



State of
New Mexico
City of Deming

Annual Financial Report
For the Year Ended June 30, 2016



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INTRODUCTORY SECTION

City of Deming
Annual Financial Report
June 30, 2016
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STATE OF NEW MEXICO

City of Deming

Official Roster

June 30, 2016

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

Department Heads

Aaron Sera	City Administrator/Clerk
Jim Massengill	Director of Public Works
Bryan Reedy	Director of Community Service
Robert Orosco	Chief of Police
Raul Mercado	Chief of Fire/EMS
Laura Holguin	Finance Director/Treasurer

Administration

Vicki Engle	Human Resources/Safety Coordinator & Assistant Deputy Clerk
Patty Ciccotelli	Accountant
Lila Jasso	Administrative Assistant/Assistant Deputy Clerk

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Timothy M. Keller
New Mexico State Auditor
City Council
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, 2016, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City's nonmajor governmental funds, and the budgetary comparisons for the proprietary funds and all nonmajor funds presented as supplementary information, as defined by the Governmental Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2016, 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.

Auditors' 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 auditors' 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, 2016, 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, 2016, and the respective changes in financial position, and the respective budgetary comparisons for each nonmajor governmental fund and the proprietary funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the *Management's Discussion and Analysis* that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not 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. Our opinion on the financial statements is not affected by the missing information.

Accounting principles generally accepted in the United States of America require that Schedules I and II and the Notes to the Required Supplementary Information on pages 70 through 76 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 financial statements that collectively comprise the City's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The introductory section and Supporting Schedules III through VI 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 Supporting Schedules III through V 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 Supporting Schedules III through V 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 and Schedule VI have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2016 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.

RPC CPAs + Consultants LLP

RPC CPAs + Consultants, LLP
Albuquerque, New Mexico
December 14, 2016

**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO

City of Deming

Statement of Net Position

June 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 11,526,238	\$ 9,790,770	\$ 21,317,008
Investments	48,620	1,187,459	1,236,079
Receivables:			
Ambulance receivable, net	112,279	-	112,279
Customer receivable, net	-	883,012	883,012
Taxes receivable	1,813,222	-	1,813,222
Due from other governments	120,848	-	120,848
Inventory	52,133	292,589	344,722
<i>Total current assets</i>	<u>13,673,340</u>	<u>12,153,830</u>	<u>25,827,170</u>
Noncurrent assets			
Restricted cash and cash equivalents	78,672	938,136	1,016,808
Non-depreciable capital assets	7,637,020	8,803,443	16,440,463
Depreciable capital assets	80,340,377	53,916,989	134,257,366
Less: accumulated depreciation	<u>(44,995,520)</u>	<u>(21,706,894)</u>	<u>(66,702,414)</u>
<i>Total noncurrent assets</i>	<u>43,060,549</u>	<u>41,951,674</u>	<u>85,012,223</u>
<i>Total assets</i>	<u>56,733,889</u>	<u>54,105,504</u>	<u>110,839,393</u>
Deferred outflows of resources			
Change in proportion	2,549	437	2,986
Difference between expected and actual experience	328,213	56,397	384,610
Change of assumptions	62,492	11,387	73,879
Employer contributions subsequent to the measurement date	<u>761,395</u>	<u>136,735</u>	<u>898,130</u>
<i>Total deferred outflows of resources</i>	<u>1,154,649</u>	<u>204,956</u>	<u>1,359,605</u>
<i>Total assets and deferred outflows of resources</i>	<u>\$ 57,888,538</u>	<u>\$ 54,310,460</u>	<u>\$ 112,198,998</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	\$ 241,689	\$ 185,511	\$ 427,200
Accrued payroll expenses	438,626	90,430	529,056
Accrued compensated absences	160,799	43,953	204,752
Meter deposits	-	597,400	597,400
Accrued interest	4,277	70,421	74,698
Current portion of loans payable	39,273	165,203	204,476
<i>Total current liabilities</i>	<u>884,664</u>	<u>1,152,918</u>	<u>2,037,582</u>
Noncurrent liabilities			
Accrued compensated absences	221,207	59,568	280,775
Landfill closure and post-closure	-	429,971	429,971
Loans payable	924,405	3,404,077	4,328,482
Net pension liability	9,491,975	1,686,522	11,178,497
<i>Total noncurrent liabilities</i>	<u>10,637,587</u>	<u>5,580,138</u>	<u>16,217,725</u>
<i>Total liabilities</i>	<u>11,522,251</u>	<u>6,733,056</u>	<u>18,255,307</u>
Deferred inflows of resources			
Change in proportion	160,828	27,635	188,463
Change of assumptions	124,928	22,729	147,657
Difference between expected and actual experience	78,363	13,464	91,827
Net difference between projected and actual investment earnings	8,891	18,230	27,121
<i>Total deferred inflows of resources</i>	<u>373,010</u>	<u>82,058</u>	<u>455,068</u>
Net position			
Net investment in capital assets	42,065,741	37,748,367	79,814,108
Restricted for:			
Debt service	31,130	11,423	42,553
Prepaid energy	-	25,204	25,204
Capital projects	100	-	100
Special revenue projects	652,844	-	652,844
Unrestricted	3,243,462	9,710,352	12,953,814
<i>Total net position</i>	<u>45,993,277</u>	<u>47,495,346</u>	<u>93,488,623</u>
<i>Total liabilities, deferred inflows of resources, and net position</i>	<u>\$ 57,888,538</u>	<u>\$ 54,310,460</u>	<u>\$ 112,198,998</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
City of Deming
Statement of Activities
For the Year Ended June 30, 2016

<u>Functions/Programs</u>	<u>Program Revenues</u>			
Primary Government	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 3,845,653	\$ 2,907,635	\$ 270,119	\$ -
Public safety	5,858,827	390,000	295,632	-
Public works	1,869,989	275	674,625	-
Culture and recreation	1,849,392	36,464	94,689	-
Health and welfare	773,143	-	-	-
Interest on long-term debt	23,756	-	-	-
<i>Total governmental activities</i>	<u>14,220,760</u>	<u>3,334,374</u>	<u>1,335,065</u>	<u>-</u>
Business-type Activities:				
Gas	2,846,138	2,921,626	-	-
Sewer	1,688,373	1,343,265	174,632	149,863
Solid waste	1,863,182	2,294,348	207,297	-
Water	1,904,657	2,035,175	-	349,886
Cemetery	114,184	118,755	-	-
Airport	296,701	85,823	-	76,631
<i>Total business-type activities</i>	<u>8,713,235</u>	<u>8,798,992</u>	<u>381,929</u>	<u>576,380</u>
<i>Total</i>	<u>\$ 22,933,995</u>	<u>\$ 12,133,366</u>	<u>\$ 1,716,994</u>	<u>\$ 576,380</u>

General Revenues:

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

Special item - donated assets

Total general revenues

Change in net position

Net position, beginning

Net position, ending

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (667,899)	\$ -	\$ (667,899)
(5,173,195)	-	(5,173,195)
(1,195,089)	-	(1,195,089)
(1,718,239)	-	(1,718,239)
(773,143)	-	(773,143)
(23,756)	-	(23,756)
<u>(9,551,321)</u>	<u>-</u>	<u>(9,551,321)</u>
-	75,488	75,488
-	(20,613)	(20,613)
-	638,463	638,463
-	480,404	480,404
-	4,571	4,571
-	(134,247)	(134,247)
<u>-</u>	<u>1,044,066</u>	<u>1,044,066</u>
<u>(9,551,321)</u>	<u>1,044,066</u>	<u>(8,507,255)</u>
7,516,460	-	7,516,460
1,203,380	-	1,203,380
643,718	-	643,718
380,109	-	380,109
30,353	10,963	41,316
196,786	61,879	258,665
9,725	19,286	29,011
271,781	-	271,781
<u>10,252,312</u>	<u>92,128</u>	<u>10,344,440</u>
700,991	1,136,194	1,837,185
<u>45,292,286</u>	<u>46,359,152</u>	<u>91,651,438</u>
<u>\$ 45,993,277</u>	<u>\$ 47,495,346</u>	<u>\$ 93,488,623</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

City of Deming
Balance Sheet
Governmental Funds
June 30, 2016Exhibit B-1
Page 1 of 2

	<u>General Fund</u>	<u>Street Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 10,887,766	\$ 133,727	\$ 583,417	\$ 11,604,910
Investments	17,052	-	31,568	48,620
Receivables:				
Ambulance receivable, net	112,279	-	-	112,279
Property taxes	408,244	-	-	408,244
Gross receipts taxes	1,286,549	-	-	1,286,549
Other taxes	34,326	61,836	22,267	118,429
Due from other governments	71,131	49,717	-	120,848
Inventory	52,133	-	-	52,133
Due from other funds	-	-	9,823	9,823
<i>Total assets</i>	<u>\$ 12,869,480</u>	<u>\$ 245,280</u>	<u>\$ 647,075</u>	<u>\$ 13,761,835</u>
Liabilities, deferred inflows of resources, and fund balances				
<i>Liabilities</i>				
Accounts payable	\$ 108,683	\$ 103,019	\$ 29,987	\$ 241,689
Accrued payroll expenses	401,999	13,824	22,803	438,626
Due to other funds	9,823	-	-	9,823
<i>Total liabilities</i>	<u>520,505</u>	<u>116,843</u>	<u>52,790</u>	<u>690,138</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue - property taxes	377,555	-	-	377,555
<i>Total deferred inflows of resources</i>	<u>377,555</u>	<u>-</u>	<u>-</u>	<u>377,555</u>
<i>Fund balances</i>				
Nonspendable:				
Inventory	52,133	-	-	52,133
Spendable:				
Restricted for:				
Public safety	-	-	138,212	138,212
Culture and recreation	-	-	130,203	130,203
Promotion	-	-	104,036	104,036
Transportation and roads	-	128,437	100	128,537
Debt service	-	-	31,130	31,130
Committed to:				
Subsequent year's expenditures	1,251,251	-	-	1,251,251
Assigned to:				
Culture and recreation	-	-	61,628	61,628
Economic development	-	-	128,876	128,876
Capital improvements	-	-	100	100
Unassigned	10,668,036	-	-	10,668,036
<i>Total fund balances</i>	<u>11,971,420</u>	<u>128,437</u>	<u>594,285</u>	<u>12,694,142</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 12,869,480</u>	<u>\$ 245,280</u>	<u>\$ 647,075</u>	<u>\$ 13,761,835</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, 2016

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	\$ 12,694,142
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	42,981,877
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	377,555
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in funds:	
Deferred outflows of resources related to change in proportion	2,549
Deferred outflows of resources related to difference between expected and actual experience	328,213
Deferred outflows of resources related to change of assumptions	62,492
Deferred outflows of resources related to employer contributions subsequent to the measurement date	761,395
Deferred inflows of resources related to change in proportion	(160,828)
Deferred inflows of resources related to change of assumptions	(124,928)
Deferred inflows of resources related to difference between expected and actual experience	(78,363)
Deferred inflows of resources related to net difference between projected and actual investment earnings	(8,891)
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	(382,006)
Accrued interest	(4,277)
Loans payable	(963,678)
Net pension liability	(9,491,975)
<i>Net position of governmental activities</i>	<u>\$ 45,993,277</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, 2016

Exhibit B-2
Page 1 of 2

	General Fund	Street Fund	Other Governmental Funds	Total
<i>Revenues</i>				
Taxes:				
Property	\$ 1,136,232	\$ -	\$ -	\$ 1,136,232
Gross receipts taxes	7,516,460	-	-	7,516,460
Gasoline, franchise, and motor vehicle	364,633	279,085	-	643,718
Lodgers tax	-	-	380,109	380,109
Intergovernmental:				
Federal operating grants	217,862	85,826	-	303,688
State operating grants	55,457	588,799	387,121	1,031,377
Charges for services	3,083,968	84,464	165,942	3,334,374
Investment income	30,292	-	61	30,353
Miscellaneous	173,198	605	22,983	196,786
<i>Total revenues</i>	<u>12,578,102</u>	<u>1,038,779</u>	<u>956,216</u>	<u>14,573,097</u>
<i>Expenditures</i>				
Current:				
General government	2,958,916	-	-	2,958,916
Public safety	5,319,492	-	239,322	5,558,814
Public works	-	1,641,814	-	1,641,814
Culture and recreation	675,154	-	875,380	1,550,534
Health and welfare	209,596	-	517,424	727,020
Capital outlay	353,486	609,121	96,059	1,058,666
Debt service:				
Principal	-	-	137,457	137,457
Interest	-	-	28,236	28,236
<i>Total expenditures</i>	<u>9,516,644</u>	<u>2,250,935</u>	<u>1,893,878</u>	<u>13,661,457</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>3,061,458</u>	<u>(1,212,156)</u>	<u>(937,662)</u>	<u>911,640</u>
<i>Other financing sources (uses)</i>				
Loan proceeds	-	69,778	-	69,778
Proceeds from sale of capital assets	7,300	-	2,425	9,725
Transfers in	-	1,220,000	1,207,049	2,427,049
Transfers (out)	(2,177,357)	-	(249,692)	(2,427,049)
<i>Total other financing sources (uses)</i>	<u>(2,170,057)</u>	<u>1,289,778</u>	<u>959,782</u>	<u>79,503</u>
<i>Net change in fund balance</i>	891,401	77,622	22,120	991,143
<i>Fund balance - beginning of year</i>	<u>11,080,019</u>	<u>50,815</u>	<u>572,165</u>	<u>11,702,999</u>
<i>Fund balance - end of year</i>	<u>\$ 11,971,420</u>	<u>\$ 128,437</u>	<u>\$ 594,285</u>	<u>\$ 12,694,142</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, 2016

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	\$	991,143
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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		1,058,666
Depreciation expense		(1,893,228)
Donation of capital asset		271,781

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		67,148
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Governmental funds report City pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense:

City pension contributions		761,395
Pension expense		(640,019)

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		11,946
Decrease in accrued interest		4,480

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 proceeds		(69,778)
Principal payments on loans		137,457

<i>Change in net position of governmental activities</i>	<u>\$</u>	<u>700,991</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, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ 1,163,081	\$ 1,163,081	\$ 1,130,807	\$ (32,274)
Gross receipts	6,960,000	6,960,000	7,403,325	443,325
Gasoline, franchise and motor vehicle	325,000	325,000	366,439	41,439
Intergovernmental:				
Federal operating grants	311,783	311,783	283,009	(28,774)
State operating grants	76,944	51,944	76,104	24,160
Charges for services	2,530,552	2,525,052	3,134,756	609,704
Investment income	25,000	25,000	30,292	5,292
Miscellaneous	107,600	97,600	169,575	71,975
<i>Total revenues</i>	<u>11,499,960</u>	<u>11,459,460</u>	<u>12,594,307</u>	<u>1,134,847</u>
<i>Expenditures</i>				
Current:				
General government	3,252,245	3,242,245	2,723,052	519,193
Public safety	5,843,267	5,843,267	5,282,860	560,407
Culture and recreation	783,978	783,978	671,206	112,772
Health and welfare	206,544	206,544	213,270	(6,726)
Capital outlay	500,000	584,000	509,174	74,826
<i>Total expenditures</i>	<u>10,586,034</u>	<u>10,660,034</u>	<u>9,399,562</u>	<u>1,260,472</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>913,926</u>	<u>799,426</u>	<u>3,194,745</u>	<u>2,395,319</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	1,628,679	1,748,179	-	(1,748,179)
Proceeds from sale of capital assets	1,000	1,000	10,923	9,923
Transfers in	132,528	132,528	-	(132,528)
Transfers (out)	(2,676,133)	(2,681,133)	(2,172,534)	508,599
<i>Total other financing sources (uses)</i>	<u>(913,926)</u>	<u>(799,426)</u>	<u>(2,161,611)</u>	<u>(1,362,185)</u>
<i>Net change in fund balance</i>	-	-	1,033,134	1,033,134
<i>Fund balance - beginning of year</i>	-	-	9,871,684	9,871,684
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,904,818</u>	<u>\$ 10,904,818</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 1,033,134	
Adjustments to revenues for gross receipt taxes, other taxes and federal grants.			(19,828)	
Adjustments to expenditures for salaries and operating expenses.			(121,905)	
<i>Net change in fund balance (GAAP)</i>			<u>\$ 891,401</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

Exhibit C-2

City of Deming

Street Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline, franchise and motor vehicle	280,000	280,000	277,778	(2,222)
Intergovernmental:				
Federal operating grants	550,455	550,455	85,826	(464,629)
State operating grants	1,010,560	1,010,560	539,082	(471,478)
Charges for services	63,300	63,300	72,980	9,680
Sale of fixed assets	1,000	1,000	-	(1,000)
Miscellaneous	200	200	605	405
<i>Total revenues</i>	<u>1,905,515</u>	<u>1,905,515</u>	<u>976,271</u>	<u>(929,244)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	1,340,030	1,340,030	1,261,898	78,132
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	2,030,809	2,123,309	905,641	1,217,668
<i>Total expenditures</i>	<u>3,370,839</u>	<u>3,463,339</u>	<u>2,167,539</u>	<u>1,295,800</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,465,324)</u>	<u>(1,557,824)</u>	<u>(1,191,268)</u>	<u>366,556</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(18,831)	3,891	-	(3,891)
Loan proceeds	-	69,778	69,778	-
Transfers in	1,487,655	1,487,655	1,220,000	(267,655)
Transfers (out)	(3,500)	(3,500)	-	3,500
<i>Total other financing sources (uses)</i>	<u>1,465,324</u>	<u>1,557,824</u>	<u>1,289,778</u>	<u>(268,046)</u>
<i>Net change in fund balance</i>	-	-	98,510	98,510
<i>Fund balance - beginning of year</i>	-	-	35,217	35,217
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 133,727</u>	<u>\$ 133,727</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 98,510	
Adjustments to revenues for oil and gas taxes and state operating grants.			62,508	
Adjustments to expenditures for salaries and operating expenses.			(83,396)	
<i>Net change in fund balance (GAAP)</i>			<u>\$ 77,622</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, 2016

	<u>Gas</u>	<u>Sewer</u>	<u>Solid Waste</u>
Assets			
<i>Current assets</i>			
Cash and cash equivalents	\$ 3,702,746	\$ 1,196,997	\$ 1,779,713
Investments	692,802	101,229	148,464
Customer receivables, net	159,009	162,208	248,260
Inventory	24,072	19,403	-
<i>Total current assets</i>	<u>4,578,629</u>	<u>1,479,837</u>	<u>2,176,437</u>
<i>Noncurrent assets</i>			
Restricted cash and cash equivalents	597,400	260,642	63,883
Capital assets	7,099,689	17,770,173	7,603,958
Less: accumulated depreciation	<u>(4,101,251)</u>	<u>(6,933,420)</u>	<u>(2,421,238)</u>
<i>Total noncurrent assets</i>	<u>3,595,838</u>	<u>11,097,395</u>	<u>5,246,603</u>
<i>Total assets</i>	<u>8,174,467</u>	<u>12,577,232</u>	<u>7,423,040</u>
Deferred inflows of resources			
Change in proportion	88	66	167
Difference between expected and actual experience	11,335	8,479	21,541
Change of assumptions	2,277	1,368	4,856
Contributions subsequent to the measurement date	<u>27,380</u>	<u>17,421</u>	<u>56,840</u>
<i>Total deferred outflows of resources</i>	<u>41,080</u>	<u>27,334</u>	<u>83,404</u>
<i>Total assets and deferred outflows of resources</i>	<u>\$ 8,215,547</u>	<u>\$ 12,604,566</u>	<u>\$ 7,506,444</u>

The accompanying notes are an integral part of these financial statements.

<u>Water</u>	<u>Cemetery Trust</u>	<u>Airport</u>	<u>Total</u>
\$ 2,611,190	\$ 260,124	\$ 240,000	\$ 9,790,770
244,964	-	-	1,187,459
282,349	6,080	25,106	883,012
249,114	-	-	292,589
<u>3,387,617</u>	<u>266,204</u>	<u>265,106</u>	<u>12,153,830</u>
16,211	-	-	938,136
18,392,219	573,736	11,280,657	62,720,432
(4,855,339)	(194,402)	(3,201,244)	(21,706,894)
<u>13,553,091</u>	<u>379,334</u>	<u>8,079,413</u>	<u>41,951,674</u>
<u>16,940,708</u>	<u>645,538</u>	<u>8,344,519</u>	<u>54,105,504</u>
107	9	-	437
13,838	1,204	-	56,397
2,651	235	-	11,387
32,249	2,845	-	136,735
<u>48,845</u>	<u>4,293</u>	<u>-</u>	<u>204,956</u>
<u>\$ 16,989,553</u>	<u>\$ 649,831</u>	<u>\$ 8,344,519</u>	<u>\$ 54,310,460</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, 2016

	<u>Gas</u>	<u>Sewer</u>	<u>Solid Waste</u>
Liabilities			
<i>Current liabilities</i>			
Accounts payable	\$ 6,529	\$ 123,908	\$ 16,570
Accrued payroll expenses	22,719	13,824	36,959
Accrued compensated absences	11,636	7,789	14,086
Meter deposits	597,400	-	-
Accrued interest	-	68,169	-
Current maturity of loans payable	-	87,210	3,254
<i>Total current liabilities</i>	<u>638,284</u>	<u>300,900</u>	<u>70,869</u>
<i>Noncurrent liabilities</i>			
Accrued compensated absences	14,729	9,073	20,781
Landfill closure and post-closure costs	-	-	429,971
Loans payable	-	1,873,608	59,304
Net pension liability	338,010	224,061	687,549
<i>Total noncurrent liabilities</i>	<u>352,739</u>	<u>2,106,742</u>	<u>1,197,605</u>
<i>Total liabilities</i>	<u>991,023</u>	<u>2,407,642</u>	<u>1,268,474</u>
Deferred inflows of resources			
Change in proportion	5,554	4,155	10,555
Change of assumptions	4,546	2,747	9,667
Difference between expected and actual experience	2,706	2,024	5,143
Net difference between projected and actual investment earnings	3,374	(6,131)	20,011
<i>Total deferred inflows of resources</i>	<u>16,180</u>	<u>2,795</u>	<u>45,376</u>
Net position			
Net investment in capital assets	2,998,438	9,116,161	5,184,045
Restricted for:			
Debt service	-	-	-
Prepaid energy	-	20,416	-
Unrestricted	4,209,906	1,057,552	1,008,549
<i>Total net position</i>	<u>7,208,344</u>	<u>10,194,129</u>	<u>6,192,594</u>
<i>Total liabilities and net position</i>	<u>\$ 8,215,547</u>	<u>\$ 12,604,566</u>	<u>\$ 7,506,444</u>

The accompanying notes are an integral part of these financial statements.

<u>Water</u>	<u>Cemetery Trust</u>	<u>Airport</u>	<u>Total</u>
\$ 32,641	\$ 266	\$ 5,597	\$ 185,511
16,928	-	-	90,430
9,866	576	-	43,953
-	-	-	597,400
2,252	-	-	70,421
74,739	-	-	165,203
<u>136,426</u>	<u>842</u>	<u>5,597</u>	<u>1,152,918</u>
14,985	-	-	59,568
-	-	-	429,971
1,471,165	-	-	3,404,077
401,581	35,321	-	1,686,522
<u>1,887,731</u>	<u>35,321</u>	<u>-</u>	<u>5,580,138</u>
<u>2,024,157</u>	<u>36,163</u>	<u>5,597</u>	<u>6,733,056</u>
6,781	590	-	27,635
5,298	471	-	22,729
3,304	287	-	13,464
<u>791</u>	<u>185</u>	<u>-</u>	<u>18,230</u>
<u>16,174</u>	<u>1,533</u>	<u>-</u>	<u>82,058</u>
11,990,976	379,334	8,079,413	37,748,367
11,423	-	-	11,423
4,788	-	-	25,204
<u>2,942,035</u>	<u>232,801</u>	<u>259,509</u>	<u>9,710,352</u>
<u>14,949,222</u>	<u>612,135</u>	<u>8,338,922</u>	<u>47,495,346</u>
<u>\$ 16,989,553</u>	<u>\$ 649,831</u>	<u>\$ 8,344,519</u>	<u>\$ 54,310,460</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
City of Deming
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2016

	<u>Gas</u>	<u>Sewer</u>	<u>Solid Waste</u>
<i>Operating revenues</i>			
Charges for services	\$ 2,921,626	\$ 1,343,265	\$ 2,294,348
<i>Total operating revenues</i>	<u>2,921,626</u>	<u>1,343,265</u>	<u>2,294,348</u>
<i>Operating expenses</i>			
Depreciation	174,642	373,294	357,243
Personnel services	339,459	252,826	700,967
Contractual services	6,669	219,921	139,695
Supplies and purchases	1,632,116	15,634	14,111
Maintenance and materials	66,822	261,679	180,874
Administrative fees	592,454	362,604	460,894
Utilities	12,625	128,767	9,398
Non-capital equipment	21,351	2,596	-
<i>Total operating expenses</i>	<u>2,846,138</u>	<u>1,617,321</u>	<u>1,863,182</u>
<i>Operating income (loss)</i>	<u>75,488</u>	<u>(274,056)</u>	<u>431,166</u>
<i>Non-operating revenues (expenses)</i>			
Interest expense	-	(71,052)	-
Operating grants	-	174,632	207,297
Investment income	5,982	1,194	899
Miscellaneous income	10,113	15,417	4,894
Gain on sale of capital assets	2,175	1,090	13,271
<i>Total non-operating revenues (expenses)</i>	<u>18,270</u>	<u>121,281</u>	<u>226,361</u>
<i>Income (loss) before contributions and transfers</i>	<u>93,758</u>	<u>(152,775)</u>	<u>657,527</u>
Capital grants	-	149,863	-
Transfers in	-	-	-
Transfers (out)	-	(1,198,755)	-
<i>Change in net position</i>	93,758	(1,201,667)	657,527
<i>Total net position, beginning of year</i>	<u>7,114,586</u>	<u>11,395,796</u>	<u>5,535,067</u>
<i>Total net position, end of year</i>	<u>\$ 7,208,344</u>	<u>\$ 10,194,129</u>	<u>\$ 6,192,594</u>

The accompanying notes are an integral part of these financial statements.

<u>Water</u>	<u>Cemetery Trust</u>	<u>Airport</u>	<u>Total</u>
\$ 2,035,175	\$ 118,755	\$ 85,823	\$ 8,798,992
<u>2,035,175</u>	<u>118,755</u>	<u>85,823</u>	<u>8,798,992</u>
384,991	9,925	144,656	1,444,751
463,965	43,603	633	1,801,453
11,045	2,500	107,735	487,565
16,935	9,241	-	1,688,037
117,133	30,606	6,060	663,174
429,467	7,343	21,751	1,874,513
338,466	2,154	15,866	507,276
123,958	8,812	-	156,717
<u>1,885,960</u>	<u>114,184</u>	<u>296,701</u>	<u>8,623,486</u>
149,215	4,571	(210,878)	175,506
(18,697)	-	-	(89,749)
-	-	-	381,929
2,388	382	118	10,963
29,819	1,008	628	61,879
2,750	-	-	19,286
<u>16,260</u>	<u>1,390</u>	<u>746</u>	<u>384,308</u>
<u>165,475</u>	<u>5,961</u>	<u>(210,132)</u>	<u>559,814</u>
349,886	-	76,631	576,380
-	-	1,198,755	1,198,755
-	-	-	(1,198,755)
515,361	5,961	1,065,254	1,136,194
<u>14,433,861</u>	<u>606,174</u>	<u>7,273,668</u>	<u>46,359,152</u>
<u>\$ 14,949,222</u>	<u>\$ 612,135</u>	<u>\$ 8,338,922</u>	<u>\$ 47,495,346</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
City of Deming
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

	<u>Gas</u>	<u>Sewer</u>	<u>Solid Waste</u>
<i>Cash flows from operating activities:</i>			
Cash received from user charges	\$ 3,049,349	\$ 1,303,411	\$ 2,231,918
Cash payments to employees for services	(337,688)	(253,620)	(704,951)
Cash payments to suppliers for goods and services	(2,275,022)	(890,472)	(801,635)
<i>Net cash provided (used) by operating activities</i>	<u>436,639</u>	<u>159,319</u>	<u>725,332</u>
<i>Cash flows from noncapital financing activities:</i>			
Operating grants	-	174,632	207,297
Miscellaneous income	10,113	15,417	4,894
Landfill closure costs	-	-	(2,514)
<i>Net cash provided (used) by noncapital financing activities</i>	<u>10,113</u>	<u>190,049</u>	<u>209,677</u>
<i>Cash flows from investing activities:</i>			
Proceeds from sale of capital assets	2,175	1,090	38,900
Interest on investments	5,982	1,194	899
<i>Net cash provided by investing activities</i>	<u>8,157</u>	<u>2,284</u>	<u>39,799</u>
<i>Cash flows from capital and related financing activities:</i>			
Interest paid	-	(52,772)	-
Capital grants	-	149,863	-
Acquisition of capital assets	(64,431)	(726,799)	(1,132,970)
Proceeds from issuance of long-term debt	-	-	63,883
Principal payments on loans	-	(85,099)	(1,325)
<i>Net cash (used) by capital and related financing activities</i>	<u>(64,431)</u>	<u>(714,807)</u>	<u>(1,070,412)</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	390,478	(363,155)	(95,604)
<i>Cash and cash equivalents - beginning of year (Note 1)</i>	<u>3,909,668</u>	<u>1,820,794</u>	<u>1,939,200</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 4,300,146</u>	<u>\$ 1,457,639</u>	<u>\$ 1,843,596</u>
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</i>			
Operating income (loss)	\$ 75,488	\$ (274,056)	\$ 431,166
<i>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</i>			
Depreciation	174,642	373,294	357,243
Net pension expense	(4,808)	(3,597)	(9,136)
<i>Changes in assets and liabilities:</i>			
Receivables	41,582	(39,854)	(62,430)
Inventory	76,346	7,451	-
Deferred outflows - subsequent contributions	616	460	1,171
Accounts payable	(19,331)	93,278	3,337
Accrued payroll expenses	2,729	2,902	5,858
Customer deposits	86,141	-	-
Accrued compensated absences	3,234	(559)	(1,877)
<i>Net cash provided (used) by operating activities</i>	<u>\$ 436,639</u>	<u>\$ 159,319</u>	<u>\$ 725,332</u>

The accompanying notes are an integral part of these financial statements.

<u>Water</u>	<u>Cemetery Trust</u>	<u>Airport</u>	<u>Total</u>
\$ 2,003,943	\$ 112,675	\$ 68,005	\$ 8,769,301
(465,749)	(43,580)	(633)	(1,806,221)
(1,124,350)	(60,656)	(156,416)	(5,308,551)
<u>413,844</u>	<u>8,439</u>	<u>(89,044)</u>	<u>1,654,529</u>
-	-	-	381,929
29,819	1,008	628	61,879
-	-	-	(2,514)
<u>29,819</u>	<u>1,008</u>	<u>628</u>	<u>441,294</u>
2,750	-	-	44,915
2,388	382	118	10,963
<u>5,138</u>	<u>382</u>	<u>118</u>	<u>55,878</u>
(18,629)	-	-	(71,401)
349,886	-	76,631	576,380
(828,925)	(41,450)	-	(2,794,575)
211,752	-	-	275,635
(47,303)	-	-	(133,727)
<u>(333,219)</u>	<u>(41,450)</u>	<u>76,631</u>	<u>(2,147,688)</u>
115,582	(31,621)	(11,667)	4,013
<u>2,511,819</u>	<u>291,745</u>	<u>251,667</u>	<u>10,724,893</u>
<u>\$ 2,627,401</u>	<u>\$ 260,124</u>	<u>\$ 240,000</u>	<u>\$ 10,728,906</u>
\$ 149,215	\$ 4,571	\$ (210,878)	\$ 175,506
384,991	9,925	144,656	1,444,751
(5,869)	(510)	-	(23,920)
(31,232)	(6,080)	(17,818)	(115,832)
2,287	-	-	86,084
752	67	-	3,066
(89,633)	266	-	(12,083)
2,325	200	(5,004)	9,010
-	-	-	86,141
<u>1,008</u>	<u>-</u>	<u>-</u>	<u>1,806</u>
<u>\$ 413,844</u>	<u>\$ 8,439</u>	<u>\$ (89,044)</u>	<u>\$ 1,654,529</u>

The accompanying notes are an integral part of these financial statements.

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STATE OF NEW MEXICO
City of Deming
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2016

Exhibit E-1

Assets	
Cash	<u>\$ 5,817</u>
<i>Total assets</i>	<u><u>\$ 5,817</u></u>
Liabilities	
Due to other entities	<u>\$ 5,817</u>
<i>Total liabilities</i>	<u><u>\$ 5,817</u></u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2016

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, 2016, the City adopted GASB Statements No. 72, *Fair Value Measurement and Application*, a portion of No 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, No. 79, *Certain External Investment Pools and Pool Participants* and No. 82 *Pension Issues-an amendment of GASB Statement No. 67, No. 68, and No.73*. These five Statements are required to be implemented as of June 30, 2016, if applicable.

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

GASB Statement No. 73 establishes accounting and financial reporting standards for defined benefit pensions and defined contribution pensions that are not provided to employees of state and local government employers and are not within the scope of Statement 68. A portion of this pronouncement is effective for June 30, 2016 year end and a portion is effective for June 30, 2017 year end. Effective for June 30, 2016 are the amendments for Statement No.s 67 and 68 and assets accumulated for pensions not administered as trusts. The amendments of this pronouncement clarifies application of certain provisions of GASB 67 and 68 with regards to the following issues: (1) Information that is required to be presented as notes to the 10-year schedules of RSI about investment-related factors that significantly affect trends in reported amounts; (2) Accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities for defined benefit pensions; and (3) Timing of employer recognition of revenue for the support of nonemployer contributing entities not in a special funding situation.

GASB Statement No. 73 establishes accounting and financial reporting standards for defined benefit pensions and defined contribution pensions that are not provided to employees of state and local government employers and are not within the scope of Statement 68. A portion of this pronouncement is effective for June 30, 2016 year end and a portion is effective for June 30, 2017 year end. Effective for June 30, 2016 are the amendments for Statement No.s 67 and 68 and assets accumulated for pensions not administered as trusts. The amendments of this pronouncement clarifies application of certain provisions of GASB 67 and 68 with regards to the following issues: (1) Information that is required to be presented as notes to the 10-year schedules of RSI about investment-related factors that significantly affect trends in reported amounts; (2) Accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities for defined benefit pensions; and (3) Timing of employer recognition of revenue for the support of nonemployer contributing entities not in a special funding situation.

In addition, effective for June 30, 2016 year ends, the requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that, for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

The objective of GASB Statement No. 76 is to identify-in the context of the current governmental financial reporting environment-the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The requirements in this Statement improve financial reporting by (1) raising the category of GASB Implementation Guides in the GAAP hierarchy, thus providing the opportunity for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in nonauthoritative literature. As a result, governments will apply financial reporting guidance with less variation, which will improve the usefulness of financial statement information for making decisions and assessing accountability and enhance the comparability of financial statement information among governments.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

GASB Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgement is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. This Statement will enhance comparability of financial statements among governments by establishing specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide for qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. That measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share.

The objective of GASB Statement No. 82 is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information; (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and; (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

A. Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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, 2016

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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise 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, 2016

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.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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:

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.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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 in the Statement of Activities.

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow 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.

During the 2016 fiscal year end, various items previously classified as investments were reclassified into cash and cash equivalents. The beginning balances of cash on the Statement of Cash Flows for the Proprietary Funds were adjusted to reflect this reclassification.

Receivables and Payables: Interfund activity is reported as 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 in the event they are not received within 60 days after year end.

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. Property taxes are collected by Luna County and are remitted monthly to the City.

Ambulance receivables consist of fees charged for various ambulance and related services provided to the citizens of Deming by the City. These fees are reported at their gross value reduced by the estimated portion that is expected to be uncollectible.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Inventory: The City’s method of accounting for inventory is the consumption method. Under the consumption approach, governments report inventories they purchase as an asset and defer the recognition of the expenditures until the period in which the inventories actually are consumed. Inventory is valued at cost.

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 \$1,016,808 at June 30, 2016 is reported in the statement of net position.

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. Donated asset additions totaled \$271,781 for the year ended June 30, 2016.

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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no interest expense capitalized by the City during fiscal year 2016. 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 (including airport)	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, 2016, along with applicable PERA, FICA, RHC and Medicare accruals.

Deferred Outflow of Resources: In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The City has four items that qualify for reporting in this category in the governmental and business-type activities, which arise due to the implementation of GASB 68 and the related net pension liability.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Accordingly, the items – Difference between expected and actual experience of \$384,610, change in proportion of \$2,986, change of assumptions of \$73,879, and employer contributions subsequent to measurement date of \$898,130, have been reported as a deferred outflow of resources. These amounts are reported in the Statement of Net Position and will directly reduce the net pension liability in future periods.

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 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 one type of deferred inflow which arises under the modified accrual basis of accounting that qualify 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 resource in the period that the amount becomes available. The City has recorded \$377,555 related to property taxes considered “unavailable”. In addition, the City has four items present on the Statement of Net Position for both the governmental and business-type activities, which arise due to the implementation of GASB 68 and the related net pension liability. Accordingly, the items, change of assumptions of \$147,657, change in proportion of \$188,463, difference between expected and actual experience of \$91,827, and net difference between projected and actual investment earnings on pension plan investments of \$27,121, are reported on the Statement of Net Position. These amounts are reported as a deferred inflow and amortized into pension expense in future periods.

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

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

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

Long-term Obligations: In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method or the straight-line method if the difference is minimal. Bonds payable are reported net of the applicable bond premium or discount. For fund financial reporting, bond premiums and discounts, as well as issuance costs, are recognized in the period the bonds are issued.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balance Classification Policies and Procedures: In the governmental fund financial statements, fund balance is reported in five classifications:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form, for example, inventories, prepaid amounts, long term amount of loans and note receivable; or (b) legally or contractually required to be maintained intact, for example, debt service reserves. The City has nonspendable fund balance of \$52,133 at June 30, 2016.

Restricted – This classification includes amounts that are restricted to a specific purpose. Fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors (such as debt covenants) grantors, contributors, or laws or regulations of other governments; (b) enabling legislation, as the term is used authorizes the City to assess, levy, charge, or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. The City has \$532,118 in restricted fund balances at June 30, 2016.

Committed – This classification includes amounts that can only be used for specific purposes to constraints imposed by formal action of the highest level of Authority, the City Council. Those committed amounts cannot be used for any other purpose unless the Council removes or changes the specific use by taking the same type of action (for example, resolution or ordinance) it employed to previously commit those amounts. The City has \$1,251,251 in committed funds at June 30, 2016 for subsequent year's expenditures.

Assigned – This classification includes amounts that are constrained by the City's *intent* to be used for specific purposes, but are neither restricted nor committed and should be reported as assigned fund balance. The City Council has delegated the authority to assign amounts to be used for specific purposes to the Finance Director/Treasurer. The City has \$190,604 in assigned fund balances at June 30, 2016.

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 \$793,054 for minimum fund balance for the year ended June 30, 2016. As these amounts are an accumulation of resources and not a true restriction or commitment of expenditures, they are reflected within the unassigned fund balance of the general fund.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow 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 39 and 78-79.
- c. Unrestricted Net Position: All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Interfund Transactions: Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

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 of capital assets, estimated allowance for uncollectible accounts receivables, the City’s estimate landfill closure and postclosure costs, and the City’s net pension liability and related deferred inflows and outflows of resources.

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 Councilors 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.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2016

NOTE 2. Stewardship, Compliance, and Accountability (continued)

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

	Excess (deficiency) of revenues over expenditures Operating income (loss)	
	Original Budget	Final Budget
Budgeted Funds:		
General Fund	\$ 913,926	\$ 799,426
Street Fund	\$ (1,465,324)	\$ (1,557,824)
Other Governmental Funds	\$ (1,544,271)	\$ (1,547,411)
Gas Enterprise Fund	\$ (423,427)	\$ (398,427)
Sewer Enterprise Fund	\$ (1,216,993)	\$ (1,216,993)
Solid Waste Enterprise Fund	\$ (2,315,514)	\$ (2,315,514)
Water Enterprise Fund	\$ (1,617,755)	\$ (1,617,755)
Cemetery Trust Enterprise Fund	\$ (103,599)	\$ (104,049)
Airport Enterprise Fund	\$ (93,000)	\$ (93,000)

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, 2016 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, 2016. 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.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2016

NOTE 3. Deposits and Investments (continued)

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.

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, 2016, \$20,448,422 of the City's bank balance of \$22,652,139 was exposed to custodial credit risk. Although the \$20,448,422 was uninsured, \$16,501,136 of this amount was collateralized by collateral held by the pledging bank's trust department, not in the City's name. The remaining \$3,947,286 of the City's deposits were uninsured and uncollateralized at June 30, 2016.

	<u>First New Mexico Bank</u>	<u>First Savings Bank</u>	<u>Wells Fargo Bank</u>	<u>Western Heritage Bank</u>	<u>Scottrade Bank</u>
Amount of deposits	\$ 12,671,815	\$ 5,676,069	\$ 2,121,005	\$ 203,697	\$ 247,510
FDIC Coverage	(500,000)	(250,000)	(250,000)	(203,697)	(247,510)
Total uninsured public funds	<u>12,171,815</u>	<u>5,426,069</u>	<u>1,871,005</u>	<u>-</u>	<u>-</u>
Collateralized by securities held by pledging institution or by its trust department or agent in other than the City's name	9,204,062	5,426,069	1,871,005	-	-
Uninsured and uncollateralized	<u>\$ 2,967,753</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (50% of uninsured funds)	\$ 6,085,908	\$ 2,713,035	\$ 935,503	\$ -	\$ -
Pledged Collateral	9,204,062	5,640,357	2,072,369	-	-
Over (Under) collateralized	<u>\$ 3,118,154</u>	<u>\$ 2,927,322</u>	<u>\$ 1,136,866</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2016

NOTE 3. Deposits and Investments (continued)

	<u>Scottrade Excess Bank</u>	<u>Enterprise Bank & Trust</u>	<u>The Private Bank & Trust</u>	<u>Total</u>
Amount of deposits	\$ 1,479,533	\$ 5,000	\$ 247,510	\$ 22,652,139
FDIC Coverage	<u>(500,000)</u>	<u>(5,000)</u>	<u>(247,510)</u>	<u>(2,203,717)</u>
Total uninsured public funds	<u>979,533</u>	<u>-</u>	<u>-</u>	<u>20,448,422</u>
Collateralized by securities held by pledging institution or by its trust department or agent in other than the City's name	-	-	-	16,501,136
Uninsured and uncollateralized	<u>\$ 979,533</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,947,286</u>
Collateral requirement (50% of uninsured funds)	\$ 489,767	\$ -	\$ -	\$ 10,224,213
Pledged Collateral	-	-	-	16,916,788
Over (Under) collateralized	<u>\$ (489,767)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,692,575</u>

The collateral pledged is listed on Schedule IV of this report. 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

The City has investments held in U.S. Treasury Money Market Mutual Funds at the Bank of Albuquerque in connection with New Mexico Finance Authority (NMFA) loans. Also, the City has investments which are managed by NMFA, on deposit with the State Treasurer's office, in NMFA's name for the benefit of the City.

As of June 30, 2016, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Weighted Average Maturities</u>	<u>Fair Value</u>	<u>Rating**</u>
Government National Mortgage Association Securities	<1 year	\$ 3,771	Not Rated
Federal Home Loan	<6 years	249,600	Aaa
FNMA	<6 years	260,052	Aaa
U.S. Treasury Notes	<1 year	510,350	Not Rated
		<u>\$ 1,023,773</u>	

**Based of Standard & Poor's rating

The investments are listed on Schedule III of this report. The types of investment and fair value per security are included in the schedule.

The City has presented certificates of deposits of \$212,306 as investments in the Statement of Net Position; however, these are classified as deposits for disclosure purposes. The City has funds which are managed by NMFA which are considered restricted cash and cash equivalents totaling 394,204. The total amount is invested in US Treasury Notes.

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.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2016

NOTE 3. Deposits and Investments (continued)

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. All investments listed above, excluding the Government National Mortgage Association Securities, are above the 5% threshold. 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.

Fair Value Measurement

The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. See above for discussion of valuation methodologies used to measure fair value of investments.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the City believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level within the fair value hierarchy, the City’s assets at fair value as of June 30, 2016:

<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
\$ 1,023,773	\$ 510,350	\$ 513,423	\$ -

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2016

NOTE 3. Deposits and Investments (continued)

Reconciliation to the Statement of Net Position

Cash and cash equivalents per Exhibit A-1	\$ 21,317,008
Restricted cash and cash equivalents per Exhibit A-1	1,016,808
Cash - Statement of Fiduciary Assets and Liabilities per Exhibit E-1	5,817
Investments per Exhibit A-1	<u>1,236,079</u>
 Total cash, investments, and cash equivalents	 <u>23,575,712</u>
 Add: outstanding checks	 705,316
Less: NMFA restricted accounts	(394,204)
Less: Government National Mortgage Association Securities	(3,771)
Less: Federal Home Loan	(249,600)
Less: FNMA	(260,052)
Less: U.S. Treasury Notes	(510,350)
Less: deposits in transit and other reconciling items	(207,212)
Less: petty cash	<u>(3,700)</u>
 Bank balance of deposits	 <u>\$ 22,652,139</u>

NOTE 4. Receivables

Governmental receivables as of June 30, 2016 are comprised of the following:

	<u>General</u>	<u>Street</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Ambulance receivable	\$ 743,130	\$ -	\$ -	\$ 743,130
Less: allowance for uncollectable	(630,851)	-	-	(630,851)
Ambulance receivable, net	<u>112,279</u>	<u>-</u>	<u>-</u>	<u>112,279</u>
Taxes receivable:				
Gross receipts taxes	1,286,549	-	-	1,286,549
Property taxes	408,244	-	-	408,244
Franchise taxes	34,326	-	-	34,326
Lodgers taxes	-	-	22,267	22,267
Oil and gas taxes	-	50,352	-	50,352
MVD taxes	-	11,484	-	11,484
Total taxes receivable	<u>1,729,119</u>	<u>61,836</u>	<u>22,267</u>	<u>1,813,222</u>
Due from other governments:				
State grants	18,353	49,717	-	68,070
Federal grants	52,778	-	-	52,778
Total due from other governments	<u>71,131</u>	<u>49,717</u>	<u>-</u>	<u>120,848</u>
 Accounts receivable, net	 <u>\$ 1,912,529</u>	 <u>\$ 111,553</u>	 <u>\$ 22,267</u>	 <u>\$ 2,046,349</u>

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2016

NOTE 4. Receivables (continued)

In accordance with GASB Statement No. 33, property tax revenues in the amount of \$377,555 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, 2016.

The City has notes receivable in the amount of \$515,000 Proper Foods. Funding was previously awarded to Proper Foods from the Local Economic Development Act (LEDA). The funding was originally paid to the City and flowed through to Proper Foods. However, Proper Foods went out of business in 2014, before the funds could be spent. When Proper Foods went out of business, the note receivable was recorded. The City considers the note receivable to be 100% uncollectible.

Business-type activity receivables as of June 30, 2016 are comprised of the following:

	Gas	Sewer	Solid Waste	Water
Customer receivable	\$ 211,774	\$ 183,356	\$ 275,511	\$ 315,116
Less: allowance for uncollectable accounts	<u>(52,765)</u>	<u>(21,148)</u>	<u>(27,251)</u>	<u>(32,767)</u>
Accounts receivable, net	<u>\$ 159,009</u>	<u>\$ 162,208</u>	<u>\$ 248,260</u>	<u>\$ 282,349</u>
	Cemetery	Airport	Total	
Customer receivable	\$ 65,076	\$ 25,106	\$ 1,075,939	
Less: allowance for uncollectable accounts	<u>(58,996)</u>	<u>-</u>	<u>(192,927)</u>	
Accounts receivable, net	<u>\$ 6,080</u>	<u>\$ 25,106</u>	<u>\$ 883,012</u>	

The allowance for uncollectable accounts as of June 30, 2016 is \$192,927.

NOTE 5. Interfund Receivables, Payables, and Transfers

The City records temporary interfund receivables and payables to cover cash deficits related to accounts payable. All interfund balances are to be repaid within one year.

Due from other funds	Due to other funds	Amount
General Fund	Community Building Fund	\$ 2,449
General Fund	CDBG Grant 13/14 Fund	<u>7,374</u>
Total		<u>\$ 9,823</u>

Net operating transfers, made to supplement other funding sources, and capital asset transfers were as follows:

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2016

NOTE 5. Interfund Receivables, Payables, and Transfers

Transfers Out	Transfers In	Amount
General Fund	Library Fund	\$ 180,000
General Fund	Street Fund	1,237,383
General Fund	Recreation Fund	90,164
General Fund	Economic Development Fund	60,000
General Fund	Community Building Fund	392,449
General Fund	Swimming Pool Fund	120,000
General Fund	CDBG Grant 13/14 Fund	41,306
General Fund	City/Court Remodel Loan - NMFA Fund	86,940
Fire Fund	Fire Station Remodel Loan - NMFA Fund	61,370
Sewer Fund	Airport Fund	1,198,755
Lodgers Tax Fund	Lodgers' Tax Promotional Fund	<u>157,437</u>
	Total	<u>\$ 3,625,804</u>

There were no interfund receivables/payables as of June 30, 2016.

NOTE 6. Capital Assets

The following is a summary of capital assets and changes occurring during the year ended June 30, 2016. Land and construction in progress are not subject to depreciation.

Governmental Activities:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets not being depreciated:				
Land	\$ 6,355,499	\$ 291,109	\$ -	\$ 6,646,608
Construction in progress	1,255,257	445,358	(710,203)	990,412
Total not being depreciated	<u>7,610,756</u>	<u>736,467</u>	<u>(710,203)</u>	<u>7,637,020</u>
Capital assets being depreciated:				
Buildings and improvements	14,080,743	90,002	-	14,170,745
Equipment	9,165,526	633,309	(235,579)	9,563,256
Infrastructure	56,025,504	580,872	-	56,606,376
Total being depreciated	<u>79,271,773</u>	<u>1,304,183</u>	<u>(235,579)</u>	<u>80,340,377</u>
Total capital assets	<u>86,882,529</u>	<u>2,040,650</u>	<u>(945,782)</u>	<u>87,977,397</u>
Accumulated depreciation:				
Buildings and improvements	4,752,278	323,027	-	5,075,305
Equipment	7,380,495	441,349	(235,579)	7,586,265
Infrastructure	31,205,098	1,128,852	-	32,333,950
Total accumulated depreciation	<u>43,337,871</u>	<u>1,893,228</u>	<u>(235,579)</u>	<u>44,995,520</u>
Capital assets, net	<u>\$ 43,544,658</u>	<u>\$ 147,422</u>	<u>\$ (710,203)</u>	<u>\$ 42,981,877</u>

Depreciation expense for the year ended June 30, 2016 was charged to the functions of the governmental activities as follows:

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2016

NOTE 6. Capital Assets (continued)

General	\$ 922,395
Public Safety	381,303
Public works	232,539
Culture and Recreation	307,681
Health and Welfare	49,310
Total	<u>\$ 1,893,228</u>

Included in additions to land and equipment are donated assets totaling \$271,781. The value assigned to donated assets by management was based on the fair value at the date the assets were transferred.

Business-type Activities:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets not being depreciated:				
Land	\$ 7,264,650	\$ -	\$ -	\$ 7,264,650
Construction in progress	5,462,502	2,078,556	(6,002,265)	1,538,793
Total not being depreciated	<u>12,727,152</u>	<u>2,078,556</u>	<u>(6,002,265)</u>	<u>8,803,443</u>
Capital assets being depreciated:				
Buildings and improvements	12,897,858	168,885	-	13,066,743
Utility System	25,681,778	2,823,757	-	28,505,535
Airport infrastructure	2,771,147	1,974,501	-	4,745,648
Equipment	6,445,088	1,751,141	(597,166)	7,599,063
Total being depreciated	<u>47,795,871</u>	<u>6,718,284</u>	<u>(597,166)</u>	<u>53,916,989</u>
Total capital assets	<u>60,523,023</u>	<u>8,796,840</u>	<u>(6,599,431)</u>	<u>62,720,432</u>
Accumulated depreciation:				
Buildings and improvements	3,767,803	249,066	-	4,016,869
Utility System	11,730,095	682,759	-	12,412,854
Airport infrastructure	513,446	108,093	-	621,539
Equipment	4,822,336	404,833	(571,537)	4,655,632
Total accumulated depreciation	<u>20,833,680</u>	<u>1,444,751</u>	<u>(571,537)</u>	<u>21,706,894</u>
Capital assets, net	<u>\$ 39,689,343</u>	<u>\$ 7,352,089</u>	<u>\$ (6,027,894)</u>	<u>\$ 41,013,538</u>

Depreciation expense for the year ended June 30, 2016 was charged to the proprietary funds as follows:

Gas	\$ 174,642
Sewer	373,294
Solid Waste	357,243
Water	384,991
Cemetery	9,925
Airport	144,656
Total	<u>\$ 1,444,751</u>

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2016

NOTE 7. Long-term Debt

During the year ended June 30, 2016, the following changes occurred in the liabilities reported in the government-wide statement of net position:

Governmental Activities:

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Due Within</u> <u>One Year</u>
NMFA Loans	\$ 1,031,357	\$ 69,778	\$ 137,457	\$ 963,678	\$ 39,273
Compensated Absences	393,952	148,853	160,799	382,006	160,799
Total	<u>\$ 1,425,309</u>	<u>\$ 218,631</u>	<u>\$ 298,256</u>	<u>\$ 1,345,684</u>	<u>\$ 200,072</u>

During the year ended June 30, 2016, the following changes occurred in the liabilities reported in the business-type activities:

Business-type Activities:

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Due Within</u> <u>One Year</u>
NMFA Loans	\$ 1,694,360	\$ 275,635	\$ 64,729	\$ 1,905,266	\$ 94,135
Rural Infrastructure Revolving Loan	1,733,012	-	68,998	1,664,014	71,068
Landfill closure and postclosure	432,485	13,003	15,517	429,971	-
Compensated Absences	101,515	45,959	43,953	103,521	43,953
Total	<u>\$ 3,961,373</u>	<u>\$ 334,597</u>	<u>\$ 193,197</u>	<u>\$ 4,102,773</u>	<u>\$ 209,156</u>

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%. The remaining balance was spent during the year ended June 30, 2016. The City first spends the money and then New Mexico Finance Authority reimburses the City. The City started paying this loan back as of May 2016 and the loan will continue to be amortized over the next 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%.

The City has entered into several loan agreements with the New Mexico Finance Authority for solid waste disposal facility improvements, flood control, drainage control, and road improvements wherein the City pledged revenue derived from solid waste revenues and gross receipts tax revenues to cover debt service.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2016

NOTE 7. Long-term Debt (continued)

<u>Description</u>	<u>Date of Issue</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance June 30, 2016</u>
NMFA Loan #11	06/24/11	05/01/35	2.634%	\$ 1,000,000	\$ 893,900
NMFA Loan #14	09/20/13	05/01/35	1.149%	1,206,142	1,158,673
NMFA Loan #15	12/19/14	06/01/34	0.250%	320,142	296,804
NMFA Loan #18	05/01/15	06/01/35	0.250%	407,082	387,231
NMFA Loan #19	11/20/15	06/01/35	0.000%	48,781	47,456
NMFA Loan #20	11/20/15	06/01/35	0.000%	69,778	69,778
NMFA Loan #21	05/20/16	06/01/36	0.000%	15,102	15,102
Rural Infrastructure Revolving Loan	02/02/12	07/09/33	3.000%	1,800,000	1,664,014
Total Loans					<u>\$ 4,532,958</u>

There are no federal arbitrage regulations applicable to the loans at June 30, 2016.

The annual requirements to amortize the governmental activity loans as of June 30, 2016, including interest payments are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2017	\$ 39,273	\$ 25,293	\$ 64,566
2018	39,673	24,491	64,164
2019	40,673	23,559	64,232
2020	41,473	22,500	63,973
2021	42,573	21,317	63,890
2022-2026	232,865	84,700	317,565
2027-2031	275,965	36,861	312,826
2032-2035	251,183	786	251,969
Total	<u>\$ 963,678</u>	<u>\$ 239,507</u>	<u>\$ 1,203,185</u>

The annual requirements to amortize the business-type activity NMFA loans as of June 30, 2016, including interest payments are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2017	\$ 94,135	\$ 14,761	\$ 108,896
2018	94,806	14,088	108,894
2019	95,488	13,405	108,893
2020	96,183	12,711	108,894
2021	96,888	12,006	108,894
2022-2026	495,408	49,057	544,465
2027-2031	514,808	29,659	544,467
2032-2036	417,550	8,665	426,215
Total	<u>\$ 1,905,266</u>	<u>\$ 154,352</u>	<u>\$ 2,059,618</u>

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2016

NOTE 7. Long-term Debt (continued)

The annual requirements to amortize the business-type activity of the Rural Infrastructure Revolving Loan as of June 30, 2016, including interest payments are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt</u> <u>Service</u>
2017	\$ 71,068	\$ 49,920	\$ 120,988
2018	73,200	47,788	120,988
2019	75,396	45,592	120,988
2020	77,658	43,331	120,989
2021	79,988	41,001	120,989
2022-2026	437,404	167,538	604,942
2027-2031	507,072	97,870	604,942
2032-2034	342,228	20,736	362,964
Total	<u>\$ 1,664,014</u>	<u>\$ 513,776</u>	<u>\$ 2,177,790</u>

Compensated Absences – Employees of the City are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2016, compensated absences for governmental activities decreased \$11,946 from the prior year accrual. For business-type activities compensated absences increased by \$2,006.

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, 2016 is \$147,605. 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 12% and the estimated remaining life of the landfill is estimated to be 26 years. The estimated total current costs of closure and post-closure costs to be recognized is \$1,182,443. 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 \$281,562 and the post closure cost recognized during the current fiscal year is \$16,321.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2016

NOTE 7. Long-term Debt (continued)

Tulip Landfill

During the 2016 fiscal year, the Tulip Landfill was transferred from the custody of Luna County to the City. No remediation plan or closure and post-closure care costs have been required by the New Mexico Environmental Department. As such, a liability is not required.

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, 2016.
- B. Excess of expenditures over appropriations. The City had the following fund in which line in which fund expenditures were in excess of the budgeted appropriations for the year ended June 30, 2016.

Non-major Funds

City Court Remodel Loan - NMFA Fund	<u>\$ 17,173</u>
Total Governmental Funds	<u><u>\$ 17,173</u></u>

- C. Designated cash appropriations in excess of available balances. There were no funds with designated cash appropriation in excess of available balances for the year ended June 30, 2016.

NOTE 10. Pension Plan – Public Employees Retirement Association

Plan Description: The Public Employees Retirement Fund (PERA Fund) is a **cost-sharing, multiple employer defined benefit pension plan**. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978).

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2016

NOTE 10. Pension Plan – Public Employees Retirement Association (continued)

Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA fund.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 366.

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2015 available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2015.pdf.

Contributions. The contribution requirements of defined benefit plan members and the City of Deming are established in State Statute under Chapter 10, Article 11 NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY15 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2015.pdf. The PERA coverage options that apply to the City of Deming are Municipal General Division, Municipal Police Division and Municipal Fire Division. Statutorily required contributions to the pension plan from the City of Deming were \$898,130, and there were \$20,673 employer paid member benefits that were “picked up” by the employer for the year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2014. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2015.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred inflows and outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members.

The City of Deming’s proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity’s percentage of that membership group’s total employer contributions for the fiscal year ended June 30, 2015. Only employer contributions for the pay period end dates that fell within the period of July 1, 2014 to June 30, 2015 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2015 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2016

NOTE 10. Pension Plan – Public Employees Retirement Association (continued)

Employer Pickup

During March 2016, Governmental Accounting Standards Board (GASB) issued Statement No. 82, Pension Issues, which clarifies that payments made by an employer to satisfy member contribution requirements should be classified as member contributions for purposes of GASB Statement No. 67. For purposes of applying GASBS68 for fiscal year ending June 30, 2016 amounts paid by the City to satisfy member contributions requirements in the previous year totaling \$20,673 have been reclassified as pension expense for fiscal year ending June 30, 2016. The amount had been previously classified as a deferred outflow. This amount is not included in pension expense in PERA’s Schedule of Employer Pension Amounts for the year ended June 30, 2015.

Reallocation of Deferred Amounts

Due to Changes in proportion in fiscal year 2015 the beginning deferred inflows and outflows were reclassified due to the employer’s change in proportion for fiscal year 2015. The total reallocation of deferred inflows and outflows increased pension expense by \$242,899 for fiscal year ending June 30, 2016. This amount is not included in pension expense in PERA’s Schedule of Employer Pension Amounts for the year ended June 30, 2015.

For PERA Fund Municipal General Division, at June 30, 2016, the City of Deming reported a liability of \$4,145,639 for its proportionate share of the net pension liability. At June 30, 2015, the City of Deming’s proportion was 0.4066 percent, which was a decrease of 0.0219 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2015, the City of Deming recognized PERA Fund Municipal General Division pension expense of \$347,713. At June 30, 2016, the City of Deming reported PERA Fund Municipal General Division deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Changes of assumptions	\$ -	\$ 1,615
Changes in proportion	-	130,455
Difference between expected and actual experience	-	91,827
Net difference between projected and actual earnings on pension plan investments	-	13,115
City's contributions subsequent to the measurement date	386,196	-
Total	\$ 386,196	\$ 237,012

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2016

NOTE 10. Pension Plan – Public Employees Retirement Association (continued)

\$386,196 reported as deferred outflows of resources related to pensions resulting from the City of Deming’s contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ (150,191)
2018	(150,191)
2019	(150,191)
2020	213,561
Thereafter	-
Total	<u><u>\$ (237,012)</u></u>

For PERA Fund Municipal Police Division, at June 30, 2016, the City of Deming reported a liability of \$3,529,964 for its proportionate share of the net pension liability. At June 30, 2015, the City of Deming’s proportion was 0.7341 percent, which was an increase of 0.0012 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the City of Deming recognized PERA Fund Municipal Police Division pension expense of \$294,446. At June 30, 2016, the City of Deming reported PERA Fund Municipal Police Division deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Changes of assumptions	\$ -	\$ 146,042
Changes in proportion	2,986	-
Difference between expected and actual experience	246,659	-
Net difference between projected and actual earnings on pension plan investments	-	9,793
City's contributions subsequent to the measurement date	<u>332,308</u>	<u>-</u>
Total	<u><u>\$ 581,953</u></u>	<u><u>\$ 155,835</u></u>

\$332,308 reported as deferred outflows of resources related to pensions resulting from the City of Deming’s contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ (29,132)
2018	(29,132)
2019	(29,132)
2020	181,206
Thereafter	-
Total	<u><u>\$ 93,810</u></u>

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2016

NOTE 10. Pension Plan – Public Employees Retirement Association (continued)

For PERA Fund Municipal Fire Division, at June 30, 2016, the City of Deming reported a liability of \$3,502,894 for its proportionate share of the net pension liability. At June 30, 2015, the City of Deming’s proportion was 0.6787 percent, which was a decrease of 0.0182 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the City of Deming recognized PERA Fund Municipal Fire Division pension expense of \$158,739. At June 30, 2016, the City of Deming reported PERA Fund Municipal Fire Division deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Changes of assumptions	\$ 73,879	\$ -
Changes in proportion	-	58,008
Difference between expected and actual experience	137,951	-
Net difference between projected and actual earnings on pension plan investments	-	4,213
City's contributions subsequent to the measurement date	179,626	-
Total	\$ 391,456	\$ 62,221

\$179,626 reported as deferred outflows of resources related to pensions resulting from the City of Deming’s contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ 23,637
2017	23,637
2018	23,637
2019	78,698
2020	-
	\$ 149,609

Actuarial assumptions. As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2014 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2015. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2015 actuarial valuation.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2016

NOTE 10. Pension Plan – Public Employees Retirement Association (continued)

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return	7.75% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	3.50% annual rate
Projected salary increases	3.50 to 14.25% annual rate
Includes inflation at	3.00% annual rate
Mortality assumptions	RP-200 mortality tables (combined table for healthy post-retirements, Employee table for active members, and disabled table for disabled retirees before retirement age) with projections to 2018 using scale AA.
Experience study date	July 1, 2008 to June 30, 2013

The long term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	21.10%	5.00%
International Equity	24.80	5.20
Private Equity	7.00	8.20
Core and Global Fixed Income	26.10	1.85
Fixed Income Plus Sectors	5.00	4.80
Real Estate	5.00	5.30
Real Assets	7.00	5.70
Absolute Return	4.00	4.15
Total	100.00%	

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan’s fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2016

NOTE 10. Pension Plan – Public Employees Retirement Association (continued)

Sensitivity of the Employer’s proportionate share of the net pension liability to changes in the discount rate.

The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present City of Deming’s net pension liability in each PERA Fund Division that City of Deming participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

PERA Fund Municipal General Division	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's proportionate share of the net pension liability	\$ 7,059,379	\$ 4,145,639	\$ 1,723,894
PERA Fund Municipal Police Division	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's proportionate share of the net pension liability	\$ 5,829,523	\$ 3,529,964	\$ 1,643,547
PERA Fund Municipal Fire Division	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's proportionate share of the net pension liability	\$ 4,750,792	\$ 3,502,894	\$ 2,474,457

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued FY15 Restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

Payables to the pension plan. City of Deming remits the legally required employer and employee contributions on a monthly basis to PERA. PERA requires that the contributions be remitted by the 15th day of the month following the month for which contributions are withheld. At June 30, 2016 the City owed the PERA \$69,279 for the contributions withheld in the month of June 2016.

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.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2016

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

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

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary.

For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The City of Deming's contributions to the RHCA for the years ended June 30, 2016, 2015 and 2014 were \$126,666, \$122,791, and \$123,868, respectively, which equal the required contributions for each year.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2016

NOTE 12. Joint Powers Agreements

City of Deming and Luna County Multi-Services Agreement 2014-2015

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, 2014 through June 30, 2017, 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, 2015 through June 30, 2016, 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, 2016

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

CAP Entity

Participants	City of Deming, Village of Santa Clara, City of Lordsburg, Catron County, Grant County, Hidalgo County, Luna County, Upper Gila Irrigation Association, Fort West Irrigation Association, Gila Farm Irrigation Association, Hila Hotsprings Irrigation Association, Hidalgo Soil & Water Conservation District, San Francisco Soil & Water Conservation District, and Interstate Stream Commission.
Responsible party	All Participants
Description	Agreement entered into to form the New Mexico CAP entity and to allow the CAP entity to exercise its authority and power to execute and implement the NM Unit Agreement.
Term of agreement	Indefinite
Amount of project	Unknown
Fiscal Agent	City of Deming

NOTE 13. Contingent Liabilities

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

NOTE 13. Federal and State Grants

In the normal course of operations, the City receives grant funds from various federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2016

NOTE 14. Construction and Other Significant Commitments

The City has committed to pay for several construction contracts that were not completed at June 30, 2016 in the amount of \$1,721,622 as follows:

<u>Contract</u>	<u>Year Ending</u>	<u>Amount</u>
4th of July Firework Display	6/30/2016	\$ 5,000
Animal Guardians	6/30/2016	5,000
CES	6/30/2016	450,000
Complete Care Cleaning	6/30/2016	66,861
Deming Cesar Chavez Charter High School	6/30/2016	15,000
Deming Helping Hands	6/30/2016	2,000
Deming Luna County Arts Council	6/30/2016	750
Deming Luna County Commission on Aging	6/30/2016	85,000
Deming Luna County Humane Society	6/30/2016	95,000
Deming MainStreet Program	6/30/2016	30,000
Deming Public Schools	6/30/2016	40,000
Deming Soccer League	6/30/2016	750
EMS Billing	6/30/2016	65,000
Engineers Inc.	6/30/2016	89,500
Entomology Consultants	6/30/2016	13,990
Gem & Mineral Society	6/30/2016	5,000
Great American Duck Races	6/30/2016	4,000
Gunter Miller Enterprise LTD	6/30/2030	5,240
Historical Society	6/30/2016	50,000
HK Advertising	6/30/2016	123,500
KSA	6/30/2016	141,681
Luna County Healing House	6/30/2016	3,000
Luna County Historical Society	6/30/2016	54,000
New Mexico Main Street Program	6/30/2016	30,000
New Mexico Mounted Patrol	6/30/2016	15,000
Old Timers	6/30/2016	500
Optimist Club	6/30/2016	750
Rio Mimbres Corporation	6/25/2016	89,000
Robert Benavidez-Desert Aviation	6/30/2016	10,800
Rural Transportation District	6/30/2016	60,000
Smokin Oldies	6/30/2016	1,000
Souder Miller & Associates	6/30/2016	117,300
Southern Luna County Economic Development	6/30/2016	2,000
SWNM Fair Board	6/30/2016	2,500
USDA	6/30/2016	7,500
Visitor's Center	6/30/2016	35,000
		<u>\$ 1,721,622</u>

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2016

NOTE 17. Subsequent Events

The date to which events occurring after June 30, 2016, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is December 14, 2016 which is the date on which the financial statements were issued. No issues were noted for disclosure at December 14, 2016.

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 15. Restricted Net Position

The government-wide statement of net position reports \$720,701 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 39 and 78-79.

NOTE 20. Subsequent Pronouncements

In June 2015, GASB Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* was issued. Effective Date: A portion of this provision of this Statement are effective for financial statements for periods beginning after June 15, 2016. Earlier application is encouraged. The City is still evaluating how this pronouncement will affect the financial statements.

In June 2015, GASB Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2016. This pronouncement will not affect the City's financial statements.

In June 2015, GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2018. The City expects this pronouncement to have a material effect on the financial statements.

In August 2015, GASB Statement No. 77 *Tax Abatement Disclosures* was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged. The City will implement this standard during the fiscal year ended June 30, 2017. The City is still evaluating how this pronouncement will affect the financial statements.

In December 2015, GASB Statement No. 78 *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plan* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. The City is still evaluating how this pronouncement will affect the financial statements.

In January 2016, GASB Statement No. 80 *Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged. The City is still evaluating how this pronouncement will affect the financial statements.

STATE OF NEW MEXICO
City of Deming
Notes to the Financial Statements
June 30, 2016

NOTE 20. Subsequent Pronouncements (continued)

In March 2016, GASB Statement No. 81 *Irrevocable Split-Interest Agreements* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2016. Earlier application is encouraged. The City is still evaluating how this pronouncement will affect the financial statements.

In November 2016, GASB Statement No. 83 *Certain Asset Retirement Obligations* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The City is still evaluating how this pronouncement will affect the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO

City of Deming

Schedule of the City's Proportionate Share of the Net Pension Liability
of PERA Fund Municipal General Division
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years*

	2016	2015
	Measurement	Measurement
	Date (As of and	Date (As of and
	for the year ended	for the year ended
	June 30, 2015)	June 30, 2014)
	<hr/>	<hr/>
City of Deming's proportion of the net pension liability	0.4066%	0.4285%
City of Deming's proportionate share of the net pension liability	\$ 4,145,639	\$ 3,342,760
City of Deming's covered-employee payroll	\$ 3,406,825	\$ 3,490,310
City of Deming's proportionate share of the net pension liability as a percentage of its covered-employee payroll	121.69%	95.77%
Plan fiduciary net position as a percentage of the total pension liability	76.99%	81.29%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, City of Deming will present information for those years for which information is available.

See independent auditors' report.
See notes to required supplementary information.

STATE OF NEW MEXICO

City of Deming

Schedule of the City's Proportionate Share of the Net Pension Liability
of PERA Fund Municipal Police Division
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years*

	2016	2015
	Measurement	Measurement
	Date (As of and	Date (As of and
	for the year ended	for the year ended
	June 30, 2015)	June 30, 2014)
	<hr/>	<hr/>
City of Deming's proportion of the net pension liability	0.7341%	0.7329%
City of Deming's proportionate share of the net pension liability	\$ 3,529,964	\$ 2,389,174
City of Deming's covered-employee payroll	\$ 1,440,802	\$ 1,409,359
City of Deming's proportionate share of the net pension liability as a percentage of its covered-employee payroll	245.00%	169.52%
Plan fiduciary net position as a percentage of the total pension liability	76.99%	81.29%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, City of Deming will present information for those years for which information is available.

See independent auditors' report.
See notes to required supplementary information.

STATE OF NEW MEXICO

City of Deming

Schedule of the City's Proportionate Share of the Net Pension Liability
of PERA Fund Municipal Fire Division
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years*

	2016	2015
	Measurement	Measurement
	Date (As of and	Date (As of and
	for the year ended	for the year ended
	June 30, 2015)	June 30, 2014)
City of Deming's proportion of the net pension liability	0.6787%	0.6969%
City of Deming's proportionate share of the net pension liability	\$ 3,502,894	\$ 2,908,856
City of Deming's covered-employee payroll	\$ 775,657	\$ 776,437
City of Deming's proportionate share of the net pension liability as a percentage of its covered-employee payroll	451.60%	374.64%
Plan fiduciary net position as a percentage of the total pension liability	76.99%	81.29%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, City of Deming will present information for those years for which information is available.

See independent auditors' report.
See notes to required supplementary information.

STATE OF NEW MEXICO
City of Deming
Schedule of the City's Contributions
Public Employees Retirement Association (PERA) Plan
PERA Fund Municipal General Division
Last 10 Fiscal Years*

	As of and for the year ended June 30, 2016	As of and for the year ended June 30, 2015
Contractually required contribution	\$ 386,196	\$ 393,966
Contributions in relation to the contractually required contribution	(386,196)	(393,966)
Contribution deficiency (excess)	\$ -	\$ -
City of Deming's covered-employee payroll	\$ 3,498,183	\$ 3,406,825
Contributions as a percentage of covered-employee payroll	11%	12%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, City of Deming will present information for those years for which information is available.

See independent auditors' report.
See notes to required supplementary information.

STATE OF NEW MEXICO
City of Deming
Schedule of the City's Contributions
Public Employees Retirement Association (PERA) Plan
PERA Fund Municipal Police Division
Last 10 Fiscal Years*

	As of and for the year ended June 30, 2016	As of and for the year ended June 30, 2015
Contractually required contribution	\$ 332,308	\$ 333,380
Contributions in relation to the contractually required contribution	(332,308)	(333,380)
Contribution deficiency (excess)	\$ -	\$ -
City of Deming's covered-employee payroll	\$ 1,518,105	\$ 1,440,802
Contributions as a percentage of covered-employee payroll	22%	23%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, City of Deming will present information for those years for which information is available.

See independent auditors' report.
See notes to required supplementary information.

STATE OF NEW MEXICO
City of Deming
Schedule of the City's Contributions
Public Employees Retirement Association (PERA) Plan
PERA Fund Municipal Fire Division
Last 10 Fiscal Years*

	As of and for the year ended June 30, 2016	As of and for the year ended June 30, 2015
Contractually required contribution	\$ 179,626	\$ 191,691
Contributions in relation to the contractually required contribution	(179,626)	(191,691)
Contribution deficiency (excess)	\$ -	\$ -
City of Deming's covered-employee payroll	\$ 775,699	\$ 775,657
Contributions as a percentage of covered-employee payroll	23%	25%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, City of Deming will present information for those years for which information is available.

See independent auditors' report.
See notes to required supplementary information.

STATE OF NEW MEXICO
City of Deming
Notes to Required Supplementary Information
For the Year Ended June 30, 2016

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 on pages 40-42 of the PERA FY15 audit available at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_FY2015.pdf.

Changes of assumptions. The Public Employees Retirement Association (PERA) of the NEW Mexico Annual Actuarial Valuation as of June 30, 2015 is available at <http://www.nmpera.org/assets/uploads/downloads/retirement-fund-valuation-reports/6-30-2015-PERA-Valuation-Report-FINAL.pdf>. See Appendix B on pages 53-61 of the report which summarizes actuarial assumptions and methods effective with the June 30, 2014 valuation.

Changes in assumptions resulted in a decrease of \$91.8 million to the total pension liability for the PERA Fund and an increase of 0.42% to the funded ratio for the year ended June 30, 2015. See more details of actuarial methods and assumptions on Note 2 on page 34 of PERA's Schedule of Employer Allocations and Pension amounts at <http://osanm.org/media/audits/366->

See independent auditors' report.
See notes to required supplementary information.

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
City of Deming
Nonmajor Fund Descriptions
June 30, 2016

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.

Lodgers 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.

Lodgers 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 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.

STATE OF NEW MEXICO
City of Deming
Nonmajor Fund Descriptions
June 30, 2016

Special Revenue Funds (continued)

Community Building 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.

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. This activity was split into two funds to separately track grants received in separate fiscal years. The funds are 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 Funds

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, 2016

	Special Revenue			
	Emergency Medical Services Fund	Fire Fund	Law Enforcement Protection Fund	Library Fund
<i>Assets</i>				
Cash and cash equivalents	\$ 6,561	\$ 163,626	\$ -	\$ 48,544
Investments	-	-	-	31,568
Receivables:				
Taxes receivable	-	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ 6,561</u>	<u>\$ 163,626</u>	<u>\$ -</u>	<u>\$ 80,112</u>
<i>Liabilities</i>				
Accounts payable	\$ 800	\$ 45	\$ -	\$ 2,556
Accrued payroll expenses	-	-	-	8,574
<i>Total liabilities</i>	<u>800</u>	<u>45</u>	<u>-</u>	<u>11,130</u>
<i>Fund balances</i>				
Spendable				
Restricted for:				
Public safety	5,761	132,451	-	-
Culture and recreation	-	-	-	68,982
Promotion	-	-	-	-
Transportation and roads	-	-	-	-
Debt service	-	31,130	-	-
Assigned to:				
Culture and recreation	-	-	-	-
Economic development	-	-	-	-
Capital improvements	-	-	-	-
<i>Total fund balances</i>	<u>5,761</u>	<u>163,581</u>	<u>-</u>	<u>68,982</u>
<i>Total liabilities and fund balances</i>	<u>\$ 6,561</u>	<u>\$ 163,626</u>	<u>\$ -</u>	<u>\$ 80,112</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
\$ 8,287	\$ 74,171	\$ 40,041	\$ 24,818	\$ 128,919
-	-	-	-	-
22,267	-	-	-	-
-	-	-	-	-
<u>\$ 30,554</u>	<u>\$ 74,171</u>	<u>\$ 40,041</u>	<u>\$ 24,818</u>	<u>\$ 128,919</u>
\$ 689	\$ -	\$ 3,638	\$ -	\$ 43
-	-	-	-	-
<u>689</u>	<u>-</u>	<u>3,638</u>	<u>-</u>	<u>43</u>
-	-	-	-	-
-	-	36,403	24,818	-
29,865	74,171	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	128,876
-	-	-	-	-
<u>29,865</u>	<u>74,171</u>	<u>36,403</u>	<u>24,818</u>	<u>128,876</u>
<u>\$ 30,554</u>	<u>\$ 74,171</u>	<u>\$ 40,041</u>	<u>\$ 24,818</u>	<u>\$ 128,919</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
City of Deming
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2016

	<u>Special Revenue</u>		<u>Capital Projects</u>	
	<u>Community Building Fund</u>	<u>Swimming Pool Fund</u>	<u>CDBG Grant 13/14</u>	<u>CDBG Planning Grant 2010/2011 Fund</u>
<i>Assets</i>				
Cash and cash equivalents	\$ 15,728	\$ 72,522	\$ -	\$ 100
Investments	-	-	-	-
Receivables:				
Taxes receivable	-	-	-	-
Due from other funds	2,449	-	7,374	-
<i>Total assets</i>	<u>\$ 18,177</u>	<u>\$ 72,522</u>	<u>\$ 7,374</u>	<u>\$ 100</u>
<i>Liabilities</i>				
Accounts payable	\$ 3,948	\$ 10,894	\$ 7,374	\$ -
Accrued payroll expenses	14,229	-	-	-
<i>Total liabilities</i>	<u>18,177</u>	<u>10,894</u>	<u>7,374</u>	<u>-</u>
<i>Fund balances</i>				
Spendable				
Restricted for:				
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Promotion	-	-	-	-
Transportation and roads	-	-	-	100
Debt service	-	-	-	-
Assigned to:				
Culture and recreation	-	61,628	-	-
Economic development	-	-	-	-
Capital improvements	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>61,628</u>	<u>-</u>	<u>100</u>
<i>Total liabilities and fund balances</i>	<u>\$ 18,177</u>	<u>\$ 72,522</u>	<u>\$ 7,374</u>	<u>\$ 100</u>

The accompanying notes are an integral part of these financial statements.

<u>Capital Projects</u>	<u>Debt Service</u>		
<u>Park Acquisition Fund</u>	<u>City Court Remodel Loan - NMFA</u>	<u>Fire Station Remodel Loan - NMFA</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 100	\$ -	\$ -	\$ 583,417
-	-	-	31,568
-	-	-	22,267
-	-	-	9,823
<u>\$ 100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 647,075</u>
\$ -	\$ -	\$ -	\$ 29,987
-	-	-	22,803
-	-	-	52,790
-	-	-	138,212
-	-	-	130,203
-	-	-	104,036
-	-	-	100
-	-	-	31,130
-	-	-	61,628
-	-	-	128,876
100	-	-	100
100	-	-	594,285
<u>\$ 100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 647,075</u>

The accompanying notes are an integral part of these financial statements.

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, 2016

	Special Revenue			
	Emergency Medical Services Fund	Fire Fund	Law Enforcement Protection Fund	Library Fund
<i>Revenues</i>				
Taxes:				
Lodgers tax	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
State operating grants	26,199	227,033	39,200	64,689
Charges for services	-	-	-	8,933
Investment income	-	-	-	61
Miscellaneous	-	-	-	9,517
<i>Total revenues</i>	<u>26,199</u>	<u>227,033</u>	<u>39,200</u>	<u>83,200</u>
<i>Expenditures</i>				
Current:				
Public safety	24,303	173,394	41,625	-
Culture and recreation	-	-	-	239,927
Health and welfare	-	-	-	-
Capital outlay	-	-	-	12,251
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>24,303</u>	<u>173,394</u>	<u>41,625</u>	<u>252,178</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,896</u>	<u>53,639</u>	<u>(2,425)</u>	<u>(168,978)</u>
<i>Other financing sources (uses)</i>				
Proceeds from sale of capital assets	-	-	2,425	-
Transfers in	-	-	-	180,000
Transfers (out)	-	(92,255)	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(92,255)</u>	<u>2,425</u>	<u>180,000</u>
<i>Net change in fund balances</i>	1,896	(38,616)	-	11,022
<i>Fund balances - beginning of year</i>	<u>3,865</u>	<u>202,197</u>	<u>-</u>	<u>57,960</u>
<i>Fund balances - end of year</i>	<u>\$ 5,761</u>	<u>\$ 163,581</u>	<u>\$ -</u>	<u>\$ 68,982</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
\$ 380,109	\$ -	\$ -	\$ -	\$ -
-	-	30,000	-	-
-	-	-	-	118,985
-	-	-	-	-
10,268	-	2,160	-	1,038
<u>390,377</u>	<u>-</u>	<u>32,160</u>	<u>-</u>	<u>120,023</u>
-	-	-	-	-
303,160	106,949	85,187	21,191	-
-	-	-	-	62,043
20,470	-	22,032	-	-
-	-	-	-	-
-	-	-	-	-
<u>323,630</u>	<u>106,949</u>	<u>107,219</u>	<u>21,191</u>	<u>62,043</u>
<u>66,747</u>	<u>(106,949)</u>	<u>(75,059)</u>	<u>(21,191)</u>	<u>57,980</u>
-	-	-	-	-
-	157,437	90,164	-	60,000
(157,437)	-	-	-	-
<u>(157,437)</u>	<u>157,437</u>	<u>90,164</u>	<u>-</u>	<u>60,000</u>
(90,690)	50,488	15,105	(21,191)	117,980
<u>120,555</u>	<u>23,683</u>	<u>21,298</u>	<u>46,009</u>	<u>10,896</u>
<u>\$ 29,865</u>	<u>\$ 74,171</u>	<u>\$ 36,403</u>	<u>\$ 24,818</u>	<u>\$ 128,876</u>

The accompanying notes are an integral part of these financial statements.

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, 2016

	<u>Special Revenue</u>		<u>Capital Projects</u>	
	<u>Community Building 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:				
Lodgers tax	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
State operating grants	-	-	-	-
Charges for services	1,560	36,464	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,560</u>	<u>36,464</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Public safety	-	-	-	-
Culture and recreation	-	118,966	-	-
Health and welfare	455,381	-	-	-
Capital outlay	-	-	41,306	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>455,381</u>	<u>118,966</u>	<u>41,306</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(453,821)</u>	<u>(82,502)</u>	<u>(41,306)</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	392,449	120,000	41,306	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>392,449</u>	<u>120,000</u>	<u>41,306</u>	<u>-</u>
<i>Net change in fund balances</i>	(61,372)	37,498	-	-
<i>Fund balances - beginning of year</i>	<u>61,372</u>	<u>24,130</u>	<u>-</u>	<u>100</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ 61,628</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>		
<u>Park Acquisition Fund</u>	<u>City Court Remodel Loan - NMFA</u>	<u>Fire Station Remodel Loan - NMFA</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 380,109
-	-	-	387,121
-	-	-	165,942
-	-	-	61
-	-	-	22,983
-	-	-	956,216
-	-	-	239,322
-	-	-	875,380
-	-	-	517,424
-	-	-	96,059
-	102,357	35,100	137,457
-	1,966	26,270	28,236
-	104,323	61,370	1,893,878
-	(104,323)	(61,370)	(937,662)
-	-	-	2,425
-	104,323	61,370	1,207,049
-	-	-	(249,692)
-	104,323	61,370	959,782
-	-	-	22,120
100	-	-	572,165
\$ 100	\$ -	\$ -	\$ 594,285

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

Statement B-1

City of Deming

Emergency Medical Services Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes:				
Other	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	29,600	29,600	26,199	(3,401)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>29,600</u>	<u>29,600</u>	<u>26,199</u>	<u>(3,401)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	28,465	28,465	23,503	4,962
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	5,000	5,000	-	5,000
<i>Total expenditures</i>	<u>33,465</u>	<u>33,465</u>	<u>23,503</u>	<u>9,962</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(3,865)</u>	<u>(3,865)</u>	<u>2,696</u>	<u>6,561</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	3,865	3,865	-	(3,865)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>3,865</u>	<u>3,865</u>	<u>-</u>	<u>(3,865)</u>
<i>Net change in fund balance</i>	-	-	2,696	2,696
<i>Fund balance - beginning of year</i>	-	-	3,865	3,865
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,561</u>	<u>\$ 6,561</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 2,696	
No adjustments to revenue.			-	
Adjustment to expenditures for employee training.			(800)	
<i>Net change in fund balance (GAAP)</i>			<u>\$ 1,896</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

Statement B-2

City of Deming

Fire Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes:				
Other	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	154,200	186,200	227,033	40,833
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>154,200</u>	<u>186,200</u>	<u>227,033</u>	<u>40,833</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	173,035	205,035	173,349	31,686
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	91,003	91,003	-	91,003
<i>Total expenditures</i>	<u>264,038</u>	<u>296,038</u>	<u>173,349</u>	<u>122,689</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(109,838)</u>	<u>(109,838)</u>	<u>53,684</u>	<u>163,522</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	202,098	202,098	-	(202,098)
Transfers in	-	-	-	-
Transfers (out)	(92,260)	(92,260)	(92,255)	5
<i>Total other financing sources (uses)</i>	<u>109,838</u>	<u>109,838</u>	<u>(92,255)</u>	<u>(202,093)</u>
<i>Net change in fund balance</i>	-	-	(38,571)	(38,571)
<i>Fund balance - beginning of year</i>	-	-	202,197	202,197
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 163,626</u>	<u>\$ 163,626</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (38,571)	
No adjustments to revenue.			-	
Adjustments to expenditures for vehicle maintenance.			(45)	
<i>Net change in fund balance (GAAP)</i>			<u>\$ (38,616)</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, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Other	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	38,000	39,200	39,200	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>38,000</u>	<u>39,200</u>	<u>39,200</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	39,200	39,200	39,200	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>39,200</u>	<u>39,200</u>	<u>39,200</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,200)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	1,200	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,200</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ -	
Adjustments to revenues for sale of assets.			2,425	
Adjustment to expenditures for supplies.			(2,425)	
<i>Net change in fund balance (GAAP)</i>			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

Statement B-4

City of Deming

Library Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Other	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	70,411	70,411	64,689	(5,722)
Charges for services	-	-	-	-
Licenses and fees	10,000	10,000	8,933	(1,067)
Investment income	200	200	61	(139)
Miscellaneous	600	700	9,517	8,817
<i>Total revenues</i>	<u>81,211</u>	<u>81,311</u>	<u>83,200</u>	<u>1,889</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	301,641	301,641	236,601	65,040
Health and welfare	-	-	-	-
Capital outlay	6,336	6,336	12,251	(5,915)
<i>Total expenditures</i>	<u>307,977</u>	<u>307,977</u>	<u>248,852</u>	<u>59,125</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(226,766)</u>	<u>(226,666)</u>	<u>(165,652)</u>	<u>61,014</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(29,398)	(29,498)	-	29,498
Transfers in	256,164	256,164	180,000	(76,164)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>226,766</u>	<u>226,666</u>	<u>180,000</u>	<u>(46,666)</u>
<i>Net change in fund balance</i>	-	-	14,348	14,348
<i>Fund balance - beginning of year</i>	-	-	65,764	65,764
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,112</u>	<u>\$ 80,112</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 14,348	
No adjustments to revenue.			-	
Adjustments to expenditures for maintenance, telephone and utilities.			(3,326)	
<i>Net change in fund balance (GAAP)</i>			<u>\$ 11,022</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, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes:				
Other	\$ 400,000	\$ 400,000	\$ 381,865	\$ (18,135)
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	10,000	10,000	10,268	268
<i>Total revenues</i>	<u>410,000</u>	<u>410,000</u>	<u>392,133</u>	<u>(17,867)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	307,650	312,090	311,617	473
Health and welfare	-	-	-	-
Capital outlay	20,000	20,000	20,470	(470)
<i>Total expenditures</i>	<u>327,650</u>	<u>332,090</u>	<u>332,087</u>	<u>3</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>82,350</u>	<u>77,910</u>	<u>60,046</u>	<u>(17,864)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	77,650	82,090	-	(82,090)
Transfers in	-	-	-	-
Transfers (out)	(160,000)	(160,000)	(157,437)	2,563
<i>Total other financing sources (uses)</i>	<u>(82,350)</u>	<u>(77,910)</u>	<u>(157,437)</u>	<u>(79,527)</u>
<i>Net change in fund balance</i>	-	-	(97,391)	(97,391)
<i>Fund balance - beginning of year</i>	-	-	105,678	105,678
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,287</u>	<u>\$ 8,287</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (97,391)	
Adjustments to revenues for lodgers tax.			(1,756)	
Adjustments to expenditures for maintenance and utilities.			8,457	
<i>Net change in fund balance (GAAP)</i>			<u>\$ (90,690)</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, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) 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	160,000	160,000	106,949	53,051
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>160,000</u>	<u>160,000</u>	<u>106,949</u>	<u>53,051</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(160,000)</u>	<u>(160,000)</u>	<u>(106,949)</u>	<u>53,051</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	-	-	-	-
Transfers in	160,000	160,000	157,437	(2,563)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>160,000</u>	<u>160,000</u>	<u>157,437</u>	<u>(2,563)</u>
<i>Net change in fund balance</i>	-	-	50,488	50,488
<i>Fund balance - beginning of year</i>	-	-	23,683	23,683
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,171</u>	<u>\$ 74,171</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 50,488	
No adjustments to revenue			-	
No adjustments to expenditures			-	
<i>Net change in fund balance (GAAP)</i>			<u>\$ 50,488</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, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Other	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	30,000	30,000	30,000	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	100	100	-	(100)
Miscellaneous	100	100	2,160	2,060
<i>Total revenues</i>	<u>30,200</u>	<u>30,200</u>	<u>32,160</u>	<u>1,960</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	102,723	102,723	81,633	21,090
Health and welfare	-	-	-	-
Capital outlay	15,000	15,000	22,032	(7,032)
<i>Total expenditures</i>	<u>117,723</u>	<u>117,723</u>	<u>103,665</u>	<u>14,058</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(87,523)</u>	<u>(87,523)</u>	<u>(71,505)</u>	<u>16,018</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(2,641)	(2,641)	-	2,641
Transfers in	90,164	90,164	90,164	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>87,523</u>	<u>87,523</u>	<u>90,164</u>	<u>2,641</u>
<i>Net change in fund balance</i>	-	-	18,659	18,659
<i>Fund balance - beginning of year</i>	-	-	21,382	21,382
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,041</u>	<u>\$ 40,041</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 18,659	
No adjustments to revenue.			-	
Adjustments to expenditures for utilities.			(3,554)	
<i>Net change in fund balance (GAAP)</i>			<u>\$ 15,105</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, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) 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	71,620	71,620	46,802	24,818
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>71,620</u>	<u>71,620</u>	<u>46,802</u>	<u>24,818</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(71,620)</u>	<u>(71,620)</u>	<u>(46,802)</u>	<u>24,818</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	71,620	71,620	-	(71,620)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>71,620</u>	<u>71,620</u>	<u>-</u>	<u>(71,620)</u>
<i>Net change in fund balance</i>	-	-	(46,802)	(46,802)
<i>Fund balance - beginning of year</i>	-	-	71,620	71,620
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,818</u>	<u>\$ 24,818</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (46,802)	
No adjustments to revenue.			-	
Adjustments to expenditures for maintenance.			25,611	
<i>Net change in fund balance (GAAP)</i>			<u>\$ (21,191)</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

Statement B-9

City of Deming

Economic Development Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Other	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	11,000	11,000	-	(11,000)
Charges for services	-	-	118,985	118,985
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	1,038	1,038
<i>Total revenues</i>	<u>11,000</u>	<u>11,000</u>	<u>120,023</u>	<u>109,023</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	69,976	69,976	62,094	7,882
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>69,976</u>	<u>69,976</u>	<u>62,094</u>	<u>7,882</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(58,976)</u>	<u>(58,976)</u>	<u>57,929</u>	<u>116,905</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(31,024)	(31,024)	-	31,024
Transfers in	90,000	90,000	60,000	(30,000)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>58,976</u>	<u>58,976</u>	<u>60,000</u>	<u>1,024</u>
<i>Net change in fund balance</i>	-	-	117,929	117,929
<i>Fund balance - beginning of year</i>	-	-	10,990	10,990
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,919</u>	<u>\$ 128,919</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 117,929	
No adjustments to revenue.			-	
Adjustments to expenditures for accounts payable			51	
<i>Net change in fund balance (GAAP)</i>			<u>\$ 117,980</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

Statement B-10

City of Deming

Community Building 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, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Other	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
Charges for services	3,750	3,750	1,560	(2,190)
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>3,750</u>	<u>3,750</u>	<u>1,560</u>	<u>(2,190)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	495,818	495,818	448,294	47,524
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>495,818</u>	<u>495,818</u>	<u>448,294</u>	<u>47,524</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(492,068)</u>	<u>(492,068)</u>	<u>(446,734)</u>	<u>45,334</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	52,068	52,068	-	(52,068)
Transfers in	440,000	440,000	390,000	(50,000)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>492,068</u>	<u>492,068</u>	<u>390,000</u>	<u>(102,068)</u>
<i>Net change in fund balance</i>	-	-	(56,734)	(56,734)
<i>Fund balance - beginning of year</i>	-	-	72,462	72,462
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,728</u>	<u>\$ 15,728</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (56,734)	
Adjustment to transfers in.			2,449	
Adjustments to expenditures for salaries and maintenance.			(7,087)	
<i>Net change in fund balance (GAAP)</i>			<u>\$ (61,372)</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
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, 2016

Statement B-11

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Charges for services	\$ 45,000	\$ 45,000	\$ 36,464	\$ (8,536)
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>45,000</u>	<u>45,000</u>	<u>36,464</u>	<u>(8,536)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	175,355	175,355	108,152	67,203
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>175,355</u>	<u>175,355</u>	<u>108,152</u>	<u>67,203</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(130,355)</u>	<u>(130,355)</u>	<u>(71,688)</u>	<u>58,667</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	10,355	10,355	-	(10,355)
Transfers in	120,000	120,000	120,000	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>130,355</u>	<u>130,355</u>	<u>120,000</u>	<u>(10,355)</u>
<i>Net change in fund balance</i>	-	-	48,312	48,312
<i>Fund balance - beginning of year</i>	-	-	24,210	24,210
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,522</u>	<u>\$ 72,522</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 48,312	
No adjustments to revenue.			-	
Adjustments to expenditures for supplies, maintenance, and utilities.			(10,814)	
<i>Net change in fund balance (GAAP)</i>			<u>\$ 37,498</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, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<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	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	605,000	605,000	33,932	571,068
<i>Total expenditures</i>	<u>605,000</u>	<u>605,000</u>	<u>33,932</u>	<u>571,068</u>
<i>Excess (deficiency) of revenues over</i>	<u>(105,000)</u>	<u>(105,000)</u>	<u>(33,932)</u>	<u>71,068</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	-	-	-	-
Transfers in	105,000	105,000	33,932	(71,068)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>105,000</u>	<u>105,000</u>	<u>33,932</u>	<u>(71,068)</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.			-	
<i>Net change in fund balance (GAAP)</i>			<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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u> <u>Final to Actual</u>
<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>	<u>-</u>	<u>-</u>	<u>100</u>	<u>100</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 100</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ -	
No adjustments to revenue.			-	
No adjustments to expenditures.			-	
<i>Net change in fund balance (GAAP)</i>			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
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, 2016

Statement B-14

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) 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>	<u>-</u>	<u>-</u>	<u>100</u>	<u>100</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 100</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ -	
No adjustments to revenue.			-	
No adjustments to expenditures.			-	
<i>Net change in fund balance (GAAP)</i>			<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, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) 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	85,500	85,500	102,357	(16,857)
Interest	1,650	1,650	1,966	(316)
<i>Total expenditures</i>	<u>87,150</u>	<u>87,150</u>	<u>104,323</u>	<u>(17,173)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(87,150)</u>	<u>(87,150)</u>	<u>(104,323)</u>	<u>(17,173)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	-	-	-	-
Transfers in	87,150	87,150	104,323	17,173
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>87,150</u>	<u>87,150</u>	<u>104,323</u>	<u>17,173</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ -	
No adjustments to revenue.			-	
No adjustments to expenditures.			<u>-</u>	
<i>Net change in fund balance (GAAP)</i>			<u>\$ -</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, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes:				
Gasoline, franchise and motor vehicle	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
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	65,985	65,985	35,100	30,885
Interest	26,275	26,275	26,270	5
<i>Total expenditures</i>	<u>92,260</u>	<u>92,260</u>	<u>61,370</u>	<u>30,890</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(92,260)</u>	<u>(92,260)</u>	<u>(61,370)</u>	<u>30,890</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	-	-	-	-
Transfers in	92,260	92,260	61,370	(30,890)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>92,260</u>	<u>92,260</u>	<u>61,370</u>	<u>(30,890)</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ -	
No adjustments to revenue.			-	
No adjustments to expenditures.			<u>-</u>	
<i>Net change in fund balance (GAAP)</i>			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

Statement C-1

City of Deming

Gas Enterprise Fund

Statement of Revenues, Expenses, and Changes in Net Position
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Operating revenues</i>				
Charges for services	\$ 3,315,000	\$ 3,340,000	\$ 2,938,937	\$ (401,063)
<i>Total operating revenues</i>	<u>3,315,000</u>	<u>3,340,000</u>	<u>2,938,937</u>	<u>(401,063)</u>
<i>Operating expenses</i>				
Personnel services	353,407	353,407	337,688	15,719
Contractual services	40,500	40,500	6,608	33,892
Supplies and purchased power	2,432,500	2,432,500	1,445,358	987,142
Maintenance and materials	85,100	85,100	66,752	18,348
Miscellaneous	448,620	448,620	612,806	(164,186)
Utilities	12,000	12,000	11,735	265
Equipment	366,300	366,300	85,782	280,518
<i>Total operating expenses</i>	<u>3,738,427</u>	<u>3,738,427</u>	<u>2,566,729</u>	<u>1,171,698</u>
<i>Operating income (loss)</i>	<u>(423,427)</u>	<u>(398,427)</u>	<u>372,208</u>	<u>770,635</u>
<i>Non-operating revenues (expenses)</i>				
Sale of capital asset	-	-	10,739	10,739
Interest income	5,000	5,000	5,982	982
Miscellaneous income	1,400	1,400	1,549	149
Debt service	-	-	-	-
<i>Income (loss) before contributions</i>	<u>6,400</u>	<u>6,400</u>	<u>18,270</u>	<u>11,870</u>
Designated cash (budgeted cash increase)	425,027	400,027	-	(400,027)
Transfers	(8,000)	(8,000)	-	8,000
Change in net position (Non-GAAP budgetary basis)	-	-	390,478	390,478
<i>Total net position, beginning of year</i>	<u>-</u>	<u>-</u>	<u>4,602,470</u>	<u>4,602,470</u>
<i>Total net position, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,992,948</u>	<u>\$ 4,992,948</u>
Change in net position (Non-GAAP budgetary basis)			\$ 390,478	
Adjustments to revenues for charges for services.			(17,311)	
Adjustments to expenses for supplies, capital outlay, and depreciation expenses.			<u>(279,409)</u>	
<i>Change in net position (GAAP)</i>			<u>\$ 93,758</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

Statement C-2

City of Deming

Sewer Enterprise Fund

Statement of Revenues, Expenses, and Changes in Net Position
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Operating revenues</i>				
Charges for services	\$ 1,150,000	\$ 1,150,000	\$ 1,308,482	\$ (158,482)
<i>Total operating revenues</i>	<u>1,150,000</u>	<u>1,150,000</u>	<u>1,308,482</u>	<u>(158,482)</u>
<i>Operating expenses</i>				
Personnel services	246,061	246,061	253,620	(7,559)
Contractual services	180,500	180,500	209,786	(29,286)
Supplies and purchased power	9,000	9,000	6,579	2,421
Maintenance and materials	1,276,356	1,276,356	831,527	444,829
Miscellaneous	366,526	366,526	363,862	2,664
Utilities	162,100	162,100	132,004	30,096
Equipment	126,450	126,450	73,513	52,937
<i>Total operating expenses</i>	<u>2,366,993</u>	<u>2,366,993</u>	<u>1,870,891</u>	<u>496,102</u>
<i>Operating income (loss)</i>	<u>(1,216,993)</u>	<u>(1,216,993)</u>	<u>(562,409)</u>	<u>337,620</u>
<i>Non-operating revenues (expenses)</i>				
Interest expense	(137,462)	(139,462)	(137,871)	1,591
Operating grants	-	-	174,632	174,632
Sale of capital assets	-	-	1,829	1,829
Interest income	750	750	1,194	444
Miscellaneous income	15,050	15,050	14,678	(372)
<i>Income (loss) before contributions</i>	<u>(121,662)</u>	<u>(123,662)</u>	<u>54,462</u>	<u>178,124</u>
Designated cash (budgeted cash increase)	327,751	329,751	-	(329,751)
Capital grants	1,018,904	1,018,904	144,792	(874,112)
Transfers	(8,000)	(8,000)	-	8,000
Change in net position (Non-GAAP budgetary basis)	-	-	(363,155)	(363,155)
<i>Total net position, beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,922,023</u>	<u>1,922,023</u>
<i>Total net position, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,558,868</u>	<u>\$ 1,558,868</u>
Change in net position (Non-GAAP budgetary basis)			\$ (363,155)	
Adjustments to charges for services, loan proceeds and asset transfers.			(1,158,901)	
Adjustments to expenses for salaries, capitalize assets, and depreciation.			<u>320,389</u>	
<i>Change in net position (GAAP)</i>			<u>\$ (1,201,667)</u>	

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, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Operating revenues</i>				
Charges for services	\$ 2,135,500	\$ 2,135,500	\$ 2,231,918	\$ 96,418
<i>Total operating revenues</i>	<u>2,135,500</u>	<u>2,135,500</u>	<u>2,231,918</u>	<u>96,418</u>
<i>Operating expenses</i>				
Personnel services	889,388	889,388	704,951	184,437
Contractual services	143,250	143,250	131,585	11,665
Supplies and purchased power	41,500	41,500	27,295	14,205
Maintenance and materials	336,500	336,500	822,100	(485,600)
Miscellaneous	535,076	535,076	459,570	75,506
Utilities	13,200	13,200	8,577	4,623
Equipment	2,492,100	2,492,100	487,992	2,004,108
<i>Total operating expenses</i>	<u>4,451,014</u>	<u>4,451,014</u>	<u>2,642,070</u>	<u>1,808,944</u>
<i>Operating income (loss)</i>	<u>(2,315,514)</u>	<u>(2,315,514)</u>	<u>(410,152)</u>	<u>1,905,362</u>
<i>Non-operating revenues (expenses)</i>				
Operating grants	1,952,000	962,000	207,297	(754,703)
Interest income	1,000	1,000	899	(101)
Miscellaneous income	2,900	2,900	8,012	5,112
Debt service	(1,251)	(1,251)	(1,325)	(74)
Sale of fixed assets	8,000	8,000	35,782	27,782
<i>Income (loss) before contributions</i>	<u>1,962,649</u>	<u>972,649</u>	<u>250,665</u>	<u>(721,984)</u>
Designated cash (budgeted cash increase)	352,865	1,342,865	-	(1,342,865)
Loan proceeds	-	-	63,883	63,883
Change in net position (Non-GAAP budgetary basis)	-	-	(95,604)	(95,604)
<i>Total net position, beginning of year</i>	<u>-</u>	<u>-</u>	<u>2,087,664</u>	<u>2,087,664</u>
<i>Total net position, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,992,060</u>	<u>\$ 1,992,060</u>
Net change in net position			\$ (95,604)	
Adjustments to revenues for charges for services.			36,801	
Adjustments to expenses for salaries, capital outlay and depreciation expenses.			716,330	
<i>Change in net position (GAAP)</i>			<u>\$ 657,527</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

Statement C-4

City of Deming

Water Enterprise Fund

Statement of Revenues, Expenses, and Changes in Net Position
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Operating revenues</i>				
Charges for services	\$ 1,878,000	\$ 1,878,000	\$ 2,003,943	\$ 125,943
<i>Total operating revenues</i>	<u>1,878,000</u>	<u>1,878,000</u>	<u>2,003,943</u>	<u>125,943</u>
<i>Operating expenses</i>				
Personnel services	478,480	478,480	465,749	12,731
Contractual services	56,500	56,500	12,989	43,511
Supplies and purchased power	21,800	21,800	14,648	7,152
Maintenance and materials	1,319,605	1,319,605	726,167	593,438
Miscellaneous	453,170	453,170	435,363	17,807
Utilities	348,600	348,600	318,649	29,951
Equipment	817,600	817,600	451,145	366,455
<i>Total operating expenses</i>	<u>3,495,755</u>	<u>3,495,755</u>	<u>2,424,710</u>	<u>1,071,045</u>
<i>Operating income (loss)</i>	<u>(1,617,755)</u>	<u>(1,617,755)</u>	<u>(420,767)</u>	<u>1,196,988</u>
<i>Non-operating revenues (expenses)</i>				
Interest expense	(6,812)	(6,812)	(12,943)	(6,131)
Interest income (loss)	1,100	1,100	2,388	1,288
Miscellaneous	2,380	2,380	216,520	214,140
Debt service	(54,241)	(59,441)	(47,303)	12,138
Sale of fixed assets	10,000	10,000	27,801	17,801
<i>Income (loss) before contributions</i>	<u>(47,573)</u>	<u>(52,773)</u>	<u>186,463</u>	<u>239,236</u>
Designated cash (budgeted cash increase)	531,233	536,433	-	(536,433)
Capital grants	1,235,623	1,235,623	349,886	(885,737)
Transfers	(101,528)	(101,528)	-	101,528
Change in net position (Non-GAAP budgetary basis)	-	-	115,582	115,582
<i>Total net position, beginning of year</i>	<u>-</u>	<u>-</u>	<u>2,756,783</u>	<u>2,756,783</u>
<i>Total net position, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,872,365</u>	<u>\$ 2,872,365</u>
Net change in net position			\$ 115,582	
Adjustments to revenues for charges for services			(180,520)	
Adjustments to expenses for salaries, operating, and depreciation expenses.			580,299	
<i>Change in net position (GAAP)</i>			<u>\$ 515,361</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

Statement C-5

City of Deming

Cemetery Trust Fund

Statement of Revenues, Expenses, and Changes in Net Position
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Operating revenues</i>				
Charges for services	\$ 75,500	\$ 75,050	\$ 112,675	\$ 37,625
<i>Total operating revenues</i>	<u>75,500</u>	<u>75,050</u>	<u>112,675</u>	<u>37,625</u>
<i>Operating expenses</i>				
Personnel services	44,099	44,099	43,846	253
Contractual services	3,250	3,250	2,500	750
Supplies and purchased power	19,500	19,500	9,241	10,259
Maintenance and materials	30,900	30,900	30,467	433
Miscellaneous	8,550	8,550	7,343	1,207
Utilities	2,300	2,300	2,027	273
Equipment	70,500	70,500	50,262	20,238
<i>Total operating expenses</i>	<u>179,099</u>	<u>179,099</u>	<u>145,686</u>	<u>33,413</u>
<i>Operating income (loss)</i>	<u>(103,599)</u>	<u>(104,049)</u>	<u>(33,011)</u>	<u>71,038</u>
<i>Non-operating revenues (expenses)</i>				
Interest income	500	500	382	(118)
Miscellaneous income	100	100	75	(25)
<i>Income (loss) before contributions</i>	<u>600</u>	<u>600</u>	<u>1,390</u>	<u>790</u>
Designated cash (budgeted cash increase)	<u>102,999</u>	<u>103,449</u>	<u>-</u>	<u>(103,449)</u>
Change in net position (Non-GAAP budgetary basis)	-	-	(31,621)	(31,621)
<i>Total net position, beginning of year</i>	<u>-</u>	<u>-</u>	<u>291,745</u>	<u>291,745</u>
<i>Total net position, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 260,124</u>	<u>\$ 260,124</u>
Change in net position (Non-GAAP budgetary basis)			\$ (31,621)	
No adjustment to revenue.			6,080	
Adjustments to expenses for salaries, operating, and depreciation expenses.			<u>31,502</u>	
<i>Change in net position (GAAP)</i>			<u>\$ 5,961</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

Statement C-6

City of Deming

Airport Enterprise Fund

Statement of Revenues, Expenses, and Changes in Net Position
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Operating revenues</i>				
Charges for services	\$ 72,800	\$ 72,800	\$ 85,823	\$ 13,023
<i>Total operating revenues</i>	<u>72,800</u>	<u>72,800</u>	<u>85,823</u>	<u>13,023</u>
<i>Operating expenses</i>				
Personnel services	1,500	1,500	633	867
Contractual services	108,500	108,500	114,640	(6,140)
Supplies and purchased power	600	600	-	600
Maintenance and materials	24,000	24,000	5,895	18,105
Miscellaneous	15,300	15,300	21,751	(6,451)
Utilities	15,900	15,900	14,130	1,770
<i>Total operating expenses</i>	<u>165,800</u>	<u>165,800</u>	<u>157,049</u>	<u>8,751</u>
<i>Operating income (loss)</i>	<u>(93,000)</u>	<u>(93,000)</u>	<u>(71,226)</u>	<u>21,774</u>
<i>Non-operating revenues (expenses)</i>				
Interest income	200	200	118	(82)
Miscellaneous income	-	-	628	628
<i>Income (loss) before contributions</i>	<u>200</u>	<u>200</u>	<u>746</u>	<u>546</u>
Designated cash (budgeted cash increase)	(12,200)	(12,200)	-	12,200
Capital grants	105,000	105,000	58,813	(46,187)
Change in net position (Non-GAAP budgetary basis)	-	-	(11,667)	(11,667)
<i>Total net position, beginning of year</i>	<u>-</u>	<u>-</u>	<u>251,667</u>	<u>251,667</u>
<i>Total net position, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 240,000</u>	<u>\$ 240,000</u>
Change in net position (Non-GAAP budgetary basis)			\$ (11,667)	
Adjustments to charges for services, state funds, and asset transfers.			1,216,573	
Adjustments to expenses for capital outlay, operating, and depreciation expenses.			<u>(139,652)</u>	
<i>Change in net position (GAAP)</i>			<u>\$ 1,065,254</u>	

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, 2016

Bank Name/Account Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
First New Mexico Bank-cash accounts					
General Operating	Checking	\$ 5,558,647	\$ 134,495	\$ 185,979	\$ 5,507,163
Ambulance Billing	Checking	1,565,411	-	2,289	1,563,122
Payroll Clearing	Checking	379,690	-	142,553	237,137
CDBG Planning	Checking	100	-	-	100
Judicial Bond	Checking	2,696	-	-	2,696
GSFWC	Checking	3,121	-	-	3,121
Golden Savings	Savings	5,153,540	-	-	5,153,540
Bank CD	Certificate of Deposit	7,586	-	-	7,586
Bank CD	Certificate of Deposit	1,024	-	-	1,024
<i>Total First New Mexico Bank</i>		<u>12,671,815</u>	<u>134,495</u>	<u>330,821</u>	<u>12,475,489</u>
First Savings Bank					
Utility Operating	Checking	5,036,023	72,717	357,053	4,751,687
Meter Deposit	Checking	614,842	-	17,442	597,400
Prepaid Energy	Checking	25,204	-	-	25,204
<i>Total First Savings Bank</i>		<u>5,676,069</u>	<u>72,717</u>	<u>374,495</u>	<u>5,374,291</u>
Wells Fargo Bank					
General Fund - Payroll	Checking	21,005	-	-	21,005
Savings Account	Savings	2,100,000	-	-	2,100,000
<i>Total Wells Fargo Bank</i>		<u>2,121,005</u>	<u>-</u>	<u>-</u>	<u>2,121,005</u>
Western Heritage Bank					
Bank CD	Certificate of Deposit	203,697	-	-	203,697
<i>Total Western Heritage Bank Securities</i>		<u>203,697</u>	<u>-</u>	<u>-</u>	<u>203,697</u>
Scottrade					
Scottrade Bank	Money Market	247,510	-	-	247,510
Scottrade Excess Bank	Money Market	1,479,533	-	-	1,479,533
Enterprise Bank & Trust	Money Market	5,000	-	-	5,000
The Private Bank & Trust	Money Market	247,510	-	-	247,510
<i>Total Scottrade</i>		<u>1,979,553</u>	<u>-</u>	<u>-</u>	<u>1,979,553</u>
<i>Bank balance of deposits</i>		<u>\$ 22,652,139</u>	<u>\$ 207,212</u>	<u>\$ 705,316</u>	<u>\$ 22,154,035</u>
New Mexico Finance Authority-Investment					
Deming 11 - Debt Service Funds held in NMFA		\$ 31,130	\$ -	\$ -	\$ 31,130
Deming 14 - Debt Service Funds held in NMFA		11,423	-	-	11,423
Deming 15 - Program Funds held in NMFA		240,226	-	-	240,226
Deming 19 - Program Funds held in NMFA		48,781	-	-	48,781
Deming 20 - Program Funds held in NMFA		47,542	-	-	47,542
Deming 21 - Program Funds held in NMFA		15,102	-	-	15,102
<i>Total New Mexico Finance Authority</i>		<u>394,204</u>	<u>-</u>	<u>-</u>	<u>394,204</u>

*All checking accounts are non-interest bearing

See independent auditors' report.

Bank Name/Account Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
Multi-Bank Securities-Investments					
GNMA Security	Investment	\$ 1,484	\$ -	\$ -	\$ 1,484
GNMA Security	Investment	2,287	-	-	2,287
<i>Total Multi-Bank Securities</i>		<u>3,771</u>	<u>-</u>	<u>-</u>	<u>3,771</u>
Scottrade					
US Treasury Notes	Note	510,350	-	-	510,350
Federal Home Loan Security	Bond	249,600	-	-	249,600
FNMA Security	Bond	260,052	-	-	260,052
<i>Total Scottrade</i>		<u>1,020,002</u>	<u>-</u>	<u>-</u>	<u>1,020,002</u>
<i>Total investments</i>		<u>1,417,977</u>	<u>-</u>	<u>-</u>	<u>1,417,977</u>
<i>Total</i>		<u>\$ 24,070,116</u>	<u>\$ 207,212</u>	<u>\$ 705,316</u>	<u>23,572,012</u>
Add: petty cash					<u>3,700</u>
<i>Total deposits and investments</i>					<u>\$ 23,575,712</u>
Deposits and investments per financial statements:					
Cash and cash equivalents - Exhibit A-1					\$ 21,317,008
Investments - Exhibit A-1					1,236,079
Restricted cash and cash equivalents - Exhibit A-1					1,016,808
Fiduciary funds cash - Exhibit E-1					<u>5,817</u>
<i>Total cash, cash equivalents, and investments</i>					<u>\$ 23,575,712</u>

See independent auditors' report.

STATE OF NEW MEXICO
City of Deming
Schedule of Collateral Pledged by Depository
For Public Funds
June 30, 2016

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value at June 30, 2016
First New Mexico Bank				
	LAS VEG	7/15/2016	51778FCG2	\$ 500,735
	FFCB	2/10/2017	31331KBX7	2,029,270
	ARTESIA	8/1/2017	04310KAL6	500,875
	FFCB	10/18/2017	31331VCY0	2,109,822
	SAND	12/15/2017	80004PCUA	349,754
	CHAVES	8/1/2018	162634BN8	529,945
	RUID	8/1/2020	781338GM4	451,332
	FFCB	10/23/2020	31331VA30	1,188,556
	FFCB	4/1/2022	31331YA26	1,543,773
<i>Total First New Mexico Bank</i>				9,204,062

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	11/15/2016	3135G0ES8	150,546
	MBS FNMA 10-YR	7/1/2017	31371NGQ2	8,989
	MBS FNMA 15-Yr	9/1/2019	31403X4P7	49,113
	MBS FHLMC 15 Yr Relocator	4/1/2020	31282CA98	33,995
	FHLMC 10YR	4/1/2022	31294MN72	148,836
	MBS FNMA 15-Yr	6/1/2022	31410GBG7	82,942
	MBS FHLMC Gold 10 Yr	3/1/2023	31307BJV3	105,080
	MBS FHLMC Gold 10 Yr	3/1/2023	31307BJV3	105,080
	FHMC 10YR	3/1/2023	31307BJW1	273,064
	MBS FNMA 15-Yr	7/1/2026	31417Y3H8	119,260
	MBS FNMA 15-Yr	4/1/2027	3138EBH40	234,958
	MBS FNMA 15-Yr	4/1/2027	3138EBH40	438,588
	FHLMC 15YR	5/1/2027	3128MDEC3	699,334
	FNMA 15YR	11/1/2027	3138MJWW5	157,566
	FHR 4136 NG	11/15/2027	3137AWKN4	89,500
	MBS FHLMC Gold 15 Yr	1/1/2028	3128MDNRO	147,885
	MBS FNMA 15-Yr	1/1/2028	3138EKJA4	100,260
	MBS FNMA 15-Yr	1/1/2028	3138EKJA4	100,260
	MBS FNMA 15-Yr	1/1/2028	3138EKJA4	167,100
	FNR 2012-145 DC	1/25/2028	3136AA2L8	141,456
	FNR 2012-145 DC	1/25/2028	3136AA2L8	141,456
	FHLMC 15YR	6/1/2028	31307DB62	174,361
	FHLMC 15YR	6/1/2028	31307DB62	337,433
	FHLMC 15YR	2/1/2030	3128MECV1	219,034
	FHLMC 15YR	3/15/2035	3128MECV1	240,937
	FHR 3048 PC	3/15/2035	31396C5M3	8,026
	GNR 2010-20 GH	9/16/2038	38376VCT2	21,803
	GNR 2011-4 MD	11/20/2038	38377TBL4	95,685
	GNR 2010-150 GJ	9/20/2039	38377NLJ1	132,808

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Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value at June 30, 2016
First Savings Bank (continued)				
	GNR 2010-150 GJ	9/20/2039	38377NLJ1	\$ 73,782
	FNR 2010-135 CH	4/25/2040	31398SN66	75,588
	FNR 3925 DE	7/15/2040	3137AFGA4	137,369
	FNR 3925 DE	7/15/2040	3137AFGA4	160,264
	GNR 2011-62 AE	10/20/2040	38377U5F1	1,785
	GNR 2011-62 AE	10/20/2040	38377U5F1	2,678
	FHR 4505 PA	5/15/2044	3137BKWM8	463,536
<i>Total First Savings Bank</i>				<u>5,640,357</u>
The location of the safekeeper of the above securities is IPA at 8500 Freeport Parkway, South Irving, TX.				
Wells Fargo Bank				
	FNMA FNMS	10/1/12042	31417DQT3	2,072,369
<i>Total Wells Fargo Bank</i>				<u>2,072,369</u>
The location of the safekeeper of the above securities is BNY Mellon at One Wall Street, 4th Floor, New York, NY 10286				
<i>Total Pledged Collateral</i>				<u>\$ 16,916,788</u>

See independent auditors' report.

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STATE OF NEW MEXICO
City of Deming
Schedule of Changes in Fiduciary Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2016

Schedule V

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Assets				
Cash - Judicial Bond Fund	\$ 3,126	\$ -	\$ 430	\$ 2,696
Cash - Gila Water Fund	3,118	3	-	3,121
<i>Total assets</i>	<u>\$ 6,244</u>	<u>\$ 3</u>	<u>\$ 430</u>	<u>\$ 5,817</u>
Liabilities				
Due to other entities	\$ 6,244	\$ 3	\$ 430	\$ 5,817
<i>Total liabilities</i>	<u>\$ 6,244</u>	<u>\$ 3</u>	<u>\$ 430</u>	<u>\$ 5,817</u>

See independent auditors' report.

STATE OF NEW MEXICO
City of Deming
Schedule of Vendor Information for Purchases Exceeding \$60,000 (excluding GRT)
For the Year Ended June 30, 2016

Agency Number	Agency Name	Agency Type	RFB#/RFP# (If applicable)	Type of Procurement	Vendor Name	Did Vendor Win Contract?
6048	City of Deming	Municipalities	16-06	Competitive (RFP or RFB)	RMCI INC.	Winner
6048	City of Deming	Municipalities	16-06	Competitive (RFP or RFB)	C&E Industrial Services, Inc.	Loser
6048	City of Deming	Municipalities	16-06	Competitive (RFP or RFB)	Tatsch Construction, Inc.	Loser
6048	City of Deming	Municipalities	16-06	Competitive (RFP or RFB)	Burn Construction, Inc.	Loser
6048	City of Deming	Municipalities	16-06	Competitive (RFP or RFB)	SmithCo Construction Inc.	Loser
6048	City of Deming	Municipalities	16-04	Competitive (RFP or RFB)	CALIPER CONSTRUCTION INC.	Winner
6048	City of Deming	Municipalities	16-04	Competitive (RFP or RFB)	Renegade Construction	Loser
6048	City of Deming	Municipalities	16-04	Competitive (RFP or RFB)	James Hamilton Construction	Loser
6048	City of Deming	Municipalities	16-04	Competitive (RFP or RFB)	CBKN Dirtworks	Loser
6048	City of Deming	Municipalities	16-04	Competitive (RFP or RFB)	SmithCo Construction Inc.	Loser
6048	City of Deming	Municipalities	16-04	Competitive (RFP or RFB)	Highland Enterprises	Loser
6048	City of Deming	Municipalities	16-04	Competitive (RFP or RFB)	Deming Excavating, Inc.	Loser
6048	City of Deming	Municipalities	15-07	Competitive (RFP or RFB)	DEMING EXCAVATING, INC.	Winner
6048	City of Deming	Municipalities	15-07	Competitive (RFP or RFB)	Southwest Concrete & Paving	Loser
6048	City of Deming	Municipalities	15-07	Competitive (RFP or RFB)	Highland Enterprises	Loser
6048	City of Deming	Municipalities	15-07	Competitive (RFP or RFB)	Morrow Inc.	Loser
6048	City of Deming	Municipalities	15-07	Competitive (RFP or RFB)	Deming Excavating, Inc.	Loser
6048	City of Deming	Municipalities	15-02	Competitive (RFP or RFB)	FILE CONSTRUCTION, LLC	Winner
6048	City of Deming	Municipalities	15-02	Competitive (RFP or RFB)	Utility Metering Solutions	Loser
6048	City of Deming	Municipalities	15-02	Competitive (RFP or RFB)	SmithCo Construction Inc.	Loser
6048	City of Deming	Municipalities	15-02	Competitive (RFP or RFB)	Deming Excavating, Inc.	Loser
6048	City of Deming	Municipalities	15-02	Competitive (RFP or RFB)	Morrow Inc.	Loser
6048	City of Deming	Municipalities	15-08	Competitive (RFP or RFB)	CASCO INDUSTRIES INC.	Winner
6048	City of Deming	Municipalities	15-08	Competitive (RFP or RFB)	Nasco, LLC	Loser
6048	City of Deming	Municipalities	15-09	Competitive (RFP or RFB)	HK ADVERTISING MARKETING PR	Winner
6048	City of Deming	Municipalities	15-09	Competitive (RFP or RFB)	Wilson Binkley	Loser
6048	City of Deming	Municipalities	15-09	Competitive (RFP or RFB)	Wiredframe	Loser
6048	City of Deming	Municipalities	15-09	Competitive (RFP or RFB)	Deming Headlight	Loser
6048	City of Deming	Municipalities	14-02	Competitive (RFP or RFB)	TRIADIC ENTERPRISES, INC.	Winner

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\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Physical address of vendor (City, State)	Did the Vendor provide documentation of eligibility for in-state preference?	Did the Vendor provide documentation of eligibility for veterans' preference?	Brief Description of the Scope of Work	If the procurement is attributable to a Component Unit, Name of Component Unit
\$644,165.16		Albuquerque, New Mexico	Yes	No	EFFULENT BOOSTER PUMP	
		Sunland Park, New Mexico	Yes	No	EFFULENT BOOSTER PUMP	
		Silver City, New Mexico	Yes	No	EFFULENT BOOSTER PUMP	
		Las Cruces, New Mexico		Yes	EFFULENT BOOSTER PUMP	
		Caballo, New Mexico	Yes	No	EFFULENT BOOSTER PUMP	
\$462,022.27		Las Cruces, New Mexico	Yes	No	BTRL CELL EXPANSION	
		Fairacres, New Mexico	Yes	No	BTRL CELL EXPANSION	
		Silver City, New Mexico	Yes	No	BTRL CELL EXPANSION	
		Bernalillo, New Mexico	Yes	No	BTRL CELL EXPANSION	
		Caballo, New Mexico	Yes	No	BTRL CELL EXPANSION	
		Las Cruces, New Mexico	Yes	No	BTRL CELL EXPANSION	
\$226,279.87		Deming, New Mexico	Yes	No	BTRL CELL EXPANSION	
		Deming, New Mexico	Yes	No	FLORIDA ST WIDENING	
		Silver City, New Mexico	Yes	No	FLORIDA ST WIDENING	
		Las Cruces, New Mexico	Yes	No	FLORIDA ST WIDENING	
		Las Cruces, New Mexico	Yes	No	FLORIDA ST WIDENING	
\$164,204.03		Deming, New Mexico	Yes	No	FLORIDA ST WIDENING	
		Albuquerque, New Mexico	Yes	No	AUTOMATIC METER READING SYSTEM	
		Houston, Texas	No	No	AUTOMATIC METER READING SYSTEM	
		Caballo, New Mexico	Yes	No	AUTOMATIC METER READING SYSTEM	
		Deming, New Mexico	Yes	No	AUTOMATIC METER READING SYSTEM	
\$141,990.00		Las Cruces, New Mexico	Yes	No	AUTOMATIC METER READING SYSTEM	
		Shreveport, Louisiana	No	No	SEBA HARNESSSES	
\$86,919.92		Colorado Springs, Colorado	No	No	SEBA HARNESSSES	
		Santa Fe, New Mexico	Yes	No	ADVERTISING & MEDIA SERVICES	
		Las Cruces, New Mexico	Yes	No	ADVERTISING & MEDIA SERVICES	
		Deming, New Mexico	Yes	No	ADVERTISING & MEDIA SERVICES	
\$60,770.46		Deming, New Mexico	Yes	No	ADVERTISING & MEDIA SERVICES	
		Deming, New Mexico	Yes	No	COMPUTER SERVICES	

See independent auditors' report.

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COMPLIANCE SECTION

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

INDEPENDENT AUDITORS' REPORT

Timothy M. Keller
New Mexico State Auditor
City Council
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, 2016, 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 December 14, 2016.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

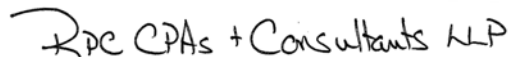
We noted certain matters that are required to be reported per section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of Section 12-6-5 NMSA 1978 Findings as items NM 2016-001 and NM 2016-002.

City of Deming's Responses to Findings

The City's responses to the findings identified in our audit were described in the accompanying schedule of findings and responses. The City's responses were 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.



RPC CPAs + Consultants, LLP
Albuquerque, New Mexico
December 14, 2016

STATE OF NEW MEXICO
City of Deming
Schedule of Findings and Responses
June 30, 2016

Section I – Summary of Auditors’ Results

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors’ report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | None Noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None Noted |
| c. Noncompliance material to the financial statements noted? | None Noted |

Section II – Financial Statement Findings

None noted.

Section III – Section 12-6-5 NMSA 1978 Findings

NM 2016-001 Budgetary Noncompliance – (Other noncompliance)

Condition: The City/Court Remodel Loan – NMFA Debt Service Fund exceeded approved budgetary authority for the year ended June 30, 2016 by \$17,173.

Criteria: A budget is a proposed plan of financial operations for a given period of time. The annual budget authorizes and provides the basis for control of financial operations during the fiscal year. The City cannot exceed its budget as required by NMSA 1978 Section 6-6-1 to 6-6-19.

Effect: The City is spending funds that were not authorized by the City Council.

Cause: The City did not adequately monitor its budget in these areas. Expenditures were approved in excess of available budget or budget adjustments were not approved and journal entries were not made to cover the expenditure approved.

Auditors' Recommendation: We recommend that expenditures not be approved which would cause the budget to be exceeded. We also recommend that timely budget adjustments be prepared when necessary.

Agency Response: The City of Deming had NMFA loan program funds in a Special Revenue Fund and not the Debt Service Fund. When the loan was paid in full in the spring of 2016 the cash balance of \$17,173 in the NMFA Debt Service Fund was transferred to the loan principle and recorded on the city's General Ledger as debt principle expense in the Debt Service Fund. This entry caused the Debt Service Fund to be in excess of available budget as of June 30, 2016. In the future, the Finance Director and Accountant will review the NMFA statements to ensure that the city's recorded entries match the NMFA statements and all necessary Budget Adjustments (BAR) are completed and approved for the end of the fiscal year.

NM 2016-002 Pledged Collateral – (Other noncompliance)

Condition: Deposits at Scottrade Excess Bank were not collateralized in accordance with State of New Mexico Statutes. The required collateral was \$489,767. As there was no collateral maintained for this institution, there was a shortfall of \$489,767.

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

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

Cause: The City transferred cash to a new investment account during the fiscal year and did not purchase collateral to cover the uninsured cash portion of the investment account.

FS 2016-002 Pledged Collateral – (Other noncompliance) (continued)

Auditors' Recommendation: As part of a formal policy implemented by the City, an individual should be assigned the responsibilities of reviewing the monthly collateral reports, investigating differences, and resolving discrepancies. Additionally, procedures should be in place to ensure the proper treatment of new cash and investment bank accounts.

Agency Response: The City of Deming added new investments with Carter Bain Financial Advisors (Scottrade) during the middle of Fiscal Year 2016. At the end of the fiscal year, all the monies allocated by the city for investments had not been invested with a portion still in the Scottrade Excess Bank money market account exceeding the Federal Deposit Insurance Corporation (FDIC) by \$489,767. As of current date, all city funds with Scottrade are invested and no funds are in the Scottrade Excess Bank money market account. The Finance Director and Accountant will review the monthly collateral reports, investigate differences and resolve discrepancies. In addition, both personnel mentioned previously will monitor the proper treatment of new financial institutions and investments with city funds to confirm the city is in compliance with State of New Mexico Statutes.

Section IV – Prior Year Audit Findings

FS 2015-001 – Internal Controls over Utility Receivables – Finding that does not rise to the level of Significant Deficiency – Resolved

FS 2013-004 – Cash Appropriations in Excess of Available Cash Balances – Other Noncompliance – Resolved

STATE OF NEW MEXICO

City of Deming
Other Disclosures
June 30, 2016

Exit Conference

An exit conference was held on December 14, 2016. In attendance were the following:

Representing the City of Deming:

Benny Jasso, Mayor
Aaron Sera, City Administrator
Laura Holguin, Finance Director/Treasurer

Representing RPC CPAs + Consultants, LLP:

Robert Cordova, CPA, Partner
Eric Spurlin, CPA, Senior

Auditor Prepared Financial Statements

RPC CPAs + Consultants, 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.