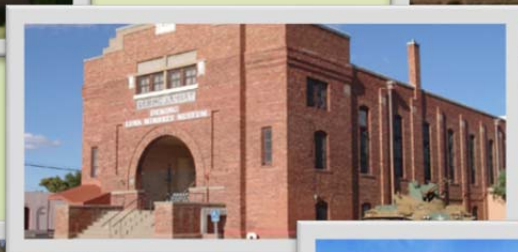
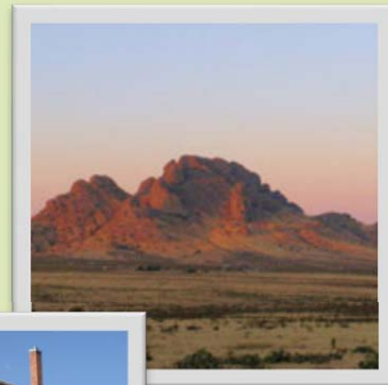


STATE OF NEW MEXICO
CITY OF DEMING
ANNUAL FINANCIAL REPORT
JUNE 30, 2014

CITY OF DEMING



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INTRODUCTORY SECTION

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City of Deming
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STATE OF NEW MEXICO

City of Deming

Official Roster

June 30, 2014

<u>Name</u>	<u>Elected Officials</u>	<u>Title</u>
Benny Jasso		Mayor
Linda Franklin		Mayor Pro-Tem
David Sanchez		City Councilor
Joe Milo		City Councilor
Dr. Victor Cruz		City Councilor
Frank M. Van Gundy		Municipal Judge

Department Heads

Aaron Sera	Administrator/Treasurer/Clerk
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 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 comparisons for the general fund and major special revenue fund of the City of Deming (the City), as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City's nonmajor governmental funds and the budgetary comparisons for the major 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 ended June 30, 2014, 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 misstatements, 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. 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 entity'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 entity'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, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2014, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and the major special revenue fund 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 as of June 30, 2014, and the respective changes in financial position thereof and the respective budgetary comparisons for the major proprietary funds and all nonmajor funds for the year then ended in accordance with 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'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, introductory section and Supporting Schedules I through III required by Section 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 Section 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 Section 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 25, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, New Mexico
November 25, 2014

STATE OF NEW MEXICO
City of Deming
Management's Discussion and Analysis
June 30, 2014

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, 2014. 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 \$97,097,814 (*net position*). Of this amount, \$19,800,795 (*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 \$4,770,657.
- As of June 30, 2014, the City's governmental activities funds reported combined ending net position of \$52,447,736. The total consists of \$42,185,615 of net invested in capital assets; \$747,750 restricted for capital projects and special revenues; and \$9,514,371 unrestricted.
- The City's business-type activities fund reported a combined ending net position of \$44,650,078 as of June 30, 2014. Of this amount, \$34,363,654 of net invested in capital assets; and \$10,286,424 unrestricted.
- The City of Deming's total debt as of June 30, 2014 is \$2,999,668. Additions were \$398,123, Additions for NMFA #14 was \$32,896 and Rural Infrastructure Revolving Loan was \$365,227 during the current fiscal year. Debt payments on NMFA loan #10, #11, and #13 were \$188,600.

Overview of the Financial Statements

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

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

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

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

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

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

STATE OF NEW MEXICO
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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 41-65 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 70-99 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 \$97,097,814 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 \$76,549,269 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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	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<u>Assets</u>			
Current and other assets	\$ 5,109,103	\$ 6,754,372	\$ 11,863,475
Restricted cash, cash equivalents & investments	6,156,091	5,077,560	11,233,651
Restricted investments	-	-	-
Capital assets, net of accumulated depreciation	43,352,387	36,196,550	79,548,937
Total assets	54,617,581	48,028,482	102,646,063
<u>Liabilities</u>			
Current Liabilities	\$ 940,804	\$ 462,253	\$ 1,403,057
Non-current liabilities	1,229,041	2,916,151	4,145,192
Total liabilities	2,169,845	3,378,404	5,548,249
<u>Net Position</u>			
Net investment in capital assets	42,185,615	34,363,654	76,549,269
Restricted	747,750	-	747,750
Unrestricted	9,514,371	10,286,424	19,800,795
Total net position	\$ 52,447,736	\$ 44,650,078	\$ 97,097,814
Total Liabilities and Net Position	\$ 54,617,581	\$ 48,028,482	\$ 102,646,063

A portion of the City of Deming's total net position (\$747,750 or 0.01 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*, \$19,800,795 may be used to meet the government's ongoing obligations to citizens and creditors.

State of New Mexico
City of Deming
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Analysis of Changes in Net position

During the current fiscal year, the City's net position increased by \$4,491,228. 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	\$ 3,108,886	\$ 9,007,319	\$ 12,116,205
Operating grants and contributions	1,180,873	733,055	1,913,928
Capital grants and contributions	-	715,755	715,755
General revenues:			
Property taxes, levied for general purposes	1,119,514	-	1,119,514
Gross receipts taxes	7,045,807	-	7,045,807
Gasoline and auto distribution taxes	586,275	-	586,275
Other taxes	382,417	-	382,417
Interest income (loss)	36,279	21,456	57,735
Miscellaneous income	471,664	709,530	1,181,194
Gain on sale of capital assets	14,557	52,639	67,196
Transfers	(60,826)	60,826	-
Special item - donated assets	733,000	-	733,000
	<u>14,618,446</u>	<u>11,300,580</u>	<u>25,919,026</u>
Program expenses:			
General government	\$ 4,041,781	\$ -	\$ 4,041,781
Public safety	5,222,485	-	5,222,485
Public works	850,434	-	850,434
Culture and recreation	1,963,427	-	1,963,427
Health and welfare	634,468	-	634,468
Interest on long-term debt	31,961	-	31,961
Gas	-	3,600,688	3,600,688
Sewer	-	1,114,895	1,114,895
Solid waste	-	1,842,279	1,842,279
Water	-	1,573,071	1,573,071
Cemetery	-	95,307	95,307
Airport	-	457,002	457,002
	<u>12,744,556</u>	<u>8,683,242</u>	<u>21,427,798</u>
Change in net position	1,873,890	2,617,338	4,491,228
Net Position, beginning	<u>50,573,846</u>	<u>41,566,039</u>	<u>92,139,885</u>
Net Position, restatement (note 16)	-	466,701	466,701
Net Position, beginning as restated	<u>50,573,846</u>	<u>42,032,740</u>	<u>92,606,586</u>
Net Position, ending	<u>\$ 52,447,736</u>	<u>\$ 44,650,078</u>	<u>\$ 97,097,814</u>

STATE OF NEW MEXICO
City of Deming
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Governmental activities. In the Governmental activities the City of Deming' net position increased by \$1,873,890. The key elements of this increase are as follows:

- Tax revenues increased by \$446,800. The tax revenues consist of property, gross receipts, gasoline and motor vehicle and other taxes.
- The operating grants and contributions increased \$521,992 during the current fiscal year.
- The increase of \$943,665 is compiled from other revenues e.g. miscellaneous, gain on sale of fixed assets, and special items.

Business-type activities. Business-type activities increased the City's net position by 2,617,338. The following areas of revenues attribute the increase:

- The increase for business-type activities in the charges for services is \$817,353. Charges for services consist of the utility funds e.g. gas, sewer, water, solid waste, cemetery, and airport.
- The operating grants and contributions increased by 263,593; and the capital grants and contributions contributed to the increase by \$129,735. The amount of \$160,706 consists of other revenues e.g. miscellaneous and gain on sale of fixed assets.

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, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of Governmental funds reported by the City include the General Fund, Special Revenue, Capital Projects and Debt Service Funds.

Revenues for governmental functions overall totaled approximately \$13,893,162 in the fiscal year ended June 30, 2014, which represents a increase of \$833,409 from the fiscal year ended June 30, 2013.

Expenditures for governmental functions, totaling \$13,989,812, decreasing by approximately \$1,028,007 from the fiscal year ended June 30, 2014. This is largely due to the prior year's capital projects in progress e.g. the Pine and Spruce Street realignment, and other street and community projects.

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 \$6,043,918.

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 \$9,790,944 in the fiscal year ended June 30, 2014, which represents an increase of \$1,399,273 from the fiscal year ended June 30, 2013.

Expenditures for business-type, totaling \$10,456,129, increasing of \$633,266 from the fiscal year ended June 30, 2013. This is due to an increase in operating expenses and utilities in.

At the end of the fiscal year, the unrestricted net position for enterprise funds were \$10,286,424. The total increase in net position for the enterprise funds was \$1,202,123.

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.

STATE OF NEW MEXICO
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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, 2014. 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 \$1,777,440 less than the final budget amount (favorable variance). This was primarily due to Public Safety favorable variance of \$1,006,153 and a favorable variance of \$260,975 in General Government and \$386,647 in Capital Outlay. The difference between actual expenditures and budgeted expenditures is due to various expenditures that were expected to occur during the year ended June 30, 2014, but were deferred for various reasons.

	<u>Budget Amounts</u>		<u>Actual (GAAP Basis)</u>	<u>Favorable (Unfavorable) Variance</u>
	<u>Original</u>	<u>Final</u>		
<i>Expenditures:</i>				
General government	3,202,378	3,249,378	2,988,403	\$ 260,975
Public safety	5,945,877	5,972,073	4,965,920	1,006,153
Culture and recreation	717,307	718,807	637,316	81,491
Health and Welfare	126,950	191,991	149,817	42,174
Capital outlay	457,500	658,500	271,853	386,647
 <i>Total Expenditures</i>	 <u>\$ 10,450,012</u>	 <u>\$ 10,790,749</u>	 <u>\$ 9,013,309</u>	 <u>\$ 1,777,440</u>

STATE OF NEW MEXICO
City of Deming
Management's Discussion and Analysis
June 30, 2014

Capital Assets and Debt Administration

Capital assets. The City of Deming' capital assets for its governmental and business-type activities as of June 30, 2014 amount to \$55,065,914 (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 \$2,638,346 for governmental activities and \$2,163,738 for business-type activities.

Capital assets, net of depreciation

	<u>Governmental Activities</u>	<u>Business-like Activities</u>	<u>Total</u>
Land	\$ 6,309,700	\$ 7,257,007	\$ 13,566,707
Constuction in progress	2,013,662	2,517,497	4,531,159
Buildings and improvements	13,950,898	12,897,858	26,848,756
Equipment	8,575,466	5,992,961	14,568,427
Infrastructure	54,026,760	2,771,147	56,797,907
Utility System		24,483,023	
Total capital assets	<u>84,876,486</u>	<u>55,919,493</u>	<u>116,312,956</u>
Less: accumulated depreciation	<u>(41,524,099)</u>	<u>(19,722,943)</u>	<u>(61,247,042)</u>
Total property, plant and equipment, net of accumulated depreciation	<u>\$ 43,352,387</u>	<u>\$ 36,196,550</u>	<u>\$ 55,065,914</u>

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 \$4,138,305.

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

- \$32,896 addition for a NMFA loan #14
- \$365,227 additions for Rural Infrastructure Revolving Loan
- \$188,600 debt payments of NMFA loan #10, #11, and #13

STATE OF NEW MEXICO
City of Deming
Management's Discussion and Analysis
June 30, 2014

Outstanding debt

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
NMFA Loan # Deming 10	\$ 203,072	\$ -	\$ 203,072
NMFA Loan # Deming 11	963,700	-	963,700
NMFA Loan # Deming 14	-	32,896	32,896
Rural Infrastructure Revolving Loan	-	1,800,000	1,800,000
Landfill Closure Liability	-	633,028	633,028
Compensated absences	421,847	83,761	505,608
	<u>\$ 1,588,619</u>	<u>\$ 2,549,686</u>	<u>\$ 4,138,305</u>
Total long-term liabilities			

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, Aaron Sera - 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, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 3,196,864	\$ 5,546,607	\$ 8,743,471
Investments	5,883,835	4,585,671	10,469,506
Receivables:			
Ambulance receivable, net	114,094	-	114,094
Customer receivable, net	-	832,546	832,546
Taxes receivable	1,533,092	-	1,533,092
Due from other governments	172,661	-	172,661
Inventory	92,392	375,219	467,611
Total current assets	<u>10,992,938</u>	<u>11,340,043</u>	<u>22,332,981</u>
Noncurrent assets			
Restricted cash and cash equivalents	272,256	491,889	764,145
Non-depreciable capital assets	8,323,362	9,774,504	18,097,866
Depreciable capital assets	76,553,124	46,144,989	122,698,113
Less: accumulated depreciation	<u>(41,524,099)</u>	<u>(19,722,943)</u>	<u>(61,247,042)</u>
Total noncurrent assets	<u>43,624,643</u>	<u>36,688,439</u>	<u>80,313,082</u>
Total assets	<u>\$ 54,617,581</u>	<u>\$ 48,028,482</u>	<u>\$ 102,646,063</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	\$ 264,418	\$ 266,680	\$ 531,098
Accrued payroll expenses	308,819	67,145	375,964
Accrued compensated absences	224,163	53,534	277,697
Accrued interest	7,989	7,906	15,895
Current portion of loans payable	135,415	66,988	202,403
Total current liabilities	940,804	462,253	1,403,057
Noncurrent liabilities			
Meter deposits	-	486,988	486,988
Accrued compensated absences	197,684	30,227	227,911
Landfill closure and postclosure	-	633,028	633,028
Loans payable	1,031,357	1,765,908	2,797,265
Total noncurrent liabilities	1,229,041	2,916,151	4,145,192
Total liabilities	2,169,845	3,378,404	5,548,249
Net Position			
Net investment in capital assets	42,185,615	34,363,654	76,549,269
Restricted for:			
Capital projects	100	-	100
Special revenue	747,650	-	747,650
Unrestricted	9,514,371	10,286,424	19,800,795
Total net position	52,447,736	44,650,078	97,097,814
Total liabilities and net position	\$ 54,617,581	\$ 48,028,482	\$ 102,646,063

STATE OF NEW MEXICO
City of Deming
Statement of Activities
For the Year Ended June 30, 2014

<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	\$ 4,041,781	\$ 2,672,970	\$ 105,470	\$ -
Public safety	5,222,485	394,000	388,682	-
Public works	885,104	385	617,290	-
Culture and recreation	1,928,757	41,531	69,431	-
Health and welfare	634,468	-	-	-
Interest on long-term debt	31,961	-	-	-
<i>Total governmental activities</i>	<u>12,744,556</u>	<u>3,108,886</u>	<u>1,180,873</u>	<u>-</u>
Business-type Activities:				
Gas	3,600,688	3,657,053	-	-
Sewer	1,114,895	1,111,437	188,689	114,710
Solid waste	1,842,279	2,241,698	175,195	13,286
Water	1,573,071	1,846,451	-	301,293
Cemetery	95,307	76,031	-	-
Airport	457,002	74,649	369,171	286,466
<i>Total business-type activities</i>	<u>8,683,242</u>	<u>9,007,319</u>	<u>733,055</u>	<u>715,755</u>
<i>Total</i>	<u>\$ 21,427,798</u>	<u>\$ 12,116,205</u>	<u>\$ 1,913,928</u>	<u>\$ 715,755</u>

General Revenues, Transfers, and Special Item:

Taxes
Gross receipts taxes
Property taxes, levied for general purposes
Gasoline, franchise and motor vehicle
Other
Investment income
Miscellaneous revenue
Gain on sale of capital assets
Transfers
Special item - donated assets
 Total general revenues, transfers, and special item
 Change in net position
 Net position, beginning
 Net position, restatement (note 16)
 Net position, as restated
 Net position, ending

The accompanying notes are an integral part of these financial statements

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (1,263,341)	\$ -	\$ (1,263,341)
(4,439,803)	-	(4,439,803)
(267,429)	-	(267,429)
(1,817,795)	-	(1,817,795)
(634,468)	-	(634,468)
(31,961)	-	(31,961)
<u>(8,454,797)</u>	<u>-</u>	<u>(8,454,797)</u>
-	56,365	56,365
-	299,941	299,941
-	587,900	587,900
-	574,673	574,673
-	(19,276)	(19,276)
-	273,284	273,284
<u>-</u>	<u>1,772,887</u>	<u>1,772,887</u>
<u>(8,454,797)</u>	<u>1,772,887</u>	<u>(6,681,910)</u>
7,045,807	-	7,045,807
1,119,514	-	1,119,514
586,275	-	586,275
382,417	-	382,417
36,279	21,456	57,735
471,664	709,530	1,181,194
14,557	52,639	67,196
(60,826)	60,826	-
733,000	-	733,000
<u>10,328,687</u>	<u>844,451</u>	<u>11,173,138</u>
<u>1,873,890</u>	<u>2,617,338</u>	<u>4,491,228</u>
50,573,846	41,566,039	92,139,885
-	466,701	466,701
<u>50,573,846</u>	<u>42,032,740</u>	<u>92,606,586</u>
<u>\$ 52,447,736</u>	<u>\$ 44,650,078</u>	<u>\$ 97,097,814</u>

STATE OF NEW MEXICO

City of Deming
Balance Sheet
Governmental Funds
June 30, 2014Exhibit B-1
Page 1 of 2

	General Fund	Street Fund	Other Governmental Funds	Total
<i>Assets</i>				
Cash and cash equivalents	\$ 2,809,020	\$ 2,687	\$ 657,413	\$ 3,469,120
Investments	5,852,267	-	31,568	5,883,835
Receivables:				
Ambulance receivable, net	114,094	-	-	114,094
Taxes receivable	1,458,440	43,839	30,813	1,533,092
Due from other governments	-	135,261	37,400	172,661
Inventory	92,392	-	-	92,392
<i>Total assets</i>	<u>\$ 10,326,213</u>	<u>\$ 181,787</u>	<u>\$ 757,194</u>	<u>\$ 11,265,194</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 82,325	\$ 166,547	\$ 15,546	\$ 264,418
Accrued payroll expenses	280,021	11,411	17,387	308,819
<i>Total liabilities</i>	<u>362,346</u>	<u>177,958</u>	<u>32,933</u>	<u>573,237</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue-property taxes	275,149	-	-	275,149
<i>Total deferred inflows of resources</i>	<u>275,149</u>	<u>-</u>	<u>-</u>	<u>275,149</u>
<i>Fund balances</i>				
Nonspendable				
Inventory	92,392	-	-	92,392
Spendable				
Restricted for:				
Public safety	-	-	231,561	231,561
Culture and recreation	-	-	287,478	287,478
Promotion	-	-	202,047	202,047
Transportation and roads	-	3,829	100	3,929
Capital improvements	-	-	100	100
Economic development	-	-	2,975	2,975
Committed to:				
Minimum fund balance	743,388	-	-	743,388
Subsequent year's expenditures	2,809,020	-	-	2,809,020
Unassigned	6,043,918	-	-	6,043,918
<i>Total fund balances</i>	<u>9,688,718</u>	<u>3,829</u>	<u>724,261</u>	<u>10,416,808</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 10,326,213</u>	<u>\$ 181,787</u>	<u>\$ 757,194</u>	<u>\$ 11,265,194</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, 2014

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	\$ 10,416,808
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	43,352,387
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the Statement of Activities	275,149
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	(421,847)
Accrued interest	(7,989)
Loans payable	<u>(1,166,772)</u>
Net position of governmental activities	<u>\$ 52,447,736</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, 2014

Exhibit B-2
Page 1 of 2

	<u>General Fund</u>	<u>Street Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<i>Revenues</i>				
Taxes:				
Property	\$ 1,080,991	\$ -	-	\$ 1,080,991
Gross receipts	7,045,807	-	-	7,045,807
Gasoline, franchise and motor vehicle	310,834	275,441	-	586,275
Other	-	-	382,417	382,417
Intergovernmental				
Federal operating grants	157,218	381,798	-	539,016
State operating grants	42,049	235,492	364,316	641,857
Charges for services	2,985,644	65,060	58,182	3,108,886
Investment income	35,846	-	433	36,279
Miscellaneous	224,665	50	246,949	471,664
<i>Total revenues</i>	<u>11,883,054</u>	<u>957,841</u>	<u>1,052,297</u>	<u>13,893,192</u>
<i>Expenditures</i>				
Current:				
General government	3,029,525	-	-	3,029,525
Public safety	4,844,970	-	106,621	4,951,591
Public works	-	826,853	34,670	861,523
Culture and recreation	637,040	-	1,069,650	1,706,690
Health and welfare	143,944	-	442,421	586,365
Capital outlay	265,173	1,206,798	1,166,375	2,638,346
Debt service:				
Principal	-	-	133,811	133,811
Interest	-	-	31,961	31,961
<i>Total expenditures</i>	<u>8,920,652</u>	<u>2,033,651</u>	<u>2,985,509</u>	<u>13,939,812</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>2,962,402</u>	<u>(1,075,810)</u>	<u>(1,933,212)</u>	<u>(46,620)</u>
<i>Other financing sources (uses)</i>				
Proceeds from sale of capital assets	55,563	24,723	2,242	82,528
Transfers in	615,060	980,000	2,411,252	4,006,312
Transfers (out)	(3,090,506)	-	(360,076)	(3,450,582)
<i>Total other financing sources (uses)</i>	<u>(2,419,883)</u>	<u>1,004,723</u>	<u>2,053,418</u>	<u>638,258</u>
<i>Net change in fund balance</i>	542,519	(71,087)	120,206	591,638
<i>Fund balance - beginning of year</i>	<u>9,146,199</u>	<u>74,916</u>	<u>604,055</u>	<u>9,825,170</u>
<i>Fund balance - end of year</i>	<u>\$ 9,688,718</u>	<u>\$ 3,829</u>	<u>\$ 724,261</u>	<u>\$ 10,416,808</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

City of Deming

Governmental Funds

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2014

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	\$ 591,638
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Governmental funds report capital outlays as expenditures. However, in
the statement of activities, the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense:

Capital outlay additions reported in capital outlay expenditures	2,638,346
Depreciation expense	(1,748,784)
Donation of capital asset	733,000
Gain on sale of assets	14,557
Proceeds from sale of assets	(82,528)
Transfer of capital asset to business-type activities	(616,556)

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

Change in deferred inflows related to the property taxes receivable	38,523
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Expenses in the Statement of Activities that do not require current financial
resources are not reported as expenditures in the funds:

Decrease in accrued compensated absences	171,883
--	---------

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	<u>133,811</u>
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Change in net position of governmental activities	<u><u>\$ 1,873,890</u></u>
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The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit C-1

City of Deming

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ 1,056,374	\$ 1,056,374	\$ 1,080,812	\$ 24,438
Gross receipts	6,820,000	6,820,000	7,075,658	255,658
Gasoline, franchise and motor vehicle	310,000	310,000	312,405	2,405
Intergovernmental:				
Federal operating grants	835,721	861,917	204,853	(657,064)
State operating grants	35,500	101,485	42,049	(59,436)
Charges for services	3,009,117	3,020,417	2,996,451	(23,966)
Licenses and fees	-	-	-	-
Investment income	35,000	35,000	35,846	846
Miscellaneous	60,000	60,000	280,228	220,228
<i>Total revenues</i>	<u>12,161,712</u>	<u>12,265,193</u>	<u>12,028,302</u>	<u>(236,891)</u>
<i>Expenditures</i>				
Current:				
General government	3,202,378	3,249,378	2,988,403	260,975
Public safety	5,945,877	5,972,073	4,965,920	1,006,153
Culture and recreation	717,307	718,807	637,316	81,491
Health and welfare	126,950	191,991	149,817	42,174
Capital outlay	457,500	658,500	271,853	386,647
<i>Total expenditures</i>	<u>10,450,012</u>	<u>10,790,749</u>	<u>9,013,309</u>	<u>1,777,440</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,711,700</u>	<u>1,474,444</u>	<u>3,014,993</u>	<u>1,540,549</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(147,399)	1,036,487	-	(1,036,487)
Transfers in	615,060	615,060	615,060	-
Transfers (out)	(2,179,361)	(3,125,991)	(3,090,506)	35,485
<i>Total other financing sources (uses)</i>	<u>(1,711,700)</u>	<u>(1,474,444)</u>	<u>(2,475,446)</u>	<u>(1,001,002)</u>
<i>Net change in fund balance</i>	-	-	539,547	539,547
<i>Fund balance - beginning of year</i>	-	-	8,121,740	8,121,740
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,661,287</u>	<u>\$ 8,661,287</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 539,547	
Adjustments to revenues for gross receipt taxes, other taxes and federal grants.			(89,685)	
Adjustments to expenditures for salaries and operating expenses.			92,657	
Net change in fund balance (GAAP)			<u>\$ 542,519</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit C-2

City of Deming

Street Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline, franchise and motor vehicle	300,000	276,000	280,394	4,394
Intergovernmental:				
Federal operating grants	1,100,000	1,100,000	246,537	(853,463)
State operating grants	735,972	735,972	235,492	(500,480)
Charges for services	64,300	64,300	65,060	760
Sale of fixed assets	-	24,000	24,723	723
Miscellaneous	250	250	50	(200)
<i>Total revenues</i>	<u>2,200,522</u>	<u>2,200,522</u>	<u>852,256</u>	<u>(1,348,266)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	940,653	1,022,153	827,572	194,581
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	1,990,205	1,990,205	1,055,434	934,771
<i>Total expenditures</i>	<u>2,930,858</u>	<u>3,012,358</u>	<u>1,883,006</u>	<u>1,129,352</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(730,336)</u>	<u>(811,836)</u>	<u>(1,030,750)</u>	<u>(218,914)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	39,420	(168,164)	-	168,164
Transfers in	690,916	980,000	980,000	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>730,336</u>	<u>811,836</u>	<u>980,000</u>	<u>168,164</u>
<i>Net change in fund balance</i>	-	-	(50,750)	(50,750)
<i>Fund balance - beginning of year</i>	-	-	53,437	53,437
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,687</u>	<u>\$ 2,687</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (50,750)	
Adjustments to revenues for oil and gas receipt taxes and federal operating grants.			130,308	
Adjustments to expenditures for salaries and operating expenses.			(150,645)	
Net change in fund balance (GAAP)			<u>\$ (71,087)</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, 2014

	Gas	Sewer	Solid Waste
<i>Assets</i>			
<i>Current assets</i>			
Cash and cash equivalents	\$ 1,880,101	\$ 1,055,487	\$ 1,373,340
Investments	2,515,343	262,878	538,369
Customer receivables, net	199,066	132,529	216,160
Inventory	108,705	45,886	-
<i>Total current assets</i>	4,703,215	1,496,780	2,127,869
<i>Noncurrent assets</i>			
Restricted cash and cash equivalents	486,988	4,652	-
Capital assets	6,528,837	17,146,589	6,439,535
Accumulated depreciation	(3,688,416)	(6,231,974)	(2,386,122)
<i>Total noncurrent assets</i>	3,327,409	10,919,267	4,053,413
<i>Total assets</i>	\$ 8,030,624	\$ 12,416,047	\$ 6,181,282
<i>Liabilities and Net Position</i>			
<i>Liabilities</i>			
<i>Current liabilities</i>			
Accounts payable	\$ 10,011	\$ 192,571	\$ 12,082
Accrued payroll expenses	17,644	7,472	30,346
Accrued compensated absences	10,359	5,709	22,351
Accrued interest	-	4,500	-
Current maturity of loans payable	-	66,988	-
<i>Total current liabilities</i>	38,014	277,240	64,779
<i>Noncurrent liabilities</i>			
Meter deposits	486,988	-	-
Accrued compensated absences	5,675	6,532	12,593
Landfill closure and post-closure costs	-	-	633,028
Loans payable	-	1,733,012	-
<i>Total noncurrent liabilities</i>	492,663	1,739,544	645,621
<i>Total liabilities</i>	530,677	2,016,784	710,400
<i>Net position</i>			
Net investment in capital assets	2,840,421	9,114,615	4,053,413
Unrestricted	4,659,526	1,284,648	1,417,469
<i>Total net position</i>	7,499,947	10,399,263	5,470,882
<i>Total liabilities and net position</i>	\$ 8,030,624	\$ 12,416,047	\$ 6,181,282

The accompanying notes are an integral part of these financial statements

Water	Cemetery	Airport	Total
\$ 1,000,189	\$ 101,111	\$ 136,379	\$ 5,546,607
1,010,999	197,239	60,843	4,585,671
274,179	-	10,612	832,546
220,628	-	-	375,219
<u>2,505,995</u>	<u>298,350</u>	<u>207,834</u>	<u>11,340,043</u>
249	-	-	491,889
15,255,646	532,286	10,016,600	55,919,493
(4,287,966)	(176,158)	(2,952,307)	(19,722,943)
<u>10,967,929</u>	<u>356,128</u>	<u>7,064,293</u>	<u>36,688,439</u>
<u>\$ 13,473,924</u>	<u>\$ 654,478</u>	<u>\$ 7,272,127</u>	<u>\$ 48,028,482</u>
50,652	\$ 152	\$ 1,212	\$ 266,680
11,683	-	-	67,145
14,330	785	-	53,534
3,406	-	-	7,906
-	-	-	66,988
<u>80,071</u>	<u>937</u>	<u>1,212</u>	<u>462,253</u>
-	-	-	486,988
5,427	-	-	30,227
-	-	-	633,028
<u>32,896</u>	<u>-</u>	<u>-</u>	<u>1,765,908</u>
<u>38,323</u>	<u>-</u>	<u>-</u>	<u>2,916,151</u>
<u>118,394</u>	<u>937</u>	<u>1,212</u>	<u>3,378,404</u>
10,934,784	356,128	7,064,293	34,363,654
<u>2,420,746</u>	<u>297,413</u>	<u>206,622</u>	<u>10,286,424</u>
<u>13,355,530</u>	<u>653,541</u>	<u>7,270,915</u>	<u>44,650,078</u>
<u>\$ 13,473,924</u>	<u>\$ 654,478</u>	<u>\$ 7,272,127</u>	<u>\$ 48,028,482</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, 2014

	Gas	Sewer	Solid Waste
<i>Operating revenues</i>			
Charges for services	\$ 3,657,053	\$ 1,111,437	\$ 2,241,698
<i>Total operating revenues</i>	<u>3,657,053</u>	<u>1,111,437</u>	<u>2,241,698</u>
<i>Operating expenses</i>			
Depreciation	246,317	290,116	169,145
Personnel services	322,146	232,134	805,389
Contractual services	14,535	8,436	90,108
Supplies and purchases	2,345,294	(1,761)	35,007
Maintenance and materials	58,985	34,905	174,473
Administrative fees	590,861	358,082	556,794
Utilities	9,614	177,471	7,049
Equipment	12,936	2,427	4,314
<i>Total operating expenses</i>	<u>3,600,688</u>	<u>1,101,810</u>	<u>1,842,279</u>
<i>Operating income (loss)</i>	<u>56,365</u>	<u>9,627</u>	<u>399,419</u>
<i>Non-operating revenues (expenses)</i>			
Interest expense	-	(13,085)	-
Investment income	12,325	1,404	2,227
Miscellaneous income (expense)	657,970	598	9,273
Gain on sale of capital assets	5,201	-	43,851
<i>Total non-operating revenues (expenses)</i>	<u>675,496</u>	<u>(11,083)</u>	<u>55,351</u>
<i>Income (loss) before contributions and transfers</i>	<u>731,861</u>	<u>(1,456)</u>	<u>454,770</u>
Government contributions	-	303,399	188,481
Transfers in	-	642,556	-
Transfers (out)	(21,960)	(44,710)	(10,040)
<i>Change in net position</i>	<u>709,901</u>	<u>899,789</u>	<u>633,211</u>
<i>Total net position, beginning of year</i>	6,790,046	9,032,773	4,837,671
<i>Total net position, restatement (Note 16)</i>	<u>-</u>	<u>466,701</u>	<u>-</u>
<i>Total net position, beginning as restated</i>	<u>6,790,046</u>	<u>9,499,474</u>	<u>4,837,671</u>
<i>Total net position, end of year</i>	<u>\$ 7,499,947</u>	<u>\$ 10,399,263</u>	<u>\$ 5,470,882</u>

The accompanying notes are an integral part of these financial statements

<u>Water</u>	<u>Cemetery</u>	<u>Airport</u>	<u>Total</u>
\$ 1,846,451	76,031	\$ 74,649	\$ 9,007,319
<u>1,846,451</u>	<u>76,031</u>	<u>74,649</u>	<u>9,007,319</u>
212,740	8,319	95,108	1,021,745
434,687	51,216	1,257	1,846,829
47,396	2,479	31,698	194,652
39,251	3,616	-	2,421,407
81,135	19,680	302,181	671,359
429,982	6,976	11,909	1,954,604
281,604	1,115	14,849	491,702
<u>42,828</u>	<u>1,906</u>	<u>-</u>	<u>64,411</u>
<u>1,569,623</u>	<u>95,307</u>	<u>457,002</u>	<u>8,666,709</u>
<u>276,828</u>	<u>(19,276)</u>	<u>(382,353)</u>	<u>340,610</u>
(3,448)	-	-	(16,533)
4,437	812	251	21,456
41,489	200	-	709,530
<u>3,049</u>	<u>538</u>	<u>-</u>	<u>52,639</u>
<u>45,527</u>	<u>1,550</u>	<u>251</u>	<u>767,092</u>
<u>322,355</u>	<u>(17,726)</u>	<u>(382,102)</u>	<u>1,107,702</u>
301,293	-	655,637	1,448,810
-	-	151,000	793,556
<u>(656,020)</u>	<u>-</u>	<u>-</u>	<u>(732,730)</u>
<u>(32,372)</u>	<u>(17,726)</u>	<u>424,535</u>	<u>2,617,338</u>
13,387,902	671,267	6,846,380	41,566,039
<u>-</u>	<u>-</u>	<u>-</u>	<u>466,701</u>
<u>13,387,902</u>	<u>671,267</u>	<u>6,846,380</u>	<u>42,032,740</u>
<u>\$ 13,355,530</u>	<u>\$ 653,541</u>	<u>\$ 7,270,915</u>	<u>\$ 44,650,078</u>

STATE OF NEW MEXICO
City of Deming
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

	Gas	Sewer	Solid Waste
<i>Cash flows from operating activities:</i>			
Cash received from user charges	\$ 3,660,480	\$ 1,098,188	\$ 2,213,266
Cash payments to employees for services	(323,552)	(226,369)	(809,918)
Cash payments to suppliers for goods and services	(2,984,464)	(871,445)	(928,227)
<i>Net cash provided (used) by operating activities</i>	<u>352,464</u>	<u>374</u>	<u>475,121</u>
<i>Cash flows from noncapital financing activities:</i>			
Government contributions	-	303,399	188,481
Miscellaneous income	657,970	598	9,273
Transfers (net)	(21,960)	(18,710)	(10,040)
<i>Net cash provided (used) by noncapital financing activities</i>	<u>636,010</u>	<u>285,287</u>	<u>187,714</u>
<i>Cash flows from investing activities:</i>			
Proceeds from sale of capital assets	5,201	-	43,851
Purchase of investments	-	744	-
Interest on investments	12,325	1,404	2,227
<i>Net cash provided by investing activities</i>	<u>17,526</u>	<u>2,148</u>	<u>46,078</u>
<i>Cash flows from capital and related financing activities:</i>			
Interest paid	-	(27,444)	-
Acquisition of capital assets	(357,737)	(345,609)	(378,935)
Proceeds from issuance of long-term debt	-	365,227	-
Principal payments on bonds, loans and notes payable	-	(54,789)	-
<i>Net cash (used) by capital and related financing activities</i>	<u>(357,737)</u>	<u>(62,615)</u>	<u>(378,935)</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	648,263	225,194	329,978
<i>Cash and cash equivalents - beginning of year</i>	<u>1,718,826</u>	<u>834,945</u>	<u>1,043,362</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 2,367,089</u>	<u>\$ 1,060,139</u>	<u>\$ 1,373,340</u>
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</i>			
Operating income (loss)	\$ 56,365	\$ 9,627	\$ 399,419
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	246,317	290,116	169,145
Changes in assets and liabilities			
Receivables	3,427	(13,249)	(28,432)
Inventory	(11,648)	(5,004)	-
Accounts payable	59,409	(286,881)	(60,482)
Accrued payroll expenses	2,555	(60)	3,141
Accrued compensated absences	(3,961)	5,825	(7,670)
<i>Net cash provided (used) by operating activities</i>	<u>\$ 352,464</u>	<u>\$ 374</u>	<u>\$ 475,121</u>

The accompanying notes are an integral part of these financial statements

Water	Cemetery	Airport	Total
\$ 1,857,990	\$ 76,031	\$ 65,647	\$ 8,971,602
(423,248)	(50,431)	(1,257)	(1,834,775)
(904,433)	(35,987)	(376,767)	(6,101,323)
<u>530,309</u>	<u>(10,387)</u>	<u>(312,377)</u>	<u>1,035,504</u>
301,293	-	655,637	1,448,810
41,489	200	-	709,530
(656,020)	-	151,000	(555,730)
<u>(313,238)</u>	<u>200</u>	<u>806,637</u>	<u>1,602,610</u>
3,049	538	-	52,639
-	-	-	744
4,437	812	251	21,456
<u>7,486</u>	<u>1,350</u>	<u>251</u>	<u>74,839</u>
(3,448)	-	-	(30,892)
(541,064)	-	(540,393)	(2,163,738)
32,896	-	-	398,123
-	-	-	(54,789)
<u>(511,616)</u>	<u>-</u>	<u>(540,393)</u>	<u>(1,851,296)</u>
(287,059)	(8,837)	(45,882)	861,657
<u>1,287,497</u>	<u>109,948</u>	<u>182,261</u>	<u>5,176,839</u>
<u>\$ 1,000,438</u>	<u>\$ 101,111</u>	<u>\$ 136,379</u>	<u>\$ 6,038,496</u>
\$ 276,828	\$ (19,276)	\$ (382,353)	\$ 340,610
212,740	8,319	95,108	1,021,745
11,539	-	(9,002)	(35,717)
30,273	-	-	13,621
(12,510)	(215)	(16,130)	(316,809)
5,162	-	-	10,798
6,277	785	-	1,256
<u>\$ 530,309</u>	<u>\$ (10,387)</u>	<u>\$ (312,377)</u>	<u>\$ 1,035,504</u>

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STATE OF NEW MEXICO
City of Deming
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2014

Exhibit E-1

<i>Assets</i>	
Cash	<u>\$ 15,839</u>
<i>Total assets</i>	<u><u>\$ 15,839</u></u>
<i>Liabilities</i>	
Due to other entities	<u>\$ 15,839</u>
<i>Total liabilities</i>	<u><u>\$ 15,839</u></u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2014

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, 2014 the City adopted a new accounting standard GASB Statement No. 65, Items previously Reported as Assets and Liabilities ("GASB 65"), which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The implementation of GASB 65 affected the City by reclassifying unearned revenues- property taxes as a deferred outflow of resources instead of a liability in the amount of \$275,149 for the year ended June 30, 2014.

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

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2014

NOTE 1. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. 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, 2014

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, 2014

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

The *Street Special Revenue Fund* is used 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.

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 funds:

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

The *Gila/San Francisco Water Commission Arizona Water Settlement Act Reservation Fee Fund* accounts for monies held and disbursed on behalf of the Gila San Francisco Water Commission to manage reservation fee to develop 14,000 acres of allocated water for citizens.

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, 2014

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Inflows of Resources, 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 specific identification 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. Restricted cash in the amount of \$764,145 at June 30, 2014 reported in the statement of net position consist of meter deposits in the amount of \$486,988 and amounts restricted for investment and reserve requirements in the amount of \$277,157.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2014

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (continued)

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). Donated assets are recorded at fair market value when received. The City received \$733,000 in donated assets during the year ended June 30, 2014.

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, 2014, along with applicable PERA, FICA, RHC and Medicare payable.

Deferred Inflow of Resources: In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The City has only one type of item, which arises under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue - property taxes is reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The City has recorded \$275,149 related to property taxes.

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.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2014

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (continued)

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.

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 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 \$92,392.

Restricted: At June 30, 2014, the City has presented restricted fund balance on the governmental funds balance sheet in the amount of \$231,561 for public safety; \$287,478 for culture and recreation; \$202,047 for promotion; \$3,929 for transportation and roads; \$100 for capital improvements and \$2,975 for economic development.

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 \$743,388 for minimum fund balance and \$2,809,020 for subsequent year's expenditures.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2014

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Inflows of Resources, 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 44 and 68-69.
- 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, 2014

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	\$ 1,711,700	\$ 1,474,444
Street Fund	\$ (730,336)	\$ (811,836)
Other Governmental Funds	\$ (1,896,492)	\$ (2,906,013)
Gas Enterprise Fund	\$ (755,219)	\$ (826,219)
Sewer Enterprise Fund	\$ (1,061,860)	\$ (1,038,060)
Solid Waste Enterprise Fund	\$ (859,099)	\$ (859,099)
Water Enterprise Fund	\$ (2,584,333)	\$ (2,652,733)
Cemetery Enterprise Fund	\$ (44,546)	\$ (42,796)
Airport Enterprise Fund	\$ (1,137,644)	\$ (1,181,644)

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, 2014 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, 2014. There are no specific state laws governing the ability to spend net appreciation and investment income.

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, 2014

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, had collateral exceeding the amount required by law. As of June 30, 2014, \$18,828,980 of the City's bank balance of \$20,045,911 was exposed to custodial credit risk. Although the \$18,828,980 was uninsured, it was collateralized by collateral held by the pledging bank's trust department, not in the City's name. None of the City's deposits were uninsured and uncollateralized at June 30, 2014.

	First New Mexico Bank	First Savings Bank	Wells Fargo Bank	Western Heritage Bank	Total
Amount of deposits	\$ 13,270,326	\$ 4,458,654	\$ 2,113,234	\$ 203,697	\$ 20,045,911
FDIC Coverage	(500,000)	(250,000)	(263,234)	(203,697)	(1,216,931)
Total uninsured public funds	<u>12,770,326</u>	<u>4,208,654</u>	<u>1,850,000</u>	<u>-</u>	<u>18,828,980</u>
Collateralized by securities held by pledging institution or by its trust department or agent in other than the City's name	12,770,326	4,208,654	1,850,000	-	18,828,980
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (50% of uninsured funds)	\$ 6,385,163	\$ 2,104,327	\$ 925,000	\$ -	\$ 9,414,490
Pledged Collateral	13,602,191	4,233,539	1,983,862	-	19,819,592
Over (Under) collateralized	<u>\$ 7,217,028</u>	<u>\$ 2,129,212</u>	<u>\$ 1,058,862</u>	<u>\$ -</u>	<u>\$ 10,405,102</u>

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2014

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, 2014, the City had the following investments and maturities:

Investment Type	Weighted Average Maturities	Fair Value	Rating**
Government National Mortgage Association Securities	<1 year	\$ 5,939	Not Rated
U.S. Treasury Money Market Mutual Funds*	<1 year	272,256	AA+
		<u>\$ 278,195</u>	

*Restricted Cash per Exhibit A-1

**Based of Standard & Poor's rating

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 of and interest bearing savings accounts of \$10,463,567 as investments in the Statement of Net Position; however, these are classified as deposits 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 U.S. Treasury Money Market Mutual Funds represent 98% 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, 2014

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	\$ 8,743,471
Restricted cash and cash equivalents per Exhibit A-1	764,145
Cash - Statement of Fiduciary Assets and Liabilities per Exhibit E-1	15,839
Investments per Exhibit A-1	<u>10,469,506</u>
 Total cash, investments, and cash equivalents	 <u>19,992,961</u>
 Add: outstanding checks	 365,572
Less: U.S. Treasury Money Market Mutual Funds	(272,256)
Less: Government National Mortgage Association Securities	(5,939)
Less: deposits in transit and other reconciling items	(30,702)
Less: petty cash	<u>(3,725)</u>
 Bank balance of deposits	 <u>\$ 20,045,911</u>

NOTE 4. Receivables

Governmental receivables as of June 30, 2014 are comprised of the following:

	<u>General</u>	<u>Street</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Ambulance receivable	\$ 387,999	\$ -	\$ -	\$ 387,999
Less: allowance for uncollectable	(273,905)	-	-	(273,905)
Ambulance receivable, net	<u>114,094</u>	<u>-</u>	<u>-</u>	<u>114,094</u>
Taxes receivable:				
Gross receipts taxes	1,134,692	-	-	1,134,692
Property taxes	291,172	-	-	291,172
Franchise taxes	32,576	-	-	32,576
Lodger's taxes	-	-	30,813	30,813
Oil and gas taxes	-	43,839	-	43,839
Total taxes receivable	<u>1,458,440</u>	<u>43,839</u>	<u>30,813</u>	<u>1,533,092</u>
Due from other governments:				
State grants	-	135,261	37,400	172,661
Total due from other governments	<u>-</u>	<u>135,261</u>	<u>37,400</u>	<u>172,661</u>
 Net accounts receivable	 <u>\$ 1,572,534</u>	 <u>\$ 179,100</u>	 <u>\$ 68,213</u>	 <u>\$ 1,819,847</u>

In accordance with GASB Statement No. 33, property tax revenues in the amount of \$275,149 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, 2014.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2014

NOTE 4. Receivables (continued)

Business-type activity receivables as of June 30, 2014 are comprised of the following:

	<u>Gas</u>	<u>Sewer</u>	<u>Solid Waste</u>	<u>Water</u>
Customer receivable	\$ 237,295	\$ 141,463	\$ 229,593	\$ 297,738
Less: allowance for uncollectable	<u>(38,229)</u>	<u>(8,934)</u>	<u>(13,433)</u>	<u>(23,559)</u>
Customer receivable, net	<u>\$ 199,066</u>	<u>\$ 132,529</u>	<u>\$ 216,160</u>	<u>\$ 274,179</u>
	<u>Cemetery</u>	<u>Airport</u>	<u>Total</u>	
Customer receivable	\$ 50,000	\$ 10,612	\$ 966,701	
Less: allowance for uncollectable	<u>(50,000)</u>	<u>-</u>	<u>(134,155)</u>	
Customer receivable, net	<u>\$ -</u>	<u>\$ 10,612</u>	<u>\$ 832,546</u>	

The allowance for uncollectable accounts as of June 30, 2014 is \$134,155.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2014

NOTE 5. Interfund Receivables, Payables, and Transfers

Net operating transfers, made to close out funds and to supplement other funding sources, were as follows:

Transfers Out	Transfers In	Amount
General Fund	Library Fund	\$ 190,000
General Fund	Street Fund	980,000
General Fund	Recreation Fund	202,000
General Fund	Economic Development Fund	912,546
General Fund	Community Center Fund	470,962
General Fund	Swimming Pool Fund	136,670
General Fund	City/Court Remodel Loan - NMFA Fund	104,328
General Fund	Airport Fund	94,000
Lodger's Tax Fund	Lodger's Tax Promotional Fund	147,436
Lodger's Tax Promotional Fund	Lodger's Tax Fund	83,641
Fire Fund	Fire Station Remodel Loan - NMFA Fund	61,444
City/Court Remodel Loan - NMFA Fund	Community Center Fund	67,555
Sewer Fund	CDBG Grant 13/14 Fund	34,670
Water Fund	Sewer Fund	26,000
Gas Fund	Airport Fund	21,960
Sewer Fund	Airport Fund	10,040
Solid Waste Fund	Airport Fund	10,040
Water Fund	Airport Fund	14,960
Water Fund	General Fund	615,060
	Total	<u>\$ 4,183,312</u>

During the year ended June 30, 2014, the City made the following transfer of capital assets (as described in Note 6) from the Governmental Activities to the Proprietary Activities:

Transfers Out	Transfers In	Amount
Government Wide - Governmental Activity	Sewer Fund	\$ 616,556
	Total	<u>\$ 616,556</u>

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2014

NOTE 6. Capital Assets

The following is a summary of capital assets and changes occurring during the year ended June 30, 2014. Land and construction in progress are not subject to depreciation.

Governmental Activities:

	Balance June 30, 2013	Additions	Deletions	Transfers	Balance June 30, 2014
Capital assets not being depreciated:					
Land	\$ 6,028,455	\$ 923,681	\$ (25,880)	\$ (616,556)	\$ 6,309,700
Construction in progress	974,372	1,095,098	(55,808)	-	2,013,662
Total not being depreciated	<u>7,002,827</u>	<u>2,018,779</u>	<u>(81,688)</u>	<u>(616,556)</u>	<u>8,323,362</u>
Capital assets being depreciated:					
Buildings and improvements	13,808,849	142,049	-	-	13,950,898
Equipment	7,860,950	1,073,747	(359,231)	-	8,575,466
Infrastructure	53,875,396	151,364	-	-	54,026,760
Total being depreciated	<u>75,545,195</u>	<u>1,367,160</u>	<u>(359,231)</u>	<u>-</u>	<u>76,553,124</u>
Total capital assets	<u>82,548,022</u>	<u>3,385,939</u>	<u>(440,919)</u>	<u>(616,556)</u>	<u>84,876,486</u>
Accumulated depreciation:					
Buildings and improvements	4,092,499	339,990	-	-	4,432,489
Equipment	7,026,098	320,735	(358,355)	-	6,988,478
Infrastructure	29,015,073	1,088,059	-	-	30,103,132
Total accumulated depreciation	<u>40,133,670</u>	<u>1,748,784</u>	<u>(358,355)</u>	<u>-</u>	<u>41,524,099</u>
Net Capital Assets	<u>\$ 42,414,352</u>	<u>\$ 1,637,155</u>	<u>\$ (82,564)</u>	<u>\$ (616,556)</u>	<u>\$ 43,352,387</u>

It was determined that the Bencor Project is not an asset as it was for clean up of land for construction of a building that is not owned by the City. Therefore, during the year ended June 30, 2014, \$41,215 in Construction in Progress was removed from fixed assets and did not become part of a depreciable asset.

Depreciation expense for the year ended June 30, 2014 was charged to the functions of the governmental activities as follows:

General	\$ 1,106,093
Public Safety	309,264
Public works	40,762
Culture and Recreation	242,020
Health and Welfare	50,645
Total	<u>\$ 1,748,784</u>

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2014

NOTE 6. Capital Assets (continued)

Business-type Activities:

	Balance June 30, 2013	Restatement	Additions	Deletions	Transfers	Balance June 30, 2014
Capital assets not being depreciated:						
Land	\$ 6,538,120	\$ -	\$ 102,331	\$ -	\$ 616,556	\$ 7,257,007
Construction in progress	4,165,131	-	1,609,750	(3,257,384)	-	2,517,497
Total not being depreciated	<u>10,703,251</u>	<u>-</u>	<u>1,712,081</u>	<u>(3,257,384)</u>	<u>616,556</u>	<u>9,774,504</u>
Capital assets being depreciated:						
Buildings and improvements	9,770,522	466,701	2,660,635	-	-	12,897,858
Utility System	24,114,344	-	368,679	-	-	24,483,023
Airport infrastructure	2,771,147	-	-	-	-	2,771,147
Equipment	5,553,858	-	679,727	(240,624)	-	5,992,961
Total being depreciated	<u>42,209,871</u>	<u>466,701</u>	<u>3,709,041</u>	<u>(240,624)</u>	<u>-</u>	<u>46,144,989</u>
Total capital assets	<u>52,913,122</u>	<u>466,701</u>	<u>5,421,122</u>	<u>(3,498,008)</u>	<u>616,556</u>	<u>55,919,493</u>
Accumulated depreciation:						
Buildings and improvements	3,353,603	-	176,841	-	-	3,530,444
Utility System	10,699,170	-	511,983	-	-	11,211,153
Airport infrastructure	378,010	-	67,718	-	-	445,728
Equipment	4,511,039	-	265,203	(240,624)	-	4,535,618
Total accumulated depreciation	<u>18,941,822</u>	<u>-</u>	<u>1,021,745</u>	<u>(240,624)</u>	<u>-</u>	<u>19,722,943</u>
Net Book Value	<u>\$ 33,971,300</u>	<u>\$ 466,701</u>	<u>\$ 4,399,377</u>	<u>\$ (3,257,384)</u>	<u>\$ 616,556</u>	<u>\$ 36,196,550</u>

Depreciation expense for the year ended June 30, 2014 was charged to the functions of the proprietary activities as follows:

Gas	\$ 246,317
Sewer	290,116
Solid Waster	169,145
Water	212,740
Cemetary	8,319
Airport	95,108
Total	<u>\$ 1,021,745</u>

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2014

NOTE 7. Long-term Debt

During the year ended June 30, 2014, the following changes occurred in the liabilities reported in the government-wide statement of net position:

Governmental Activities:	Balance			Balance	
	June 30, 2013	Additions	Retirements	June 30, 2014	Due Within One Year
NMFA Loan # DEMING 10	\$ 302,583	\$ -	\$ 99,511	\$ 203,072	\$ 100,715
NMFA Loan # DEMING 11	998,000	-	34,300	963,700	34,700
Compensated Absences	593,730	52,280	224,163	421,847	224,163
Total long-term liabilities	\$ 1,894,313	\$ 52,280	\$ 357,974	\$ 1,588,619	\$ 359,578

During the year ended June 30, 2014, the following changes occurred in the liabilities reported in the business-type activities:

Business-type Activities:	Balance			Balance	
	June 30, 2013	Additions	Retirements	June 30, 2014	Due Within One Year
NMFA Loan # DEMING 13	\$ 54,789	\$ -	\$ 54,789	\$ -	\$ -
NMFA Loan # DEMING 14	-	32,896	-	32,896	-
Rural Infrastructure Revolving Loan	1,434,773	365,227	-	1,800,000	66,988
Landfill closure and postclosure	691,811	31,467	90,250	633,028	-
Compensated Absences	82,505	54,790	53,534	83,761	53,534
Total	\$ 2,263,879	\$ 484,380	\$ 198,573	\$ 2,549,686	\$ 120,522

Loans

The City entered into a loan agreement with the New Mexico Finance Authority in the amount of \$2,412,284 from the Drinking Water State Revolving Loan Fund for water meter replacements. A portion of the loan fund made available pursuant to the DWSRLF Act and the Safe Drinking Water Act may be forgiven and, if forgiven, will not be required to be repaid. The maximum aggregate forgiven amount is \$1,206,142, and the maximum aggregate repayable principal is \$1,206,142. The loan matures May 1, 2035 and has a monthly interest rate of 1.149%. At June 30, 2014, \$32,896 of the loan was drawn down. The remaining balance was spent after June 30, 2014. The City first spends the money and then New Mexico Finance Authority reimburses the City. Payment on the full \$2,412,284 loan starts two years after completion of the project and is amortized over twenty years.

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 for Wastewater Treatment Plant liner replacement. The loan matures July 9, 2033 and has a monthly interest rate of 3%. At June 30, 2013, \$1,800,000 of the loan was drawn down. 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 for fire station and City Hall court remodeling and expansion, wherein the City pledged revenue derived from New Mexico Fire Protection Allotments to cover debt service. NMFA Loans #13 was paid off during the year. New Mexico fire fund allotments are pledged to cover debt service applicable to this loan over the term of the loan. Total fire fund allotment in fiscal year 2014 was \$186,469 compared with debt service requirements totaling \$54,789.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2014

NOTE 7. Long-term Debt (continued)

Description	Date of Issue	Maturity Date	Interest Rate	Original Amount of Issue	Balance June 30, 2014
NMFA Loan #10	05/13/11	05/13/16	1.476%	60,000	\$ 203,072
NMFA Loan #11	06/24/11	05/01/35	2.634%	499,389	963,700
NMFA Loan #14	09/20/13	05/01/16	1.149%	2,412,284	32,896
Rural Infrastructure Revolving Loan	02/02/12	07/09/33	3.000%	1,800,000	1,800,000
Total NMFA Loans					<u>\$ 2,999,668</u>

There are no federal arbitrage regulations applicable to the loans at June 30, 2014. The annual requirements to amortize the governmental activity loans as of June 30, 2014, including interest payments are as follows:

Fiscal Year Ending	Governmental Activities				Total
	Principal		Interest		
	NMFA Loan 10	NMFA Loan 11	NMFA Loan 10	NMFA Loan 11	
June 30, 2015	\$ 100,715	\$ 34,700	\$ 3,605	\$ 26,773	\$ 165,793
2016	102,357	35,100	1,966	26,270	165,693
2017	-	35,700	-	25,663	61,363
2018	-	36,100	-	24,922	61,022
2019	-	37,100	-	24,058	61,158
2020-2024	-	201,500	-	102,890	304,390
2025-2029	-	239,600	-	62,805	302,405
2030-2034	-	284,900	-	11,999	296,899
2035	-	59,000	-	-	59,000
Total	<u>\$ 203,072</u>	<u>\$ 963,700</u>	<u>\$ 5,571</u>	<u>\$ 305,380</u>	<u>\$ 1,477,723</u>

The annual requirements to amortize the business-type activity loans as of June 30, 2014, including interest payments are as follows:

Fiscal Year Ending June 30,	Business-type Activities				Total
	Principal		Interest		
	NMFA Loan 14	Rural Infrastructure Revolving Loan	NMFA Loan 14	Rural Infrastructure Revolving Loan	
2015	\$ -	\$ 66,988	\$ 13,623	\$ 51,990	\$ 132,601
2016	32,896	68,998	13,623	49,920	165,437
2017	-	71,068	-	47,788	118,856
2018	-	73,200	-	45,593	118,793
2019	-	75,396	-	43,330	118,726
2020-2024	-	412,296	-	180,277	592,573
2025-2029	-	477,964	-	112,639	590,603
2030-2034	-	554,090	-	34,229	588,319
	<u>\$ 32,896</u>	<u>\$ 1,800,000</u>	<u>\$ 27,246</u>	<u>\$ 565,766</u>	<u>\$ 2,425,908</u>

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2014

NOTE 7. Long-term Debt (continued)

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, 2014, compensated absences for governmental activities decreased \$171,883 over the prior year accrual. For business-type activities compensated absences increased by \$1,256.

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, 2014 is \$144,754. 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 13% and the estimated remaining life of the landfill is estimated to be 28 years. The estimated total current costs of closure and post-closure costs to be recognized is \$1,187,007. 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 \$488,274 and the post closure cost recognized during the current fiscal year is \$18,084.

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. The City has not had any insurance settlements that exceeded insurance coverage amounts in the preceding three fiscal years.

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, 2014.
- B. Excess of expenditures over appropriations. There were no funds with expenditures in excess of the budgeted appropriations.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2014

NOTE 9. Other Required Individual Fund Disclosures (continued)

C. Designated cash appropriations in excess of available balances. There was three designated cash appropriation in excess of available balances for the year ended June 30, 2014.

	Designated Cash	Beginning Cash	Prior Year AR	Cash Appropriations in Excess of Available
Fire				
Special Revenue Fund	\$ 198,724	\$ 180,872	\$ -	\$ 17,852
Economic Development				
Special Revenue Fund	\$ 201,554	\$ 3,275	\$ -	\$ 198,279
Community Center				
Special Revenue Fund	\$ 185,443	\$ 172,071	\$ -	\$ 13,372

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: 17.8% for law enforcement; 17.7% fire protection employees; 13.15% for City employees earning under \$20,000; and 14.65% for City employees earning over \$20,000. The City is required to contribute the following percentages of the gross covered salary: 18.5% for law enforcement; 21.25% 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, 2014, 2013, and 2012 were \$872,145, \$888,529, and \$887,850, respectively, which equal the amount of the required contributions for each fiscal year.

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

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

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

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2014

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

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, 2014, 2013 and 2012 were \$123,868, \$126,345, and \$116,345, respectively, which equal the required contributions for each year.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2014

NOTE 12. Joint Powers Agreements

City of Deming and Luna County Multi-Services Agreement 2013-2014

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, ETZ administrative services, 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, 2013 through June 30, 2014, 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, 2013 through June 30, 2014, renewable
Amount of project	Unknown
City contributions	\$60,000 initial contribution
Audit responsibility	Grant County Auditors

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2014

NOTE 12. Joint Powers Agreements (continued)

Affordable Solar Energy

Participants	City of Deming, Grant County, Affordable Solar Installation, Inc., a New Mexico Corporation.
Responsible party	City of Deming, Affordable Solar Installation, Inc.
Description	Affordable Solar Installation, Inc. to build, finance, own and operate a solar energy facility (the “SEF”) on City of Deming property. City of Deming will purchase energy output from this facility.
Term of agreement	June 26, 2013 through June 30, 2038, twenty-five year contract
Amount of project	Unknown

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, 2014

NOTE 14. Construction and Other Significant Commitments

The City has committed to pay for several construction contracts that were not completed at June 30, 2014 in the amount of \$1,804,549 as follows:

<u>Contract</u>	<u>Year Ending</u>	<u>Amount</u>
4th of July Firework Display	6/30/2015	\$ 5,000
Animal Gardians	6/30/2015	1,000
Blue Collar	6/30/2015	39,405
Complete Care Cleaning	6/30/2015	54,708
Deming Excavating	6/30/2015	164,198
Deming Luna County Arts Council	6/30/2015	1,000
Deming Luna County Commission on Aging	6/30/2015	85,000
Deming Luna County Humane Society	6/30/2015	100,000
Deming Public Schools	6/30/2015	99,500
Deming Soccer League	6/30/2015	1,000
Dismuke Construction	6/30/2015	136,370
EMS Billing	6/30/2016	195,000
Engineers Inc	6/30/2015	240,679
Entomology Consultants	6/30/2015	15,047
Gunter Miller Enterprise LTD	6/30/2030	7,600
Highway Supply	6/30/2015	7,133
Junior Achievement	6/30/2015	1,000
Kimble & Associates	6/30/2015	30,000
Luna County Historical Society	6/30/2015	57,500
New Mexico Main Street Program	6/30/2015	15,000
New Mexico Mounted Patrol	6/30/2015	15,000
Optimist Club	6/30/2015	1,000
Rio Mimbres Corporation	6/30/2015	89,000
Robert Benavidez-Desert Aviation	6/25/2015	10,800
Rural Transportation District	6/30/2015	60,000
Smith Engineering	6/30/2015	37,471
SWNM Fair Board	6/30/2015	1,000
USDA	6/30/2015	7,500
Visitor's Center	6/30/2015	70,000
WH Pacific	6/30/2015	135,836
Gem & Mineral Society	6/30/2015	6,000
Smokin' Oldies	6/30/2015	1,200
Old Timers	6/30/2015	1,000
Great American Duck Races	6/30/2015	5,000
Historical Society	6/30/2015	1,000
Wilson Binkley	6/30/2015	106,602
		<u>\$ 1,804,549</u>

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2014

NOTE 15. Restricted Net Position

The government-wide statement of net position reports \$747,750 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 44 and 68-69.

NOTE 16. Net Position Restatement

The City has restated net position in the amount of \$466,701 in the Sewer Fund in order to include wastewater treatment plant liners that should have been capitalized in fiscal year 2013 but were not as the payment was made after year end.

NOTE 17. Subsequent Events

The date to which events occurring after June 30, 2014, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is November 25, 2014 which is the date on which the financial statements were issued. No issues were noted for disclosure at November 25, 2014.

NOTE 18. 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 19. Subsequent Pronouncements

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 will implement this standard during the fiscal year June 30, 2015 and will significantly impact the City.

In January 2013, GASB Statement No. 69 *Government Combinations and Disposals of Government Operations*, Effective Date: The provisions 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 standard will affect the City.

In November 2013, GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2014. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. The standard will be implemented during fiscal year June 30, 2015.

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SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
City of Deming
Nonmajor Fund Descriptions
June 30, 2014

Special Revenue Funds

Emergency Medical Services Fund

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

Fire Fund

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

Law Enforcement Protection Fund

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

Library Fund

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

Lodger's Tax Fund

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

Lodger's Tax Promotional Fund

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

Recreation Fund

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

Library Donation Special Revenue Fund

To account for library donations. The fund is authorized by City Council.

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, 2014

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

City Court Remodel Loan Fund-NMFA

To account for principal and interest payments due to NMFA loan for city court remodel. The fund is authorized by City Council.

Fire Station Remodel Loan Fund-NMFA

To account for principal and interest payments due to NMFA on \$1,000,000 loan for fire station remodel. The fund is authorized by City Council.

STATE OF NEW MEXICO
City of Deming
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2014

Special Revenue

	Emergency Medical Services Fund	Fire Fund	Law Enforcement Protection Fund	Library Fund
<i>Assets</i>				
Cash and cash equivalents	\$ 5,980	\$ 165,845	\$ 22,695	\$ 10,147
Investments	-	-	-	31,568
Receivables:				
Taxes receivable	-	-	-	-
Due from other governments	-	-	37,400	-
<i>Total assets</i>	<u>\$ 5,980</u>	<u>\$ 165,845</u>	<u>\$ 60,095</u>	<u>\$ 41,715</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ 359	\$ -	\$ 1,384
Accrued payroll expenses	-	-	-	6,917
<i>Total liabilities</i>	<u>-</u>	<u>359</u>	<u>-</u>	<u>8,301</u>
<i>Fund balances</i>				
Spendable				
Restricted for:				
Public Safety	5,980	165,486	60,095	-
Culture and recreation	-	-	-	33,414
Promotion	-	-	-	-
Transportation and roads	-	-	-	-
Capital improvements	-	-	-	-
Economic development	-	-	-	-
<i>Total fund balances</i>	<u>5,980</u>	<u>165,486</u>	<u>60,095</u>	<u>33,414</u>
<i>Total liabilities and fund balances</i>	<u>\$ 5,980</u>	<u>\$ 165,845</u>	<u>\$ 60,095</u>	<u>\$ 41,715</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Lodgers' Tax Fund	Lodgers' Tax Promotional Fund	Recreation Fund	Library Donation Fund	Economic Development Fund
\$ 158,890	\$ 12,626	\$ 18,823	\$ 66,889	\$ 2,975
-	-	-	-	-
30,813	-	-	-	-
-	-	-	-	-
<u>\$ 189,703</u>	<u>\$ 12,626</u>	<u>\$ 18,823</u>	<u>\$ 66,889</u>	<u>\$ 2,975</u>
\$ 282	\$ -	\$ 4,346	\$ -	\$ -
-	-	-	-	-
<u>282</u>	<u>-</u>	<u>4,346</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	14,477	66,889	-
189,421	12,626	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	2,975
<u>189,421</u>	<u>12,626</u>	<u>14,477</u>	<u>66,889</u>	<u>2,975</u>
<u>\$ 189,703</u>	<u>\$ 12,626</u>	<u>\$ 18,823</u>	<u>\$ 66,889</u>	<u>\$ 2,975</u>

STATE OF NEW MEXICO
City of Deming
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2014

	Special Revenue		Capital Projects	
	Community Center Fund	Swimming Pool Fund	CDBG Grant 13/14	CDBG Planning Grant 2010/2011 Fund
<i>Assets</i>				
Cash and cash equivalents	\$ 134,005	\$ 58,338	\$ -	\$ 100
Investments	-	-	-	-
Receivables:				
Taxes receivable	-	-	-	-
Due from other governments	-	-	-	-
<i>Total assets</i>	\$ 134,005	\$ 58,338	\$ -	\$ 100
<i>Liabilities</i>				
Accounts payable	\$ 5,906	\$ 3,269	\$ -	\$ -
Accrued payroll expenses	10,470	-	-	-
<i>Total liabilities</i>	16,376	3,269	-	-
<i>Fund balances</i>				
Spendable				
Restricted for:				
Public Safety	-	-	-	-
Culture and recreation	117,629	55,069	-	-
Promotion	-	-	-	-
Transportation and roads	-	-	-	100
Capital improvements	-	-	-	-
Economic development	-	-	-	-
<i>Total fund balances</i>	117,629	55,069	-	100
<i>Total liabilities and fund balances</i>	\$ 134,005	\$ 58,338	\$ -	\$ 100

The accompanying notes are an integral part of these financial statements

<u>Capital Projects</u>	<u>Debt Service</u>		
Park Acquisition Fund	City/Court Remodel Loan - NMFA	Fire Station Remodel Loan - NMFA	Total Nonmajor Governmental Funds
\$ 100	\$ -	\$ -	\$ 657,413
-	-	-	31,568
-	-	-	30,813
-	-	-	37,400
<u>\$ 100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 757,194</u>
\$ -	\$ -	\$ -	\$ 15,546
-	-	-	17,387
-	-	-	32,933
-	-	-	231,561
-	-	-	287,478
-	-	-	202,047
-	-	-	100
100	-	-	100
-	-	-	2,975
<u>100</u>	<u>-</u>	<u>-</u>	<u>724,261</u>
<u>\$ 100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 757,194</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, 2014

Special Revenue

	Emergency Medical Services Fund	Fire Fund	Law Enforcement Protection Fund	Library Fund
<i>Revenues</i>				
Taxes:				
Other	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
State operating grants	31,216	186,469	77,200	39,431
Charges for services	-	-	-	11,586
Investment income	-	-	-	130
Miscellaneous	-	-	-	1,419
<i>Total revenues</i>	<u>31,216</u>	<u>186,469</u>	<u>77,200</u>	<u>52,566</u>
<i>Expenditures</i>				
Current:				
Public safety	17,299	65,995	23,327	-
Public works	-	-	-	-
Culture and recreation	-	-	-	235,220
Health and welfare	-	-	-	-
Capital outlay	15,000	74,416	7,200	6,597
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>32,299</u>	<u>140,411</u>	<u>30,527</u>	<u>241,817</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,083)</u>	<u>46,058</u>	<u>46,673</u>	<u>(189,251)</u>
<i>Other financing sources (uses)</i>				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	190,000
Transfers (out)	-	(61,444)	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(61,444)</u>	<u>-</u>	<u>190,000</u>
<i>Net change in fund balances</i>	(1,083)	(15,386)	46,673	749
<i>Fund balances - beginning of year</i>	<u>7,063</u>	<u>180,872</u>	<u>13,422</u>	<u>32,665</u>
<i>Fund balances - end of year</i>	<u>\$ 5,980</u>	<u>\$ 165,486</u>	<u>\$ 60,095</u>	<u>\$ 33,414</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Lodgers' Tax Fund	Lodgers' Tax Promotional Fund	Recreation Fund	Library Donation Fund	Economic Development Fund
\$ 382,417	\$ -	\$ -	\$ -	\$ -
-	-	30,000	-	-
-	-	-	-	-
136	98	69	-	-
-	-	45	87,679	16,128
<u>382,553</u>	<u>98</u>	<u>30,114</u>	<u>87,679</u>	<u>16,128</u>
-	-	-	-	-
-	-	-	-	-
209,275	130,072	243,176	12,839	-
-	-	-	-	5,293
-	-	14,994	7,951	923,681
-	-	-	-	-
-	-	-	-	-
<u>209,275</u>	<u>130,072</u>	<u>258,170</u>	<u>20,790</u>	<u>928,974</u>
<u>173,278</u>	<u>(129,974)</u>	<u>(228,056)</u>	<u>66,889</u>	<u>(912,846)</u>
-	-	2,242	-	-
83,641	147,436	202,000	-	912,546
(147,436)	(83,641)	-	-	-
<u>(63,795)</u>	<u>63,795</u>	<u>204,242</u>	<u>-</u>	<u>912,546</u>
109,483	(66,179)	(23,814)	66,889	(300)
<u>79,938</u>	<u>78,805</u>	<u>38,291</u>	<u>-</u>	<u>3,275</u>
<u>\$ 189,421</u>	<u>\$ 12,626</u>	<u>\$ 14,477</u>	<u>\$ 66,889</u>	<u>\$ 2,975</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, 2014

	<u>Special Revenue</u>		<u>Capital Projects</u>	
	<u>Community Center Fund</u>	<u>Swimming Pool Fund</u>	<u>CDBG Grant 13/14</u>	<u>CDBG Planning Grant 2010/2011 Fund</u>
<i>Revenues</i>				
Taxes:				
Other	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
State operating grants	-	-	-	-
Charges for services	5,065	41,531	-	-
Investment income	-	-	-	-
Miscellaneous	37,371	104,307	-	-
<i>Total revenues</i>	<u>42,436</u>	<u>145,838</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Public safety	-	-	-	-
Public works	-	-	34,670	-
Culture and recreation	-	239,068	-	-
Health and welfare	437,128	-	-	-
Capital outlay	116,536	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>553,664</u>	<u>239,068</u>	<u>34,670</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(511,228)</u>	<u>(93,230)</u>	<u>(34,670)</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	538,517	136,670	34,670	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>538,517</u>	<u>136,670</u>	<u>34,670</u>	<u>-</u>
<i>Net change in fund balances</i>	27,289	43,440	-	-
<i>Fund balances - beginning of year</i>	<u>90,340</u>	<u>11,629</u>	<u>-</u>	<u>100</u>
<i>Fund balances - end of year</i>	<u>\$ 117,629</u>	<u>\$ 55,069</u>	<u>\$ -</u>	<u>\$ 100</u>

The accompanying notes are an integral part of these financial statements

<u>Capital Projects</u>	<u>Debt Service Fund</u>		
Park Acquisition Fund	City/Court Remodel Loan - NMFA	Fire Station Remodel Loan - NMFA	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 382,417
-	-	-	364,316
-	-	-	58,182
-	-	-	433
-	-	-	246,949
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,052,297</u>
-	-	-	106,621
-	-	-	34,670
-	-	-	1,069,650
-	-	-	442,421
-	-	-	1,166,375
-	99,511	34,300	133,811
-	4,817	27,144	31,961
<u>-</u>	<u>104,328</u>	<u>61,444</u>	<u>2,985,509</u>
<u>-</u>	<u>(104,328)</u>	<u>(61,444)</u>	<u>(1,933,212)</u>
-	-	-	2,242
-	104,328	61,444	2,411,252
-	(67,555)	-	(360,076)
<u>-</u>	<u>36,773</u>	<u>61,444</u>	<u>2,053,418</u>
-	(67,555)	-	120,206
<u>100</u>	<u>67,555</u>	<u>-</u>	<u>604,055</u>
<u>\$ 100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 724,261</u>

STATE OF NEW MEXICO
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, 2014

Statement B-1

	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	35,500	31,216	31,216	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	35,500	31,216	31,216	-
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	27,610	23,326	17,346	5,980
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	15,000	15,000	15,000	-
<i>Total expenditures</i>	42,610	38,326	32,346	5,980
<i>Excess (deficiency) of revenues over expenditures</i>	(7,110)	(7,110)	(1,130)	5,980
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	7,110	7,110	-	(7,110)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	7,110	7,110	-	(7,110)
<i>Net change in fund balance</i>	-	-	(1,130)	(1,130)
<i>Fund balance - beginning of year</i>	-	-	7,110	7,110
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 5,980	\$ 5,980
Net change in fund balance (non-GAAP budgetary basis)			\$ (1,130)	
No adjustments to revenue.			-	
Adjustments to expenditures for employee training.			47	
Net change in fund balance (GAAP)			\$ (1,083)	

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, 2014

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues</i>				
Taxes:				
Other	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	188,075	186,469	186,469	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>188,075</u>	<u>186,469</u>	<u>186,469</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	129,673	120,608	65,636	54,972
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	195,682	203,141	74,416	128,725
<i>Total expenditures</i>	<u>325,355</u>	<u>323,749</u>	<u>140,052</u>	<u>183,697</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(137,280)</u>	<u>(137,280)</u>	<u>46,417</u>	<u>183,697</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	198,724	198,724	-	(198,724)
Transfers in	-	-	-	-
Transfers (out)	(61,444)	(61,444)	(61,444)	-
<i>Total other financing sources (uses)</i>	<u>137,280</u>	<u>137,280</u>	<u>(61,444)</u>	<u>(198,724)</u>
<i>Net change in fund balance</i>	-	-	(15,027)	(15,027)
<i>Fund balance - beginning of year</i>	-	-	180,872	180,872
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 165,845</u>	<u>\$ 165,845</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (15,027)	
No adjustments to revenue.			-	
Adjustments to expenditures for employee training and office supplies.			(359)	
Net change in fund balance (GAAP)			<u>\$ (15,386)</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, 2014

	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	39,800	39,800	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	38,000	39,800	39,800	-
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	53,222	46,022	23,327	22,695
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	7,200	7,200	-
<i>Total expenditures</i>	53,222	53,222	30,527	22,695
<i>Excess (deficiency) of revenues over expenditures</i>	(15,222)	(13,422)	9,273	22,695
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	15,222	13,422	-	(13,422)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	15,222	13,422	-	(13,422)
<i>Net change in fund balance</i>	-	-	9,273	9,273
<i>Fund balance - beginning of year</i>	-	-	13,422	13,422
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 22,695	\$ 22,695
Net change in fund balance (non-GAAP budgetary basis)			\$ 9,273	
Adjustments to revenue for state law enforcement.			37,400	
No adjustments to expenditures.			-	
Net change in fund balance (GAAP)			\$ 46,673	

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, 2014

	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	53,715	53,715	39,431	(14,284)
Charges for services	-	-	-	-
Licenses and fees	10,000	10,000	11,586	1,586
Investment income	200	200	130	(70)
Miscellaneous	600	700	1,419	719
<i>Total revenues</i>	<u>64,515</u>	<u>64,615</u>	<u>52,566</u>	<u>(12,049)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	286,112	284,112	234,437	49,675
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	4,715	6,715	6,597	118
<i>Total expenditures</i>	<u>290,827</u>	<u>290,827</u>	<u>241,034</u>	<u>49,793</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(226,312)</u>	<u>(226,212)</u>	<u>(188,468)</u>	<u>37,744</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	839	739	-	(739)
Transfers in	225,473	225,473	190,000	(35,473)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>226,312</u>	<u>226,212</u>	<u>190,000</u>	<u>(36,212)</u>
<i>Net change in fund balance</i>	-	-	1,532	1,532
<i>Fund balance - beginning of year</i>	-	-	40,183	40,183
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,715</u>	<u>\$ 41,715</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 1,532	
No adjustments to revenue.			-	
Adjustments to expenditures for salaries, telephone and utilities.			(783)	
Net change in fund balance (GAAP)			<u>\$ 749</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, 2014

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues</i>				
Taxes:				
Other	\$ 335,000	\$ 350,000	\$ 375,643	\$ 25,643
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	800	800	136	(664)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>335,800</u>	<u>350,800</u>	<u>375,779</u>	<u>24,979</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	220,000	228,000	213,991	14,009
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>220,000</u>	<u>228,000</u>	<u>213,991</u>	<u>14,009</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>115,800</u>	<u>122,800</u>	<u>161,788</u>	<u>38,988</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(65,441)	(58,441)	-	58,441
Transfers in	83,641	83,641	83,641	-
Transfers (out)	(134,000)	(148,000)	(147,436)	564
<i>Total other financing sources (uses)</i>	<u>(115,800)</u>	<u>(122,800)</u>	<u>(63,795)</u>	<u>59,005</u>
<i>Net change in fund balance</i>	-	-	97,993	97,993
<i>Fund balance - beginning of year</i>	-	-	60,897	60,897
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 158,890</u>	<u>\$ 158,890</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 97,993	
Adjustments to revenues for lodgers' tax.			6,774	
Adjustments to expenditures for utilities.			4,716	
Net change in fund balance (GAAP)			<u>\$ 109,483</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, 2014

	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	400	400	98	(302)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>400</u>	<u>400</u>	<u>98</u>	<u>(302)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	124,400	139,400	138,646	754
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>124,400</u>	<u>139,400</u>	<u>138,646</u>	<u>754</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(124,000)</u>	<u>(139,000)</u>	<u>(138,548)</u>	<u>452</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(10,000)	(9,000)	-	9,000
Transfers in	134,000	148,000	147,436	(564)
Transfers (out)	-	-	(83,641)	(83,641)
<i>Total other financing sources (uses)</i>	<u>124,000</u>	<u>139,000</u>	<u>63,795</u>	<u>(75,205)</u>
<i>Net change in fund balance</i>	-	-	(74,753)	(74,753)
<i>Fund balance - beginning of year</i>	-	-	87,379	87,379
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,626</u>	<u>\$ 12,626</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (74,753)	
No adjustments to revenue			-	
Adjustments to expenditures for printing, road signs and professional services.			8,574	
Net change in fund balance (GAAP)			<u>\$ (66,179)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-7

City of Deming

Recreation Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2014

	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	130,000	30,000	30,000	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	100	69	(31)
Miscellaneous	8,100	8,000	2,287	(5,713)
<i>Total revenues</i>	<u>138,100</u>	<u>38,100</u>	<u>32,356</u>	<u>(5,744)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	254,849	254,849	246,289	8,560
Health and welfare	-	-	-	-
Capital outlay	149,000	16,000	14,994	1,006
<i>Total expenditures</i>	<u>403,849</u>	<u>270,849</u>	<u>261,283</u>	<u>9,566</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(265,749)</u>	<u>(232,749)</u>	<u>(228,927)</u>	<u>3,822</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(1,251)	30,749	-	(30,749)
Transfers in	267,000	202,000	202,000	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>265,749</u>	<u>232,749</u>	<u>202,000</u>	<u>(30,749)</u>
<i>Net change in fund balance</i>	-	-	(26,927)	(26,927)
<i>Fund balance - beginning of year</i>	-	-	45,750	45,750
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,823</u>	<u>\$ 18,823</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (26,927)	
No adjustments to revenue.			-	
Adjustments to expenditures for summer recreation program and utilities.			3,113	
Net change in fund balance (GAAP)			<u>\$ (23,814)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-8

City of Deming

Library Donation 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, 2014

	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	-	87,679	87,679	-
<i>Total revenues</i>	-	87,679	87,679	-
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	13,500	12,839	661
Health and welfare	-	-	-	-
Capital outlay	-	8,000	7,951	49
<i>Total expenditures</i>	-	21,500	20,790	710
<i>Excess (deficiency) of revenues over expenditures</i>	-	66,179	66,889	710
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	-	(66,179)	-	66,179
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	(66,179)	-	66,179
<i>Net change in fund balance</i>	-	-	66,889	66,889
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 66,889	\$ 66,889
Net change in fund balance (non-GAAP budgetary basis)			\$ 66,889	
No adjustments to revenue.			-	
No adjustments to expenses.			-	
Net change in fund balance (GAAP)			\$ 66,889	

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, 2014

	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	250,000	250,000	-	(250,000)
State operating grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	16,000	16,128	128
<i>Total revenues</i>	<u>250,000</u>	<u>266,000</u>	<u>16,128</u>	<u>(249,872)</u>
<i>Expenditures</i>				
Current:				
General government	160,000	155,600	5,293	150,307
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	300,000	1,224,500	923,681	300,819
<i>Total expenditures</i>	<u>460,000</u>	<u>1,380,100</u>	<u>928,974</u>	<u>451,126</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(210,000)</u>	<u>(1,114,100)</u>	<u>(912,846)</u>	<u>201,254</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	200,000	201,554	-	(201,554)
Transfers in	10,000	912,546	912,546	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>210,000</u>	<u>1,114,100</u>	<u>912,546</u>	<u>(201,554)</u>
<i>Net change in fund balance</i>	-	-	(300)	(300)
<i>Fund balance - beginning of year</i>	-	-	3,275	3,275
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,975</u>	<u>\$ 2,975</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (300)	
No adjustments to revenue.			-	
No adjustments to expenditures.			-	
Net change in fund balance (GAAP)			<u>\$ (300)</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, 2014

	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	6,000	6,500	5,065	(1,435)
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	100	37,100	37,371	271
<i>Total revenues</i>	<u>6,100</u>	<u>43,600</u>	<u>42,436</u>	<u>(1,164)</u>
<i>Expenditures</i>				
Current:				
General government	475,367	504,867	434,928	69,939
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	195,138	195,138	116,536	78,602
<i>Total expenditures</i>	<u>670,505</u>	<u>700,005</u>	<u>551,464</u>	<u>148,541</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(664,405)</u>	<u>(656,405)</u>	<u>(509,028)</u>	<u>147,377</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(1,557)	185,443	-	(185,443)
Transfers in	665,962	470,962	538,517	67,555
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>664,405</u>	<u>656,405</u>	<u>538,517</u>	<u>(117,888)</u>
<i>Net change in fund balance</i>	-	-	29,489	29,489
<i>Fund balance - beginning of year</i>	-	-	104,516	104,516
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 134,005</u>	<u>\$ 134,005</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 29,489	
No adjustments to revenue.			-	
Adjustments to expenditures for salaries and maintenance.			(2,200)	
Net change in fund balance (GAAP)			<u>\$ 27,289</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, 2014

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues</i>				
Charges for services	\$ 33,000	\$ 33,000	\$ 41,531	\$ 8,531
Investment income	50	50	-	(50)
Miscellaneous	-	171,000	104,307	(66,693)
<i>Total revenues</i>	<u>33,050</u>	<u>204,050</u>	<u>145,838</u>	<u>(58,212)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	142,830	334,830	239,304	95,526
Health and welfare	-	-	-	-
Capital outlay	8,000	8,000	-	8,000
<i>Total expenditures</i>	<u>150,830</u>	<u>342,830</u>	<u>239,304</u>	<u>103,526</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(117,780)</u>	<u>(138,780)</u>	<u>(93,466)</u>	<u>45,314</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(3,890)	2,110	-	(2,110)
Transfers in	121,670	136,670	136,670	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>117,780</u>	<u>138,780</u>	<u>136,670</u>	<u>(2,110)</u>
<i>Net change in fund balance</i>	-	-	43,204	43,204
<i>Fund balance - beginning of year</i>	-	-	15,134	15,134
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,338</u>	<u>\$ 58,338</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 43,204	
No adjustments to revenue.			-	
Adjustments to expenditures for utilities.			236	
Net change in fund balance (GAAP)			<u>\$ 43,440</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-12

City of Deming

CDBG Grant 13/14 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, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Intergovernmental:				
Federal operating grants	\$ 500,000	\$ 500,000	\$ -	\$ (500,000)
<i>Total revenues</i>	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>(500,000)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	34,670	(34,670)
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	586,650	601,150	-	601,150
<i>Total expenditures</i>	<u>586,650</u>	<u>601,150</u>	<u>34,670</u>	<u>566,480</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(86,650)</u>	<u>(101,150)</u>	<u>(34,670)</u>	<u>66,480</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(100,000)	(35,500)	-	35,500
Transfers in	186,650	136,650	34,670	(101,980)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>86,650</u>	<u>101,150</u>	<u>34,670</u>	<u>(66,480)</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)			-	
No adjustments to revenue.			-	
No adjustments to expenditures.			-	
Net change in fund balance (GAAP)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-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, 2014

	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, 2014

	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, 2014

	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>	<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	-	-	-	-
Debt service:				
Principal	99,722	98,687	98,676	11
Interest	4,618	5,653	5,652	1
<i>Total expenditures</i>	<u>104,340</u>	<u>104,340</u>	<u>104,328</u>	<u>12</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(104,340)</u>	<u>(104,340)</u>	<u>(104,328)</u>	<u>12</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	-	-	-	-
Transfers in	104,340	104,340	104,328	(12)
Transfers (out)	-	-	(67,555)	(67,555)
<i>Total other financing sources (uses)</i>	<u>104,340</u>	<u>104,340</u>	<u>36,773</u>	<u>(67,567)</u>
<i>Net change in fund balance</i>	-	-	(67,555)	(67,555)
<i>Fund balance - beginning of year</i>	-	-	67,555	67,555
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (67,555)	
No adjustments to revenue.			-	
No adjustments to expenditures.			-	
Net change in fund balance (GAAP)			<u>\$ (67,555)</u>	

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, 2014

	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	34,300	34,300	34,300	-
Interest	27,144	27,144	27,144	-
<i>Total expenditures</i>	61,444	61,444	61,444	-
<i>Excess (deficiency) of revenues over expenditures</i>	(61,444)	(61,444)	(61,444)	-
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	-	-	-	-
Transfers in	61,444	61,444	61,444	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	61,444	61,444	61,444	-
<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 C-1

City of Deming
Gas Enterprise FundStatement of Revenues, Expenses and Changes in Net Position
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Operating revenues</i>				
Charges for services	\$ 2,942,000	\$ 3,455,000	\$ 3,727,916	\$ 272,916
<i>Total operating revenues</i>	2,942,000	3,455,000	3,727,916	272,916
<i>Operating expenses</i>				
Personnel services	383,102	383,402	323,217	60,185
Contractual services	46,000	46,000	14,535	31,465
Supplies and purchased power	1,889,000	2,389,000	2,356,942	32,058
Maintenance and materials	58,250	48,950	34,368	14,582
Miscellaneous	449,667	449,667	608,216	(158,549)
Utilities	17,000	17,000	9,670	7,330
Equipment	854,200	947,200	386,241	560,959
<i>Total operating expenses</i>	3,697,219	4,281,219	3,733,189	548,030
<i>Operating income (loss)</i>	(755,219)	(826,219)	(5,273)	820,946
<i>Non-operating revenues (expenses)</i>				
Interest expense	-	-	-	-
Interest income	20,000	20,000	12,325	(7,675)
Miscellaneous income	84,500	661,000	663,171	2,171
<i>Income (loss) before special item, contributions and transfers</i>	104,500	681,000	675,496	(5,504)
Government contributions	-	-	-	-
Designated cash (budgeted cash increase)	872,679	367,179	-	(367,179)
Transfers	(221,960)	(221,960)	(21,960)	200,000
Change in net position (Non-GAAP budgetary basis)	-	-	648,263	648,263
<i>Total net position, beginning of year</i>	-	-	4,234,169	4,234,169
<i>Total net position, end of year</i>	\$ -	\$ -	\$ 4,882,432	\$ 4,882,432
Change in net position (Non-GAAP budgetary basis)			\$ 648,263	
Adjustments to revenues for charges for services.			(70,863)	
Adjustments to expenses for supplies, capital outlay, and depreciation expenses.			132,501	
Change in net position (GAAP)			\$ 709,901	

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, 2014

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Operating revenues</i>				
Charges for services	\$ 995,000	\$ 1,024,000	\$ 1,099,897	\$ (75,897)
<i>Total operating revenues</i>	995,000	1,024,000	1,099,897	(75,897)
<i>Operating expenses</i>				
Personnel services	230,127	230,127	226,001	4,126
Contractual services	26,200	26,300	8,436	17,864
Supplies and purchased power	10,000	10,000	3,243	6,757
Maintenance and materials	1,114,386	1,143,786	630,340	513,446
Miscellaneous	389,347	392,047	360,068	31,979
Utilities	225,500	198,500	163,635	34,865
Equipment	61,300	61,300	53,409	7,891
<i>Total operating expenses</i>	2,056,860	2,062,060	1,445,132	616,928
<i>Operating income (loss)</i>	(1,061,860)	(1,038,060)	(345,235)	541,031
<i>Non-operating revenues (expenses)</i>				
Interest expense	(175,790)	(175,790)	(82,233)	93,557
Interest income	1,800	1,800	1,404	(396)
Miscellaneous income	397,550	397,550	365,825	(31,725)
<i>Income (loss) before special item, contributions and transfers</i>	223,560	223,560	284,996	61,436
Designated cash (budgeted cash increase)	261,096	100,736	-	(100,736)
Government contributions	747,894	834,454	303,399	(531,055)
Transfers	(170,690)	(120,690)	(18,710)	101,980
Change in net position (Non-GAAP budgetary basis)	-	-	224,450	224,450
<i>Total net position, beginning of year</i>	-	-	1,098,567	1,098,567
<i>Total net position, end of year</i>	\$ -	\$ -	\$ 1,323,017	\$ 1,323,017
Change in net position (Non-GAAP budgetary basis)			\$ 224,450	
Adjustments to revenues for charges for services and loan proceeds.			262,869	
Adjustments to expenses for salaries, operating and depreciation expenses.			412,470	
Change in net position (GAAP)			\$ 899,789	

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, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Operating revenues</i>				
Charges for services	\$ 2,095,500	\$ 2,095,500	\$ 2,217,086	\$ 121,586
<i>Total operating revenues</i>	2,095,500	2,095,500	2,217,086	121,586
<i>Operating expenses</i>				
Personnel services	917,903	918,903	809,918	108,985
Contractual services	113,750	113,750	87,260	26,490
Supplies and purchased power	40,100	41,100	34,955	6,145
Maintenance and materials	214,000	215,000	179,251	35,749
Miscellaneous	596,846	593,846	564,316	29,530
Utilities	10,000	10,000	7,027	2,973
Equipment	1,062,000	1,062,000	436,801	625,199
<i>Total operating expenses</i>	2,954,599	2,954,599	2,119,528	835,071
<i>Operating income (loss)</i>	(859,099)	(859,099)	97,558	956,657
<i>Non-operating revenues (expenses)</i>				
Interest income	5,000	5,000	2,227	(2,773)
Miscellaneous income	2,900	2,900	9,273	6,373
Sale of fixed assets	-	43,500	43,851	351
<i>Income (loss) before special item, contributions and transfers</i>	7,900	51,400	55,351	3,951
Designated cash (budgeted cash increase)	214,719	160,219	-	(160,219)
Government contributions	641,500	652,500	187,109	(465,391)
Transfers	(5,020)	(5,020)	(10,040)	(5,020)
Change in net position (Non-GAAP budgetary basis)	-	-	329,978	329,978
<i>Total net position, beginning of year</i>	-	-	1,581,731	1,581,731
<i>Total net position, end of year</i>	\$ -	\$ -	\$ 1,911,709	\$ 1,911,709
Net change in net position			\$ 329,978	
Adjustments to revenues for charges for services.			25,984	
Adjustments to expenses for salaries, capital outlay and depreciation expenses.			277,249	
Change in net position (GAAP)			\$ 633,211	

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, 2014

	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	\$ 1,870,488	\$ (79,512)
<i>Total operating revenues</i>	1,950,000	1,950,000	1,870,488	(79,512)
<i>Operating expenses</i>				
Personnel services	435,316	445,316	426,654	18,662
Contractual services	86,000	92,000	60,484	31,516
Supplies and purchased power	8,500	10,000	8,978	1,022
Maintenance and materials	159,900	199,900	138,384	61,516
Miscellaneous	506,417	512,917	444,193	68,724
Utilities	335,500	281,500	269,255	12,245
Equipment	3,002,700	3,061,100	503,805	2,557,295
<i>Total operating expenses</i>	4,534,333	4,602,733	1,851,753	2,750,980
<i>Operating income (loss)</i>	(2,584,333)	(2,652,733)	18,735	2,671,468
<i>Non-operating revenues (expenses)</i>				
Interest expense	-	(100)	(42)	58
Interest income (loss)	5,000	5,000	4,437	(563)
Miscellaneous	5,800	13,800	41,489	27,689
Sale of fixed assets	-	3,000	3,049	49
<i>Income (loss) before special item, contributions and transfers</i>	10,800	21,700	48,933	27,233
Designated cash (budgeted cash increase)	502,598	560,098	-	(560,098)
Government contributions	2,726,955	2,726,955	301,293	(2,425,662)
Transfers	(656,020)	(656,020)	(656,020)	-
Change in net position (Non-GAAP budgetary basis)	-	-	(287,059)	(287,059)
<i>Total net position, beginning of year</i>	-	-	2,298,496	2,298,496
<i>Total net position, end of year</i>	\$ -	\$ -	\$ 2,011,437	\$ 2,011,437
Net change in net position			\$ (287,059)	
Adjustments to revenues for charges for services			(24,037)	
Adjustments to expenses for salaries, operating, and depreciation expenses.			278,724	
Change in net position (GAAP)			\$ (32,372)	

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, 2014

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Operating revenues</i>				
Charges for services	61,350	63,100	76,031	\$ 12,931
<i>Total operating revenues</i>	61,350	63,100	76,031	12,931
<i>Operating expenses</i>				
Personnel services	56,741	56,741	50,431	6,310
Contractual services	5,250	5,250	2,479	2,771
Supplies and purchased power	13,000	3,800	3,606	194
Maintenance and materials	15,900	25,900	19,680	6,220
Miscellaneous	10,455	9,455	7,207	2,248
Utilities	2,300	2,300	1,109	1,191
Equipment	2,250	2,450	1,906	544
<i>Total operating expenses</i>	105,896	105,896	86,418	19,478
<i>Operating income (loss)</i>	(44,546)	(42,796)	(10,387)	32,409
<i>Non-operating revenues (expenses)</i>				
Interest income	1,200	1,200	812	(388)
Miscellaneous income	100	100	200	100
Sale of fixed assets	-	-	538	538
<i>Income (loss) before special item, contributions and transfers</i>	1,300	1,300	1,550	250
Designated cash (budgeted cash increase)	43,246	41,496	-	(41,496)
Change in net position (Non-GAAP budgetary basis)	-	-	(8,837)	(8,837)
<i>Total net position, beginning of year</i>	-	-	307,187	307,187
<i>Total net position, end of year</i>	\$ -	\$ -	\$ 298,350	\$ 298,350
Change in net position (Non-GAAP budgetary basis)			\$ (8,837)	
No adjustments to revenue.			-	
Adjustments to expenses for salaries, operating, and depreciation expenses.			(8,889)	
Change in net position (GAAP)			\$ (17,726)	

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, 2014

	Budgeted Amounts		Actual	Variations Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Operating revenues</i>				
Charges for services	\$ 76,600	\$ 76,600	\$ 74,647	\$ (1,953)
<i>Total operating revenues</i>	76,600	76,600	74,647	(1,953)
<i>Operating expenses</i>				
Personnel services	1,500	1,500	1,253	247
Contractual services	6,000	50,000	31,698	18,302
Supplies and purchased power	1,000	1,000	-	1,000
Maintenance and materials	555,644	524,644	313,827	210,817
Miscellaneous	20,200	16,200	11,909	4,291
Utilities	23,900	15,900	15,338	562
Equipment	606,000	649,000	544,392	104,608
<i>Total operating expenses</i>	1,214,244	1,258,244	918,417	339,827
<i>Operating income (loss)</i>	(1,137,644)	(1,181,644)	(843,770)	337,874
<i>Non-operating revenues (expenses)</i>				
Interest income	-	200	251	51
Miscellaneous income	-	-	-	-
<i>Income (loss) before special item, contributions and transfers</i>	-	200	251	51
Designated cash (budgeted cash increase)	123,472	34,272	-	(34,272)
Government contributions	957,172	996,172	646,637	(349,535)
Transfers	57,000	151,000	151,000	-
Change in net position (Non-GAAP budgetary basis)	-	-	(45,882)	(45,882)
<i>Total net position, beginning of year</i>	-	-	243,104	243,104
<i>Total net position, end of year</i>	\$ -	\$ -	\$ 197,222	\$ 197,222
Change in net position (Non-GAAP budgetary basis)			\$ (45,882)	
Adjustments to revenues for charges for services and state funds.			9,002	
Adjustments to expenses for capital outlay, operating, and depreciation expenses.			461,415	
Change in net position (GAAP)			\$ 424,535	

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, 2014

Bank Name/Account Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
First New Mexico Bank-cash accounts					
General Operating	Checking	\$ 4,730,843	\$ 12,726	\$ 181,010	\$ 4,562,559
Ambulance Billing	Checking	229,703	-	326	229,377
Payroll Clearing	Checking	133,399	-	133,399	-
CDBG Planning	Checking	100	-	-	100
Judicial Bond	Checking	1,776	175	747	1,204
GSFWC	Checking	14,635	-	-	14,635
Total First New Mexico Bank		<u>5,110,456</u>	<u>12,901</u>	<u>315,482</u>	<u>4,807,875</u>
First Savings Bank					
Utility Operating	Checking	3,904,376	16,266	33,465	3,887,177
Meter Deposit	Checking	549,377	1,535	16,625	534,287
Prepaid Energy	Checking	4,901	-	-	4,901
Total First Savings Bank		<u>4,458,654</u>	<u>17,801</u>	<u>50,090</u>	<u>4,426,365</u>
Wells Fargo Bank					
General Fund - Payroll	Checking	13,234	-	-	13,234
Total Wells Fargo Bank		<u>13,234</u>	<u>-</u>	<u>-</u>	<u>13,234</u>
Bank balance of deposits		<u>\$ 9,582,344</u>	<u>\$ 30,702</u>	<u>\$ 365,572</u>	<u>\$ 9,247,474</u>
New Mexico Finance Authority-Investment					
Deming 10 - Cash Program Funds held in NMFA		\$ 120,526	\$ -	\$ -	\$ 120,526
Deming 11 - Cash Program Funds held in NMFA		151,730	-	-	151,730
Total New Mexico Finance Authority		<u>272,256</u>	<u>-</u>	<u>-</u>	<u>272,256</u>

*All checking accounts are non-interest bearing

See accompanying independent auditor's report

Bank Name/Account Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
Wells Fargo Bank					
WF Bank CD	Time Investment	2,100,000	-	-	2,100,000
Total Wells Fargo Bank Securities		2,100,000	-	-	2,100,000
First New Mexico Bank					
Bank CD	Time Investment	8,151,229	-	-	8,151,229
Bank CD	Time Investment	7,614			7,614
Bank CD	Time Investment	1,027			1,027
Total First Savings Bank Securities		8,159,870	-	-	8,159,870
Multi-Bank Securities-Investments					
GNMA Security	Time Investment	2,420		-	2,420
GNMA Security	Time Investment	3,519		-	3,519
Total Multi-Bank Securities		5,939	-	-	5,939
Western Heritage Bank					
Bank CD	Time Investment	203,697	-	-	203,697
Total Western Heritage Bank Securities		203,697	-	-	203,697
Total investments		10,469,506	-	-	10,469,506
Total		\$ 20,324,106	\$ 30,702	\$ 365,572	\$ 19,989,236
Add: petty cash					3,725
Total deposits and investments					\$ 19,992,961
Deposits and investments per financial statements:					
Cash and cash equivalents - Exhibit A-1					\$ 8,743,471
Investments - Exhibit A-1					10,469,506
Restricted cash and cash equivalents - Exhibit A-1					764,145
Fiduciary funds cash- Exhibit E-1					15,839
Total cash, cash equivalents and investments					\$ 19,992,961

STATE OF NEW MEXICO
City of Deming
Schedule of Collateral Pledged by Depository
For Public Funds
June 30, 2014

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market/ Par Value at June 30, 2014
First New Mexico Bank				
	FHLB	11/14/2014	3133X9DC1	\$ 2,034,242
	CLOVIS	6/1/2015	189387BM4	145,000 *
	FHLB	3/11/2016	3133XXP43	2,091,428
	LAS VEGAS	7/15/2016	51778FCG2	500,000 *
	FFCB	2/10/2017	31331KBX7	2,101,286
	ARTESIA	8/1/2017	04310KAL6	500,000 *
	FFCB	10/18/2017	31331VCY0	2,236,427
	SANDOVAL	12/15/2017	80004PCUA	345,000 *
	CHAVES	8/1/2018	162634BN8	500,000 *
	RUIDOSO	8/1/2020	781338GM4	450,000 *
	FFCB	10/23/2020	31331VA30	1,200,786
	FFCB	4/1/2022	31331YA26	1,498,022
Total First New Mexico Bank				13,602,191

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	12/30/2015	3136FPKH9	307,270
	FNMA Agency Notes	11/15/2016	3135G0ES8	152,312
	MBS FNMA 10-YR	7/1/2017	31371NGQ2	45,401
	MBS FNMA 15-Yr	9/1/2019	31403X4P7	116,254
	MBS FHLMC 15 Yr Relocator	4/1/2020	31282CA98	73,879
	MBS FNMA 15-Yr	6/1/2022	31410GBG7	159,861
	MBS FHLMC Gold 15 Yr	3/1/2023	31307BJV3	167,650
	MBS FHLMC Gold 15 Yr	3/1/2023	31307BJV3	167,650
	MBS FNMA 15-Yr	7/1/2026	31417Y3H8	199,259
	MBS FNMA 15-Yr	2/1/2027	3138E4X71	102,886
	MBS FNMA 15-Yr	4/1/2027	3138EBH40	589,958
	MBS FNMA 15-Yr	4/1/2027	3138EBH40	316,049
	MBS FHLMC Gold 15 Yr	1/1/2028	3128MDNRO	211,262
	MBS FNMA 15-Yr	1/1/2028	3138EKJA4	130,540
	MBS FNMA 15-Yr	1/1/2028	3138EKJA4	217,567
	MBS FNMA 15-Yr	1/1/2028	3138EKJA4	130,540
	FHR 3048 PC	3/15/2035	31396C5M3	57,392
	FHR 3048 PC	3/15/2035	31396C5M3	28,696
	GNR 2010-20 GH	9/16/2038	38376VCT2	197,681
	GNR 2011-4 MD	11/20/2038	38377TBL4	219,038
	GNR 2010-150 GJ	9/20/2039	38377NLJ1	254,928
	GNR 2010-150 GJ	9/20/2039	38377NLJ1	141,627
	FNR 2010-135 CH	4/25/2040	31398SN66	120,286
	GNR 2011-62 AE	10/20/2040	38377U5F1	75,332
	GNR 2011-62 AE	10/20/2040	38377U5F1	50,221
Total First Savings Bank				4,233,539

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

See accompanying independent auditor's report

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market/ Par Value at June 30, 2014
Wells Fargo Bank				
	FN AU4290	9/1/2043	3136X3XU1	1,983,862
	Total Wells Fargo Bank			<u>1,983,862</u>
The location of the safekeeper of the above securities is BNY Mellon at One Wall Street, 4th Floor, New York, NY 10286				
	Total Pledged Collateral			<u>\$ 19,819,592</u>

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

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STATE OF NEW MEXICO

Schedule III

City of Deming

Schedule of Changes in Fiduciary Assets and Liabilities

Agency Fund

For the Year Ended June 30, 2014

	Balance June 30, 2013	Receipts	Disbursements	Balance June 30, 2014
<i>Assets</i>				
Cash - Judicial Bond Fund	\$ 1,282	\$ 10,226	\$ 10,304	\$ 1,204
Cash - Gila Water fund	-	29,210	14,575	14,635
Total	<u>\$ 1,282</u>	<u>\$ 39,436</u>	<u>\$ 24,879</u>	<u>\$ 15,839</u>
<i>Liabilities</i>				
Due to other entities	\$ 1,282	\$ 39,436	\$ 24,879	\$ 15,839
Total	<u>\$ 1,282</u>	<u>\$ 39,436</u>	<u>\$ 24,879</u>	<u>\$ 15,839</u>

See accompanying independent auditor's report

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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, and the budgetary comparisons for the General Fund and major special revenue fund of the City of Deming (the City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and the combining and individual funds and related budgetary comparisons of the City presented as supplementary information, and have issued our report thereon dated November 25, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 the City'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. We did identify a certain deficiency in internal control that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item FS 2014-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the schedule of findings and questioned costs as items FS 2013-004 and FS 2014-002.

City of Deming's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City'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 the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City'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 25, 2014

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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 (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2014. The City'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 the City'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 the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the 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, 2014.

Report on Internal Control Over Compliance

Management of the City 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 the City'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 the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *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, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item FA 2014-001 that we consider to be a significant deficiency.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 25, 2014

STATE OF NEW MEXICO
City of Deming
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Funding Source/Grant or Contact Name	CFDA Number	Federal Grant Number	Expenditures
U.S. Department of Transportation			
Airport Improvement Program	20.106	3-35-0013-015-2012	\$ 4,574
Airport Improvement Program	20.106	3-35-0013-016-2013	253,721
U.S. Department of Housing and Urban Development Passed through the New Mexico Department of Finance and Administration			
Community Development Block Grants/State's Program	14.228	13-C-NR-I-07-G-006	34,670
U.S. Department of Justice Bureau of Justice Assistance			
Bulletproof Vest Partnership Program	16.607	2012BUBX12060604	2,138
U.S. Department of Homeland Security Passed through the New Mexico Department of Homeland Security and Emergency Management			
Homeland Security Grant Program - Operation Stonegarden	97.067	2010-SS-T0-0011	20,615
Homeland Security Grant Program - Operation Stonegarden	97.067	2011-SS-009401	242,609
Homeland Security Grant Program - Operation Stonegarden	97.067	2012-SS00097	48,744
U.S. Department of the Interior Bureau of Reclamation			
Water Conservation Field Services Program (WCFSP)	15.530	R12AP32022	54,744
U.S. Department of Transportation (FHWA) Passed through the New Mexico Department of Transportation			
Recreational Trails Program	20.219	W100071	13,201
Highway Planning and Construction (1)	20.205	I100190	<u>857,104</u>
Total Federal Financial Assistance			<u><u>\$ 1,532,120</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.

3. Non-Cash Federal Assistance

The City did not receive any non-cash federal assistance during the year.

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

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 1,532,120
Total expenditures funded by other sources	<u>19,895,678</u>
Total expenditures per Statement of Activities Exhibit A-2	<u><u>\$21,427,798</u></u>

STATE OF NEW MEXICO
City of Deming
Schedule of Findings and Questioned Costs
June 30, 2014

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? | Yes |
| 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? | Yes |
| 4. Identification of major programs: | |

<u>CFDA</u> <u>Number</u> 20.205		<u>Federal Program</u> Highway Planning and Construction
--	--	---

- | | |
|--|-----------|
| 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? | Yes |

STATE OF NEW MEXICO
City of Deming
Schedule of Findings and Questioned Costs
June 30, 2014

Section II – Prior Year Audit Findings

Prior Year Audit Findings

FS 2013-001 NMFA Cash Allocation - Significant Deficiency – Resolved
FS 2013-002 Deficiencies in Internal Control Structure Design, Operation, and Oversight - Significant Deficiency - Resolved
FS 2013-003 Pledged Collateral - Other Matter – Resolved
FS 2013-004 Cash Appropriations in Excess of Available Cash Balances – Other Matter – Repeated/Modified

Section III – Findings - Financial Statement Audit

FS 2013-004 — Cash Appropriations in Excess of Available Cash Balances – Other Matter (Repeated/Modified)

Condition: The City rebudgeted “cash balances” in excess of available cash balances in the following funds:

	Designated Cash	Beginning Cash	Prior Year AR	Cash Appropriations in Excess of Available
Fire				
Special Revenue Fund	\$ 198,724	\$ 180,872	\$ -	\$ 17,852
Economic Development				
Special Revenue Fund	\$ 201,554	\$ 3,275	\$ -	\$ 198,279
Community Center				
Special Revenue Fund	\$ 185,443	\$ 172,071	\$ -	\$ 13,372

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.

Auditors' 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: Due to several changes in staff and personnel leaving employment with the City, management was unaware of the cash appropriation in excess of funds. Management will implement an additional document at the time of final budget adjustments to ensure that all funds are adjusted accordingly.

Section III – Findings - Financial Statement Audit (continued)

FS 2014-001 – Miscounts during inventory observation – Significant Deficiency

Condition: During our July 1, 2014 inventory observation, we noted seven (7) out of the fifteen (15) selected for testing (total value of \$121,021) were incorrectly counted and reported by the City in the total amount of \$8,792.

Criteria: Sections 6-5-1 through 6-5-6 NMSA, 1978 require internal accounting controls designed to prevent accounting errors and violations of state and federal laws and rules related to financial matters.

Effect: Without proper inventory controls, the City cannot verify what inventory they have on hand.

Cause: The City's inventory supervisor was not on site when the inventory was conducted and the City employees who conducted the inventory count had not been adequately trained.

Auditors' Recommendation: The City should train a backup employee to be able to assist with the inventory and the proper use of the accounting software and a process should be developed where inventory is taken at least monthly and the inventory matches the quantity in the system.

Management's Response: Management has addressed the situation with personnel being crossed trained in inventory to prevent sole ownership of duties. The finance department will be do periodic observations to ensure the personnel are trained in the required duties and the system in place is being utilized properly.

FS 2014-002 - Stale Dated Checks – Other Matter

Condition: The City maintained three checks totaling \$134.49 in the outstanding checks listing of the General Operating Fund and Meter Deposit checking account bank reconciliations that was dated over one year old at June 30, 2014.

Criteria: Chapter 7 Article 8A, NMSA 1978, and related regulations require that the City provide information about the payees and the related funds to Unclaimed Property Division of the New Mexico Taxation and Revenue Department for outstanding checks that were distributed but not cashed within one year.

Effect: The City is in violation of state statutes regarding stale-dated checks. Carrying stale dated bank reconciling items could result in a misstatement in the accounting records or related misappropriation of funds.

Cause: The City did not implement a process to account for stale dated outstanding checks and did not void this check on a timely basis.

Auditors' Recommendations: We recommend the City implement a procedure to review the outstanding check listings for all bank accounts and track stale-dated checks. If checks on the outstanding check listings are greater than one year old we recommend they be voided, replaced or submitted to the Property Division of New Mexico Taxation and Revenue Department as required.

Management's Response: Management realizes that this was an oversight by staff. A procedure is in place to review outstanding checks at the time of approval of bank reconciliations and verify that any check on the list is not over a year stale. Management will also contact Unclaimed Property Division of the New Mexico Taxation and Revenue Department for outstanding checks not cashed within one year.

Section IV – Findings – Federal Awards

FA 2014-001 Inaccurate Financial Reporting for Statewide Transportation Improvement Package – Significant Deficiency

Federal Program Information:

Funding Agency: Department of Transportation
Pass Through Agency: New Mexico Department of Transportation
Title: Highway Planning and Construction
CFDA Number: 20.205
Federal Grant Number: I100190
Year: Various

Condition: Grant Agreement for the Pine/Spruce Intersection Realignment Project under STIP requires a New Mexico Department of Transportation share of 85.44% and a City of Deming share of 14.56% for all project expenditures. On review of the reimbursement requests, ACG noted that a request for March 2014 expenditures was submitted for 100% reimbursement from NMDOT at a total of \$174,720.35. The State responded by reimbursing only \$149,281.07, which is 85.44% of the claimed expenditures. In addition, we noted that another request for August and September 2013 expenditures was submitted for only 75% reimbursement from NMDOT. Seven months later the City requested the remaining 10.44%. Both of these reimbursement requests were approved.

Criteria: The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal Awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Good internal controls require that eligibility documentation be correctly calculated and reviewed.

Effect: Lack of proper review and inaccurate reporting could result in a denial of a reimbursement request, leaving the City with the burden of 100% of that cost on the project expenditures. Adequate controls are not in place to prevent or detect inaccurate reporting.

Questioned Costs: None

Cause: Insufficient controls and review procedures on reimbursement requests with complicated matching requirements caused an inaccurate financial report, or reimbursement request.

Auditor's Recommendations: We recommend that the City review all invoices and costs to be submitted for reimbursement and have a second review on all matching calculations to ensure the reimbursement requests are done properly.

Management's Response: Management currently uses a third party to assist with all reimbursements requests where staff reviews prior to submitting. Management will implement an additional spreadsheet to calculate all reimbursement requests based on invoices received to ensure that the request is in compliance with the grant agreement.

STATE OF NEW MEXICO

City of Deming
Other Disclosures
June 30, 2014

Exit Conference

An exit conference was held on November 25, 2014. In attendance were the following:

Representing the City of Deming:

Benny Jasso, Mayor
Aaron Sera, City Administrator
Laura Holguin, Finance Director/Treasurer
Jim Massengill, Public Works Director

Representing Accounting & Consulting Group, LLP:

Ray Roberts, Partner

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.