



Accounting & Consulting Group, LLP
Certified Public Accountants

***State of New Mexico
City of Deming
Annual Financial Report
June 30, 2013***



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INTRODUCTORY SECTION

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City of Deming
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For the Year Ended June 30, 2013

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STATE OF NEW MEXICO

City of Deming

Official Roster

June 30, 2013

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

Department Heads

Richard F. McInturff	Administrator/Treasurer/Clerk
Aaron Sera	Assistant Administrator
Jim Massengill	Director of Public Works
Wesley Hooper	Director of Community Service
Brandon M. Gigante	Chief of Police
Edgar Davalos	Chief of Fire/EMS

Administration

Laura Holguin	Financial Operations Officer
Lloyd Valentine III	Financial Services Manager
Vicki Engle	Assistant Deputy Clerk/HR/Safety

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FINANCIAL SECTION



Accounting & Consulting Group, LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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 comparison for the General Fund of the City of Deming, as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the City of Deming's basic financial statements as listed in the table of contents. We also have audited the financial statements for each of the City's nonmajor governmental funds and the respective budgetary comparisons for the proprietary funds and all nonmajor funds presented as supplementary information as defined by the Governmental Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ending June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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, and the standards applicable to financial statement audits contained in the New Mexico State Audit Rule 2.2.2 NMAC. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City of Deming's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Deming's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Deming, as of June 30, 2013, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the City of Deming as of June 30, 2013, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the budget comparisons referred to above present fairly, in all material respects, the respective budgetary basis of accounting as prescribed in the New Mexico Administrative Code, as more fully described in Note 2 to the financial statements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 12 through 19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the City of Deming's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of Federal Awards as required by Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and Supporting Schedules I through III required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards, and Supporting Schedules I through III required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, and Supporting Schedules I through III required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2013 on our consideration of the City of Deming's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Deming's internal control over financial reporting and compliance.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, New Mexico
November 20, 2013

STATE OF NEW MEXICO
City of Deming
Management's Discussion and Analysis
June 30, 2013

As management of the City of Deming, we offer readers of the City of Deming financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with the financial statements of the City of Deming and additional information provided.

FINANCIAL HIGHLIGHTS

- The assets of the City of Deming exceeded its liabilities at the close of the most recent fiscal year by \$92,139,885 (*net position*). Of this amount, \$17,865,407 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- During the fiscal year, the total assets for the City of Deming increased by \$1,730,572.
- As of June 30, 2013, the City's governmental activities funds reported combined ending net position of \$50,573,846. The total consists of \$41,113,769 of net invested in capital assets; \$678,971 restricted for debt services and special revenues; and \$8,781,106 unrestricted.
- The City's business-type activities fund reported a combined ending net position of \$41,566,039 as of June 30, 2013. Of this amount, \$32,481,738 of net invested in capital assets; and \$9,084,301 unrestricted.
- The City of Deming's total debt as of June 30, 2013 is \$2,790,145. Additions were \$1,489,562, NMFA #13 for \$54,789; Rural Infrastructure Revolving Loan for \$1,434,773 during the current fiscal year and its debt retirements were \$192,292. These retirements consisted of NMFA loan #9 and #12 payoffs in the amount of \$91,616 and payments on NMFA loan #10 and #11 in the amount of \$100,676.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

The City of Deming maintains 17 individual governmental funds organized according to their type (special revenue, and capital projects). The City of Deming adopts an annual appropriated budget for its general fund, special revenue funds, and all other funds. A budgetary comparison statement has been provided for the General Fund and Street Special Revenue Fund to demonstrate compliance with this budget. In addition, the individual financial statements of the nonmajor governmental fund types include budgetary comparison data.

The basic governmental fund financial statements can be found in Exhibits B-1 and B-2 of this report.

Enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the water services, sewer services, solid waste services, natural gas services, cemetery operations, and airport operations for the City. The enterprise funds are considered to be major funds of the City and can be found in Exhibits D-1 through D-3 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 40-62 of this report.

Combining statements. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 66-95 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Position

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Deming, assets exceeded liabilities by \$92,139,885 at the close of the current fiscal year.

The significant portion of the City of Deming's net assets represents the City's investment of \$73,595,507 in capital assets (e.g., land improvements, buildings, infrastructure and machinery & equipment) less any related outstanding debt used to acquire those assets. The City of Deming uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Deming's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Current and other assets	\$ 10,106,472	\$ 10,423,841	\$ 20,530,313
Restricted cash and cash equivalents	434,359	525,082	959,441
Capital assets, net	42,414,352	33,971,300	76,385,652
Total assets	\$ 52,955,183	\$ 44,920,223	\$ 97,875,406
<u>Liabilities</u>			
Current Liabilities	1,012,984	1,213,398	2,226,382
Non-current liabilities	1,368,353	2,140,786	3,509,139
Total liabilities	2,381,337	3,354,184	5,735,521
<u>Net position</u>			
Net investment in capital assets	41,113,769	32,481,738	73,595,507
Restricted	678,971	-	678,971
Unrestricted	8,781,106	9,084,301	17,865,407
Total net position	50,573,846	41,566,039	92,139,885
Total Liabilities and Net position	\$ 52,995,183	\$ 44,920,223	\$ 97,875,406

A portion of the City of Deming's total net position (\$678,971 or 0.74 percent) represents resources that are subject to restrictions. The restrictions relate to covenants provided by the City's long-term debt issuance and capital projects. The remaining balance of *unrestricted net position*, \$17,865,407 may be used to meet the government's ongoing obligations to citizens and creditors.

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Analysis of Changes in Net position

During the current fiscal year, the City's net position increased by \$632,725. These increases are explained in the government and business-type activities discussion below, and are primarily a result of increase in revenues from charges for services and tax revenues in gross receipts, property, and gasoline and motor vehicle during the fiscal year.

<u>Revenues</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Program revenues:			
Charges for service	\$ 3,209,384	\$ 8,189,966	\$ 11,399,350
Operating grants and contributions	658,881	469,462	1,128,343
Capital grants and contributions	260,788	586,020	846,808
General revenues:			
Gross receipts taxes	6,938,636	-	6,938,636
Property taxes	774,400	-	774,400
Gasoline and motor vehicle taxes	630,327	-	630,327
Other taxes	343,850	-	343,850
Investment income	70,859	49,861	120,720
Miscellaneous income	243,806	42,207	286,013
Loss on sale of capital assets	(556,152)	(577,415)	(1,133,567)
Transfers	109,637	(109,637)	-
Total Revenues	12,684,416	8,650,464	25,463,933
Program expenses:			
General government	\$ 2,991,955	\$ -	\$ 2,991,955
Public safety	6,229,529	-	6,229,529
Public works	701,596	-	701,596
Culture and recreation	1,822,379	-	1,822,379
Health and welfare	708,858	-	708,858
Interest on long-term debt	63,018	-	63,018
Gas	-	3,155,326	3,155,326
Sewer	-	1,444,397	1,444,397
Solid Waste	-	2,020,865	2,020,865
Water	-	1,373,681	1,373,681
Cemetery	-	75,030	75,030
Airport	-	115,521	115,521
Total Expenses	12,517,335	81,84,820	20,702,155
Change in net position	167,081	465,644	632,725
Net position, beginning	50,406,765	41,100,395	91,507,160
Net position, ending	\$ 50,573,846	\$ 41,566,039	\$ 92,139,885

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Governmental activities. In the Governmental activities the City of Deming' net position increased by \$167,081. The key elements of this increase are as follows:

- Tax revenues increased by \$143,385. The tax revenues consist of property, gross receipts, gasoline and motor vehicle and other taxes.
- The City's direct charges and rates to users of governmental services increased \$23,695 of governmental revenues. These charges are for fees, fines and forfeitures, ambulance services, licenses, and permits.
- The loss on sale of capital assets in governmental activities was impacted by donated assets to other governmental entities.
- The expenses decreased by \$1,420,702 for governmental activities from prior year mainly due to a combined decrease in the functions of public works, culture and recreation, and general government.

Business-type activities. Business-type activities increased the City's net position by \$465,644. A decrease in expenditures of \$114,041 also assisted the City in generating excess revenue over expenditures.

- The increase for business-type activities in the program revenues is \$351,602. Charges for services in the public works increased by \$291,441; operating grants and contributions, and capital grants and contributions make up the remainder of the increase \$60,161.
- The loss on sale of capital assets in business-type activities was impacted by donated assets to other governmental entities.
- The expenses decreased by \$114,041 for business-type activities from prior year due to a combined decrease in the following programs: gas, water, cemetery, and airport.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental funds. The focus of the City of Deming's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Deming's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of Governmental funds reported by the City includes the General Fund, Special Revenue, Capital Projects and Debt Service Funds.

Revenues for governmental functions overall totaled approximately \$12,684,416 in the fiscal year ended June 30, 2013, which represents a decrease of \$1,569,694 from the fiscal year ended June 30, 2012.

Expenditures for governmental functions, totaling \$12,517,335, also decreased by approximately \$1,420,702 from the fiscal year ended June 30, 2012. This is largely due to the completion of previous year's projects e.g. the Raymond Reed Road realignment, and other street and community projects. In the fiscal year ended June 30, 2013, the change in net position for governmental activities was \$167,081.

The General Fund is the chief operating fund of the City of Deming. At the end of the current fiscal year, *unassigned* fund balance of the general fund was \$6,123,300.

The fund balance of the City of Deming' general fund decreased by \$810,750 during the current fiscal year, due to an increase in transfer outs to other funds for financing uses. Overall, the general fund's performance resulted in revenues over expenditures of \$2,839,472. In the prior year, revenues exceeded expenditures by \$2,722,807.

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

Revenues for proprietary funds overall totaled \$8,189,966 in the fiscal year ended June 30, 2013, which represents an increase of \$284,780 from the fiscal year ended June 30, 2012.

Expenditures for business-type, totaling \$8,184,820, also decreased \$114,041 from the fiscal year ended June 30, 2012. This is due to a decrease in other operating expenses and utilities in.

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At the end of the fiscal year, the unrestricted net position for enterprise funds were \$9,084,301. The total increase in net position for the enterprise funds was \$465,644.

General Fund Budgetary Highlights

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

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

The following table examines the summary budget performance of the general fund for the fiscal year ending June 30, 2013. Detailed budget performance is examined through the Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual for the general fund found at Exhibit C-1. The City's final budget differs from the original budget due to budget increases and decreases that were made during the fiscal year and expenditures not needed. Actual general fund expenditures were \$1,508,654 less than the final budget amount (favorable variance). This was primarily due to Public Safety favorable variance of \$842,598 and a favorable variance of \$374,299 in General Government. The difference between actual expenditures and budgeted expenditures is due to various expenditures that were expected to occur during the year ended June 30, 2013, but were deferred for various reasons.

	<u>Budgeted Amounts</u>		Actual (Non- GAAP Budgetary Basis)	Favorable (Unfavorable) Variance
	<u>Original</u>	<u>Final</u>		
<i>Expenditures:</i>				
General Government	\$ 3,066,527	\$ 3,047,222	\$ 2,672,923	\$ 374,299
Public Safety	5,566,394	5,702,544	4,859,946	842,598
Culture and Recreation	722,606	734,260	654,428	79,832
Health & Welfare	132,500	132,000	109,109	22,891
Capital Outlay	358,135	386,835	197,801	189,034
<i>Total Expenditures</i>	<u>\$ 9,846,162</u>	<u>\$ 10,002,861</u>	<u>\$ 8,494,207</u>	<u>\$ 1,508,654</u>

STATE OF NEW MEXICO
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Capital Assets and Debt Administration

Capital assets. The City of Deming' capital assets for its governmental and business-type activities as of June 30, 2013 amount to \$76,464,979 (net of accumulated depreciation). Capital assets include land, land improvements, buildings and improvements, furniture, fixtures and equipment, and infrastructure. Capital additions for the City were \$7,077,436 for governmental activities and \$2,759,597 for business-type activities.

Capital assets, net of depreciation

	Governmental Activities	Business-like Activities	Total
Land	\$ 6,028,455	\$ 6,538,120	\$ 12,556,575
Construction in progress	974,372	4,165,131	5,139,503
Buildings and improvements	13,808,849	9,770,522	23,579,371
Equipment	7,860,950	5,553,858	13,414,808
Infrastructure	53,875,396	-	53,875,396
Utility system	-	24,114,344	24,114,344
Airport infrastructure	-	2,771,147	2,771,147
Total capital assets	82,548,022	52,913,122	135,461,144
Less: accumulated depreciation	(40,133,670)	(18,941,822)	(59,075,492)
Total capital assets, net of accumulated depreciation	\$ 42,414,352	\$ 33,971,300	\$ 76,385,652

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

Debt Administration. At the end of the current fiscal year, the City of Deming had total debt obligations outstanding of \$4,158,192.

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

- \$54,789 addition for a NMFA loan #13
- \$1,434,773 additions for Rural Infrastructure Revolving Loan
- \$192,292 retirement of NMFA loan #9, 12, and payments to NMFA #10 and 11

Outstanding debt

	Governmental Activities	Business-type Activities	Total
NMFA Loan#10 Muni Court	\$ 302,583	\$ -	\$ 302,583
NMFA Loan #11 Fire Station	998,000	-	998,000
NMFA Loan #13	-	54,789	54,789
Rural Infrastructure Revolving Loan	-	1,434,773	1,434,773
Compensated Absences	593,730	82,505	676,235
Landfill Post Closure	-	691,811	691,811
Total outstanding debt	\$ 1,894,313	\$ 2,263,879	\$ 4,158,192

STATE OF NEW MEXICO
City of Deming
Management's Discussion and Analysis
June 30, 2013

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

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

REQUESTS FOR INFORMATION

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

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**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO

City of Deming

Statement of Net Position

June 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 2,473,059	\$ 4,651,757	\$ 7,124,816
Investments	5,894,052	4,586,415	10,480,467
Receivables:			
Accounts	124,901	796,829	921,730
Taxes receivable	1,523,991	-	1,523,991
Federal grant receivable	47,635	-	47,635
Inventory	42,834	388,840	431,674
Total current assets	<u>10,106,472</u>	<u>10,423,841</u>	<u>20,530,313</u>
Noncurrent assets			
Restricted cash and cash equivalents	434,359	525,082	959,441
Capital assets	82,548,022	52,913,122	135,461,144
Less: accumulated depreciation	<u>(40,133,670)</u>	<u>(18,941,822)</u>	<u>(59,075,492)</u>
Total noncurrent assets	<u>42,848,711</u>	<u>34,496,382</u>	<u>77,345,093</u>
Total assets	<u>\$ 52,955,183</u>	<u>\$ 44,920,223</u>	<u>\$ 97,875,406</u>

The accompanying notes are an integral part of these financial statements

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 207,379	\$ 575,946	\$ 783,325
Accrued payroll expenses	271,656	59,753	331,409
Accrued compensated absences	392,149	53,364	445,513
Meter deposits	-	435,748	435,748
Accrued interest	7,989	18,859	26,848
Current portion of loans payable	133,811	69,728	203,539
Total current liabilities	<u>1,012,984</u>	<u>1,213,398</u>	<u>2,226,382</u>
Noncurrent liabilities			
Accrued compensated absences	201,581	29,141	230,722
Landfill closure and postclosure	-	691,811	691,811
Loans payable	1,166,772	1,419,834	2,586,606
Total noncurrent liabilities	<u>1,368,353</u>	<u>2,140,786</u>	<u>3,509,139</u>
Total liabilities	<u>2,381,337</u>	<u>3,354,184</u>	<u>5,735,521</u>
Net Position			
Net investment in capital assets	41,113,769	32,481,738	73,595,507
Restricted for:			
Debt service	67,555	-	67,555
Special revenue	611,416	-	611,416
Unrestricted	8,781,106	9,084,301	17,865,407
Total net position	<u>50,573,846</u>	<u>41,566,039</u>	<u>92,139,885</u>
Total liabilities and net position	<u>\$ 52,955,183</u>	<u>\$ 44,920,223</u>	<u>\$ 97,875,406</u>

STATE OF NEW MEXICO
City of Deming
Statement of Activities
For the Year Ended June 30, 2013

<u>Functions/Programs</u>	<u>Program Revenues</u>			
Primary Government	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
General government	\$ 2,991,955	\$ 2,768,335	\$ 37,841	\$ -
Public safety	6,229,529	394,000	458,228	-
Public works	701,596	3,699	416	260,788
Culture and recreation	1,822,379	43,350	162,396	-
Health and welfare	708,858	-	-	-
Interest on long-term debt	63,018	-	-	-
<i>Total governmental activities</i>	<u>12,517,335</u>	<u>3,209,384</u>	<u>658,881</u>	<u>260,788</u>
Business-type Activities:				
Gas	3,155,326	3,484,033	-	14,709
Sewer	1,444,397	912,784	212,310	323,301
Solid waste	2,020,865	1,755,832	187,740	14,709
Water	1,373,681	1,896,275	-	-
Cemetery	75,030	79,464	-	-
Airport	115,521	61,578	69,412	233,301
<i>Total business-type activities</i>	<u>8,184,820</u>	<u>8,189,966</u>	<u>469,462</u>	<u>586,020</u>
<i>Total</i>	<u>\$ 20,702,155</u>	<u>\$ 11,399,350</u>	<u>\$ 1,128,343</u>	<u>\$ 846,808</u>

General Revenues and Transfers:

Taxes
Gross receipts taxes
Property taxes, levied for general purposes
Gasoline, franchise and motor vehicle
Other
Investment income
Miscellaneous revenue
Loss on sale of capital assets
Transfers
 Total general revenues and transfers
 Change in net position
 Net position, beginning
 Net position, ending

The accompanying notes are an integral part of these financial statements

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (185,779)	\$ -	\$ (185,779)
(5,377,301)	-	(5,377,301)
(436,693)	-	(436,693)
(1,616,633)	-	(1,616,633)
(708,858)	-	(708,858)
(63,018)	-	(63,018)
<u>(8,388,282)</u>	<u>-</u>	<u>(8,388,282)</u>
-	343,416	343,416
-	3,998	3,998
-	(62,584)	(62,584)
-	522,594	522,594
-	4,434	4,434
-	248,770	248,770
<u>-</u>	<u>1,060,628</u>	<u>1,060,628</u>
<u>(8,388,282)</u>	<u>1,060,628</u>	<u>(7,327,654)</u>
6,938,636	-	6,938,636
774,400	-	774,400
630,327	-	630,327
343,850	-	343,850
70,859	49,861	120,720
243,806	42,207	286,013
(556,152)	(577,415)	(1,133,567)
109,637	(109,637)	-
<u>8,555,363</u>	<u>(594,984)</u>	<u>7,960,379</u>
167,081	465,644	632,725
<u>50,406,765</u>	<u>41,100,395</u>	<u>91,507,160</u>
<u>\$ 50,573,846</u>	<u>\$ 41,566,039</u>	<u>\$ 92,139,885</u>

STATE OF NEW MEXICO
City of Deming
Balance Sheet
Governmental Funds
June 30, 2013

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<i>Assets</i>			
Cash and cash equivalents	\$ 2,259,256	\$ 648,162	\$ 2,907,418
Investments	5,862,484	31,568	5,894,052
Receivables:			
Accounts (net)	124,901	-	124,901
Taxes receivable	1,451,160	72,831	1,523,991
Federal grant receivable	47,635	-	47,635
Inventory	42,834	-	42,834
<i>Total assets</i>	<u>\$ 9,788,270</u>	<u>\$ 752,561</u>	<u>\$ 10,540,831</u>
<i>Liabilities and fund balances</i>			
<i>Liabilities</i>			
Accounts payable	\$ 159,384	\$ 47,995	\$ 207,379
Accrued payroll expenses	246,061	25,595	271,656
Unearned revenue	236,626	-	236,626
<i>Total liabilities</i>	<u>642,071</u>	<u>73,590</u>	<u>715,661</u>
<i>Fund balances</i>			
Nonspendable			
Inventory	42,834	-	42,834
Spendable			
Restricted for:			
Public safety	-	201,357	201,357
Culture and recreation	-	247,841	247,841
Promotion	-	158,743	158,743
Transportation and roads	-	100	100
Capital improvements	-	100	100
Economic development	-	3,275	3,275
Debt service	-	67,555	67,555
Committed to:			
Minimum fund balance	720,809	-	720,809
Subsequent year's expenditures	2,259,256	-	2,259,256
Unassigned	6,123,300	-	6,123,300
<i>Total fund balances</i>	<u>9,146,199</u>	<u>678,971</u>	<u>9,825,170</u>
<i>Total liabilities and fund balances</i>	<u>\$ 9,788,270</u>	<u>\$ 752,561</u>	<u>\$ 10,540,831</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

City of Deming

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position
June 30, 2013

Exhibit B-1

Page 2 of 2

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

Fund balances - total governmental funds	\$ 9,825,170
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	42,414,352
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be unearned revenue in the fund financial statements, but are considered revenue in the Statement of Activities	236,626
Certain liabilities, including loans payable and related components, accrued interest, and current and long-term portions of accrued compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds	
Accrued compensated absences	(593,730)
Accrued interest	(7,989)
Notes payable	<u>(1,300,583)</u>
Net position of governmental activities	<u>\$ 50,573,846</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Deming
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	General Fund	Other Governmental Funds	Total
<i>Revenues</i>			
Taxes:			
Property	\$ 703,252	\$ -	\$ 703,252
Gross receipts	6,938,636	-	6,938,636
Gasoline, franchise and motor vehicle	322,617	307,710	630,327
Other	-	343,850	343,850
Intergovernmental			
Federal operating grants	149,652	-	149,652
Federal capital grants	-	260,788	260,788
State operating grants	23,070	486,159	509,229
Charges for services	3,079,830	129,554	3,209,384
Investment income	67,313	3,546	70,859
Miscellaneous	204,806	39,000	243,806
<i>Total revenues</i>	11,489,176	1,570,607	13,059,783
<i>Expenditures</i>			
Current:			
General government	2,752,794	-	2,752,794
Public safety	4,915,654	85,287	5,000,941
Public works	-	621,495	621,495
Culture and recreation	675,305	1,054,579	1,729,884
Health and welfare	116,948	602,327	719,275
Capital outlay	189,003	3,847,781	4,036,784
Debt service:			
Principal	-	100,676	100,676
Interest	-	55,970	55,970
<i>Total expenditures</i>	8,649,704	6,368,115	15,017,819
<i>Excess (deficiency) of revenues over expenditures</i>	2,839,472	(4,797,508)	(1,958,036)
<i>Other financing sources (uses)</i>			
Transfers in	177,192	4,020,000	4,197,192
Transfers out	(3,827,414)	(260,141)	(4,087,555)
<i>Total other financing sources (uses)</i>	(3,650,222)	3,759,859	109,637
<i>Net change in fund balance</i>	(810,750)	(1,037,649)	(1,848,399)
<i>Fund balance - beginning of year</i>	9,956,949	1,716,620	11,673,569
<i>Fund balance - end of year</i>	\$ 9,146,199	\$ 678,971	\$ 9,825,170

STATE OF NEW MEXICO

City of Deming

Governmental Funds

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2013

Exhibit B-2

Page 2 of 2

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

Net change in fund balances - total governmental funds	\$	(1,848,399)
--	----	-------------

Governmental funds report capital outlays as expenditures. However, in
the statement of activities, the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense:

Capital expenditures recorded in capital outlay		4,036,784
Depreciation expense		(1,656,405)
Net book value of capital assets disposed of		(556,152)

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

Increase in unearned revenue related to property taxes receivable		71,148
---	--	--------

Expenses in the Statement of Activities that do not require current financial
resources are not reported as expenditures in the funds:

Decrease in accrued compensated absences		26,477
--	--	--------

The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial
resources to governmental funds, while the repayment of the principal of long-term
debt consumes the current financial resources of governmental funds. Neither
transaction, however, has any effect on net position. Also, governmental funds
report the effect of premiums and similar items when debt is first issued, whereas
these amounts are deferred and amortized in the Statement of Activities:

Loan repayments		100,676
Increase in accrued interest		(7,048)

Change in net position of governmental activities	\$	<u>167,081</u>
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The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO

Exhibit C-1

City of Deming

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ 675,000	\$ 665,000	\$ 706,144	\$ 41,144
Gross receipts	6,720,000	6,720,000	6,924,264	204,264
Gasoline, franchise and motor vehicle	315,000	315,000	323,368	8,368
Intergovernmental:				
Federal operating grants	228,220	226,815	104,303	(122,512)
State operating grants	61,393	65,143	26,404	(38,739)
Charges for services	2,985,438	2,992,888	3,072,755	79,867
Licenses and fees	-	-	-	-
Investment income	45,000	45,000	67,313	22,313
Miscellaneous	25,000	55,000	533,135	478,135
<i>Total revenues</i>	<u>11,055,051</u>	<u>11,084,846</u>	<u>11,757,686</u>	<u>672,840</u>
<i>Expenditures</i>				
Current:				
General government	3,066,527	3,047,222	2,672,923	374,299
Public safety	5,566,394	5,702,544	4,859,946	842,598
Culture and recreation	722,606	734,260	654,428	79,832
Health and welfare	132,500	132,000	109,109	22,891
Capital outlay	358,135	386,835	197,801	189,034
<i>Total expenditures</i>	<u>9,846,162</u>	<u>10,002,861</u>	<u>8,494,207</u>	<u>1,508,654</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,208,889</u>	<u>1,081,985</u>	<u>3,263,479</u>	<u>2,181,494</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	2,622,999	3,008,050	-	(3,008,050)
Transfers in	177,192	177,192	177,192	-
Transfers out	(4,009,080)	(4,267,227)	(3,827,414)	439,813
<i>Total other financing sources (uses)</i>	<u>(1,208,889)</u>	<u>(1,081,985)</u>	<u>(3,650,222)</u>	<u>(2,568,237)</u>
<i>Net change in fund balance</i>	-	-	(386,743)	(386,743)
<i>Fund balance - beginning of year</i>	-	-	8,508,483	8,508,483
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,121,740</u>	<u>\$ 8,121,740</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (386,743)	
Adjustments to revenues for gross receipt taxes and federal and state operating grants.			(268,510)	
Adjustments to expenditures for salaries and operating expenses.			(155,497)	
Net change in fund balance (GAAP)			<u>\$ (810,750)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

City of Deming

Statement of Net Position

Proprietary Funds

June 30, 2013

	<u>Gas</u>	<u>Sewer</u>	<u>Solid Waste</u>
<i>Assets</i>			
<i>Current assets</i>			
Cash and cash equivalents	\$ 1,283,078	\$ 780,156	\$ 1,043,362
Investments	2,515,343	263,622	538,369
Customer receivables, net	202,493	119,280	187,728
Inventory	<u>97,057</u>	<u>40,882</u>	<u>-</u>
<i>Total current assets</i>	<u>4,097,971</u>	<u>1,203,940</u>	<u>1,769,459</u>
<i>Noncurrent assets</i>			
Restricted cash and cash equivalents	435,748	54,789	-
Capital assets	6,244,330	15,718,056	6,220,484
Accumulated depreciation	<u>(3,515,329)</u>	<u>(5,942,191)</u>	<u>(2,376,861)</u>
<i>Total noncurrent assets</i>	<u>3,164,749</u>	<u>9,830,654</u>	<u>3,843,623</u>
<i>Total assets</i>	<u>\$ 7,262,720</u>	<u>\$ 11,034,594</u>	<u>\$ 5,613,082</u>
<i>Liabilities and Net Position</i>			
<i>Liabilities</i>			
<i>Current liabilities</i>			
Accounts payable	\$ 1,842	\$ 479,452	\$ 13,781
Accrued payroll expenses	15,089	7,532	27,205
Accrued compensated absences	14,123	3,599	26,725
Meter deposits	435,748	-	-
Accrued interest	-	18,859	-
Current maturity of loans payable	-	69,728	-
<i>Total current liabilities</i>	<u>466,802</u>	<u>579,170</u>	<u>67,711</u>
<i>Noncurrent liabilities</i>			
Accrued compensated absences	5,872	2,817	15,889
Landfill closure and post-closure costs	-	-	691,811
Loans payable	-	<u>1,419,834</u>	<u>-</u>
<i>Total noncurrent liabilities</i>	<u>5,872</u>	<u>1,422,651</u>	<u>707,700</u>
<i>Total liabilities</i>	<u>472,674</u>	<u>2,001,821</u>	<u>775,411</u>
<i>Net position</i>			
Net investment in capital assets	2,729,001	8,286,303	3,843,623
Unrestricted	<u>4,061,045</u>	<u>746,470</u>	<u>994,048</u>
<i>Total net position</i>	<u>6,790,046</u>	<u>9,032,773</u>	<u>4,837,671</u>
<i>Total liabilities and net position</i>	<u>\$ 7,262,720</u>	<u>\$ 11,034,594</u>	<u>\$ 5,613,082</u>

The accompanying notes are an integral part of these financial statements

Water	Cemetery	Airport	Total
\$ 1,252,952	\$ 109,948	\$ 182,261	\$ 4,651,757
1,010,999	197,239	60,843	4,586,415
285,718	-	1,610	796,829
250,901	-	-	388,840
<u>2,800,570</u>	<u>307,187</u>	<u>244,714</u>	<u>10,423,841</u>
34,545	-	-	525,082
14,716,539	532,453	9,481,260	52,913,122
(4,077,183)	(168,006)	(2,862,252)	(18,941,822)
<u>10,673,901</u>	<u>364,447</u>	<u>6,619,008</u>	<u>34,496,382</u>
<u>\$ 13,474,471</u>	<u>\$ 671,634</u>	<u>\$ 6,863,722</u>	<u>\$ 44,920,223</u>
\$ 63,162	\$ 367	\$ 17,342	\$ 575,946
9,927	-	-	59,753
8,917	-	-	53,364
-	-	-	435,748
-	-	-	18,859
-	-	-	69,728
<u>82,006</u>	<u>367</u>	<u>17,342</u>	<u>1,213,398</u>
4,563	-	-	29,141
-	-	-	691,811
-	-	-	1,419,834
<u>4,563</u>	<u>-</u>	<u>-</u>	<u>2,140,786</u>
<u>86,569</u>	<u>367</u>	<u>17,342</u>	<u>3,354,184</u>
10,639,356	364,447	6,619,008	32,481,738
2,748,546	306,820	227,372	9,084,301
<u>13,387,902</u>	<u>671,267</u>	<u>6,846,380</u>	<u>41,566,039</u>
<u>\$ 13,474,471</u>	<u>\$ 671,634</u>	<u>\$ 6,863,722</u>	<u>\$ 44,920,223</u>

STATE OF NEW MEXICO
City of Deming
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2013

	Gas	Sewer	Solid Waste
<i>Operating revenues</i>			
Charges for services	\$ 3,484,033	\$ 912,784	\$ 1,755,832
<i>Total operating revenues</i>	<u>3,484,033</u>	<u>912,784</u>	<u>1,755,832</u>
<i>Operating expenses</i>			
Depreciation	91,250	270,418	361,842
Personnel services	398,914	178,598	801,443
Contractual services	20,914	16,868	59,839
Supplies and purchases	1,833,780	5,931	5,497
Maintenance and materials	45,538	422,601	124,300
Administrative fees	542,778	366,999	600,093
Utilities	12,688	160,311	8,445
Equipment	9,487	3,552	59,406
Gross receipts taxes	199,977	-	-
<i>Total operating expenses</i>	<u>3,155,326</u>	<u>1,425,278</u>	<u>2,020,865</u>
<i>Operating income (loss)</i>	<u>328,707</u>	<u>(512,494)</u>	<u>(265,033)</u>
<i>Non-operating revenues (expenses)</i>			
Interest expense	-	(19,119)	-
Investment income	30,162	1,054	5,120
Miscellaneous income (expense)	19,997	(7,555)	4,304
Gain (loss) on sale of capital assets	(27,800)	(12,843)	(23,647)
<i>Total non-operating revenues (expenses)</i>	<u>22,359</u>	<u>(38,463)</u>	<u>(14,223)</u>
<i>Income (loss) before contributions and transfers</i>	<u>351,066</u>	<u>(550,957)</u>	<u>(279,256)</u>
Government contributions	14,709	535,611	202,449
Transfers in	-	85,964	29,801
Transfers out	(5,600)	(15,400)	(47,335)
<i>Change in net position</i>	360,175	55,218	(94,341)
<i>Total net position, beginning of year</i>	<u>6,429,871</u>	<u>8,977,555</u>	<u>4,932,012</u>
<i>Total net position, end of year</i>	<u>\$ 6,790,046</u>	<u>\$ 9,032,773</u>	<u>\$ 4,837,671</u>

The accompanying notes are an integral part of these financial statements

<u>Water</u>	<u>Cemetery</u>	<u>Airport</u>	<u>Total</u>
<u>\$ 1,896,275</u>	<u>\$ 79,464</u>	<u>\$ 61,578</u>	<u>\$ 8,189,966</u>
<u>1,896,275</u>	<u>79,464</u>	<u>61,578</u>	<u>8,189,966</u>
189,574	7,728	48,577	969,389
431,210	46,751	444	1,857,360
132,511	625	3,677	234,434
6,435	2,661	-	1,854,304
185,704	5,604	7,222	790,969
126,453	6,538	16,407	1,659,268
254,274	2,368	23,549	461,635
47,344	2,755	15,645	138,189
-	-	-	199,977
<u>1,373,505</u>	<u>75,030</u>	<u>115,521</u>	<u>8,165,525</u>
<u>522,770</u>	<u>4,434</u>	<u>(53,943)</u>	<u>24,441</u>
(176)	-	-	(19,295)
11,787	963	775	49,861
24,938	50	473	42,207
<u>100,663</u>	<u>(1,434)</u>	<u>(612,354)</u>	<u>(577,415)</u>
<u>137,212</u>	<u>(421)</u>	<u>(611,106)</u>	<u>(504,642)</u>
<u>659,982</u>	<u>4,013</u>	<u>(665,049)</u>	<u>(480,201)</u>
-	-	302,713	1,055,482
-	-	70,000	185,765
<u>(219,593)</u>	<u>-</u>	<u>(7,474)</u>	<u>(295,402)</u>
440,389	4,013	(299,810)	465,644
<u>12,947,513</u>	<u>667,254</u>	<u>7,146,190</u>	<u>41,100,395</u>
<u>\$ 13,387,902</u>	<u>\$ 671,267</u>	<u>\$ 6,846,380</u>	<u>\$ 41,566,039</u>

STATE OF NEW MEXICO
City of Deming
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013

	Gas	Sewer	Solid Waste
<i>Cash flows from operating activities:</i>			
Cash received from user charges	\$ 3,457,791	\$ 892,272	\$ 1,741,436
Cash payments to employees for services	(407,054)	(184,009)	(812,572)
Cash payments to suppliers for goods and services	(2,715,138)	(589,698)	(938,126)
<i>Net cash provided (used) by operating activities</i>	<u>335,599</u>	<u>118,565</u>	<u>(9,262)</u>
<i>Cash flows from noncapital financing activities:</i>			
Government contributions	14,709	535,611	202,449
Miscellaneous income	19,997	(7,555)	4,304
Transfers (net)	(5,600)	70,564	(17,534)
<i>Net cash provided (used) by noncapital financing activities</i>	<u>29,106</u>	<u>598,620</u>	<u>189,219</u>
<i>Cash flows from investing activities:</i>			
Acquisition of capital assets	(60,847)	(1,589,688)	(105,145)
Proceeds from sale of capital assets	-	-	-
Purchase of investments	(1,882)	703	-
Proceeds from sale of investments	-	-	(2,426)
Interest on investments	30,162	1,054	5,120
<i>Net cash provided (used) by investing activities</i>	<u>(32,567)</u>	<u>(1,587,931)</u>	<u>(102,451)</u>
<i>Cash flows from capital and related financing activities:</i>			
Interest paid	-	(260)	-
Proceeds from issuance of long-term debt	-	1,489,562	-
Principal payments on bonds, loans and notes payable	-	(57,071)	-
<i>Net cash provided (used) by capital and related financing activities</i>	<u>-</u>	<u>1,432,231</u>	<u>-</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	332,138	561,485	77,506
<i>Cash and cash equivalents - beginning of year</i>	<u>1,386,688</u>	<u>273,460</u>	<u>965,856</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 1,718,826</u>	<u>\$ 834,945</u>	<u>\$ 1,043,362</u>
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</i>			
Operating income (loss)	\$ 328,707	\$ (512,494)	\$ (265,033)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	91,250	270,418	361,842
Changes in assets and liabilities			
Receivables	(26,242)	(20,512)	(14,396)
Inventory	(15,836)	(426)	-
Accounts payable	(34,140)	386,990	(80,546)
Accrued payroll expenses	(1,086)	1,593	(4,656)
Accrued compensated absences	(7,054)	(7,004)	(6,473)
<i>Net cash provided (used) by operating activities</i>	<u>\$ 335,599</u>	<u>\$ 118,565</u>	<u>\$ (9,262)</u>

The accompanying notes are an integral part of these financial statements

Water	Cemetery	Airport	Total
\$ 1,904,257	\$ 79,464	\$ 59,968	\$ 8,135,188
(447,275)	(46,751)	(444)	(1,898,105)
<u>(709,280)</u>	<u>(20,184)</u>	<u>(49,158)</u>	<u>(5,021,584)</u>
747,702	12,529	10,366	1,215,499
-	-	302,713	1,055,482
24,938	50	473	42,207
<u>(219,593)</u>	<u>-</u>	<u>62,526</u>	<u>(109,637)</u>
<u>(194,655)</u>	<u>50</u>	<u>365,712</u>	<u>988,052</u>
(100,073)	(38,859)	(322,476)	(2,217,088)
100,663	-	-	100,663
9,675	-	-	8,496
-	(901)	-	(3,327)
<u>11,787</u>	<u>963</u>	<u>775</u>	<u>49,861</u>
<u>22,052</u>	<u>(38,797)</u>	<u>(321,701)</u>	<u>(2,061,395)</u>
(176)	-	-	(436)
-	-	-	1,489,562
<u>(34,545)</u>	<u>-</u>	<u>-</u>	<u>(91,616)</u>
<u>(34,721)</u>	<u>-</u>	<u>-</u>	<u>1,397,510</u>
540,378	(26,218)	54,377	1,539,666
<u>747,119</u>	<u>136,166</u>	<u>127,884</u>	<u>3,637,173</u>
<u>\$ 1,287,497</u>	<u>\$ 109,948</u>	<u>\$ 182,261</u>	<u>\$ 5,176,839</u>
\$ 522,770	\$ 4,434	\$ (53,943)	\$ 24,441
189,574	7,728	48,577	969,389
7,982	-	(1,610)	(54,778)
25,423	-	-	9,161
18,018	367	17,342	308,031
(3,351)	-	-	(7,500)
<u>(12,714)</u>	<u>-</u>	<u>-</u>	<u>(33,245)</u>
<u>\$ 747,702</u>	<u>\$ 12,529</u>	<u>\$ 10,366</u>	<u>\$ 1,215,499</u>

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STATE OF NEW MEXICO
City of Deming
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2013

Exhibit E-1

<i>Assets</i>	
Cash	<u>\$ 1,282</u>
<i>Total assets</i>	<u><u>\$ 1,282</u></u>
<i>Liabilities</i>	
Due to other entities	<u>\$ 1,282</u>
<i>Total liabilities</i>	<u><u>\$ 1,282</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2013

NOTE 1. Summary of Significant Accounting Policies

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

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

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

This summary of significant accounting policies of City of Deming is presented to assist in the understanding of City of Deming's financial statements. The financial statements and notes are the representation of City of Deming's management who is responsible for their integrity and objectivity. The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government entities.

During the year ended June 30, 2013, the City adopted GASB Statements No. 60 through 63. GASB Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements. The City does not have any Service Concession Arrangements. GASB Statement No. 61, The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34, modifies certain requirements for inclusion of component units in the financial reporting entity. GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in FASB and AICPA Pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources.

A. Financial Reporting Entity

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the City has no component units, and is not a component unit of another governmental agency.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

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

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

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

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

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

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

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

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

Additionally, the City reports the following agency fund:

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

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

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position or Equity

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

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

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

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

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

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

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

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

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

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

Accrued Expenses: Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2013, along with applicable PERA, FICA, RHC and Medicare payable.

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

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

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

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

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

Nonspendable fund balance consists of inventory in the amount of \$42,834.

Restricted: At June 30, 2013, the City has presented restricted fund balance on the governmental funds balance sheet in the amount of \$201,357 for public safety; \$247,841 for culture and recreation; \$158,743 for promotion; \$100 for transportation and roads; \$100 for capital improvements; \$3,275 for economic development; and \$67,555 for debt service.

Minimum Fund Balance Policy: The City's policy for maintaining a minimum amount of fund balance for operations is to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies. At a minimum, the budget shall ensure that the City holds cash reserves of 1/12th the General Fund expenditures. The City has also presented committed fund balance on the governmental funds balance sheet including \$720,809 for minimum fund balance and \$2,259,256 for subsequent year's expenditures.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Net Position: Equity is classified as net position and displayed in three components:

- a. **Net Investment in Capital Assets:** Net investment in capital assets consist of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. **Restricted Net Position:** Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for “special revenue, and capital projects” are described on pages 43 and 64-65.
- c. **Unrestricted Net Position:** All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates for the City include the depreciable lives and estimated allowance for uncollectible accounts receivables as well as the City’s estimated landfill capacity used to date and the remaining life of the landfill.

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

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

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

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

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2013

NOTE 2. Stewardship, Compliance and Accountability (continued)

Budgetary Information

	Excess (deficiency) of revenues over expenditures Operating income (loss)	
	Original Budget	Final Budget
Budgeted Funds:		
General Fund	\$ 1,208,889	\$ 1,081,985
Other Governmental Funds	\$ (5,703,611)	\$ (6,263,071)
Gas Enterprise Fund	\$ (213,728)	\$ (361,428)
Sewer Enterprise Fund	\$ (2,638,102)	\$ (2,546,402)
Solid Waste Enterprise Fund	\$ (646,157)	\$ (707,257)
Water Enterprise Fund	\$ (1,287,973)	\$ (229,873)
Cemetery Enterprise Fund	\$ (101,817)	\$ (97,517)
Airport Enterprise Fund	\$ (547,850)	\$ (517,510)

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

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP), a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2013 is presented. Reconciliations between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund can be found on each individual budgetary statement.

NOTE 3. Deposits and Investments

State statutes authorize the investment of City funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the City properly followed State investment requirements as of June 30, 2013.

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

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

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

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2013

NOTE 3. Deposits and Investments (continued)

By operation of federal law, beginning January 1, 2013, funds deposited in a noninterest-bearing transaction account no longer will receive unlimited deposit insurance coverage by the Federal Deposit Insurance Corporation (FDIC). Beginning January 1, 2013, all of the City's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk, other than following state statutes as set forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). Section 6-10-17, New Mexico Statutes Annotated, 1978 Compilation requires that all depositories provide collateral equal to at least one-half of the amount of public monies on deposit that are uninsured by FDIC limits. All depositories, except Western Heritage Bank, had collateral exceeding the amount required by law. As of June 30, 2013, \$17,130,808 of the City's bank balance of \$18,380,808 was exposed to custodial credit risk. Although the \$17,130,808 was uninsured, \$16,782,111 was collateralized by collateral held by the pledging bank's trust department, not in the City's name. \$348,697 of the City's deposits were uninsured and collateralized at June 30, 2013.

	Wells Fargo Bank	First New Mexico Bank	First Savings Bank
	<u> </u>	<u> </u>	<u> </u>
Amount of deposits	\$ 2,108,659	\$ 11,357,834	\$ 4,035,584
FDIC Coverage	(250,000)	(250,000)	(250,000)
Total uninsured public funds	<u>1,858,659</u>	<u>11,107,834</u>	<u>3,785,584</u>
Collateralized by securities held by pledging institution or by its trust department or agent in other than the City's name			
	1,858,659	11,107,834	3,785,584
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (50% of uninsured funds)			
	\$ 929,330	\$ 5,553,917	\$ 1,892,792
Pledged Collateral	2,015,416	16,912,575	3,970,862
Over (Under) collateralized	<u>\$ 1,086,087</u>	<u>\$ 11,358,658</u>	<u>\$ 2,078,070</u>
	BBVA Compass Bank	Western Heritage Bank	Total
	<u> </u>	<u> </u>	<u> </u>
Amount of deposits	\$ 280,034	\$ 598,697	18,380,808
FDIC Coverage	(250,000)	(250,000)	(1,250,000)
Total uninsured public funds	<u>30,034</u>	<u>348,697</u>	<u>17,130,808</u>
Collateralized by securities held by pledging institution or by its trust department or agent in other than the City's name			
	30,034	-	16,782,111
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ 348,697</u>	<u>\$ 348,697</u>
Collateral requirement (50% of uninsured funds)			
	\$ 15,017	\$ 174,349	\$ 8,565,405
Pledged Collateral	38,414	-	22,937,267
Over (Under) collateralized	<u>\$ 23,397</u>	<u>\$ (174,349)</u>	<u>\$ 14,371,862</u>

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2013

NOTE 3. Deposits and Investments (continued)

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

Investments

As of June 30, 2013, the City had the following investments and maturities:

Investment Type	Weighted Average Maturities	Fair Value	Rating
Multi-Bank Securities	<1 year	\$ 14,946	Not Rated
U.S. Treasury Money Market Mutual Funds	<90 Days	523,693	AA+
		<u>\$ 538,639</u>	

The investments are listed on Schedule I of this report. The types of investment, interest rate, maturity date and fair value per security are included in the schedule. The City has presented certificates of deposits and interest bearing savings accounts of \$10,465,521 as investments in the Statement of Net Position; however, these are classified as deposits for disclosure purposes. In addition, the City has reported U.S. Treasuries held in NMFA's bank account in the amount of \$523,693 as cash in the statement of net position; however, they are considered investments for disclosure purposes.

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

Concentration of Credit Risk – Investments. For an investment, concentration of credit risk is when any one issuer is 5% or more of the investment portfolio of the City. The investments in Wells Fargo Bank represent 19% of the investment portfolio and Western Heritage Bank represents 5% of the investment portfolio. Since the City only purchases investments with the highest credit rating, the concentration is not viewed to be an additional risk by the City. The City's policy related to concentration of credit risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

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

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2013

NOTE 3. Deposits and Investments (continued)

Reconciliation of Cash, Investments and Cash Equivalents

Primary Government

Reconciliation to the Statement of Net Position:

Cash and cash equivalents per Exhibit A-1	\$ 7,124,816
Restricted cash and cash equivalents per Exhibit A-1	959,441
Cash - Statement of Fiduciary Assets and Liabilities per Exhibit E-1	1,282
Investments per Exhibit A-1	<u>10,480,467</u>
Total cash, investments, and cash equivalents	<u>18,566,006</u>
Add: outstanding checks	585,440
Less: US Treasury Money Market Mutual Funds	(538,639)
Less: deposits in transit and other reconciling items	(228,324)
Less: petty cash	<u>(3,675)</u>
Bank balance of deposits and investments	<u><u>\$ 18,380,808</u></u>

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2013

NOTE 4. Receivables

Governmental receivables as of June 30, 2013 are comprised of the following:

	General	Other Governmental Funds	Total
Accounts receivable	\$ 633,963	\$ -	\$ 633,963
Less allowance for uncollectable accounts	<u>(509,062)</u>	<u>-</u>	<u>(509,062)</u>
Accounts receivable (net)	124,901	-	124,901
Taxes:			
Gross receipts tax receivables	1,164,543	-	1,164,543
Property tax receivables	252,470	-	252,470
Franchise tax receivables	34,147	-	34,147
Lodger's tax receivables	-	24,039	24,039
Oil and gas tax receivables	-	48,792	48,792
Total taxes	<u>1,451,160</u>	<u>72,831</u>	<u>1,523,991</u>
Federal grant receivable	<u>47,635</u>	<u>-</u>	<u>47,635</u>
Net receivables	<u>\$ 1,623,696</u>	<u>\$ 72,831</u>	<u>\$ 1,696,527</u>

In accordance with GASB Statement No. 33, property tax revenues in the amount of \$236,626 that were not collected within the period of availability have been reclassified as unearned revenue in the governmental fund financial statements as of June 30, 2013.

Business-type activity receivables as of June 30, 2013 are comprised of the following:

	Gas	Sewer	Solid Waste	Water
Accounts receivable	\$ 256,918	\$ 129,923	\$ 203,609	\$ 321,775
Less: allowance for uncollectable accounts	<u>(54,425)</u>	<u>(10,643)</u>	<u>(15,881)</u>	<u>(36,057)</u>
Accounts receivable (net)	<u>\$ 202,493</u>	<u>\$ 119,280</u>	<u>\$ 187,728</u>	<u>\$ 285,718</u>
Net receivables	<u>\$ 202,493</u>	<u>\$ 119,280</u>	<u>\$ 187,728</u>	<u>\$ 285,718</u>

	Cemetery	Airport	Total
Accounts receivable	\$ 50,000	\$ 1,610	\$ 963,835
Less: allowance for uncollectable accounts	<u>(50,000)</u>	<u>-</u>	<u>(167,006)</u>
Accounts receivable (net)	<u>\$ -</u>	<u>\$ 1,610</u>	<u>\$ 796,829</u>
Net receivables	<u>\$ -</u>	<u>\$ 1,610</u>	<u>\$ 796,829</u>

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

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2013

NOTE 5. Interfund Receivables, Payables, and Transfers

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

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
General Fund	Library Fund	\$ 169,977
General Fund	Street Fund	980,023
General Fund	Recreation Fund	1,035,000
General Fund	Economic Development Fund	460,000
General Fund	Community Center Fund	680,301
General Fund	Swimming Pool Fund	105,000
General Fund	City/Court Remodel - Debt Service	104,328
General Fund	Emergency Medical Services	45,000
General Fund	CDBG Planning Grant 2011/2012 Fund	247,785
Fire Fund	Fire Remodel Loan - Debt Service	52,318
Lodger's Tax Fund	Lodger's Tax Promotional	140,268
Water Fund	General Fund	177,192
Water Fund	Solid Waste Fund	29,801
Water Fund	Airport Fund	12,600
Gas Fund	Airport Fund	5,600
Sewer Fund	Airport Fund	15,400
Solid Waste Fund	Airport Fund	36,400
Solid Waste Fund	Sewer Fund	10,935
Community Center Fund	Sewer Fund	67,555
Airport Fund	Sewer Fund	7,474
	Total	<u>\$ 4,382,957</u>

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2013

NOTE 6. Capital Assets

The following is a summary of capital assets and changes occurring during the year ended June 30, 2013. Land and construction in progress are not subject to depreciation.

Governmental Activities:

	Balance June 30, 2012	Additions	Deletions	Transfers	Adjustments	Balance June 30, 2013
Capital assets not being depreciated:						
Land	\$ 5,997,576	\$ 549,685	\$ (331,579)	\$ (187,227)	-	\$ 6,028,455
Construction in progress	2,055,493	1,959,582	(3,040,652)	-	(51)	974,372
	<u>8,053,069</u>	<u>2,509,267</u>	<u>(3,372,231)</u>	<u>(187,227)</u>	<u>(51)</u>	<u>7,002,827</u>
Capital assets being depreciated:						
Buildings and improvements	11,288,454	2,589,688	-	10,035	(79,328)	13,808,849
Equipment	7,626,651	343,634	(109,335)	-	-	7,860,950
Infrastructure	52,240,549	1,634,847	-	-	-	53,875,396
	<u>71,155,654</u>	<u>4,568,169</u>	<u>(109,335)</u>	<u>10,035</u>	<u>(79,328)</u>	<u>75,545,195</u>
Total capital assets	<u>79,208,723</u>	<u>7,077,436</u>	<u>(3,481,566)</u>	<u>(177,192)</u>	<u>(79,379)</u>	<u>82,548,022</u>
Accumulated depreciation:						
Buildings and improvements	3,849,109	275,391	-	-	(32,001)	4,092,499
Equipment	6,828,644	306,789	(109,335)	-	-	7,026,098
Infrastructure	27,940,848	1,074,225	-	-	-	29,015,073
Total accumulated depreciation	<u>38,618,601</u>	<u>1,656,405</u>	<u>(109,335)</u>	<u>-</u>	<u>(32,001)</u>	<u>40,133,670</u>
Net Capital Assets	<u>\$ 40,590,122</u>	<u>\$ 5,421,031</u>	<u>\$ (3,372,231)</u>	<u>\$ (177,192)</u>	<u>\$ (47,378)</u>	<u>\$ 42,414,352</u>

Business-type Activities:

	Balance June 30, 2012	Additions	Deletions	Transfers	Adjustments	Balance June 30, 2013
Capital assets not being depreciated:						
Land	\$ 8,738,308	\$ 1,360	\$ (171,978)	\$ (2,044,681)	\$ 15,111	\$ 6,538,120
Construction in progress	2,743,391	1,939,565	(674,127)	-	156,302	4,165,131
	<u>11,481,699</u>	<u>1,940,925</u>	<u>(846,105)</u>	<u>(2,044,681)</u>	<u>171,413</u>	<u>10,703,251</u>
Capital assets being depreciated:						
Buildings and improvements	7,539,022	44,210	-	2,221,873	(34,583)	9,770,522
Utility System	23,732,688	381,656	-	-	-	24,114,344
Airport infrastructure	3,129,797	251,704	-	-	(610,354)	2,771,147
Equipment	5,490,906	141,102	-	-	(78,150)	5,553,858
	<u>39,892,413</u>	<u>818,672</u>	<u>-</u>	<u>2,221,873</u>	<u>(723,087)</u>	<u>42,209,871</u>
Total capital assets	<u>51,374,112</u>	<u>2,759,597</u>	<u>(846,105)</u>	<u>177,192</u>	<u>(551,674)</u>	<u>52,913,122</u>
Accumulated depreciation:						
Buildings and improvements	3,195,168	158,435	-	-	-	3,353,603
Utility System	10,197,649	501,521	-	-	-	10,699,170
Airport infrastructure	317,982	60,028	-	-	-	378,010
Equipment	4,261,634	249,405	-	-	-	4,511,039
Total accumulated depreciation	<u>17,972,433</u>	<u>969,389</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,941,822</u>
Net Book Value	<u>\$ 33,401,679</u>	<u>\$ 1,790,208</u>	<u>\$ (846,105)</u>	<u>\$ 177,192</u>	<u>\$ (551,674)</u>	<u>\$ 33,971,300</u>

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2013

NOTE 6. Capital Assets (continued)

Depreciation expense for the year ended June 30, 2013 was charged to the functions of the governmental activities as follows:

General	\$ 197,915
Public Safety	1,265,619
Public works	78,108
Culture and Recreation	114,763
Health and Welfare	-
Total	<u>\$ 1,656,405</u>

See the statement of revenues, expenses and changes in net position (Exhibit D-2) for depreciation expense by fund for proprietary funds.

NOTE 7. Long-term Debt

During the year ended June 30, 2013, the following changes occurred in the liabilities reported in the government-wide statement of net position:

Governmental Activities:

	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013	Due Within One Year
NMFA Loan # DEMING 10	\$ 401,256	\$ 3	\$ 98,676	\$ 302,583	\$ 99,511
NMFA Loan # DEMING 11	1,000,000	-	2,000	998,000	34,300
Compensated Absences	620,207	365,672	392,149	593,730	392,149
Total long-term liabilities	<u>\$ 2,021,463</u>	<u>\$ 365,675</u>	<u>\$ 492,825</u>	<u>\$ 1,894,313</u>	<u>\$ 525,960</u>

During the year ended June 30, 2013, the following changes occurred in the liabilities reported in the business-type activities:

Business-type Activities:

	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013	Due Within One Year
NMFA Loan # DEMING 9	\$ 57,071	\$ -	\$ 57,071	\$ -	\$ -
NMFA Loan # DEMING 12	34,545	-	34,545	-	-
NMFA Loan # DEMING 13	-	54,789	-	54,789	2,740
Rural Infrastructure Revolving Loan	-	1,434,773	-	1,434,773	66,988
Landfill closure and postclosure	747,402	73,243	128,834	691,811	-
Compensated Absences	115,750	20,120	53,364	82,505	53,364
Total	<u>\$ 954,768</u>	<u>\$ 1,582,925</u>	<u>\$ 273,814</u>	<u>\$ 2,263,879</u>	<u>\$ 123,092</u>

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2013

NOTE 7. Long-term Debt (continued)

Loans

The City entered into a loan agreement with the New Mexico Environment Department in the amount of \$1,800,000 from the Rural Infrastructure Revolving Loan Fund. The loan matures July 9, 2033 and has a monthly interest rate of 3%. At June 30, 2013, \$1,434,773 of the loan was drawn down. The remaining balance was spent after June 30, 2013. The City first spends the money and then New Mexico Environment Department reimburses the City. Payment on the full \$1,800,000 loan starts one year after completion of the project and is amortized over twenty years.

The City has entered into several loan agreements with the New Mexico Finance Authority, wherein the City pledged revenue derived from New Mexico Fire Protection Allotments to cover debt service. NMFA Loans #9 and #12 were paid off during the year.

Description	Date of Issue	Maturity Date	Interest Rate	Original Amount of Issue	Balance June 30, 2013
NMFA Loan #10	05/13/11	05/13/16	1.476%	60,000	\$ 302,583
NMFA Loan #11	06/24/11	05/01/35	2.634%	499,389	998,000
NMFA Loan #13	04/05/13	06/01/33	0.100%	54,789	54,789
Rural Infrastructure Revolving Loan	02/02/12	07/09/33	3.000%	1,800,000	<u>1,434,773</u>
Total NMFA Loans					<u><u>\$ 2,790,145</u></u>

The annual requirements to amortize the governmental activity loans as of June 30, 2013, including interest payments are as follows:

Fiscal Year Ending June 30,	Governmental Activities				Total
	Principal		Interest		
	NMFA Loan 10	NMFA Loan 11	NMFA Loan 10	NMFA Loan 11	
2014	\$ 99,511	\$ 34,300	\$ 4,811	\$ 27,144	\$ 165,766
2015	100,715	34,700	3,607	26,773	165,795
2016	102,357	35,100	1,965	26,270	165,692
2017	-	35,700	-	25,663	61,363
2018	-	36,100	-	24,922	61,022
2019-2023	-	195,700	-	109,084	304,784
2024-2028	-	230,800	-	72,058	302,858
2029-2033	-	277,600	-	57,096	334,696
2034-2035	-	118,000	-	-	118,000
	<u>\$ 302,583</u>	<u>\$ 998,000</u>	<u>\$ 10,383</u>	<u>\$ 369,010</u>	<u>\$ 1,679,976</u>

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2013

NOTE 7. Long-term Debt (continued)

The annual requirements to amortize the business-type activity loans as of June 30, 2013, including interest payments are as follows:

Fiscal Year Ending June 30,	Business-Type Activities					Total
	Principal		Interest			
	NMFA Loan 13	Rural Infrastructure Revolving Loan	NMFA Loan 13	Rural Infrastructure Revolving Loan		
2014	\$ 2,740	\$ 66,988	\$ 2,740	\$ 54,000	\$ 126,468	
2015	2,740	68,998	2,740	51,990	126,468	
2016	2,740	71,068	2,740	49,920	126,468	
2017	2,740	73,200	2,740	47,788	126,468	
2018	2,740	75,396	2,740	45,592	126,468	
2019-2023	13,698	412,294	13,698	192,646	632,336	
2024-2028	27,391	477,962	27,391	126,978	659,722	
2029-2034	-	554,096	-	50,851	604,947	
	<u>\$ 54,789</u>	<u>\$ 1,800,000</u>	<u>\$ 54,789</u>	<u>\$ 619,767</u>	<u>\$ 2,529,345</u>	

Compensated Absences – Employees of the City are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2013, compensated absences for governmental activities decreased \$26,477 over the prior year accrual. For business-type activities compensated absences decreased by \$33,245.

Landfill Closure and Post-Closure Costs

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

Butterfield Landfill

The recognition of these landfill closure and post-closure care costs is based on the estimated capacity of the landfill used to date compared to the total estimated capacity. The liability for landfill closure and post-closure costs for the Butterfield Landfill as of June 30, 2013 is \$113,287. The closure and post-closure liability is based on a cumulative capacity used to date for operating landfills as a percentage of projected capacity at the time of landfill closure. The estimated percent of the landfill used to date is 3% and the estimated remaining life of the landfill is estimated to be 31 years. The estimated total current costs of closure and post-closure costs to be recognized is \$1,228,783. Actual cost of post-closure care may be higher due to inflation, changes in technology, or changes in state and federal landfill laws and regulations. The City is required by the state of New Mexico Environmental Regulation Board to demonstrate financial assurance for post-closure costs.

Old Deming Landfill

In the prior year the old Deming landfill was closed. The total remaining liability relating to the post closure costs yet to be amortized is \$578,524 and the post closure cost recognized during the current fiscal year is \$20,662.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2013

NOTE 8. Risk Management

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

NOTE 9. Other Required Individual Fund Disclosures

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

- A. Deficit fund balance of individual funds. There were no funds with a deficit fund balance for the year ended June 30, 2013.
- B. Excess of expenditures over appropriations. There were no funds with expenditures in excess of the budgeted appropriations.
- C. Designated cash appropriations in excess of available balances. There was one designated cash appropriation in excess of available balances for the year ended June 30, 2013.

	Designated Cash	Beginning Cash	Prior Year AR	Appropriations in Excess of Available
Street Special Revenue Fund	\$ 425,372	\$ 305,383	\$ 52,612	\$ 67,377

NOTE 10. Pension Plan – Public Employees Retirement Association

Plan Description: Substantially all of City of Deming’s full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978.) The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P. O. Box 2123, Santa Fe, New Mexico 87504-2123. The report is also available on PERA’s website at <http://www.pera.state.nm.us>.

Funding Policy: Plan members are required to contribute the following percentages of their gross salary: 16.3% for law enforcement and fire protection employees; and 9.15% for City employees. The City is required to contribute the following percentages of the gross covered salary: 18.5% for law enforcement and fire protection plan members; and 9.15% for City plan members. The contribution requirements of plan members and City of Deming are established in State Statute under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The City’s contributions to PERA for the fiscal years ended June 30, 2013, 2012, and 2011 were \$888,529, \$887,850 and \$753,380, respectively, which equal the amount of the required contributions for each fiscal year.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2013

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

Plan Description. City of Deming contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

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

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

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The City of Deming's contributions to the RHCA for the years ended June 30, 2013, 2012 and 2011 were \$126,345, \$116,345 and \$104,448, respectively, which equal the required contributions for each year.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2013

NOTE 12. Joint Powers Agreements

City of Deming and Luna County Multi-Services Agreement 2011-2013

Participants	City of Deming, Luna County
Responsible party	City of Deming, Luna County
Description	Luna County has the exclusive rights, licensee, and privilege to provide care of city prisoners, consolidated dispatch, and use of special events center. The City will pay Luna County set hourly fees for these services. Luna County agrees to pay the City of Deming for library operation costs, recreation programs, solid waste management and ambulance service. For fire prevention and suppression, Luna County and the City of Deming agree to render mutual aid.
Term of agreement	July 1, 2012 through June 30, 2013, renewable
Amount of project	Unknown
City contributions	Unknown
Audit responsibility	City of Deming

City of Deming and Rural Transportation District

Participants	City of Deming, Grant County, City of Luna, Town of Silver City
Responsible party	Grant County
Description	The Grant City Public Transportation System will operate public transportation services within Grant and Luna County, City of Deming and Silver City as resources permit; thereby creating increased access to the enterprises, services, and events of the area.
Term of agreement	July 1, 2012 through June 30, 2013, renewable
Amount of project	Unknown
City contributions	\$60,000 initial contribution
Audit responsibility	Grant County Auditors

NOTE 13. Contingent Liabilities

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

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2013

NOTE 14. Commitments

The City's commitments as of June 30, 2013 are as follows:

<u>Contract</u>	<u>Year Ending</u>	<u>Amount</u>
4th of July Firework Display	6/30/2014	\$ 5,000
Animal Guardians	6/30/2014	1,000
Blue Collar	3/25/2015	39,405
Complete Care Cleaning	3/1/2014	54,708
Deming Excavating		164,198
Deming Luna County Arts Council	6/30/2014	1,000
Deming Luna County Commission on Aging	6/30/2014	85,000
Deming Luna County Humane Society	7/25/2014	100,000
Deming Public Schools	6/30/2014	99,500
Deming Soccer League	6/30/2014	1,000
Dismuke Construction	3/25/2015	136,370
EMS Billing	5/10/2016	195,000
Engineers Inc		240,679
Entomology Consultants	2/20/2014	15,047
Gunter Miller Enterprise LTD	4/1/2030	7,600
Highway Supply	3/25/2015	7,133
Junior Achievement	6/30/2014	1,000
Kimble & Associates	5/1/2015	30,000
Luna County Historical Society	6/30/2014	57,500
New Mexico Main Street Program	6/30/2014	15,000
New Mexico Mounted Patrol	6/30/2014	15,000
Optimist Club	6/30/2014	1,000
Rio Mimbres Corporation	6/30/2014	89,000
Robert Benavidez-Desert Aviation	6/25/2014	10,800
Rural Transportation District	6/30/2014	60,000
Smith Engineering		37,471
SWNM Fair Board	6/30/2014	1,000
USDA	9/30/2015	7,500
Visitor's Center	6/30/2014	70,000
WH Pacific		135,836
		<u>\$ 1,683,747</u>

NOTE 15. Restricted Net Position

The government-wide statement of net position reports \$678,771 of restricted net position, all of which is restricted by enabling legislation. For descriptions of the related enabling legislation for special revenue and capital projects funds see pages 64 and 65.

NOTE 16. Subsequent Events

The date to which events occurring after June 30, 2013, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is November 20, 2013 which is the date on which the financial statements were issued.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2013

NOTE 17. Concentrations

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

NOTE 18. Subsequent Pronouncements

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

In March 2012, GASB Statement No. 66 *Technical Corrections-2013—an amendment of GASB Statements No. 10 and No.62*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The standard will be implemented during fiscal year June 30, 2014.

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

In June 2012, GASB Statement No. 68 *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. Earlier application is encouraged. The City is still evaluating the expected impact on the City's financial statements in the upcoming years.

In January 2013, GASB Statement No. 69 *Government Combinations and Disposals of Government Operations*, Effective Date: The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013. Earlier application is encouraged. The provisions of this Statement generally are required to be applied prospectively. The City is still evaluating how this reporting standard will affect the City.

In April 2013, GASB Statement No. 70 *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, Effective Date: The provisions of this Statement are effective for reporting periods beginning after June 15, 2013. Earlier application is encouraged. Except for disclosures related to cumulative amounts paid or received in relation to a financial guarantee, the provisions of this Statement are required to be applied retroactively. Disclosures related to cumulative amounts paid or received in relation to a financial guarantee may be applied prospectively. The City is still evaluating how this reporting standard will affect the City.

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
City of Deming
Nonmajor Fund Descriptions
June 30, 2013

Special Revenue Funds

Emergency Medical Services Fund

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

Fire Fund

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

Law Enforcement Protection Fund

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

Library Fund

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

Lodger's Tax Fund

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

Lodger's Tax Promotional Fund

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

Street Special Revenue Fund

To account for the receipts and disbursements for City Street improvements. Financing is provided by motor vehicle and state grants. The fund is authorized by Section 7-1-6.27, NMSA 1978.

Recreation Fund

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

Economic Development Fund

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

Community Center Fund

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

Swimming Pool Fund

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

STATE OF NEW MEXICO
City of Deming
Nonmajor Fund Descriptions
June 30, 2013

Special Revenue Funds-(continued)

Cemetery Trust Fund

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

Capital Projects Funds

Community Development Block Grants (two funds)

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

Park Acquisition Fund

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

Debt Service Fund

Fire Station Loan Fund-NMFA

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

City Court Remodel Loan Fund-NMFA

To account for principal and interest payments due to NMFA on loan for city court remodel.

STATE OF NEW MEXICO
City of Deming
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2013

Special Revenue

	Emergency Medical Services Fund	Fire Fund	Law Enforcement Protection Fund	Library Fund
<i>Assets</i>				
Cash and cash equivalents	\$ 7,110	\$ 180,872	\$ 13,422	\$ 8,615
Investments	-	-	-	31,568
Receivables:				
Taxes receivable	-	-	-	-
<i>Total assets</i>	<u>\$ 7,110</u>	<u>\$ 180,872</u>	<u>\$ 13,422</u>	<u>\$ 40,183</u>
<i>Liabilities</i>				
Accounts payable	\$ 47	\$ -	\$ -	\$ 1,487
Accrued payroll expenses	-	-	-	6,031
<i>Total liabilities</i>	<u>47</u>	<u>-</u>	<u>-</u>	<u>7,518</u>
<i>Fund balances</i>				
Spendable				
Restricted for:				
Public Safety	7,063	180,872	13,422	-
Culture and recreation	-	-	-	32,665
Promotion	-	-	-	-
Transportation and roads	-	-	-	-
Capital improvements	-	-	-	-
Economic development	-	-	-	-
Debt service	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>7,063</u>	<u>180,872</u>	<u>13,422</u>	<u>32,665</u>
<i>Total liabilities and fund balances</i>	<u>\$ 7,110</u>	<u>\$ 180,872</u>	<u>\$ 13,422</u>	<u>\$ 40,183</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Lodgers' Tax Fund	Lodgers' Tax Promotional Fund	Street Fund	Recreation Fund
\$ 60,897	\$ 87,379	\$ 53,437	\$ 45,750
-	-	-	-
<u>24,039</u>	<u>-</u>	<u>48,792</u>	<u>-</u>
<u>\$ 84,936</u>	<u>\$ 87,379</u>	<u>\$ 102,229</u>	<u>\$ 45,750</u>
\$ 4,998	\$ 8,574	\$ 16,769	\$ 7,459
-	-	10,544	-
<u>4,998</u>	<u>8,574</u>	<u>27,313</u>	<u>7,459</u>
-	-	-	-
-	-	74,916	38,291
79,938	78,805	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>79,938</u>	<u>78,805</u>	<u>74,916</u>	<u>38,291</u>
<u>\$ 84,936</u>	<u>\$ 87,379</u>	<u>\$ 102,229</u>	<u>\$ 45,750</u>

STATE OF NEW MEXICO
City of Deming
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2013

	Special Revenue			Capital Projects
	Economic Development Fund	Community Center Fund	Swimming Pool Fund	CDBG Planning Grant 2011/2012 Fund
<i>Assets</i>				
Cash and cash equivalents	\$ 3,275	\$ 104,516	\$ 15,134	\$ -
Investments	-	-	-	-
Receivables:				
Taxes receivable	-	-	-	-
<i>Total assets</i>	\$ 3,275	\$ 104,516	\$ 15,134	\$ -
<i>Liabilities</i>				
Accounts payable	\$ -	\$ 5,156	\$ 3,505	\$ -
Accrued payroll expenses	-	9,020	-	-
<i>Total liabilities</i>	-	14,176	3,505	-
<i>Fund balances</i>				
Spendable				
Restricted for:				
Public Safety	-	-	-	-
Culture and recreation	-	90,340	11,629	-
Promotion	-	-	-	-
Transportation and roads	-	-	-	-
Capital improvements	-	-	-	-
Economic development	3,275	-	-	-
Debt service	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	3,275	90,340	11,629	-
<i>Total liabilities and fund balances</i>	\$ 3,275	\$ 104,516	\$ 15,134	\$ -

The accompanying notes are an integral part of these financial statements

Capital Projects		Debt Service		Total Nonmajor Governmental Funds
CDBG Planning Grant 2010/2011 Fund	Park Acquisition Fund	City/Court Remodel Loan- NMFA	Fire Station Loan- NMFA	
\$ 100	\$ 100	\$ 67,555	\$ -	\$ 648,162
-	-	-	-	31,568
-	-	-	-	72,831
<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 67,555</u>	<u>\$ -</u>	<u>\$ 752,561</u>
\$ -	\$ -	\$ -	\$ -	\$ 47,995
-	-	-	-	25,595
-	-	-	-	73,590
-	-	-	-	201,357
-	-	-	-	247,841
-	-	-	-	158,743
100	-	-	-	100
-	100	-	-	100
-	-	-	-	3,275
-	-	67,555	-	67,555
-	-	-	-	-
<u>100</u>	<u>100</u>	<u>67,555</u>	<u>-</u>	<u>678,971</u>
<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 67,555</u>	<u>\$ -</u>	<u>\$ 752,561</u>

STATE OF NEW MEXICO
City of Deming
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2013

	Special Revenue			
	Emergency Medical Services Fund	Fire Fund	Law Enforcement Protection Fund	Library Fund
<i>Revenues</i>				
Taxes:				
Gasoline and motor vehicle	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Intergovernmental:				
Federal capital grants	-	-	-	-
State operating grants	89,401	180,453	39,200	55,915
Charges for services	-	-	-	11,702
Investment income	-	-	-	264
Miscellaneous	-	-	-	686
<i>Total revenues</i>	<u>89,401</u>	<u>180,453</u>	<u>39,200</u>	<u>68,567</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	18,385	41,124	25,778	-
Public works	-	-	-	-
Culture and recreation	-	-	-	234,792
Health and welfare	-	-	-	-
Capital outlay	110,000	473,208	-	41,595
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>128,385</u>	<u>514,332</u>	<u>25,778</u>	<u>276,387</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(38,984)</u>	<u>(333,879)</u>	<u>13,422</u>	<u>(207,820)</u>
<i>Other financing sources (uses)</i>				
Transfers in	45,000	-	-	169,977
Transfers out	-	(52,318)	-	-
<i>Total other financing sources (uses)</i>	<u>45,000</u>	<u>(52,318)</u>	<u>-</u>	<u>169,977</u>
<i>Net change in fund balances</i>	6,016	(386,197)	13,422	(37,843)
<i>Fund balances - beginning of year</i>	<u>1,047</u>	<u>567,069</u>	<u>-</u>	<u>70,508</u>
<i>Fund balances - end of year</i>	<u>\$ 7,063</u>	<u>\$ 180,872</u>	<u>\$ 13,422</u>	<u>\$ 32,665</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Lodgers' Tax Fund	Lodgers' Tax Promotional Fund	Street Fund	Recreation Fund
\$ -	\$ -	\$ 307,710	\$ -
343,850	-	-	-
-	-	-	-
-	-	-	106,481
-	-	67,708	-
947	618	235	598
2,031	2,510	22,321	10,130
<u>346,828</u>	<u>3,128</u>	<u>397,974</u>	<u>117,209</u>
-	-	-	-
-	-	-	-
-	-	569,375	-
373,565	168,830	-	104,484
-	-	-	-
-	-	692,396	1,149,028
-	-	-	-
-	-	-	-
<u>373,565</u>	<u>168,830</u>	<u>1,261,771</u>	<u>1,253,512</u>
<u>(26,737)</u>	<u>(165,702)</u>	<u>(863,797)</u>	<u>(1,136,303)</u>
-	140,268	980,023	1,035,000
<u>(140,268)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(140,268)</u>	<u>140,268</u>	<u>980,023</u>	<u>1,035,000</u>
(167,005)	(25,434)	116,226	(101,303)
246,943	104,239	(41,310)	139,594
<u>\$ 79,938</u>	<u>\$ 78,805</u>	<u>\$ 74,916</u>	<u>\$ 38,291</u>

STATE OF NEW MEXICO
City of Deming
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2013

	Special Revenue			Capital Projects
	Economic Development Fund	Community Center Fund	Swimming Pool Fund	CDBG Planning Grant 2011/2012 Fund
<i>Revenues</i>				
Taxes:				
Gasoline and motor vehicle	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Intergovernmental:				
Federal capital grants	-	-	-	260,788
State operating grants	-	14,709	-	-
Charges for services	-	6,794	43,350	-
Investment income	-	838	46	-
Miscellaneous	-	1,322	-	-
<i>Total revenues</i>	-	23,663	43,396	260,788
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	52,120
Culture and recreation	-	-	172,908	-
Health and welfare	48,602	553,725	-	-
Capital outlay	575,701	379,381	-	426,472
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	624,303	933,106	172,908	478,592
<i>Excess (deficiency) of revenues over expenditures</i>	(624,303)	(909,443)	(129,512)	(217,804)
<i>Other financing sources (uses)</i>				
Transfers in	460,000	680,301	105,000	247,785
Transfers out	-	(67,555)	-	-
<i>Total other financing sources (uses)</i>	460,000	612,746	105,000	247,785
<i>Net change in fund balances</i>	(164,303)	(296,697)	(24,512)	29,981
<i>Fund balances - beginning of year</i>	167,578	387,037	36,141	(29,981)
<i>Fund balances - end of year</i>	\$ 3,275	\$ 90,340	\$ 11,629	\$ -

The accompanying notes are an integral part of these financial statements

Capital Projects		Debt Service Fund		Total Nonmajor Governmental Funds
CDBG Planning Grant 2010/2011 Fund	Park Acquisition Fund	City/Court Remodel Loan - NMFA	Fire Station Remodel Loan - NMFA	
\$ -	\$ -	\$ -	\$ -	\$ 307,710
-	-	-	-	343,850
-	-	-	-	260,788
-	-	-	-	486,159
-	-	-	-	129,554
-	-	-	-	3,546
-	-	-	-	39,000
-	-	-	-	1,570,607
-	-	-	-	-
-	-	-	-	85,287
-	-	-	-	621,495
-	-	-	-	1,054,579
-	-	-	-	602,327
-	-	-	-	3,847,781
-	-	98,676	2,000	100,676
-	-	5,652	50,318	55,970
-	-	104,328	52,318	6,368,115
-	-	(104,328)	(52,318)	(4,797,508)
-	-	104,328	52,318	4,020,000
-	-	-	-	(260,141)
-	-	104,328	52,318	3,759,859
-	-	-	-	(1,037,649)
100	100	67,555	-	1,716,620
\$ 100	\$ 100	\$ 67,555	\$ -	\$ 678,971

STATE OF NEW MEXICO

Statement B-1

City of Deming
 Emergency Medical Services Special Revenue Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues</i>				
Taxes:				
Other	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	89,401	89,401	89,401	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>89,401</u>	<u>89,401</u>	<u>89,401</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	25,447	25,447	18,338	7,109
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	100,000	110,000	110,000	-
<i>Total expenditures</i>	<u>125,447</u>	<u>135,447</u>	<u>128,338</u>	<u>7,109</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(36,046)</u>	<u>(46,046)</u>	<u>(38,937)</u>	<u>7,109</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	1,046	1,046	-	(1,046)
Transfers in	35,000	45,000	45,000	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>36,046</u>	<u>46,046</u>	<u>45,000</u>	<u>(1,046)</u>
<i>Net change in fund balance</i>	-	-	6,063	6,063
<i>Fund balance - beginning of year</i>	-	-	1,047	1,047
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,110</u>	<u>\$ 7,110</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 6,063	
No adjustments to revenue.			-	
Adjustments to expenditures for employee training.			(47)	
Net change in fund balance (GAAP)			<u>\$ 6,016</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-2

City of Deming

Fire Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues</i>				
Taxes:				
Other	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	185,000	181,139	180,453	(686)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>185,000</u>	<u>181,139</u>	<u>180,453</u>	<u>(686)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	103,700	103,700	23,271	80,429
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	360,000	591,503	491,061	100,442
<i>Total expenditures</i>	<u>463,700</u>	<u>695,203</u>	<u>514,332</u>	<u>180,871</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(278,700)</u>	<u>(514,064)</u>	<u>(333,879)</u>	<u>180,185</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	566,383	566,382	-	(566,382)
Transfers in	-	-	-	-
Transfers out	(287,683)	(52,318)	(52,318)	-
<i>Total other financing sources (uses)</i>	<u>278,700</u>	<u>514,064</u>	<u>(52,318)</u>	<u>(566,382)</u>
<i>Net change in fund balance</i>	-	-	(386,197)	(386,197)
<i>Fund balance - beginning of year</i>	-	-	567,069	567,069
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 180,872</u>	<u>\$ 180,872</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (386,197)	
No adjustments to revenue.			-	
No adjustments to expenditures.			-	
Net change in fund balance (GAAP)			<u>\$ (386,197)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-3

City of Deming
Law Enforcement Protection Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues</i>				
Taxes:				
Other	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	38,000	39,200	39,200	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>38,000</u>	<u>39,200</u>	<u>39,200</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	38,200	38,200	25,778	12,422
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	1,000	1,000	-	1,000
<i>Total expenditures</i>	<u>39,200</u>	<u>39,200</u>	<u>25,778</u>	<u>13,422</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,200)</u>	<u>-</u>	<u>13,422</u>	<u>13,422</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	1,200	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,200</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>13,422</u>	<u>13,422</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,422</u>	<u>\$ 13,422</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 13,422	
No adjustments to revenue.			-	
No adjustments to expenditures.			-	
Net change in fund balance (GAAP)			<u>\$ 13,422</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-4

City of Deming

Library Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues</i>				
Taxes:				
Other	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	53,500	53,500	55,915	2,415
Charges for services	-	-	-	-
Licenses and fees	10,000	10,000	11,702	1,702
Investment income	200	200	264	64
Miscellaneous	2,200	1,000	686	(314)
<i>Total revenues</i>	<u>65,900</u>	<u>64,700</u>	<u>68,567</u>	<u>3,867</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	284,606	299,019	261,201	37,818
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	18,000	16,500	15,299	1,201
<i>Total expenditures</i>	<u>302,606</u>	<u>315,519</u>	<u>276,500</u>	<u>39,019</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(236,706)</u>	<u>(250,819)</u>	<u>(207,933)</u>	<u>42,886</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	56,706	65,819	-	(65,819)
Transfers in	180,000	185,000	169,977	(15,023)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>236,706</u>	<u>250,819</u>	<u>169,977</u>	<u>(80,842)</u>
<i>Net change in fund balance</i>	-	-	(37,956)	(37,956)
<i>Fund balance - beginning of year</i>	-	-	78,139	78,139
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,183</u>	<u>\$ 40,183</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (37,956)	
No adjustments to revenue.			-	
Adjustments to expenditures for salaries and utilities.			113	
Net change in fund balance (GAAP)			<u>\$ (37,843)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-5

City of Deming

Lodgers' Tax Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues</i>				
Taxes:				
Other	\$ 380,000	\$ 335,000	\$ 350,666	\$ 15,666
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	1,250	1,250	947	(303)
Miscellaneous	8,000	8,000	2,031	(5,969)
<i>Total revenues</i>	<u>389,250</u>	<u>344,250</u>	<u>353,644</u>	<u>9,394</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	345,912	397,062	368,567	28,495
Health and welfare	-	-	-	-
Capital outlay	16,000	16,000	-	16,000
<i>Total expenditures</i>	<u>361,912</u>	<u>413,062</u>	<u>368,567</u>	<u>44,495</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>27,338</u>	<u>(68,812)</u>	<u>(14,923)</u>	<u>53,889</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	124,662	212,812	-	(212,812)
Transfers in	-	-	-	-
Transfers out	(152,000)	(144,000)	(140,268)	3,732
<i>Total other financing sources (uses)</i>	<u>(27,338)</u>	<u>68,812</u>	<u>(140,268)</u>	<u>(209,080)</u>
<i>Net change in fund balance</i>	-	-	(155,191)	(155,191)
<i>Fund balance - beginning of year</i>	-	-	216,088	216,088
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,897</u>	<u>\$ 60,897</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (155,191)	
Adjustments to revenues for lodgers' tax.			(6,816)	
Adjustments to expenditures for utilities.			(4,998)	
Net change in fund balance (GAAP)			<u>\$ (167,005)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-6

City of Deming
Lodgers' Tax Promotional Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues</i>				
Taxes:				
Other	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	3,000	3,000	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	500	500	618	118
Miscellaneous	-	2,000	2,510	510
<i>Total revenues</i>	<u>500</u>	<u>5,500</u>	<u>6,128</u>	<u>628</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	173,230	175,830	175,126	704
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>173,230</u>	<u>175,830</u>	<u>175,126</u>	<u>704</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(172,730)</u>	<u>(170,330)</u>	<u>(168,998)</u>	<u>1,332</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	20,730	26,330	-	(26,330)
Transfers in	152,000	144,000	229,954	85,954
Transfers out	-	-	(89,686)	(89,686)
<i>Total other financing sources (uses)</i>	<u>172,730</u>	<u>170,330</u>	<u>140,268</u>	<u>(30,062)</u>
<i>Net change in fund balance</i>	-	-	(28,730)	(28,730)
<i>Fund balance - beginning of year</i>	-	-	116,109	116,109
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,379</u>	<u>\$ 87,379</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (28,730)	
Adjustments to revenue for grant.			(3,000)	
Adjustments to expenditures for printing, publishing and professional services.			6,296	
Net change in fund balance (GAAP)			<u>\$ (25,434)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-7

City of Deming

Street Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Non-GAAP)	Variances
	Original	Final		Favorable Final to Actual
<i>Revenues</i>				
Taxes:				
Gasoline, franchise and motor vehicle	\$ 300,000	\$ 300,000	\$ 311,530	\$ 11,530
Intergovernmental:				
Federal operating grants				-
State operating grants	235,492	235,492	-	(235,492)
Charges for services	201,200	65,300	67,708	2,408
Licenses and fees	-	-	-	-
Investment income	100	100	235	135
Miscellaneous	-	20,000	22,321	2,321
<i>Total revenues</i>	<u>736,792</u>	<u>620,892</u>	<u>401,794</u>	<u>(219,098)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	1,077,947	1,072,147	941,367	130,780
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	953,207	1,074,117	692,396	381,721
<i>Total expenditures</i>	<u>2,031,154</u>	<u>2,146,264</u>	<u>1,633,763</u>	<u>512,501</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,294,362)</u>	<u>(1,525,372)</u>	<u>(1,231,969)</u>	<u>293,403</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	294,362	425,372	-	(425,372)
Transfers in	1,000,000	1,100,000	980,023	(119,977)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,294,362</u>	<u>1,525,372</u>	<u>980,023</u>	<u>(545,349)</u>
<i>Net change in fund balance</i>	-	-	(251,946)	(251,946)
<i>Fund balance - beginning of year</i>	-	-	305,383	305,383
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,437</u>	<u>\$ 53,437</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (251,946)	
Adjustments to revenue for gasoline tax.			(3,820)	
Adjustments to expenditures for roads, utilities, transportation and professional fees.			371,992	
Net change in fund balance (GAAP)			<u>\$ 116,226</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-8

City of Deming

Recreation Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues</i>				
Taxes:				
Other	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	111,087	111,087	106,481	(4,606)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	350	350	598	248
Miscellaneous	100	100	10,130	10,030
<i>Total revenues</i>	<u>111,537</u>	<u>111,537</u>	<u>117,209</u>	<u>5,672</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	159,981	122,881	97,025	25,856
Health and welfare	-	-	-	-
Capital outlay	1,147,000	1,149,500	1,149,028	472
<i>Total expenditures</i>	<u>1,306,981</u>	<u>1,272,381</u>	<u>1,246,053</u>	<u>26,328</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,195,444)</u>	<u>(1,160,844)</u>	<u>(1,128,844)</u>	<u>32,000</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	125,444	125,844	(62,762)	(188,606)
Transfers in	1,070,000	1,035,000	1,097,762	62,762
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,195,444</u>	<u>1,160,844</u>	<u>1,035,000</u>	<u>(125,844)</u>
<i>Net change in fund balance</i>	-	-	(93,844)	(93,844)
<i>Fund balance - beginning of year</i>	-	-	139,594	139,594
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,750</u>	<u>\$ 45,750</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (93,844)	
No adjustments to revenue.			-	
Adjustments to expenditures for summer recreation program and utilities.			(7,459)	
Net change in fund balance (GAAP)			<u>\$ (101,303)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-9

City of Deming
Economic Development Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues</i>				
Taxes:				
Other	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	200,000	-	-	-
State operating grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	66,000	46,000	31,899	14,101
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	780,000	600,000	592,404	7,596
<i>Total expenditures</i>	<u>846,000</u>	<u>646,000</u>	<u>624,303</u>	<u>21,697</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(646,000)</u>	<u>(646,000)</u>	<u>(624,303)</u>	<u>21,697</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	146,000	146,000	-	(146,000)
Transfers in	500,000	500,000	460,000	(40,000)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>646,000</u>	<u>646,000</u>	<u>460,000</u>	<u>(186,000)</u>
<i>Net change in fund balance</i>	-	-	(164,303)	(164,303)
<i>Fund balance - beginning of year</i>	-	-	167,578	167,578
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,275</u>	<u>\$ 3,275</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (164,303)	
No adjustments to revenue.			-	
No adjustments to expenditures.			-	
Net change in fund balance (GAAP)			<u>\$ (164,303)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-10

City of Deming
 Community Center Special Revenue Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues</i>				
Taxes:				
Other	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	12,500	15,000	14,709	(291)
Charges for services	50,100	45,100	6,794	(38,306)
Licenses and fees	-	-	-	-
Investment income	750	750	838	88
Miscellaneous	-	1,300	1,322	22
<i>Total revenues</i>	<u>63,350</u>	<u>62,150</u>	<u>23,663</u>	<u>(38,487)</u>
<i>Expenditures</i>				
Current:				
General government	856,775	1,010,775	737,621	273,154
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	308,083	342,583	204,623	137,960
<i>Total expenditures</i>	<u>1,164,858</u>	<u>1,353,358</u>	<u>942,244</u>	<u>411,114</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,101,508)</u>	<u>(1,291,208)</u>	<u>(918,581)</u>	<u>372,627</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	401,508	401,208	-	(401,208)
Transfers in	700,000	890,000	680,301	(209,699)
Transfers out	-	-	(67,555)	(67,555)
<i>Total other financing sources (uses)</i>	<u>1,101,508</u>	<u>1,291,208</u>	<u>612,746</u>	<u>(678,462)</u>
<i>Net change in fund balance</i>	-	-	(305,835)	(305,835)
<i>Fund balance - beginning of year</i>	-	-	410,351	410,351
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,516</u>	<u>\$ 104,516</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (305,835)	
No adjustments to revenue.			-	
Adjustments to expenditures for salaries and maintenance.			9,138	
Net change in fund balance (GAAP)			<u>\$ (296,697)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-11

City of Deming
Swimming Pool Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues</i>				
Taxes:				
Other	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
Charges for services	30,000	30,000	43,350	13,350
Licenses and fees	-	-	-	-
Investment income	50	50	46	(4)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>30,050</u>	<u>30,050</u>	<u>43,396</u>	<u>13,346</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	235,080	215,080	169,403	45,677
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>235,080</u>	<u>215,080</u>	<u>169,403</u>	<u>45,677</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(205,030)</u>	<u>(185,030)</u>	<u>(126,007)</u>	<u>59,023</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	20,030	25,030	-	(25,030)
Transfers in	185,000	160,000	105,000	(55,000)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>205,030</u>	<u>185,030</u>	<u>105,000</u>	<u>(80,030)</u>
<i>Net change in fund balance</i>	-	-	(21,007)	(21,007)
<i>Fund balance - beginning of year</i>	-	-	36,141	36,141
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,134</u>	<u>\$ 15,134</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (21,007)	
No adjustments to revenue.			-	
Adjustments to expenditures for utilities.			(3,505)	
Net change in fund balance (GAAP)			<u>\$ (24,512)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-12

City of Deming
 CDBG Planning Grant 2011/2012 Capital Projects Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues</i>				
Taxes:				
Other	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	425,000	425,000	425,000	-
State operating grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>425,000</u>	<u>425,000</u>	<u>425,000</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	63,822	63,821	1
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	596,200	609,065	609,064	1
<i>Total expenditures</i>	<u>596,200</u>	<u>672,887</u>	<u>672,885</u>	<u>2</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(171,200)</u>	<u>(247,887)</u>	<u>(247,885)</u>	<u>2</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(63,540)	-	-	-
Transfers in	234,740	247,887	247,785	(102)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>171,200</u>	<u>247,887</u>	<u>247,785</u>	<u>(102)</u>
<i>Net change in fund balance</i>	-	-	(100)	(100)
<i>Fund balance - beginning of year</i>	-	-	100	100
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (100)	
Adjustments to revenue for federal grants.			(164,212)	
Adjustments to expenditures for professional services.			194,293	
Net change in fund balance (GAAP)			<u>\$ 29,981</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-13

City of Deming
 CDBG Planning Grant 2010/2011 Capital Projects Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2013

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

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-14

City of Deming

Park Acquisition Capital Projects Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2013

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

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-15

City of Deming
City/Court Remodel Loan - NMFA Debt Service Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues</i>				
Taxes:				
Gasoline, franchise and motor vehicle	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	237,364	2,000	2,000	-
Interest	50,319	50,319	50,318	1
<i>Total expenditures</i>	287,683	52,319	52,318	1
<i>Excess (deficiency) of revenues over expenditures</i>	(287,683)	(52,319)	(52,318)	1
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	-	-	-	-
Transfers in	287,683	52,319	52,318	(1)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	287,683	52,319	52,318	(1)
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (non-GAAP budgetary basis)			\$ -	
No adjustments to revenue.			-	
No adjustments to expenditures.			-	
Net change in fund balance (GAAP)			\$ -	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-16

City of Deming

Fire Station Remodel Loan - NMFA Debt Service Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues</i>				
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	98,820	98,680	98,676	4
Interest	5,520	5,660	5,652	8
<i>Total expenditures</i>	104,340	104,340	104,328	12
<i>Excess (deficiency) of revenues over expenditures</i>	(104,340)	(104,340)	(104,328)	12
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	208,680	-	-	-
Transfers in	(104,340)	104,340	104,328	(12)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	104,340	104,340	104,328	(12)
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	67,555	67,555
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 67,555	\$ 67,555
Net change in fund balance (non-GAAP budgetary basis)			\$ -	
No adjustments to revenue.			-	
No adjustments to expenditures.			-	
Net change in fund balance (GAAP)			\$ -	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement C-1

City of Deming

Gas Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Position

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP	Favorable
			Budgetary	(Unfavorable)
			Basis)	Final to Actual
<i>Operating revenues</i>				
Charges for services	\$ 2,870,000	\$ 2,905,000	\$ 3,470,570	\$ 565,570
<i>Total operating revenues</i>	2,870,000	2,905,000	3,470,570	565,570
<i>Operating expenses</i>				
Personnel services	411,757	411,757	407,099	4,658
Contractual services	58,000	44,700	20,914	23,786
Supplies and purchased power	1,658,800	1,891,400	1,875,139	16,261
Maintenance and materials	77,150	62,150	45,538	16,612
Miscellaneous	439,621	429,521	552,948	(123,427)
Utilities	17,000	17,000	11,855	5,145
Equipment	421,400	409,900	80,748	329,152
Gross receipts taxes	-	-	199,977	(199,977)
<i>Total operating expenses</i>	3,083,728	3,266,428	3,194,218	72,210
<i>Operating income (loss)</i>	(213,728)	(361,428)	276,352	637,780
<i>Non-operating revenues (expenses)</i>				
Interest expense	-	-	-	-
Interest income	20,000	20,000	30,162	10,162
Miscellaneous income	103,500	99,000	18,397	(80,603)
<i>Income (loss) before special item, contributions and transfers</i>	123,500	119,000	48,559	(70,441)
Government contributions	12,500	14,750	14,709	(41)
Designated cash (budgeted cash increase)	83,328	233,278	-	(233,278)
Transfers	(5,600)	(5,600)	(5,600)	-
Change in net position (Non-GAAP budgetary basis)	-	-	334,020	334,020
<i>Total net position, beginning of year</i>	-	-	3,900,149	3,900,149
<i>Total net position, end of year</i>	\$ -	\$ -	\$ 4,234,169	\$ 4,234,169
Change in net position (Non-GAAP budgetary basis)			\$ 334,020	
Adjustments to revenues for charges for services.			(12,737)	
Adjustments to expenses for salaries, operating, and depreciation expenses.			38,892	
Change in net position (GAAP)			\$ 360,175	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement C-2

City of Deming

Sewer Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Position

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP	Favorable
			Budgetary	(Unfavorable)
			Basis)	Final to Actual
<i>Operating revenues</i>				
Charges for services	\$ 812,000	\$ 893,000	\$ 893,575	\$ (575)
<i>Total operating revenues</i>	812,000	893,000	893,575	(575)
<i>Operating expenses</i>				
Personnel services	186,097	187,297	184,010	3,287
Contractual services	36,850	36,950	16,868	20,082
Supplies and purchased power	10,000	10,000	5,931	4,069
Maintenance and materials	2,544,145	2,574,145	1,553,178	1,020,967
Miscellaneous	423,710	381,310	367,924	13,386
Utilities	225,000	225,400	207,241	18,159
Equipment	24,300	24,300	11,119	13,181
<i>Total operating expenses</i>	3,450,102	3,439,402	2,346,271	1,093,131
<i>Operating income (loss)</i>	(2,638,102)	(2,546,402)	(1,452,696)	1,092,556
<i>Non-operating revenues (expenses)</i>				
Interest expense	(141,790)	(89,490)	(57,349)	32,141
Interest income	2,000	2,000	1,054	(946)
Miscellaneous income	106,223	1,832,550	1,482,007	(350,543)
<i>Income (loss) before special item, contributions and transfers</i>	(33,567)	1,745,060	1,425,712	(319,348)
Designated cash (budgeted cash increase)	1,546,384	(419,116)	-	419,116
Government contributions	1,140,685	1,235,858	535,611	(700,247)
Transfers	(15,400)	(15,400)	52,155	67,555
Change in net position (Non-GAAP budgetary basis)	-	-	560,782	560,782
<i>Total net position, beginning of year</i>	-	-	537,785	537,785
<i>Total net position, end of year</i>	\$ -	\$ -	\$ 1,098,567	\$ 1,098,567
Change in net position (Non-GAAP budgetary basis)			\$ 560,782	
Adjustments to revenues for charges for services and loan proceeds.			(1,464,787)	
Adjustments to expenses for salaries, operating and depreciation expenses.			959,223	
Change in net position (GAAP)			\$ 55,218	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement C-3

City of Deming

Solid Waste Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Position

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variations
	Original	Final	(Non-GAAP	Favorable
			Budgetary	(Unfavorable)
			Basis)	Final to Actual
<i>Operating revenues</i>				
Charges for services	\$ 1,800,000	\$ 1,717,000	\$ 1,743,994	\$ 26,994
<i>Total operating revenues</i>	1,800,000	1,717,000	1,743,994	26,994
<i>Operating expenses</i>				
Personnel services	886,692	886,692	812,572	74,120
Contractual services	130,250	139,250	59,626	79,624
Supplies and purchased power	15,600	15,600	5,497	10,103
Maintenance and materials	173,000	190,300	179,891	10,409
Miscellaneous	553,915	609,615	611,862	(2,247)
Utilities	9,200	9,200	7,719	1,481
Equipment	677,500	573,600	162,368	411,232
<i>Total operating expenses</i>	2,446,157	2,424,257	1,839,535	584,722
<i>Operating income (loss)</i>	(646,157)	(707,257)	(95,541)	611,716
<i>Non-operating revenues (expenses)</i>				
Interest income	5,000	5,000	5,120	120
Miscellaneous income	5,400	4,900	4,304	(596)
<i>Income (loss) before special item, contributions and transfers</i>	10,400	9,900	9,424	(476)
Designated cash (budgeted cash increase)	(731,453)	95,562	-	(95,562)
Government contributions	1,403,610	638,195	202,449	(435,746)
Transfers	(36,400)	(36,400)	(36,400)	-
Change in net position (Non-GAAP budgetary basis)	-	-	79,932	79,932
<i>Total net position, beginning of year</i>	-	-	1,501,799	1,501,799
<i>Total net position, end of year</i>	\$ -	\$ -	\$ 1,581,731	\$ 1,581,731
Net change in net position			\$ 79,932	
Adjustments to revenues for charges for services.			17,992	
Adjustments to expenses for salaries, operating, and depreciation expenses.			(192,265)	
Change in net position (GAAP)			\$ (94,341)	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement C-4

City of Deming

Water Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Position

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP	Favorable
			Budgetary	(Unfavorable)
			Basis)	Final to Actual
<i>Operating revenues</i>				
Charges for services	\$ 1,950,000	\$ 1,950,000	\$ 1,903,042	\$ (46,958)
<i>Total operating revenues</i>	1,950,000	1,950,000	1,903,042	(46,958)
<i>Operating expenses</i>				
Personnel services	477,754	478,754	447,274	31,480
Contractual services	152,500	143,500	115,667	27,833
Supplies and purchased power	8,500	8,500	6,435	2,065
Maintenance and materials	154,900	155,900	143,307	12,593
Miscellaneous	564,219	491,219	418,716	72,503
Utilities	359,000	359,000	279,697	79,303
Equipment	1,521,100	543,000	75,238	467,762
<i>Total operating expenses</i>	3,237,973	2,179,873	1,486,334	693,539
<i>Operating income (loss)</i>	(1,287,973)	(229,873)	416,708	646,581
<i>Non-operating revenues (expenses)</i>				
Interest expense	-	-	(34,722)	(34,722)
Interest income (loss)	6,000	6,000	11,787	5,787
Miscellaneous income	240,300	310,550	326,722	16,172
<i>Income (loss) before special item, contributions and transfers</i>	246,300	316,550	303,787	(12,763)
Designated cash (budgeted cash increase)	1,231,465	103,115	-	(103,115)
Government contributions	-	-	-	-
Transfers	(189,792)	(189,792)	(189,792)	-
Change in net position (Non-GAAP budgetary basis)	-	-	530,703	530,703
<i>Total net position, beginning of year</i>	-	-	1,767,793	1,767,793
<i>Total net position, end of year</i>	\$ -	\$ -	\$ 2,298,496	\$ 2,298,496
Net change in net position			\$ 530,703	
Adjustments to revenues for charges for services and sale of fixed assets.			(207,888)	
Adjustments to expenses for salaries, operating, and depreciation expenses.			117,574	
Change in net position (GAAP)			\$ 440,389	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement C-5

City of Deming

Cemetery Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Position

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Operating revenues</i>				
Charges for services	\$ 53,000	\$ 58,000	\$ 79,464	\$ 21,464
<i>Total operating revenues</i>	53,000	58,000	79,464	21,464
<i>Operating expenses</i>				
Personnel services	48,045	49,045	46,751	2,294
Contractual services	5,250	5,250	625	4,625
Supplies and purchased power	4,000	4,000	2,661	1,339
Maintenance and materials	15,850	15,850	5,604	10,246
Miscellaneous	8,977	8,177	6,307	1,870
Utilities	2,550	2,550	2,232	318
Equipment	70,145	70,645	41,614	29,031
<i>Total operating expenses</i>	154,817	155,517	105,794	49,723
<i>Operating income (loss)</i>	(101,817)	(97,517)	(26,330)	71,187
<i>Non-operating revenues (expenses)</i>				
Interest income	2,000	1,500	963	(537)
Miscellaneous income	100	100	50	(50)
<i>Income (loss) before special item, contributions and transfers</i>	2,100	1,600	1,013	(587)
Designated cash (budgeted cash increase)	99,717	95,917	-	(95,917)
Change in net position (Non-GAAP budgetary basis)	-	-	(25,317)	(25,317)
<i>Total net position, beginning of year</i>	-	-	332,504	332,504
<i>Total net position, end of year</i>	\$ -	\$ -	\$ 307,187	\$ 307,187
Change in net position (Non-GAAP budgetary basis)			\$ (25,317)	
Adjustments to revenues for charges for services.			(1,434)	
Adjustments to expenses for salaries, operating, and depreciation expenses.			30,764	
Change in net position (GAAP)			\$ 4,013	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement C-6

City of Deming

Airport Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Position

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variations
	Original	Final	(Non-GAAP	Favorable
			Budgetary	(Unfavorable)
			Basis)	Final to Actual
<i>Operating revenues</i>				
Charges for services	\$ 59,500	\$ 57,000	\$ 59,968	\$ 2,968
<i>Total operating revenues</i>	59,500	57,000	59,968	2,968
<i>Operating expenses</i>				
Personnel services	1,500	1,500	431	1,069
Contractual services	4,500	5,000	3,677	1,323
Supplies and purchased power	1,000	1,000	-	1,000
Maintenance and materials	29,500	17,000	7,222	9,778
Miscellaneous	19,640	19,400	16,307	3,093
Utilities	23,900	23,300	21,965	1,335
Equipment	527,310	507,310	329,950	177,360
<i>Total operating expenses</i>	607,350	574,510	379,552	194,958
<i>Operating income (loss)</i>	(547,850)	(517,510)	(319,584)	197,926
<i>Non-operating revenues (expenses)</i>				
Interest income	500	500	775	275
Miscellaneous income	-	-	473	473
<i>Income (loss) before special item, contributions and transfers</i>	500	500	1,248	748
Designated cash (budgeted cash increase)	86,656	65,316	-	(65,316)
Government contributions	390,694	381,694	302,713	(78,981)
Transfers	70,000	70,000	70,000	-
Change in net position (Non-GAAP budgetary basis)	-	-	54,377	54,377
<i>Total net position, beginning of year</i>	-	-	188,727	188,727
<i>Total net position, end of year</i>	\$ -	\$ -	\$ 243,104	\$ 243,104
Change in net position (Non-GAAP budgetary basis)			\$ 54,377	
Adjustments to revenues for charges for services and loss on fixed asset.			(610,744)	
Adjustments to expenses for salaries, operating, and depreciation expenses.			256,557	
Change in net position (GAAP)			\$ (299,810)	

The accompanying notes are an integral part of these financial statements

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SUPPORTING SCHEDULES

STATE OF NEW MEXICO
City of Deming
Schedule of Deposit and Investment Accounts
June 30, 2013

Bank Name/Account Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
First New Mexico Bank-cash accounts					
General Operating	Checking	\$ 3,312,881	\$ 185,686	\$ 246,564	\$ 3,252,003
Ambulance Billing	Checking	543,352	2,142	-	545,494
Payroll Clearing	Checking	13,380	-	13,380	-
CDBG Planning	Checking	100	-	-	100
CDBG Planning	Checking	-	-	-	-
Judicial Bond	Checking	1,332	-	50	1,282
Total First New Mexico Bank		<u>3,871,045</u>	<u>187,828</u>	<u>259,995</u>	<u>3,798,878</u>
First Savings Bank					
Utility Operating	Checking	3,538,154	39,670	308,342	3,269,482
Meter Deposit	Checking	497,430	825	17,103	481,152
Total First Savings Bank		<u>4,035,584</u>	<u>40,495</u>	<u>325,446</u>	<u>3,750,634</u>
Wells Fargo Bank					
General Fund - Payroll	Checking	8,659	-	-	8,659
Total Wells Fargo Bank		<u>8,659</u>	<u>-</u>	<u>-</u>	<u>8,659</u>
Bank balance of deposits		<u>\$ 7,915,288</u>	<u>\$ 228,323</u>	<u>\$ 585,441</u>	<u>\$ 7,558,171</u>
New Mexico Finance Authority-Investment					
Deming 10 - Cash Program Funds held in NMFA		\$ 256,579	\$ -	\$ -	\$ 256,579
Deming 11 - Cash Program Funds held in NMFA		177,780	-	-	177,780
Deming 12 - Cash Program Funds held in NMFA		34,545	-	-	34,545
Deming 13 - Cash Program Funds held in NMFA		54,789	-	-	54,789
Total New Mexico Finance Authority		<u>523,693</u>	<u>-</u>	<u>-</u>	<u>523,693</u>

*All checking accounts are non-interest bearing

Bank Name/Account Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
BBVA Compass Bank					
CB CD	Investment	280,034	-	-	280,034
Total First New Mexico Bank		280,034	-	-	280,034
Wells Fargo Bank					
WF Bank CD	Investment	2,100,000	-	-	2,100,000
Total Wells Fargo Bank Securities		2,100,000	-	-	2,100,000
First New Mexico Bank					
Bank CD	Investment	7,486,790	-	-	7,486,790
Total First Savings Bank Securities		7,486,790	-	-	7,486,790
Multi-Bank Securities-Investments					
FNM Bank CD	Investment	14,946	-	-	14,946
Total Multi-Bank Securities		14,946	-	-	14,946
Western Heritage Bank					
Bank CD	Investment	203,697	-	-	203,697
Bank CD	Investment	195,000	-	-	195,000
Bank CD	Investment	200,000	-	-	200,000
Total Western Heritage Bank Securities		598,697	-	-	598,697
Total investments		10,480,467	-	-	10,480,467
Total		\$ 18,919,448	\$ 228,323	\$ 585,441	\$18,562,331
Add: petty cash					3,675
Total deposits and investments					\$ 18,566,006
Deposits and investments per financial statements:					
Cash and cash equivalents - Exhibit A-1					\$ 7,124,816
Investments - Exhibit A-1					10,480,467
Restricted cash and cash equivalents - Exhibit A-1					959,441
Fiduciary funds cash- Exhibit E-1					1,282
Total cash, cash equivalents and investments					\$18,566,006

STATE OF NEW MEXICO
City of Deming
Schedule of Collateral Pledged by Depository
For Public Funds
June 30, 2013

Schedule II
Page 1 of 2

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value at June 30, 2013
First New Mexico Bank				
	FNMA	07/17/13	31359MSL8	\$ 1,003,069
	FHLB	12/11/13	3133M6VF2	2,049,974
	FHLB	11/14/14	3133X9DC1	2,115,558
	CLOVIS	06/01/15	189387BM4	145,000 *
	FHLB	03/11/16	3133XXP43	2,131,000
	LAS VEG	07/15/16	51778FCG2	500,000 *
	FFCB	02/10/17	31331KBX7	2,136,395
	ARTESIA	08/01/17	04310KAL6	500,000 *
	FFCB	10/18/17	31331VCY0	2,292,635
	SAND	12/15/17	80004PCUA	345,000 *
	CHAVES	08/01/18	162634BN8	500,000 *
	RUID	08/01/20	781338GM4	450,000 *
	FFCB	10/23/20	31331VA30	1,226,274
	FFCB	04/01/22	31331YA26	1,517,672
	Total First New Mexico Bank			16,912,575

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

First Savings Bank				
	FNMA Agency Notes	12/30/15	3136FPKH9	310,317
	FNMA Agency Notes	11/15/16	3135G0ES8	152,271
	MBS FNMA 10-YR	07/01/17	31371NG02	75,696
	MBS FNMA 15-Yr	09/01/19	31403X4P7	161,006
	MBS FHLMC 15 Yr Relocator	04/01/20	31282CA98	111,355
	MBS FNMA 15-Yr	06/01/22	31410GBG7	220,493
	MBS FNMA 15-Yr	04/01/27	3138EBH40	652,225
	MBS FNMA 15-Yr	04/01/27	3138EBH40	349,406
	MBS FHLMC Gold 15 Yr	01/01/28	3128MDNRO	253,378
	FHR 3048 PC	03/15/35	31396C5M3	46,734
	FHR 3048 PC	03/15/35	31396C5M3	93,469
	GNR 2010-20 GH	09/16/38	38376VCT2	418,380
	GNR 2011-4 MD	11/20/38	38377TBL4	287,656
	GNR 2010-150 GJ	09/20/39	38377NU1	316,369
	GNR 2010-150 GJ	09/20/39	38377NLJ1	175,760
	FNR 2010-135 CH	04/25/40	31398SN66	142,744
	GNR 2011-62 AE	10/20/40	38377U5F1	81,441
	GNR 2011-62 AE	10/20/40	38377U5F1	122,162
	Total First Savings Bank			3,970,862

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

See accompanying independent auditor's report

STATE OF NEW MEXICO
City of Deming
Schedule of Collateral Pledged by Depository
For Public Funds - Continued
June 30, 2013

Schedule II
Page 2 of 2

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value at June 30, 2013
BBVA Compass Bank				
	FNMA PL#255892 5%	09/01/25	31371MF93	38,414
	Total BBVA Compass Bank			<u>38,414</u>

The location of the safekeeper of the above securities is FHL Bank Atlanta,
at P.O. Box 10566, Birmingham, AL 35296-0001

Wells Fargo Bank

FN AH0946	12/1/2040	3138A2BQ1	48,608
FN AH0953	12/1/2040	3138A2BX6	1,469,781
FN AH0965	12/1/2025	3138A2CB3	2,795
FN AH9756	4/1/2041	3138ABZW2	3,120
FN AJ0784	9/1/1941	3138AR2S2	3,180
FN AJ3790	11/1/2026	3138AVF83	30,622
FN AJ5921	11/1/2026	3138AXSK8	39,279
FN AK1225	3/1/2042	3138E5LF3	9,351
FN AL0604	8/1/2026	3138EGU69	103,947
FN AI0959	11/1/2041	3138EHB50	43,665
FN AQ0452	10/1/2042	3138MFQEO	4,624
FN AQ9185	1/1/2043	3138MRF30	48,067
FN AQ9991	2/1/2043	3138MSC56	14,479
FN AR1050	1/1/2043	3138NXEY9	9,627
FN AR2111	12/1/2042	3138NYKZ7	9,672
FN AT5895	6/1/2043	3138WTRR9	9,808
FN AB6498	10/1/2042	314170GG2	4,786
FN AD6366	5/1/2025	31416UC26	42,727
FN A08529	8/1/2040	31418WPP9	2,201
FN AE0215	12/1/2039	31419AGZ4	10,228
FN AE0385	9/1/2040	31419ANB9	52,335
FN AE4310	9/1/2040	31419EYG8	52,514
Total Wells Fargo Bank			<u>2,015,416</u>

The location of the safekeeper of the above securities is BNY Mellon at
One Wall Street, 4th Floor, New York, NY 10286

Total Pledged Collateral \$ 22,937,267

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

See accompanying independent auditor's report

STATE OF NEW MEXICO
City of Deming
Schedule of Changes in Fiduciary Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2013

Schedule III

	Balance June 30, 2012	Receipts	Disbursements	Balance June 30, 2013
Judicial Bond Fund	\$ 752	\$ 580	\$ 50	\$ 1,282
Total	<u>\$ 752</u>	<u>\$ 580</u>	<u>\$ 50</u>	<u>\$ 1,282</u>

See accompanying independent auditor's report

COMPLIANCE SECTION



Accounting & Consulting Group, LLP
Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparison for the General Fund of City of Deming (the City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise City of Deming's basic financial statements, and the combining and individual funds and related budgetary comparisons of the City of Deming presented as supplemental information, and have issued our report thereon dated November 20, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Deming's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Deming's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Deming's internal control.

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 City of Deming's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs described as FS 2013-001, and FS 2013-002 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Deming's financial statements are free from 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 two 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 FS 2013-003 and FS 2013-004.

City of Deming's Response to Findings

City of Deming's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. City of Deming's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of City of Deming's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Deming's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, New Mexico
November 20, 2013

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FEDERAL FINANCIAL ASSISTANCE



Accounting & Consulting Group, LLP
Certified Public Accountants

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal Program

We have audited the City of Deming's 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 City of Deming's major federal programs for the year ended June 30, 2013. The City of Deming's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of City of Deming's major federal programs based on our audit of the types of compliance requirements referred to above. 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 Deming's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Deming's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Deming complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of City of Deming is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Deming's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 City of Deming's internal control over compliance.

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

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, New Mexico
November 20, 2013

STATE OF NEW MEXICO
City of Deming
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Funding Source/Grant or Contact Name	CFDA Number	Federal Grant Number	Expenditures
U.S. Department of Transportation			
Airport Improvement Program	20.106	3-35-0013-015-	233,191
U.S. Department of Housing and Urban Development Passed through the New Mexico Department of Finance and Administration			
Community Development Block Grants (1)	14.228	11-C-NR-I-01-G-23	182,175
U.S. Department of Justice Bureau of Justice Assistance			
Bulletproof Vest Partnership	16.607	2012BUBX120606	2,815
U.S. Department of Homeland Security			
Homeland Security Grant Program - Operation Stonegarden (1)	97.067	2010-SS-T0-0011	144,119
U.S. Department of the Interior Bureau of Justice Assistance			
Water Well Energy Efficiency Improvements Grant	15.530	R12AP32022	3,227
U.S. Department of Energy			
ARRA - Rural Recycling Development Grant	81.128	DE-EE0003799	56,274
ARRA - Energy Efficiency & Conservation Block Grant	81.128	DE-EE0000681	416
Total Federal Financial Assistance			<u><u>\$ 622,217</u></u>

(1) Denotes Major Federal Financial Assistance Program

See accompanying independent auditor's report
See accompanying notes to schedule of expenditures of federal awards

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

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

2. Subrecipients

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

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

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 622,217
Total expenditures funded by other sources	<u>20,079,938</u>
Total expenditures per statement of activities exhibit A-2	<u><u>\$20,702,155</u></u>

STATE OF NEW MEXICO
City of Deming
Schedule of Findings and Questioned Costs
June 30, 2013

Section I – Summary of Auditor’s Results

Financial Statements:

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

Federal Awards:

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

CFDA Number	Federal Program
97.067	Homeland Security Grant Program – Operation Stonegarden
14.228	Community Development Block Grants

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

Section II – Prior Year Audit Findings

Prior Year Audit Findings

FS 12-01 Bank Reconciliation – Resolved

Section III – Findings - Financial Statement Audit

FS 2013-001 NMFA Cash Allocation - Significant Deficiency

Condition: Restricted NMFA cash accounts not being allocated correctly.

- A \$17,853 adjustment was needed to reduce funds held by New Mexico Finance Authority in the name of City of Deming #11 loan
- A net \$28,971 adjustment was needed to reduce a debt service account held by New Mexico Finance Authority in the name of the City of Deming #10 loan
- A \$60,000 adjustment was needed to remove a duplicate cash entry related to a prior year NMFA loan Deming #10 loan
- A \$114,789 adjustment was needed to increase cash held by New Mexico Finance Authority in the name of the City of Deming #13 loan.

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

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

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

Cause: NMFA cash was not being allocated correctly.

Auditor's Recommendation: We recommend NMFA cash be accounted for separately from the operating and utility cash accounts.

Management's response: Management agrees with the auditor's recommendation. Staff has set up additional procedures to account for restricted and unrestricted cash. Procedures will include monthly review for compliance and balances will be properly classified at year end.

FS 2013-002 Deficiencies in Internal Control Structure Design, Operation, and Oversight - Significant Deficiency

Condition: The City lacks sufficient key internal control in the following area.

- Blank checks are not adequately secured.

Criteria: The SAS No. 112 Appendix lists the following circumstances as possible control deficiency, significant deficiency, or material weakness. SAS 112 paragraph 19 states that ineffective oversight of the agency's financial reporting and internal control by those charged with governance over unsecured blank checks should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control.

Effect: Blank checks can be stolen and used by unpermitted people.

Cause: Blank checks were left in an unlocked drawer in an unlocked room where several people could have access to them.

Auditor's Recommendations: We recommend the City lock blank checks in a cabinet and limit access to the key to the cabinet to one or two employees.

Management's Response: The City has already complied with the auditor's recommendation. A lock has been installed on the cabinet with two personnel having keys. All stock is locked in the cabinet when checks are not being processed.

FS 2013-003 Pledged Collateral - Other Matter

Condition: Deposits at Western Heritage Bank were not collateralized in accordance with State of New Mexico Statutes. The required collateral was \$174,349. The collateral provided by the bank was \$0, resulting in a shortfall of \$174,349.

Criteria: Any bank designated a depositor of public money shall deliver pledged collateral with a value equal to one half the amount of the public money in excess of insurance, to a custodial bank and a joint safekeeping receipt issued by the custodial bank to the City (Section 6-10-17 NMSA 1978). Monitoring collateralization of the City's funds is essential in ensuring compliance with State of New Mexico Statutes.

Effect: Lack of proper monitoring of pledged collateral could result in excessive loss of City's funds if the financial institutions encounter financial difficulties.

Cause: The amounts on deposit with Western Heritage Bank were not adequately monitored to ensure that balances were sufficiently collateralized, as Western Heritage Bank does not believe that the amount needs to be collateralized.

Auditor's Recommendations: As part of a formal policy implemented by the City, an individual should be assigned the responsibilities of reviewing the monthly collateral reports, investigating differences, and resolving discrepancies.

Management's Response: Management has corrected the pledge collateral with Western Heritage to ensure a sufficient amount of securities are pledged for City balances. The collateral requirements will be reviewed by the reviewer at the same time as bank reconciliations.

STATE OF NEW MEXICO
 City of Deming
 Schedule of Findings and Questioned Costs
 June 30, 2013

FS 2013-004 — Cash Appropriations in Excess of Available Cash Balances – Other matter

Condition: The Town rebudgeted “cash balances” in excess of available cash balances in the following fund:

		Designated Cash	Beginning Cash	Prior Year AR		Cash Appropriations in Excess of Available
Street						
Special Revenue Fund	\$	425,372	\$ 305,383	\$ 52,612	\$	67,377

The City re-budgets available cash in the succeeding year to cover expected budgetary shortfalls. For fiscal year 2013, designated cash in the City’s Street Fund of \$425,372 equals the City’s final budgeted revenues of \$620,892 plus budgeted transfers of \$1,100,000 less final budgeted expenditures of \$2,146,264. The designated cash amount of \$425,372 exceeds sum of prior year cash balance and accounts receivable of \$375,995 at the beginning of the fiscal year (June 30, 2012) by \$67,377. The City’s beginning cash balance in the Street fund at June 30, 2012 was \$305,383 and the City accounts receivable balance in the Street Fund was \$52,612.

Criteria: Per Section 6-6-11 NMSA, it is unlawful for any board of City commissioners, municipal governing body or any purpose whatsoever to become indebted or contract any debts of any kind or mature whatsoever during any current year which, at the end of such current year, is not and cannot then be paid out of the money actually collected and belonging to that current year.

Effect: The City has budgeted cash balances that do not exist. If the City expends all budgeted expenditures it could incur debt if the budgeted designated cash does not exist.

Cause: The reason for these deficits is inadequate monitoring of cash available to be rebudgeted.

Auditor’s Recommendations: The budget should be reviewed to insure all funds have adequate budget authority and cash balances for budgeted expenditures. Greater attention should be given to the budget monitoring process end-of-the year cash balance estimates for all funds. Budgets should be amended for over-appropriated funds once a year.

Management’s Response: The budget is amended periodically during the fiscal year. A miscoding of revenues was corrected by journal entry which eventually resulted in a budget shortfall in revenues. The fund in question did not have an actual deficit, only the budget was unintentionally set as a deficit. Department of Finance (DFA) reviews all budgets and adjustments; and also approved the budget containing the error. Staff will implement a budget monitoring process for end-of-year to ensure budget requirement compliance.

Section IV – Findings – Federal Awards

None

STATE OF NEW MEXICO

City of Deming
Other Disclosures
June 30, 2013

Exit Conference

An exit conference was held on November 20, 2013. In attendance were the following:

Representing the City of Deming:

Linda Franklin, Mayor Pro-Tem
David Sanchez, Councilor
Richard McInturff, Administrator/Treasurer/Clerk
Laura Holguin, Financial Operations Officer
Lloyd Valentine, Financial Services Manager
Aaron Sera, Assistant Administrator

Representing Accounting & Consulting Group, LLP:

Ray Roberts, Managing Partner
Morgan Browning, Manager

Auditor Prepared Financial Statements

Accounting and Consulting Group, LLP prepared the GAAP-basis financial statements and footnotes of City of Deming from the original books and records provided to them by the management of the City. The responsibility for the financial statements remains with the City.