91000	Total Operating - Administration	0	79,797	31,925	0	111,722
92400	Tenant Services - Other	0	0	0	0	0
92500	Total Tenant Services	0	0	0	0	0
93100	Water	0	1,611	0	0	1,611
93200	Electricity	0	2,545	0	0	2,545
93300	Gas	0	439	0	0	439
93800	Other Utilities Expense	0	0	0	0	0
93000	Total Utilities	0	4,595	0	0	4,595
94100	Ordinary Maint and Operations - Labor	0	8,485	0	0	8,485
94200	Ordinary Maint and Operations - Materials & Other	0	5,162	0	0	5,162
94300	Ordinary Maint and Operations - Contract Costs	0	13,454	0	0	13,454
94500	Employee Benefit Contributions - Ordinary Maintenance	0	868	0	0	868
94000	Total Maintenance	0	27,969	0	0	27,969
96110	Property Insurance	0	6,774	552	0	7,326
96130	Workmen's Compensation	0	2,360	0	0	2,360
96100	Total Insurance Premiums	0	9,134	552	0	9,686

Housing Authority of the City of Grants
Financial Data Schedule
6/30/2012

Line Item #	Account Description	Business Activities	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
96200	Other General Expenses	0	3,194	259	0	3,453
96210	Compensated Absences	0	(1,217)	(426)	0	(1,643)
96400	Bad debt - Tenants	0	219		0	219
96000	Total Other General Expenses	0	2,196	(167)	0	2,029
96900	Total Operating Expenses	0	123,691	32,310	0	156,001
96900	Excess Operating Revenue over Operating Expenses	0	(48,082)	92,439	35,000	79,357
97300	Housing Assistance Payments	0	0	263,465	0	263,465
97350	HAP Portability-In	0	0	4,723		
97200	Casualty Losses - Non-Capitalized	0	200	0	0	200
97400	Depreciation Expense	0	63,395	0	3,659	67,054
90000	Total Expenses	0	187,286	300,498	3,659	486,720
10010	Operating Transfers In	0	20,044	0	0	20,044
10020	Operating Transfers Out	0	0	0	(20,044)	(20,044)
10093	Transfers between Project and Program - In	0	0	0	0	0
10094	Transfers between Project and Program - Out	0	0	0	0	0
10100	Total Other Financing Sources (Uses)	0	20,044	0	(20,044)	0
10000	<i>Excess (Deficiency) of Total Rev Over (Under) Total Exp</i>	0	<i>(91,633)</i>	<i>(175,749)</i>	<i>11,297</i>	<i>(251,362)</i>
11030	Beginning Equity	0	856,225	305,866	0	1,162,091
11040	Prior Period Adj, Equity Transfers, Correction of Errors	0	11,297		(11,297)	0
11170	Administrative Fee Equity	0	0	3,420	0	3,420
11180	Housing Assistance Payments Equity	0	0	126,697	0	126,697
11190	Unit Months Available		240			240
11210	Number of Unit Months Leased		231			231



**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***

Mr. Hector H. Balderas, State Auditor and
The Mayor and City Council
City of Grants
Grants, New Mexico

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue funds, and the combining and individual funds presented as supplemental information of the City of Grants as of and for the year ended June 30, 2012, and have issued our report thereon dated December 12, 2012. 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 City of Grants is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered City of Grants' 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 deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency in internal control over financial reporting. 2012-01. *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.

Mr. Hector H. Balderas, State Auditor and
The Mayor and City Council
City of Grants
Grants, New Mexico
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2012-02 and 2010-02.

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

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

Kriegel/Gray/Shaw & Co., P.C.

Kriegel/Gray/Shaw & Co., P.C.

December 12, 2012



INDEPENDENT AUDITOR'S 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

Mr. Hector H. Balderas, State Auditor and
The Mayor and City Council
City of Grants
Grants, New Mexico

Compliance

We have audited City of Grants' compliance with the types of compliance requirements described in the *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. City of Grants' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of City of Grants' management. Our responsibility is to express an opinion on City of Grants' 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 City of Grants' compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Grants' compliance with those requirements.

In our opinion, City of Grants complied in all material respects, with the 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 City of Grants is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered City of Grants' internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our 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.

Mr. Hector H. Balderas, State Auditor and
The Mayor and City Council
City of Grants
Grants, New Mexico
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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, City Council, others within the entity, the State Auditor, the New Mexico Legislature, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kriegel/Gray/Shaw & Co., P.C.
Kriegel/Gray/Shaw & Co., P.C.

December 12, 2012

CITY OF GRANTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SECTION I – SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of Auditor's Report issued:

Unqualified

Internal Control Over Financial Reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses?

X Yes _____ No

Noncompliance material to financial statements noted?

_____ Yes X No

FEDERAL AWARDS

Internal Control Over Major Programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses?

_____ Yes X No

Type of Auditor's Report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

_____ Yes X No

Identification of Major Programs:

CFDA Number(s)

14.288

Name of Federal Program or Cluster

Community Development Block Grant

Dollar threshold used to distinguish between Type A and Type B Programs:

\$300,000

Auditee qualified as low-risk auditee?

X Yes _____ No

CITY OF GRANTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR SIGNIFICANT DEFICIENCIES:

2012-01 Mismanagement of City Inventory Maintained by Contractor – Significant Deficiency

Statement of Condition – The inventory utilized by a contractor for water, sewer and parks maintenance is not regularly counted and recorded on a perpetual basis. Inventory is not maintained so as to be accessible for daily use.

Criteria – Good internal controls require proper controls over inventory to prevent possible misappropriation of city assets and inaccurate financial reporting.

Cause – Contractor failed to set procedures and assign responsibility to personnel.

Effect – Increase risk of misappropriation or fraudulent activity involving city inventory and duplicate expenditures for items previously purchased.

Recommendation – Require contractor to follow professional service contract by maintaining accurate inventory records. The contractor should organize an inventory warehouse to allow for effective utilization of inventory and maintain a supportable perpetual inventory schedule which is periodically agreed to a physical inventory count.

Management Response – The Contractor has corrected this problem. The Contractor has put in place a system to effectively and accurately maintain a supportable perpetual inventory schedule. The Contractor is currently agreeing to this physical inventory count monthly.

CITY OF GRANTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR SIGNIFICANT DEFICIENCIES (CONTINUED):

2012-02 Terminated Employees Not Paid Timely – Significant Deficiency

Statement of Condition – Three of the 20 selected terminated employees were paid after the required pay date.

Criteria – Employees who are terminated should receive pay five days after termination. Employees who resign should receive pay ten days after resignation or regular date of pay, whichever comes first. Employees who are hired for a specific term are to follow the five day rule; therefore, if an employee's term end he/she should receive pay five days after end of term date.

Cause – Oversight.

Effect – Potential for the employee to make a claim for additional compensation.

Recommendation – The City of Grants should implement a policy that requires all terminated employees to be paid in a timely manner.

Management's Response – The City has notified the departments who hire seasonal employees to notify the personnel department in a timely manner to prevent this from occurring in the future.

CITY OF GRANTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT STATUS ON PRIOR YEAR FINDINGS:

2011-01 Budgeted Deficit – Significant Deficiency

Resolved and not repeated.

2010-02 Audit Report Not Submitted Timely – Significant Deficiency

Repeated with modification.

Statement of Condition – The audit report for the year ended June 30, 2012 was not submitted timely.

Criteria – Audits of Municipalities must be submitted by December 3 in accordance with the New Mexico State Audit Rule 2.2.2. NMAC.

Cause – The auditor was unable to complete and produce a quality report by the December 3, 2012 due date.

Effect – Noncompliance with New Mexico State Audit Rule 2.2.2. NMAC.

Recommendation – The timing of field work and report preparation should be revised to improve timeliness.

Management's Response – We concur with Kriegel/Gray/Shaw & Co., P.C.'s finding and recommendation.

NON-COMPLIANCE

2008-04 Budgeted Expenditures Exceeded – Significant Deficiency

Resolved and not repeated.

CITY OF GRANTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

**CURRENT YEAR FINDINGS AND QUESTIONED COSTS –
MAJOR FEDERAL AWARD PROGRAM AUDIT:**

None.

**PRIOR YEAR FINDINGS AND QUESTIONED COSTS –
MAJOR FEDERAL AWARD PROGRAM AUDIT:**

None.

CITY OF GRANTS
EXIT CONFERENCE
JUNE 30, 2012

EXIT CONFERENCE:

The exit conference was held December 17, 2012 and was attended by the following:

From City of Grants:

Joe Murrietta, Mayor
Bob Horacek, City Manager
Michelle Lucero, Systems Analyst

From Kriegel/Gray/Shaw & Co., P.C.:

Debbie Gray, CPA/Shareholder

FINANCIAL STATEMENTS PREPARATION

Preparation of financial statements is the responsibility of management. Although, the City of Grants' personnel provided significant assistance in the preparation, the statements and related footnotes were prepared by Kriegel/Gray/Shaw & Co., P.C.