



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

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STATE OF NEW MEXICO

CITY OF GRANTS

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2013

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CITY OF GRANTS
OFFICIAL ROSTER
JUNE 30, 2013

ELECTED OFFICIALS

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

ADMINISTRATIVE STAFF

<i>Paul Peña</i>	<i>City Manager</i>
<i>Tammy Torrez</i>	<i>Director of Finance</i>



INDEPENDENT AUDITORS' REPORT

Mr. Hector H. Balderas, State Auditor and
The Mayor and City Council
City of Grants
Grants, 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 Grants (the City), as of and for the year ended June 30, 2013, 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, nonmajor enterprise, and the budgetary comparisons for the major capital project funds, enterprise funds, and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Grants, as of June 30, 2013, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and 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, nonmajor enterprise fund of the City as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital projects fund, enterprise funds, and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and Retiree Health Care Plan – Schedule of Funding Progress on pages 5 and 11 and page 59, respectively, 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.

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

Our audit was conducted for the purpose of forming opinions on the City's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of federal awards as required by Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, the Financial Data Schedule (FDS) as required by the U.S. Department of Housing and Urban Development, other schedules required by 2.2.2 NMAC, and Senior Programs schedule required by New Mexico Area Agency on Aging listed as "other supplementary information" in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the *Schedule of Expenditures, the Financial Data Schedule*, other schedules required by 2.2.2 NMAC, and Senior Programs schedule required by New Mexico Area Agency on Aging are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2013 on our consideration of the City of Grants' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Kriegel/Gray/Shaw & Co., P.C.
Las Cruces, New Mexico
December 23, 2013

CITY OF GRANTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

As management of the City of Grants, we offer our residents and others who may read the City of Grants' financial statements this narrative overview and analysis of the financial activities of the City of Grants for fiscal year ended June 30, 2013.

FINANCIAL HIGHLIGHTS

- The City's total net position increased over the course of this year's operations.
- During the year the City's expenses were \$1,811,006 less than the \$11,407,875 generated in taxes, other revenues, and transfers for governmental programs.
- In the City's business-type activities revenues and transfers decreased 30.71% to (\$5,612,939) while expenses increased 10.3%.
- The general fund reported an excess this year of \$324,180.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

Governmental-Wide Financial Statements

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

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

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

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

The government-wide financial statements can be found on pages 12 and 13 of this report.

CITY OF GRANTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

Fund Financial Statements

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

Governmental Funds

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

Proprietary Funds

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

Fiduciary Funds

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

Notes to the Financial Statements

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

CITY OF GRANTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

Government-Wide Financial Analysis

City of Grants
Summary of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012 (as restated)	2013	2012 (as restated)	2013	2012 (as restated)
	Assets:					
Current assets and other assets	\$10,802,168	\$11,274,623	\$3,908,379	\$4,045,409	\$14,710,547	\$15,320,032
Capital	41,339,170	38,847,271	17,041,157	18,361,903	58,380,327	57,209,174
Total assets	\$52,141,338	\$50,121,894	\$20,949,536	\$22,407,312	\$73,090,874	\$72,529,206
Liabilities:						
Current and other liabilities	\$1,285,326	\$800,277	\$1,092,562	\$424,136	\$2,377,888	\$1,224,413
Long-term liabilities	1,134,443	1,411,054	1,851,034	2,926,017	2,985,477	4,337,071
Total liabilities	2,419,769	2,211,331	2,943,596	3,350,153	5,363,365	5,561,484
Net position:						
Net investment in capital assets	41,339,170	38,066,720	14,793,635	15,523,664	56,132,805	53,590,384
Restricted net position	1,739,897	3,238,829	743,845	850,933	2,483,742	4,089,762
Unrestricted net position	6,642,502	6,605,014	2,468,460	2,682,582	9,110,962	9,287,576
Total net position	49,721,569	47,910,563	18,005,940	19,057,159	67,727,509	66,967,722
Total liabilities and net position	\$52,141,338	\$50,121,894	\$20,949,536	\$22,407,312	\$73,090,874	\$72,529,206

Capital assets (net of accumulated depreciation) make up 79.9% of the City's total assets from governmental activities. Investments in capital assets include: land, buildings, machinery and equipment, and infrastructure. The City of Grants utilizes these assets to provide services to its citizens; therefore, these assets are not available for future spending.

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

In evaluating the operating performances of an agency, the rate of return on assets is probably one of the most useful measures of the entity's profitability and efficiency. The return on assets ratio for the City is 1.0% for fiscal year ending June 30, 2013. This ratio aids management in gauging the effectiveness of its use of assets.

In the Governmental activities total liabilities have been increased by 9.4% due to an accrual for an OPEB Plan. Total assets have increased in 2013 predominantly due to increases in capital assets including construction in progress. Investment income continued to decrease in fiscal year 2013 due to decreases in interest rates. These factors primarily affect the increase in current assets in 2013 compared to 2012.

Net position for business-type activities has decreased by \$1,051,219, a decrease of 5.5%. Overall, liabilities were reduced due to annual reductions in long-term debt. Additional debt was incurred in fiscal year 2013 to improve the water system and account for the OPEB accrual. In addition, capital assets increased (evidenced by capital transfers in) due to construction of utility projects.

CITY OF GRANTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

Financial Analysis of the City's Major Funds

GENERAL FUND

The General Fund is the major operating fund for the City. The General Fund is the single largest fund pertaining to revenues and expenditures. Total revenues in fiscal year 2012 were \$8,395,770 and \$8,973,434 in 2013, an increase of \$577,664 (6.9%) for comparative years. The majority of the difference is due to a decrease in taxes.

Expenditures in the General Fund for fiscal year 2012 were \$6,390,183 and \$6,912,375 for fiscal year 2013, an increase of \$522,192. The slight increase was due primarily to a conscious effort to maintain expenditure levels in a declining economy. The General Fund fund balance increased in 2013 in the amount of \$324,180 with expenditures less transfers exceeding revenues for an ending fund balance of \$7,276,558 as of June 30, 2013.

GENERAL GOVERNMENT IMPROVEMENTS FUND

The General Government Improvements Fund accounts for the City's capital outlay projects primarily funded from the state legislative appropriations, federal grants, and City monies. In the fiscal year 2011/2012 the City accounted for \$596,876 in federal grant revenues and \$2,004,234 in state grants for total grant revenues of \$2,601,110. In fiscal year 2012/2013 the total grant revenues of \$1,784,991 consisted of federal grant revenues of \$1,663,591 and state grant revenues of \$121,400.

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

Expenditures in fiscal year 2011/2012 were \$1,863,903. The majority of the expenditures were incurred for the downtown master plan, street drainage projects, and various other small equipment purchases. Expenditures in fiscal year 2012/2013 were \$4,795,641 with an additional capital transfer out of \$447,703. The capital transfer was due to project Grants Funds expended and incurred in the General Government Improvements Fund for the benefit of other funds. Expenditures were incurred for the City's roads, street drainage projects, and various other small equipment purchases.

GRT STREET AND PARKS IMPROVEMENT

The GRT Street and Parks Improvement Fund accounts for gross receipts tax increment specifically earmarked for streets and parks improvements. Total transfers of earmarked gross receipts tax for the fiscal year 2011/2012 was \$491,480 and \$548,125 for fiscal year 2012/2013. Total expenditures for various public works projects for 2011/2012 were \$46,521 and \$12,880 for 2012/2013.

UTILITY FUND

The Utility Fund is used to account for all water, sewer and refuse revenues and expenses. It is a major proprietary fund for the City. Total operating revenues for 2011/2012 fiscal year was \$5,754,318 and \$5,946,239 for 2012/2013; a slight increase of \$191,921 3.3%. The slight increase is attributable to variation in customer usage. Net income decreased in 2013 versus 2012 by \$496,855. Operating expenses increased in fiscal year 2012/2013 compared to 2011/2012 by \$688,776, which is 13.7%. The net income increase results predominantly from capital assets transferred in from the general government improvement fund.

CITY OF GRANTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

General Fund Budgetary Highlights

The City of Grants total actual expenditures for fiscal year 2012/2013 were 1.2% under the budgeted expenditure amounts for the year. Public safety is responsible for 33.5%, general government is responsible for 45.6% and public works is responsible for .9% of the General Fund expenditures.

The City's total state shared and municipal tax amount for fiscal year 2012/2013 increased by 10.6% over fiscal year 2011/2012. The Grants economy continued to show growth in spite of the overall economic down turns in the State and County.

General Fund budgeted revenues and expenditures were not amended during the year.

City of Grants
Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2013	2012 (as restated)	2013	2012 (as restated)	2013	2012 (as restated)
Revenues:						
Program Revenues:						
Charges for services	\$1,303,303	\$1,277,003	\$6,241,947	\$6,031,593	\$7,545,250	\$7,308,596
Operating grants and contributions	1,165,027	912,027	30,137	25,853	1,195,167	937,880
Capital grants and contributions	1,784,991	2,837,766	0	0	1,784,991	2,837,766
General Revenue:						
Taxes	7,890,611	7,519,185	0	0	7,890,611	7,519,185
Investment income	17,142	4,835	207	6,406	17,349	11,241
Miscellaneous	79,595	267,513	634	520	80,229	268,033
Total revenue	12,240,669	12,818,329	6,272,925	6,064,372	18,513,594	18,882,701
Expenses:						
General Government	4,385,630	2,200,407	0	0	4,385,630	2,200,407
Public Safety	2,688,619	2,707,411	0	0	2,688,619	2,707,411
Public Works	2,001,619	2,314,224	0	0	2,001,619	2,314,224
Health and Welfare	944,524	900,905	0	0	944,524	900,905
Culture and Recreation	1,039,171	1,096,346	0	0	1,039,171	1,096,346
Interest and fees on long-term debt	30,086	41,324	0	0	30,086	41,324
Water, sewer and refuse	0	0	5,760,486	5,082,372	5,760,486	5,082,372
Golf	0	0	791,923	800,414	791,923	800,414
Rental	0	0	111,749	157,540	111,749	157,540
Total expenses	11,089,649	9,260,617	6,664,158	6,040,326	17,753,807	15,300,943
Increase in net position before transfers	1,151,020	3,557,712	(391,233)	24,046	759,787	3,581,758
Transfers	659,986	(2,036,792)	(659,986)	2,036,792	0	0
Change in Net Position	1,811,006	1,520,920	(1,051,219)	2,060,838	759,787	3,581,758
Net position – July 1 (as restated)	47,910,563	46,389,643	19,057,159	16,996,321	66,967,722	63,385,964
Net position - June 30	\$49,721,569	\$47,910,563	\$18,005,940	\$19,057,159	\$67,727,509	\$66,967,722

CITY OF GRANTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

Government Activities

Revenue received from program and general activities was predominantly less than expenses for fiscal year 2013, with the exception of capital grants where amounts expended have been capitalized.

Business-Type Activities

Business-type activities income before transfers decreased the City's net position by \$391,233. Net operational income was responsible for this net increase.

Financial Analysis of the City's Funds

As mentioned earlier, the City of Grants uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As of the end of current fiscal year, the City of Grants governmental funds reported combined ending balances of \$9,764,712, which is a decrease from the prior year ending fund balances. The City's proprietary funds provide the same type of information found in the government-wide financial statement, but in more detail. The business-type activities have demonstrated sufficient revenue and sufficient cash flow to guarantee that all expenditures, including long-term debt will be paid in a timely manner.

Capital Assets and Debt Administration

Capital Assets

The City of Grants net capital assets for its government type activities as of June 30, 2013 amounted to \$41,339,170. This investment in capital assets includes land improvements, building improvements, vehicles, machinery and equipment, and infrastructure. The most significant impact on capital assets during the year resulted from the following:

- Street Improvements and Drainage Projects

Long-term Debt

The City's total debt (excluding compensated absences and leases payable) as of June 30, 2013 is \$3,203,024, which decreased by \$203,023, which represents payments on outstanding debt and the addition of a NMFA loan for a street sweeper of \$192,043. The majority of this amount is due to the outstanding loan amount of \$2,112,393 that was from the New Mexico Environmental Department, for construction and acquisition of equipment for a wastewater treatment plant facility previously constructed in 1992.

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

The City of Grants issued no new long-term bonds during the current fiscal year. The City has no general obligation bonds outstanding at June 30, 2013.

CITY OF GRANTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

City of Grants
Outstanding Bonds and Liabilities to Financial Institutions

	Governmental Activities		Business-type Activities		Total Activities	
	2013	2012	2013	2012	2013	2012
Revenue Bonds	\$145,000	\$285,000	\$0	\$140,000	\$145,000	\$425,000
General Obligation Bonds	0	0	0	0	0	0
Notes Payable	340,748	390,363	2,112,393	2,485,496	2,453,141	2,875,859
NMFA – Fire Truck	53,115	105,188	0	0	53,115	105,188
Capital Leases	0	0	135,125	212,743	135,125	212,743
NMFA Street Sweeper	163,478	0	0	0	163,478	0
OPEB	388,290	0	0	0	388,290	0
Total	\$1,090,631	\$780,551	\$2,247,518	\$2,838,239	\$3,338,149	\$3,618,790

Economic Factors

The City of Grants base gross receipts taxes which are the City's largest resource increased by 35% from fiscal year 2009/2010 to fiscal year 2010/2011, decreased 10.6% from fiscal year 2010/2011 to fiscal year 2011/2012, and increased 6.2% from fiscal year 2011/2012 to fiscal year 2012/2013. The current fiscal year shows an increase.

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

Requests for Information

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

CITY OF GRANTS
STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Cash and investments	\$7,507,075	\$2,039,241	\$9,546,316
Cash held with trustee	519,296	0	519,296
Grant revenue receivable	1,714,777	0	1,714,777
Accounts receivable, net	114,127	609,855	723,982
State taxes receivable	1,147,050	0	1,147,050
Internal balances	(200,157)	200,157	0
Inventories	0	86,467	86,467
Restricted Assets:			
Cash - SBF - Construction	0	40,000	40,000
Cash - debt reserves	0	703,845	703,845
Cash - customer deposits	0	228,814	228,814
Capital Assets:			
Capital assets not depreciated	6,602,641	3,156,497	9,759,138
Capital assets, depreciated	50,481,174	36,143,439	86,624,613
Accumulated depreciation	(15,744,645)	(22,258,779)	(38,003,424)
<i>Total capital assets</i>	41,339,170	17,041,157	58,380,327
<i>Total assets</i>	52,141,338	20,949,536	73,090,874
Liabilities			
Accounts payable	717,322	373,777	1,091,099
Accrued payroll	319,738	20,984	340,722
Other deferred credits	0	99	99
Customer deposits	0	233,852	233,852
Prepaid rents	0	347	347
Long-term liabilities:			
Due within one year	248,266	463,503	711,769
Due in more than one year	1,134,443	1,851,034	2,985,477
<i>Total liabilities</i>	2,419,769	2,943,596	5,363,365
Net Position			
Net investment in capital assets	41,339,170	14,793,635	56,132,805
Restricted for:			
Debt service	642,433	703,845	1,346,278
Other purposes	1,097,464	40,000	1,137,464
Unrestricted (deficit)	6,642,502	2,468,460	9,110,962
<i>Total net position</i>	\$49,721,569	\$18,005,940	\$67,727,509

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

CITY OF GRANTS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary Government							
Governmental Activities:							
General government	\$4,385,630	\$248,508	\$694,139	\$0	(\$3,442,983)	\$0	(\$3,442,983)
Public safety	2,688,619	34,676	4,801	0	(2,649,142)	0	(2,649,142)
Public works	2,001,619	996,321	0	1,784,991	779,693	0	779,693
Health and welfare	944,524	18,841	466,087	0	(459,596)	0	(459,596)
Cultural and recreational	1,039,171	4,957	0	0	(1,034,214)	0	(1,034,214)
Interest and fees on long-term debt	30,086	0	0	0	(30,086)	0	(30,086)
Total governmental activities	11,089,649	1,303,303	1,165,027	1,784,991	(6,836,328)	0	(6,836,328)
Business-Type Activities:							
Water	2,404,727	2,172,015	0	0	0	(232,712)	(232,712)
Sewer	2,732,983	1,954,818	0	0	0	(778,165)	(778,165)
Refuse	622,776	1,819,406	0	0	0	1,196,630	1,196,630
Golf	791,923	253,534	0	0	0	(538,389)	(538,389)
Rental	111,749	42,174	30,137	0	0	(39,438)	(39,438)
Total business-type activities	6,664,158	6,241,947	30,137	0	0	(392,074)	(392,074)
Total primary government	\$17,753,807	\$7,545,250	\$1,195,164	\$1,784,991	(\$6,836,328)	(\$392,074)	(\$7,228,402)

General Revenues

Taxes:			
Gross receipts/state shared	\$6,666,602	\$0	\$6,666,602
Property	543,189	0	543,189
Lodgers' tax	352,352	0	352,352
Franchise tax	328,468	0	328,468
Investment income	17,142	207	17,349
Other	52,745	634	53,379
Loss on asset disposals	26,850	0	26,850
Operating transfers, net	163,071	(163,071)	0
Capital transfers, net	496,915	(496,915)	0
Total general revenues and transfers	8,647,334	(659,145)	7,988,189
Change in net assets	1,811,006	(1,051,219)	759,787
Net position (deficit), beginning of year, as previously stated	48,180,087	19,056,977	67,237,064
Restatements	(269,524)	182	(269,342)
Net position (deficit), beginning of year, as restated	47,910,563	19,057,159	66,967,722
Net position (deficit), end of year	\$49,721,569	\$18,005,940	\$67,727,509

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

CITY OF GRANTS
GOVERNMENTAL FUNDS
BALANCE SHEETS
JUNE 30, 2013

	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	General Government Improvements	GRT Street & Parks Improvement		
ASSETS					
Pooled cash and investments	\$3,957,811	\$583,230	\$1,744,394	\$1,221,640	\$7,507,075
Cash held with trustee	0	0	0	519,296	519,296
Accounts receivable, net allowance	1,227,558	0	0	33,619	1,261,177
Grant revenue receivable	5,389	1,628,013	0	81,375	1,714,777
Due from other funds	2,464,637	0	0	0	2,464,637
Total assets	\$7,655,395	\$2,211,243	\$1,744,394	\$1,855,930	\$13,466,962
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$65,795	\$611,101	\$0	\$40,426	\$717,322
Accrued payroll	313,042	0	0	6,696	319,738
Accrued compensated absences - ST	0	0	0	396	396
Due to other funds	0	2,612,365	0	52,429	2,664,794
Total liabilities	378,837	3,223,466	0	99,947	3,702,250
Fund Balances:					
Restricted	0	0	1,744,394	1,739,897	3,484,291
Committed	0	0	0	0	0
Assigned	63,984	0	0	33,347	97,331
Unassigned	7,212,574	(1,012,223)	0	(17,261)	6,183,090
Total fund balance	7,276,558	(1,012,223)	1,744,394	1,755,983	9,764,712
Total liabilities and fund balance	\$7,655,395	\$2,211,243	\$1,744,394	\$1,855,930	\$13,466,962

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

CITY OF GRANTS
RECONCILIATION OF THE FUND BALANCE OF GOVERNMENTAL FUNDS
TO GOVERNMENTAL ACTIVITIES NET POSITION
JUNE 30, 2013

FUND BALANCE of Governmental Funds	\$9,764,712
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	41,339,170
Some liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.	(1,382,313)
Bond issuance costs are capitalized and amortized and therefore, are not expensed (\$46,696 capitalized and \$46,696 amortized).	0
<hr/> <i>Net position of governmental activities</i>	<hr/> \$49,721,569

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

CITY OF GRANTS
GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	General Government Improvements	GRT Street & Parks Improvement		
REVENUES					
Intergovernmental - federal	\$4,802	\$1,663,591	\$0	\$272,644	\$1,941,037
Intergovernmental - state	172,936	121,400	0	630,106	924,442
Intergovernmental - other	50,200	0	0	33,189	83,389
Property tax	543,189	0	0	0	543,189
State shared taxes and municipal taxes	6,559,255	0	0	107,347	6,666,602
Lodgers' tax	0	0	0	352,352	352,352
Licenses and permits	73,951	0	0	0	73,951
Fines	12,332	0	0	0	12,332
Franchise tax	328,468	0	0	0	328,468
Fees, service charges, and rental revenue	1,153,155	10,348	0	53,517	1,217,020
Investment income	16,335	0	0	807	17,142
Sale of property	16,110	0	0	10,740	26,850
Donations	380	0	0	770	1,150
Miscellaneous	42,321	10,107	0	317	52,745
<i>Total revenues</i>	<i>8,973,434</i>	<i>1,805,446</i>	<i>0</i>	<i>1,461,789</i>	<i>12,240,669</i>
EXPENDITURES					
Current:					
General government	3,134,463	0	0	55,265	3,189,728
Public safety	2,328,439	0	0	250,395	2,578,834
Public works	628,786	0	12,880	106,645	748,311
Health and welfare	0	0	0	868,676	868,676
Cultural and recreational	762,251	0	0	288,745	1,050,996
Capital outlay	58,436	4,795,641	0	187,470	5,041,547
Debt Service:					
Principal	0	0	0	270,253	270,253
Interest and other charges	0	0	0	28,573	28,573
Fees	0	0	0	1,513	1,513
<i>Total expenditures</i>	<i>6,912,375</i>	<i>4,795,641</i>	<i>12,880</i>	<i>2,057,535</i>	<i>13,778,431</i>
<i>Revenues over (under) expenditures</i>	<i>2,061,059</i>	<i>(2,990,195)</i>	<i>(12,880)</i>	<i>(595,746)</i>	<i>(1,537,762)</i>
Other Financing Sources (Uses):					
Loan proceeds	0	172,808	0	0	172,808
Transfers in	31,992	1,042,770	548,125	924,992	2,547,879
Transfers out	(1,768,871)	0	0	(615,937)	(2,384,808)
Capital transfer in	0	944,618	0	0	944,618
Capital transfer out	0	(447,703)	0	0	(447,703)
<i>Total other financing sources (uses)</i>	<i>(1,736,879)</i>	<i>1,712,493</i>	<i>548,125</i>	<i>309,055</i>	<i>832,794</i>
<i>Net changes in fund balances</i>	<i>324,180</i>	<i>(1,277,702)</i>	<i>535,245</i>	<i>(286,691)</i>	<i>(704,968)</i>

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

CITY OF GRANTS
GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	General Government Improvements	GRT Street & Parks Improvement		
FUND BALANCE					
Fund balance, beginning of year	6,952,378	265,479	1,209,149	2,042,674	10,469,680
<i>Fund balance, end of year</i>	\$7,276,558	(\$1,012,223)	\$1,744,394	\$1,755,983	\$9,764,712

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

CITY OF GRANTS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Net change in fund balances - Governmental Funds	(\$704,968)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$3,789,073) exceeded depreciation (\$1,297,174).	2,491,899
Repayment of bond and notes payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position (\$78,210).	78,210
Some expenses (or reduction thereof) reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds - accrued compensated absences.	69,297
Net unpaid annual required contribution for OPEB plan creates a long-term liability not recorded in governmental funds.	(118,766)
Bond issuance costs are amortized.	(4,666)
<i>Change in net position of governmental activities</i>	\$1,811,006

CITY OF GRANTS
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
REVENUES				
Taxes	\$492,838	\$492,838	\$514,141	\$21,303
State shared taxes and municipal taxes	5,765,819	5,765,819	6,660,079	894,260
Franchise fees	308,000	308,000	328,683	20,683
Fine and forfeits	55,000	55,000	12,332	(42,668)
Licenses and permits	21,500	21,500	69,420	47,920
Intergovernmental revenue	111,534	111,534	222,915	111,381
Fees and service charges	1,012,000	1,012,000	1,153,154	141,154
Donations	500	500	380	(120)
Investment income	15,000	15,000	16,335	1,335
Sale of property	17,000	17,000	16,110	(890)
Other revenue	6,000	6,000	40,883	34,883
<i>Total revenues</i>	<u>7,805,191</u>	<u>7,805,191</u>	<u>9,034,432</u>	<u>1,229,241</u>
EXPENDITURES				
Current:				
General government	1,934,618	1,934,618	3,163,318	(1,228,700)
Public safety	2,558,187	2,558,187	2,325,261	232,926
Public works	1,798,207	1,798,207	627,532	1,170,675
Cultural and recreational	723,228	723,228	767,615	(44,387)
Health and welfare	0	0	0	0
Capital outlay	11,000	11,000	58,436	(47,436)
<i>Total expenditures</i>	<u>7,025,240</u>	<u>7,025,240</u>	<u>6,942,162</u>	<u>83,078</u>
<i>Excess (deficiency) of revenues over expenditures</i>	779,951	779,951	2,092,270	1,312,319
Other Financing Sources (Uses):				
Operating transfers in	31,992	31,992	31,992	0
Operating transfers (out)	(1,667,145)	(1,672,299)	(1,768,871)	(96,572)
<i>Total other financing sources (uses)</i>	<u>(1,635,153)</u>	<u>(1,640,307)</u>	<u>(1,736,879)</u>	<u>(96,572)</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(855,202)	(860,356)	<u>\$355,391</u>	<u>\$1,215,747</u>
Budgeted cash carryover	<u>855,202</u>	<u>860,356</u>		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues and other financial sources over expenditures and other financing uses (budgetary)	\$355,391
Adjustments for revenue accruals, transfers, earnings on investments	(60,998)
Adjustments for expenditures for payables, inventory, other expenditure accruals	29,787
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$324,180</u>

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

CITY OF GRANTS
GRT STREET & PARKS IMPROVEMENTS
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Interest on investments	\$2,500	\$2,500	\$0	(\$2,500)
EXPENDITURES				
Personnel	0	0	0	0
Operating	0	0	0	0
Capital outlay	200,000	200,000	13,282	186,718
<i>Total expenditures</i>	200,000	200,000	13,282	186,718
<i>Excess (deficiency) of revenues over expenditures</i>	(197,500)	(197,500)	(13,282)	184,218
Other Financing Sources (Uses):				
Operating transfers in	471,000	471,000	548,125	77,125
Operating transfers (out)	(883,788)	(883,788)	0	883,788
<i>Total other financing sources (uses)</i>	(412,788)	(412,788)	548,125	960,913
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(610,288)	(610,288)	\$534,843	\$1,145,131
Budgeted cash carryover	610,288	610,288		
	\$0	\$0		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$534,843
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	402
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$535,245

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

CITY OF GRANTS
PROPRIETARY FUNDS
STATEMENT OF FUND NET POSITION
JUNE 30, 2013

	Golf Course	Utilities	Nonmajor Proprietary Funds	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$73,789	\$1,922,070	\$43,382	\$2,039,241
Cash held with trustee	0	0	0	0
Investments	0	0	0	0
Accounts receivable - other	343	0	0	343
Accounts receivable - tenants (net of allowance)	0	0	1,223	1,223
Accounts receivable, water and sewer (net of allowance)	0	608,289	0	608,289
Interest receivable	0	0	0	0
Inventory	0	86,467	0	86,467
Due from other funds	0	168,438	31,719	200,157
<i>Total current assets</i>	74,132	2,785,264	76,324	2,935,720
Non-Current Assets				
Restricted Assets:				
Cash - SBF - construction	0	40,000	0	40,000
Cash - debt reserves	0	703,845	0	703,845
Cash - customer deposits	0	228,814	0	228,814
<i>Total restricted assets</i>	0	972,659	0	972,659
Capital Assets:				
Capital assets - not depreciated	0	3,109,773	46,724	3,156,497
Capital assets - depreciated	2,234,656	32,756,136	1,152,647	36,143,439
Less accumulated depreciation	(1,318,604)	(20,268,244)	(671,931)	(22,258,779)
<i>Net capital assets</i>	916,052	15,597,665	527,440	17,041,157
<i>Total assets</i>	990,184	19,355,588	603,764	20,949,536
LIABILITIES				
Current Liabilities:				
Accounts payable	3,735	366,083	3,959	373,777
Accrued payroll	8,029	11,958	997	20,984
Other deferred credits	0	0	99	99
Tenant security deposits/utility deposits	0	228,852	5,000	233,852
Prepaid rents	0	0	347	347
Due to other funds	0	0	0	0
Current portion of long-term debt/lease payable	82,190	380,387	926	463,503
<i>Total current liabilities</i>	93,954	987,280	11,328	1,092,562
Non-Current Liabilities:				
Long-term debt	0	1,732,006	0	1,732,006
Compensated absences	31,125	33,444	1,524	66,093
Leases payable	52,935	0	0	52,935
<i>Total noncurrent liabilities</i>	84,060	1,765,450	1,524	1,851,034
<i>Total liabilities</i>	178,014	2,752,730	12,852	2,943,596
Net Position:				
Net investment in capital assets	780,923	13,485,272	527,440	14,793,635
Restricted for construction	0	40,000	0	40,000
Restricted for debt service	0	703,845	0	703,845
Unrestricted	31,247	2,373,741	63,472	2,468,460
<i>Total net position</i>	\$812,170	\$16,602,858	\$590,912	\$18,005,940

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

CITY OF GRANTS

PROPRIETARY FUNDS

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Golf Course	Utilities	Nonmajor Proprietary Funds	Total
OPERATING REVENUES				
Water, sewer and refuse sales	\$0	\$5,946,239	\$0	\$5,946,239
Golf fees	253,534	0	0	253,534
Rental income	0	0	42,174	42,174
<i>Total operating revenues</i>	253,534	5,946,239	42,174	6,241,947
OPERATING EXPENSES				
Operating expenses	626,637	5,054,000	78,024	5,758,661
Depreciation	153,594	655,507	33,725	842,826
<i>Total operating expenses</i>	780,231	5,709,507	111,749	6,601,487
<i>Net income (loss) from operations</i>	(526,697)	236,732	(69,575)	(359,540)
NON-OPERATING REVENUES (EXPENSES)				
Federal grants and subsidies	0	0	30,137	30,137
Interest earnings	0	207	0	207
Interest expense	(11,692)	(50,137)	0	(61,829)
Other miscellaneous income (expense)	0	0	634	634
Loss on asset disposals	0	0	0	0
Other debt expense	0	(842)	0	(842)
<i>Total non-operating revenues (expenses)</i>	(11,692)	(50,772)	30,771	(31,693)
<i>Net income (loss) before contributions and transfers</i>	(538,389)	185,960	(38,804)	(391,233)
Operating transfers in	475,000	808,712	42,501	1,326,213
Operating transfers (out)	0	(1,489,284)	0	(1,489,284)
Capital transfers in	12,699	435,004	2,600	450,303
Capital transfers (out)	0	(944,618)	(2,600)	(947,218)
<i>Change in net position</i>	(50,690)	(1,004,226)	3,697	(1,051,219)
Total fund net position, at beginning of year	862,860	17,607,084	587,033	19,056,977
Restatements	0	0	182	182
Total fund net position, at beginning of year, as restated	862,860	17,607,084	587,215	19,057,159
<i>Total fund net position, at end of year</i>	\$812,170	\$16,602,858	\$590,912	\$18,005,940

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

CITY OF GRANTS
PROPRIETARY FUND TYPES
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Golf Course	Utilities	Nonmajor Proprietary Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers (including other funds)	\$253,958	\$5,885,011	\$64,022	\$6,202,991
Cash paid to suppliers	(284,618)	(4,445,508)	(36,869)	(4,766,995)
Cash paid to employees	(353,517)	(414,392)	(42,852)	(810,761)
<i>Net cash provided (used) by operating activities</i>	(384,177)	1,025,111	(15,699)	625,235
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Grants and subsidies	0	0	30,137	30,137
Advances (to) from other funds	0	0	(14,493)	(14,493)
Transfers in (out)	475,000	(680,572)	42,501	(163,071)
Non tenant income	0	0	634	634
<i>Net cash provided (used) by noncapital financing activities</i>	475,000	(680,572)	58,779	(146,793)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of property and equipment	0	(18,990)	0	(18,990)
Disposition of assets	0	0	0	0
Long-term debt proceeds	0	0	0	0
Loss on asset disposal	0	0	0	0
Principal paid: revenue bonds/lease purchase/advances	(77,618)	(513,103)	0	(590,721)
Interest paid: revenue bonds/lease purchase/advances	(11,692)	(50,137)	0	(61,829)
Other income	0	0	0	0
Other debt expense	0	(842)	0	(842)
<i>Net cash provided (used) by capital and related financing activities</i>	(89,310)	(583,072)	0	(672,382)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	0	(207)	0	(207)
<i>Net cash provided (used) by investing activities</i>	0	(207)	0	(207)
<i>Net increase (decrease) in pooled cash</i>	1,513	(238,740)	43,080	(194,147)
Pooled cash and investments, beginning of year	72,276	3,133,055	302	3,205,633
<i>Pooled cash and investments, end of year</i>	\$73,789	\$2,894,315	\$43,382	\$3,011,486
Cash and cash equivalents	\$73,789	\$1,922,070	\$43,382	\$2,039,241
Cash held with trustee	0	0	0	0
Restricted cash	0	972,659	0	972,659
Total cash	\$73,789	\$2,894,729	\$43,382	\$3,011,900
Non Cash Transactions:				
Capital assets transferred in/(out)	\$12,699	(\$509,614)	\$0	(\$496,915)

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

CITY OF GRANTS
PROPRIETARY FUND TYPES
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Golf Course	Utilities	Nonmajor Proprietary Funds	Total
Reconciliation of operating income to net cash provided (used) by operating activities				
Operating income (loss)	(\$526,697)	\$236,732	(\$69,575)	(\$359,540)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	153,594	655,507	33,725	842,826
Provision for uncollectible accounts	0	0	0	0
Change in assets and liabilities:				
(Increase) Decrease in assets:				
Accounts receivable	424	(68,245)	21,497	(46,324)
Inventories	0	3,928	0	3,928
Prepays	0	0	0	0
Increase (Decrease) in liabilities:				
Accounts and contracts payable	1,898	197,322	(1,516)	197,704
Wages payable	(1,039)	4,562	436	3,959
Compensated absences	(12,357)	(7,785)	(617)	(20,759)
Tenant deposits/utility deposits	0	3,090	399	3,489
Tenants prepaid rent	0	0	(48)	(48)
Total adjustments	142,520	788,379	53,876	984,775
Net cash provided (used) by operating activities	(\$384,177)	\$1,025,111	(\$15,699)	\$625,235

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

CITY OF GRANTS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
JUNE 30, 2013

	<u>Agency Funds</u>
ASSETS	
Cash, certificates of deposits and investments	\$22,719
<i>Total assets</i>	\$22,719
LIABILITIES	
Due to others	\$22,719
<i>Total liabilities</i>	\$22,719

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

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description and Reporting Entity

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

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statement. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

Reporting Entity

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB 14. The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the City and/or its citizens, or whether the activity is conducted within the geographic boundaries of the City and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities.

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

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting

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

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

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

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

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

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

The City reports the following major funds:

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

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

Enterprise – Utilities fund accounts for the provision of water, sewer, and refuse services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operation, maintenance, financing and related debt service, and billing and collection.

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

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

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting

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

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

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

Budgets and Budgetary Accounting

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

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

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

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Assets Liabilities and Equity

Cash Equivalents

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

Investments

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

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

Restricted Cash and Investments

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

Receivables and Payables

Under generally accepted accounting principles the City would normally include property taxes receivable subsequent to sixty days after year-end as revenue and accounts receivable. Cibola County has been unable to determine this amount as of June 30, 2013 and therefore, this amount has not been recorded on the records of the City. The unrecorded revenue is not material to the financial statements as of June 30, 2013.

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

Proprietary Fund Types

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

Management has determined that accounts receivable are fully collectible at June 30, 2013 with the exception of certain receivables from utility services provided to customers. Accordingly, a \$72,185 allowance for doubtful accounts has been recorded in the Joint Utility Enterprise Fund.

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

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

Capital Assets

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

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

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

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

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

Property Taxes

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

The Mill Levy tax rates for the City of Grants for 2013 were as follows:

	<u>Residential</u>	<u>Non-Residential</u>
General Operating	.0045	.0045

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

Deferred Revenue

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

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

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

Compensated Absences

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

As of June 30, 2013, the liability for accrued compensated absences is \$359,097. The amount applicable to the Enterprise Funds Utility is \$33,444; Golf Course is \$31,125, and Nonmajor Proprietary Funds of \$2,450. The amount applicable to Government Activities is \$292,078. These liabilities will be liquidated as leave time is utilized from the various funding sources from which each employee is paid.

Cash and Cash Equivalents

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

Inventory

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

State law will require the City to stop using water utility materials that contain lead. This law will go into effect on January 1, 2014. This will render approximately 50% - 70% of the City's utility inventory obsolete and impaired. The impaired inventory will be written off by the City when the law goes into effect. The estimated write down amount will range between \$45,000 and \$63,500.

Consequently, the City will need to replenish the utility inventory by January 1, 2014. This will be a large increase in inventory purchased in fiscal year 2014.

Net Position

Net position is displayed in three components:

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

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

Unrestricted Net Position – Net position that does not meet the definition of “restricted” and “Net investment in capital assets.”

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2. CASH AND INVESTMENTS

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

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

Cash and certificates of deposit at June 30, 2013 consisted of the following:

	CASH		Account Type
	Reconciled Balance	On Deposit June 30, 2013	
Petty Cash – Cibola Senior Center	\$66		
Petty Cash – General Operating	1,840		
Petty Cash – Utilities Operating	495		
Petty Cash – Water Meter Deposits	200		
Petty Cash – Appearance Bonds	500		
Grants State Bank	1,520,487	\$1,837,004	Demand Deposit
Wells Fargo Bank Government Imp.	583,230	582,730	Demand Deposit
Wells Fargo Bank Payroll	0	12,655	Demand Deposit
U.S. Bank Housing Authority – Vouchers	16,242	20,973	Demand Deposit
U.S. Bank Housing Authority – Low Rent	43,382	48,456	Demand Deposit
	2,166,442	2,501,818	

Held and Directed by Trustee

Cash – directed by the New Mexico Finance Authority.

Debt service account	\$8
Debt service account	121,382
Debt service account	176,683
Debt service account	6,939
Debt reserve account	64,389
Debt reserve account	149,894
Project account – Water Trust Board	40,000
	\$559,295

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

Investments

	Cost	Market	Percent of Investment Portfolio
Wells Fargo Bank:			
Certificate of Deposit	\$400,000	\$400,000	
Certificate of Deposit	500,000	500,000	
Certificate of Deposit	500,000	500,000	
Certificate of Deposit	500,000	500,000	
Certificate of Deposit	400,000	400,000	
	<u>2,300,000</u>	<u>2,300,000</u>	<u>28%</u>
State Treasurer:			
Pool – Reserve Contingency Fund	2,470	0	
Pool – LGIP Fund	6,035,253	6,035,253	
<i>Total Pool</i>	<u>6,037,723</u>	<u>6,035,253</u>	<u>72%</u>
<i>Total Investments</i>	<u>8,337,723</u>	<u>8,335,253</u>	<u>100%</u>
<i>Total Cash and Investments</i>	<u>\$11,063,460</u>	<u>\$11,060,990</u>	

Governmental Activities	\$8,026,371
Business-Type Activities	2,039,241
Business-Type Activities Restricted	972,659
Fiduciary Funds	22,719
	<u>\$11,060,990</u>

Investment Type	Cost Basis	Market Value	Credit Risk- Rating	Weighted Average Maturity Days
State Investment Pool** - LGIP	\$6,035,253	\$6,035,253	AAAm	59
State Investment Pool – Reserve Contingency Fund	2,470	0		♦
CD's	2,300,000	2,300,000	NR	90
	<u>8,337,723</u>	<u>8,335,253</u>		
Less investments reported as cash equivalents		<u>(8,335,253)</u>		
		<u>\$0</u>		

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

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

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

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

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

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

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the City investments. The City's investment policy follows New Mexico State Statute Section 6-1 0-36E (NMSA, 1978 Comp) requiring the interest rate on time deposits shall not be less than the rate fixed by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States Treasury bills of the same maturity on the day of deposit.

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

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 3. PLEDGED COLLATERAL

	U.S. Bank	Grants State Bank	Wells Fargo
Cash in bank, per June 30, 2013 (Note 2)	\$69,429	\$1,837,004	\$595,385
Certificates of deposit (Note 2)	0	0	2,300,000
Less: FDIC coverage	(69,429)	(250,000)	(500,000)
Uninsured public funds	0	1,587,004	2,395,385
50% collateral requirements	0	793,502	1,197,693
Pledged securities	0	3,080,000	1,315,355
Over (under) collateralized	\$0	\$2,286,498	\$117,662

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

<u>Grants State Bank</u>			<u>Par Value</u>
Santa Fe Cnty NM BQ None	801889LR5	07/01/2019	\$750,000
Grants & Cibola County's NMSch Dist., Bond	388240DX8	11/15/2013	125,000
Grants & Cibola County SD Non-Call	388240EJ8	11/15/2017	200,000
Grants & Cibola County SD NC Fr	388240CK7	10/01/2013	125,000
Grants & Cibola County SD GO	388240FR9	04/15/2019	500,000
Hondo VY PUB SCH NONC FR	438177BV8	10/01/2013	25,000
Las Vegas NM City Sch Dist BQ	51778FCF4	07/15/2015	250,000
Lea Cnty NM Pub Sch Dist. BQ NC	521513AD3	07/15/2014	200,000
Pojoaque VY PUB SCH DIST NMBQ NONC	73085PAN9	08/01/2013	200,000
Southern Sandoval NM Flood BQ	843789EYO	08/01/2023	200,000
Taos NM Gross Receipts BQ Call	87601RAL4	06/01/2023	300,000
West Las Vegas SD FR	953769GM2	12/01/2015	105,000
West Las Vegas NM BQ	953769JK3	07/15/2015	100,000
Total Pledged			\$3,080,000

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

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 3. PLEDGED COLLATERAL (CONTINUED)

<u>Wells Fargo Bank</u>			<u>Market Value</u>
FN AL0604 3.0% (FNMA-PT)	3138EGU69	08/01/2026	\$103,947
FN AQ9991 3.0% (FNMA-PT)	3138MSC56	02/01/2043	9,653
FN AT5895 3.0% (FNMA-PT)	3138WTRR9	06/01/2043	9,808
FN AR1196 3.0% (FNMA-PT)	3138NXXJ5	01/01/2043	4,812
FN AD8529 4.5% (FNMA-PT)	31418WPP9	08/01/2040	13,206
FN AE0215 4.0% (FNMA-PT)	31419AGZA	12/01/2039	58,813
FN AT2722 3.0% (FNMA-PT)	3138WQAY8	05/01/2043	249,297
FN AT2015 3.0% (FNMA-PT)	3138WPGZ1	04/01/2043	43,749
FN AH8825 4.5% (FNMA-PT)	3138AAYX3	03/01/2041	33,825
FN AE2539 4.5% (FNMA-PT)	31419CZD8	09/01/2040	12,754
FN AJ3790 3.0% (FNMA-PT)	3138AVF83	11/01/2026	30,622
FN AB7730 3.0% (FNMA-PT)	31417ESU6	01/01/2043	43,260
FN AH0125 3.5% (FNMA-PT)	3138A1D73	01/01/2041	701,611
Total Pledged			\$1,315,355

Securities are held at the Bank of New York (New York, New York).

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2013, \$1,080,030 of the government's bank balances of \$4,801,818 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$1,080,030
Uninsured and collateralized held by a member bank other than the depositing bank.	2,902,359
	\$3,982,389

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4. CAPITAL ASSETS

Capital asset activity for the City's primary government for the year ended June 30, 2013 was as follows:

	Balance 06/30/2012	Additions	Deletions	Transfers	Balance 06/30/2013
Governmental Activities:					
Capital Assets:					
Non-Depreciable:					
Art	\$122,897	\$0	\$0	\$0	\$122,897
Land	3,420,503	0	0	0	3,420,503
Construction in process	2,339,223	2,832,699	0	(2,112,681)	3,059,241
Depreciable:					
Buildings	11,961,205	2,600	0	142,062	12,105,867
Land improvements	5,715,860	28,566	0	20,994	5,765,420
Machinery and equipment	6,573,963	428,293	0	(52,377)	6,949,879
Infrastructure	23,161,091	0	0	2,498,917	25,660,008
<i>Total</i>	<i>53,294,742</i>	<i>3,292,158</i>	<i>0</i>	<i>496,915</i>	<i>57,083,815</i>
Less Accumulated Depreciation:					
Buildings	(3,729,812)	(282,317)	0	0	(4,012,129)
Land improvements	(1,321,081)	(146,432)	0	0	(1,467,513)
Machinery and equipment	(4,858,569)	(360,361)	1,382	0	(5,217,548)
Infrastructure	(4,538,009)	(509,447)	0	0	(5,047,456)
<i>Total accumulated depreciation</i>	<i>(14,447,471)</i>	<i>(1,298,556)</i>	<i>1,382</i>	<i>0</i>	<i>(15,744,645)</i>
<i>Net capital assets</i>	<i>\$38,847,271</i>	<i>\$1,993,602</i>	<i>\$1,382</i>	<i>\$496,915</i>	<i>\$41,339,170</i>

Depreciation expense for governmental activities is \$1,298,556 for the year.

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4. CAPITAL ASSETS (CONTINUED)

	Balance 06/30/2012	Additions	Deletions	Transfers	Balance 06/30/2013
Business-Type Activities:					
Capital Assets:					
Non-Depreciable:					
Land	\$2,309,374	\$0	\$0	\$0	\$2,309,374
Construction in process	1,930,129	0	0	(1,601,220)	328,909
Idle assets	392,602	0	0	0	392,602
Water rights	125,612	0	0	0	125,612
Depreciable:					
Buildings	2,060,549	0	0	0	2,060,549
Land improvements	4,068,226	0	0	0	4,068,226
Machinery and equipment	3,150,809	18,990	0	12,699	3,182,498
Infrastructure	25,740,560	0	0	1,091,606	26,832,166
<i>Total</i>	<i>39,777,861</i>	<i>18,990</i>	<i>0</i>	<i>(496,915)</i>	<i>39,299,936</i>
Less Accumulated Depreciation:					
Buildings	(947,813)	(51,475)	0	0	(999,288)
Land improvements	(537,306)	(128,023)	0	0	(665,329)
Machinery and equipment	(2,301,931)	(268,743)	0	0	(2,570,674)
Infrastructure	(17,628,908)	(394,580)	0	0	(18,023,488)
<i>Total accumulated depreciation</i>	<i>(21,415,958)</i>	<i>(842,821)</i>	<i>0</i>	<i>0</i>	<i>(22,258,779)</i>
<i>Net capital assets</i>	<i>\$18,361,903</i>	<i>(\$823,831)</i>	<i>\$0</i>	<i>(\$496,915)</i>	<i>(\$17,041,157)</i>

Depreciation expense for business-type activities is \$842,821 for the year.

Depreciation expense was charged to functions as follows:

	Governmental Activities	Business-Type Activities
General Government	\$1,110,758	\$0
Public Safety	105,326	0
Health and Welfare	82,472	0
Water	0	305,901
Sewer	0	349,601
Golf	0	153,594
Housing	0	33,725
<i>Total</i>	<i>\$1,298,556</i>	<i>\$842,821</i>

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 5. CHANGES IN LONG-TERM DEBT

The following summarized the changes in the long-term debt for government activities during 2013:

	Balance 06/30/2012	Restate- ments	Additions	Deletions/ Transfers	Balance 06/30/2013	Amount Due Within One Year
Bond payable	\$285,000	\$0	\$0	(\$140,000)	\$145,000	\$145,000
Notes payable	390,363	0	0	(49,615)	340,748	49,754
NMFA – fire truck	105,188	0	0	(52,073)	53,115	53,115
NMFA – street sweeper	0	0	192,043	(28,565)	163,478	0
Accrued compensated absences	360,979	0	228,517	(297,418)	292,078	397
OPEB - liability	0	269,524	118,766	0	388,290	0
Totals	\$1,141,530	\$269,524	\$539,326	(\$567,671)	\$1,382,709	\$248,266

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

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

Amortized as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2014	\$145,000	\$2,255	\$147,255

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

Amortized as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2014	\$49,754	\$16,526	\$66,280
2015	49,896	14,176	64,072
2016	55,043	11,801	66,844
2017	60,194	9,147	69,341
2018	60,350	6,210	66,560
2019	65,511	3,242	68,753
Totals	\$340,748	\$61,102	\$401,850

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

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

Amortized as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2014	\$53,115	\$1,301	\$54,416

Series: New Mexico Finance Authority
 Purpose: Purchase of Street Sweeper
 Date of Issue: August 17, 2012
 Original Issue: \$192,043
 Principal: May 1
 Interest: November 1 and May 1
 Rate: 1.23%

Amortized as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2014	\$40,565	\$526	\$41,091
2015	40,728	445	41,173
2016	40,943	337	41,280
2017	41,242	188	41,430
Totals	\$163,478	\$1,496	\$164,974

The annual principal payment requirements for debt outstanding as of June 30, 2013, in governmental activities, are summarized as follows:

Fiscal Year Ending June 30,	Principal Payment
2014	\$288,434
2015	90,624
2016	95,986
2017	101,436
2018	60,350
2019	65,511
Accrued compensation	292,078
	\$994,419

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

The following summarizes the changes in the Business-Type Activities Long-Term Debt during 2013:

	Balance 06/30/2012	Additions	Deletions/ Transfers	Balance 06/30/2013	Amount Due Within One Year
Bonds payable	\$140,000	\$0	(\$140,000)	\$0	\$0
Notes payable	2,485,496	0	(373,103)	2,112,393	380,387
Leases payable	212,743	0	(77,618)	135,125	82,190
Accrued compensated absences	87,778	25,686	(46,445)	67,019	926
Totals	\$2,926,017	\$25,686	(\$637,166)	\$2,314,537	\$463,503

Notes outstanding reported in the Proprietary Fund at June 30, 2013, consist of the following:

New Mexico Environmental Department Loan

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

Amortized as follows:

Maturity	Principal	Interest	Total
2014	\$370,154	\$38,526	\$408,680
2015	377,557	31,123	408,680
2016	385,108	23,572	408,680
2017	392,810	15,870	408,680
2018	400,667	8,013	408,680
Totals	\$1,926,296	\$117,104	\$2,043,400

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

New Mexico Finance Authority – 194 WTB

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

Amortized as follows:

Fiscal year ended June 30,	(Adm. Fee)		Total
	Principal	Interest	
2014	\$8,265	\$380	\$8,645
2015	8,285	359	8,644
2016	8,306	339	8,645
2017	8,327	318	8,645
2018	8,348	297	8,645
2019 – 2023	42,055	1,171	43,226
2024 – 2028	42,581	643	43,224
2029 – 2031	25,803	129	25,932
Totals	\$151,970	\$3,636	\$155,606

New Mexico Finance Authority – 152 WTB

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

Amortized as follows:

Fiscal year ended June 30,	(Adm. Fee)		Total
	Principal	Interest	
2014	\$1,968	\$85	\$2,053
2015	1,973	80	2,053
2016	1,977	75	2,052
2017	1,982	71	2,053
2018	1,987	66	2,053
2019 – 2023	10,010	253	10,263
2024 – 2028	10,137	127	10,264
2029 – 2030	4,092	15	4,107
Totals	\$34,126	\$772	\$34,898

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

Bank of the West - Lease

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

Amortized as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2014	\$42,644	\$3,915	\$46,559
2015	44,786	214	45,000
Totals	\$87,430	\$4,129	\$91,559

Grants State Bank - Lease

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

Amortized as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2014	\$39,546	\$1,627	\$41,173
2015	8,149	49	8,198
Totals	\$47,695	\$1,676	\$49,371

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

The following summarizes the combined aggregate maturities for long-term borrowing in the Proprietary Fund for the years following June 30, 2013:

June 30,	<u>Principal Payment</u>
2014	\$462,577
2015	440,750
2016	395,391
2017	403,119
2018	411,002
2019 – 2023	52,065
2024 – 2028	52,718
2029 - 2031	29,895
Accrued compensation – long-term	68,019
<i>Total</i>	\$2,315,536

Lease Purchase Contracts

At June 30, 2013 the City had machinery and equipment capitalized under purchase agreements, as follows:

Machinery and equipment	\$513,444
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Of the total interest cost incurred on long-term debt of \$78,710 none was capitalized at June 30, 2013.

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 6. INTERFUND TRANSACTIONS

Interfund Transactions

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

Interfund payables and receivables are reflected in the appropriate fund.

<u>Interfund Transfers In (Out)</u>	<u>Transfers Out</u>			Totals
	General Fund	Nonmajor Governmental Funds	Utilities	
Transfers In:				
General fund	\$31,992	\$0	\$0	\$31,992
General governmental improvements	700,000	0	342,770	1,042,770
GRT Street & Parks Improvement	548,125	0	0	548,125
Nonmajor governmental funds	351,556	573,436	0	924,992
Utilities	137,198	0	671,514	808,712
Golf course	0	0	475,000	475,000
Nonmajor proprietary funds	0	42,501	0	42,501
Totals	\$1,768,871	\$615,937	\$1,489,284	\$3,874,092

<u>Capital Transfers In (Out)</u>	<u>Transfers Out</u>			Totals
	General Government Improvements	Utilities	Nonmajor Proprietary Funds	
Transfers In:				
General government improvements	\$0	\$944,618	\$0	\$944,618
Utilities	435,004	0	0	435,004
Golf	12,699	0	0	12,699
Nonmajor proprietary funds	0	0	2,600	2,600
Totals	\$447,703	\$944,618	\$2,600	\$1,394,921

<u>Due From (to) Other Funds</u>	<u>Due To</u>		Totals
	General Governmental Improvements	Nonmajor Governmental Funds	
Due From:			
General fund	\$2,443,927	\$20,710	\$2,464,637
Nonmajor proprietary funds	0	31,719	31,719
Utilities	168,438	0	168,438
Totals	\$2,612,365	\$52,429	\$2,664,794

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 7. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

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

Funding Policy. Plan members are required to contribute 9.15% (ranges from 3.83% to 16.65% depending upon the plan - i.e., state general, state hazardous duty, state police and adult correctional officers, municipal general, municipal police, municipal fire, municipal detention officer) of their gross salary, police contribute 7.0% and fire employees contribute 8.0%. The City of Grants is required to contribute 9.15% (ranges from 7.0% to 25.72% depending upon the plan) for other employees of the gross covered salary, police contribute 18.5% and fire employees contribute 17.5%. The contribution requirements of plan members and the City of Grants are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The City of Grants' contributions to PERA for the fiscal years ending June 30, 2013, 2012 and 2011 were \$351,413, \$341,454 and \$335,418, respectively, which equal the amount of the required contributions for each fiscal year.

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 8. POST-EMPLOYMENT BENEFITS

STATE RETIREE HEALTH CARE PLAN

The City of Grants has chosen not to participate in State Retiree Health Care Plan.

CITY OF GRANTS RETIREE HEALTH INSURANCE

A. Plan Description and-Funding Policy

Plan Description

The plan provides for health insurance for employees who retire from the City with at least 25 years of City service. Those eligible retirees receive an employer contribution of a fixed percentage (currently 85%) of the premium amount for pre-65 retiree coverage under the plan.

1. Plan Name

City of Grants Retiree Health Insurance Trust Fund

2. Plan Type

The Plan is an agent multiple-employer defined benefit OPEB plan.

3. Contributions and Reserves

- a. The authority under which the obligations of the plan participants and employer are established and may be amended is possessed by the City.
- b. The employer and participant contribution rates are determined annually by the City based on the recommendations of the staff and consulting actuary.
- c. The plan is operated on a pay-as-you-go basis as of June 30, 2013.

4. Other Reporting

Because the OPEB plan described herein is not administered through a trust (as of June 30, 2013) as defined under Paragraph No.4 of GASB No. 43, GASB No. 43 accounting is not required for this plan for the fiscal year ending June 30, 2013.

B. Current Year Annual OPEB Cost, Employer Contributions and Net OPEB Obligation

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Interest on Net OPEB Obligation	Adjustment to the ARC	Annual OPEB Cost {(1) + (2) = (3)}	Employer Contributions	Increase (Decrease) in Net OPEB Obligation {(4) - (5)}	Net OPEB Obligation at Beginning of Year	Net OPEB Obligation at End of Year {(6) + (7)}
ARC	\$0	\$0	\$150,758	\$31,992	\$118,766	\$269,524	\$388,290

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 8. POST-EMPLOYMENT BENEFITS (CONTINUED)

C. Three-year History of Annual OPEB Cost and Net OPEB Obligation

(1)	(2)	(3)	(4)	(5)
Fiscal Year Ending	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed {(3)/(2)}	Net OPEB Obligation at End of Year
6/30/2011	\$150,758	\$0	0.00%	\$150,758
6/30/2012	\$150,758	\$31,992	21.22%	\$269,524
6/30/2013	\$150,758	\$31,992	21.22%	\$388,290

D. Funded Status of the Plan as of Current Valuation Date

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL) {(3) - (2)}	Funded Ratio {(2)/(3)}	Annual Covered Payroll	Ratio of UAAL to Covered Payroll {(4)/(6)}
7/1/2010	\$63,984	\$1,113,491	\$1,049,507	5.75%	\$2,959,872	35.46%

E. Disclosure of Information about Actuarial Methods and Assumptions

1. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.
2. The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.
3. GASB No. 45 calculations are based on the types of benefits provided under the terms of the substantive plan at the time-of each valuation and on the pattern of sharing of costs between the employer and plan participants to that point. In addition, the projection of benefits for financial reporting purposes *does not* explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan participants in the future.
4. Actuarial calculations reflect a long-term perspective. In addition, consistent with that perspective, actuarial methods and assumptions used in developing the amounts in this report include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities.
5. The information presented in the required supplementary schedules was determined as part of the actuarial valuation using the actuarial methods and assumptions summarized below. The City has chosen to have an actuarial valuation every three years.

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 8. POST-EMPLOYMENT BENEFITS (CONTINUED)

Summary of Actuarial Methods and Assumptions	
Actuarial cost method	Projected Unit Credit
Asset Valuation method	Market
Actuarial assumptions:	
Annual investment return assumption (discount rate) ¹	4.00%
Projected annual salary increases	N/A
Weighted-average at valuation date	N/A
Annual Healthcare Trend Rates ^{1,2}	8.50% in FYE 2011 Declining to 6.00% in FYE 2016
Amortization Method	Level Dollar
Amortization period	30 year open period

¹ Includes inflation assumption of 4.00%.

² Annual Healthcare Trend Rates for dental and vision benefits are 6.00% in all years.

NOTE 9. COMMITMENTS AND CONTINGENCIES

Grant Audit

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

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 10. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

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

Net Working Capital:

Enterprise Fund:

Utility	\$1,797,984
Low Rent	\$64,996
Golf Course	(\$19,822)

Deficit Fund Balance (or fund net position of individual funds):

General Government Improvements	(\$1,012,223)
Housing Authority – Vouchers	(\$16,856)
Litter Control and Beautification	(\$405)

The deficit will be funded by future funding and general fund transfers.

Excess of fund actual expenditures or transfers out over budget:

General Fund – Transfers Out	(\$96,571)
Cibola Senior Center	(\$3,667)
Emergency Medical Services Fund	(\$81,336)
Foster Grandparents Program Fund	(\$61)
Litter Control and Beautification Fund	(\$260)
Senior Employment Program	(\$8,676)
Low Rent	(\$11,361)
Housing Authority Capital Funds Program	(\$42,502)

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 11. SURETY BOND

Surety bonds are in force per the following schedule:

<u>Insurance Company</u>	<u>Type of Bond</u>	<u>Coverage From - To</u>	<u>Coverage Limits</u>
Western Surety	Blanket Position	10/01/2012 09/30/2013	\$10,000 each on 43 positions including Cashiers, Mayor, Councilmen, City Manager, Judge, various Directors, Secretaries, Clerks, etc.
Western Surety	PE Position Schedule (1)	08/25/2012 08/24/2013	City Manager - \$50,000 Municipal Judge - \$50,000
Chartis	Airport Premises Legal Liability Medical Payments	07/01/2012 06/30/2013	\$1,000,000 each occurrence \$50,000 each A/C, \$100,000 each occurrence, \$2,500 ded \$1,000 each person

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 12. FUND BALANCE CLASSIFICATIONS

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

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

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

externally imposed by:

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

OR

imposed by law through constitutional provisions or enabling legislation.

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

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

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

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

Hierarchy of Application of Expenditures

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

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

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 12. FUND BALANCE CLASSIFICATIONS (CONTINUED)

The classification of governmental fund balances are as follows:

	Major Funds				Total
	General Fund	Capital Projects Fund-GGI	GRT Parks & Street Improvements	Other Funds	
Fund Balances:					
Nonspendable:					
Inventory	\$0	\$0	\$0	\$0	\$0
Restricted for:					
Cemetery care	0	0	0	103,955	103,955
Health and social services	0	0	0	40,879	40,879
Streets and parks	0	0	1,744,394	586,432	2,330,826
Housing	0	0	0	0	0
Fire protection	0	0	0	4,422	4,422
Library	0	0	0	19,720	19,720
Law enforcement and corrections	0	0	0	112,908	112,908
Recreation and promotion	0	0	0	229,148	229,148
Debt service	0	0	0	642,433	642,433
Assigned To:					
Senior activities	0	0	0	33,347	33,347
City maintenance/projects	0	0	0	0	0
Retiree healthcare	63,984	0	0	0	63,984
Unassigned	7,212,574	(1,012,223)	0	(17,261)	6,183,090
<i>Total fund balances</i>	\$7,276,558	(\$1,012,223)	\$1,744,394	\$1,755,983	\$9,764,712

NOTE 13. PARTICIPATION IN PUBLIC ENTITY RISK POOL

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

The City paid premiums of \$426,892 for the year ended June 30, 2013.

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 14. OPERATING LEASES

The City of Grants has entered into one thirty-six (36) month operating lease with Tricon Group Ltd./IBM covering an "IBM Power 7 Server and Peripherals", calling for initial monthly payments of \$1,418 beginning April 1, 2012 and \$1,491 during the fiscal year ended June 30, 2013.

The City of Grants has entered into five, forty-eight (48) month operating leases with Ricoh Business Solutions for copiers and peripherals in various locations with varying monthly payment amounts as follows:

- Ricoh Aficio MP C2050 – monthly payments of \$128 (lease term beginning September 1, 2010)
- Ricoh Aficio MP C2551sp – monthly payments of \$255 (lease term beginning August 1, 2012)
- Ricoh Aficio MP 7001sp – monthly payments of \$405 (lease term beginning June 1, 2011)
- Ricoh Aficio MP 2851sp – monthly payments of 120 (lease term beginning February 1, 2012)
- Ricoh Aficio MP C6501sp – average monthly payments of \$664 (lease term beginning November 1, 2012)

Future minimum lease payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2014	\$36,929
2015	30,981
2016	12,515
<i>Total</i>	\$80,425

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

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 15. SEGMENT INFORMATION

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

CONDENSED STATEMENT OF NET POSITION

	Water	Sewer
Assets:		
Current assets	\$2,947,537	\$216,789
Restricted assets	620,974	351,685
Capital assets	9,393,219	6,772,919
<i>Total assets</i>		
Liabilities:		
Current liabilities	477,874	469,878
Noncurrent liabilities	967,490	788,651
<i>Total liabilities</i>	1,445,364	1,258,529
Net position:		
Net investment in capital assets	8,048,664	5,056,219
Restricted	392,387	351,912
Unrestricted	(2,819,759)	106,259
<i>Total net position</i>	\$5,621,292	\$5,514,390

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

	Water	Sewer
Water/sewer charges, pledged against bonds	\$2,172,015	\$1,954,818
Depreciation expense	(305,901)	(349,606)
Operating expense	(2,072,916)	(2,358,308)
<i>Operating income</i>	(206,802)	(753,096)
Interest income	78	78
Interest expense and other debt expense	(25,910)	(25,069)
Operating transfers, net	(226,858)	(226,858)
Capital transfers, net	(382,210)	(127,403)
<i>Change in net position</i>	(841,702)	(1,132,348)
Beginning net position	6,462,994	6,646,738
<i>Ending net position</i>	\$5,621,292	\$5,514,390

CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 15. SEGMENT INFORMATION (CONTINUED)

CONDENSED STATEMENT OF CASH FLOWS

	Water	Sewer
Net Cash Provided (Used) By:		
Operating activities	\$56,841	(\$184,152)
Noncapital financing activities	(226,858)	(226,858)
Capital and related financing activities	(1,180,579)	597,509
Investing activities	78	78
<i>Net increase (decrease)</i>	(1,350,518)	186,577
Beginning cash and cash equivalents	(1,376,326)	89,943
Ending cash and cash equivalents	(\$2,726,844)	\$276,520
Cash and Cash Equivalents:		
Cash (included in current assets)	(\$3,347,818)	(\$75,165)
Cash (restricted assets)	620,974	351,685
	(\$2,726,844)	\$276,520

NOTE 16. RESTATEMENTS

Beginning equity was restated for the following:

Nonmajor Proprietary Funds:

Low Rent – prior year voided checks	\$182
Total Proprietary Funds/Business-Type Activities	\$182

Governmental Activities:

To correct beginning balance of Retiree Health Plan liability	\$269,524
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CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 17. COMMITMENTS

The City had outstanding construction contracts at June 30, 2013 of \$3,092,568 with various contractors.

NOTE 18. ENABLING LEGISLATION

In 2010/2011, the City of Grants enacted enabling legislation to create a special gross receipts tax. The legislation specified that the proceeds of this tax could be used only to finance street and parks improvements. The City determined that the restriction was legally enforceable. The government-wide statement of net position prepared by the City for the year ended June 30, 2013, included the following information:

Net position restricted for:	
Street and parks improvement	\$1,744,394

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GRANTS
RETIREE HEALTH CARE PLAN – SCHEDULE OF FUNDING PROGRESS
JUNE 30, 2013

	<u>6/30/2011</u>	<u>6/30/2012</u>	<u>6/30/2013</u>
A. Schedule of Funding Progress			
1. Actuarial Valuation Date	July 1, 2010	July 1, 2010	July 1, 2010
2. Actuarial Value of Assets	\$0	\$31,992	\$63,984
3. Actuarial Accrued Liability	\$1,113,491	\$1,113,491	\$1,113,491
4. Unfunded Actuarial Accrued Liability (3 - 2)	\$1,113,491	\$1,081,499	\$1,049,507
5. Funded Ratio (2/3)	0%	2.87%	6.10%
6. Annual Covered Payroll	\$2,779,835	\$2,735,798	\$2,959,872
7. Ratio of UAAL to Covered Payroll (4/6)	40.06%	39.53%	35.46%

B. Significant Factors Affecting the Comparability of Amounts Reported.

Because this is the first actuarial valuation for the plan, there are no such factors to be identified. The City will have their next valuation as of July 1, 2013 for the fiscal year end reporting period of June 30, 2014.

SUPPLEMENTARY INFORMATION

CITY OF GRANTS
SPECIAL REVENUE FUNDS
JUNE 30, 2013

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF GRANTS
SPECIAL REVENUE FUNDS
JUNE 30, 2013

Special Revenue Funds (Continued)

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

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

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

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

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

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

CITY OF GRANTS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2013

	Cemetery Perpetual Care	Cibola Senior Citizens	Emergency Medical Services	Fire Protection	Foster Grandparents
ASSETS					
Cash	\$103,955	\$17,343	\$600	\$4,422	\$4,134
Accounts receivable	0	0	0	0	0
Grant revenue receivable	0	23,211	27,200	0	5,720
Total assets	\$103,955	\$40,554	\$27,800	\$4,422	\$9,854
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$0	\$3,027	\$0	\$0	\$0
Accrued payroll	0	4,180	0	0	0
Accrued compensated absences - ST	0	0	0	0	0
Due to other funds	0	0	0	0	4,200
Total liabilities	0	7,207	0	0	4,200
Fund Balance:					
Restricted	103,955	0	27,800	4,422	5,654
Assigned	0	33,347	0	0	0
Unrestricted	0	0	0	0	0
Total fund balance	103,955	33,347	27,800	4,422	5,654
Total liabilities and fund balance	\$103,955	\$40,554	\$27,800	\$4,422	\$9,854

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

CITY OF GRANTS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2013

	Gasoline Road Tax	Housing Authority Capital Funds Program	Housing Authority Vouchers	Juvenile Recreation
ASSETS				
Cash	\$586,432	\$0	\$16,262	\$92,373
Accounts receivable	0	0	0	0
Grant revenue receivable	0	0	0	0
Total assets	\$586,432	\$0	\$16,262	\$92,373
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$0	\$0	\$675	\$0
Accrued payroll	0	0	328	0
Accrued compensated absences - ST	0	0	396	0
Due to other funds	0	0	31,719	0
Total liabilities	0	0	33,118	0
Fund Balance:				
Restricted	586,432	0	0	92,373
Assigned	0	0	0	0
Unrestricted	0	0	(16,856)	0
Total fund balance	586,432	0	(16,856)	92,373
Total liabilities and fund balance	\$586,432	\$0	\$16,262	\$92,373

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

CITY OF GRANTS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2013

	Law Enforcement Protection	Litter Control and Beautification	Local Government Corrections	Lodgers' Tax	Lodgers' Tax Promotional
ASSETS					
Cash	\$22,158	\$0	\$42,368	\$54,564	\$85,316
Accounts receivable	0	0	0	33,619	0
Grant revenue receivable	0	6,832	0	0	0
Total assets	\$22,158	\$6,832	\$42,368	\$88,183	\$85,316
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$0	\$0	\$0	\$0	\$36,724
Accrued payroll	0	427	0	0	0
Accrued compensated absences - ST	0	0	0	0	0
Due to other funds	0	6,810	0	0	0
Total liabilities	0	7,237	0	0	36,724
Fund Balance:					
Restricted	22,158	0	42,368	88,183	48,592
Assigned	0	0	0	0	0
Unrestricted	0	(405)	0	0	0
Total fund balance	22,158	(405)	42,368	88,183	48,592
Total liabilities and fund balance	\$22,158	\$6,832	\$42,368	\$88,183	\$85,316

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

CITY OF GRANTS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2013

	Senior Companion Program	Senior Employment Program	Special Library Donation	State and Local Narcotics Assistance Control	Totals
ASSETS					
Cash	\$174	\$300	\$19,720	\$48,382	\$1,098,503
Accounts receivable	0	0	0	0	33,619
Grant revenue receivable	13,369	5,043	0	0	81,375
Total assets	\$13,543	\$5,343	\$19,720	\$48,382	\$1,213,497
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$0	\$0	\$0	\$0	\$40,426
Accrued payroll	1,033	728	0	0	6,696
Accrued compensated absences - ST	0	0	0	0	396
Due to other funds	6,700	3,000	0	0	52,429
Total liabilities	7,733	3,728	0	0	99,947
Fund Balance:					
Restricted	5,810	1,615	19,720	48,382	1,097,464
Assigned	0	0	0	0	33,347
Unrestricted	0	0	0	0	(17,261)
Total fund balance	5,810	1,615	19,720	48,382	1,113,550
Total liabilities and fund balance	\$13,543	\$5,343	\$19,720	\$48,382	\$1,213,497

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

CITY OF GRANTS

NONMAJOR SPECIAL REVENUE FUNDS

**COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Cemetery Perpetual Care	Cibola Senior Citizens	Emergency Medical Services	Fire Protection	Foster Grandparents
REVENUES					
Intergovernmental - federal	\$0	\$114,913	\$0	\$0	\$0
Intergovernmental - state	0	165,581	118,526	153,074	70,707
Intergovernmental - other	0	32,400	0	0	0
Lodgers' tax	0	0	0	0	0
State shared taxes and municipal taxes	0	0	0	0	0
Fees	0	18,841	0	0	0
Sales of property	10,740	0	0	0	0
Donations	0	0	0	0	0
Miscellaneous	0	0	0	0	0
<i>Total revenues</i>	<u>10,740</u>	<u>331,735</u>	<u>118,526</u>	<u>153,074</u>	<u>70,707</u>
EXPENDITURES					
Current:					
General government	0	0	0	0	0
Public safety	0	0	11,705	129,943	0
Public works	0	0	0	0	0
Health and welfare	19,631	391,428	0	0	70,769
Culture and recreation	0	0	0	0	0
Capital outlay	0	0	79,616	0	0
<i>Total expenditures</i>	<u>19,631</u>	<u>391,428</u>	<u>91,321</u>	<u>129,943</u>	<u>70,769</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(8,891)	(59,693)	27,205	23,131	(62)
Other Financing Sources (Uses):					
Operating transfers in	0	65,154	0	0	0
Operating transfers (out)	0	0	0	(54,408)	0
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>65,154</u>	<u>0</u>	<u>(54,408)</u>	<u>0</u>
<i>Net changes in fund balances</i>	(8,891)	5,461	27,205	(31,277)	(62)
Fund balance, beginning of year	112,846	27,886	595	35,699	5,716
<i>Fund balance (deficit), end of year</i>	<u>\$103,955</u>	<u>\$33,347</u>	<u>\$27,800</u>	<u>\$4,422</u>	<u>\$5,654</u>

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

CITY OF GRANTS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Gasoline Road Tax	Housing Authority Capital Funds Program	Housing Authority Vouchers	Juvenile Recreation
REVENUES				
Intergovernmental - federal	\$0	\$45,102	\$112,629	\$0
Intergovernmental - state	0	0	0	0
Intergovernmental - other	0	0	0	0
Lodgers' tax	0	0	0	0
State shared taxes and municipal taxes	107,347	0	0	0
Fees	0	0	0	0
Sales of property	0	0	0	0
Donations	0	0	0	0
Miscellaneous	0	0	317	0
<i>Total revenues</i>	<u>107,347</u>	<u>45,102</u>	<u>112,946</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	0	0	0	0
Public safety	0	0	0	0
Public works	106,645	0	0	0
Health and welfare	0	0	261,234	0
Culture and recreation	0	0	0	0
Capital outlay	91,126	2,600	0	0
<i>Total expenditures</i>	<u>197,771</u>	<u>2,600</u>	<u>261,234</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(90,424)	42,502	(148,288)	0
Other Financing Sources (Uses):				
Operating transfers in	0	0	0	0
Operating transfers (out)	(36,300)	(42,502)	0	0
<i>Total other financing sources (uses)</i>	<u>(36,300)</u>	<u>(42,502)</u>	<u>0</u>	<u>0</u>
<i>Net changes in fund balances</i>	(126,724)	0	(148,288)	0
Fund balance, beginning of year	713,156	0	131,432	92,373
<i>Fund balance (deficit), end of year</i>	<u>\$586,432</u>	<u>\$0</u>	<u>(\$16,856)</u>	<u>\$92,373</u>

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

CITY OF GRANTS

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Law Enforcement Protection	Litter Control and Beautification	Local Government Corrections	Lodgers' Tax	Lodgers' Tax Promotional
REVENUES					
Intergovernmental - federal	\$0	\$0	\$0	\$0	\$0
Intergovernmental - state	0	7,332	0	0	0
Intergovernmental - other	0	0	0	0	0
Lodgers' tax	0	0	0	352,352	0
State shared taxes and municipal taxes	0	0	0	0	0
Fees	0	0	34,676	0	0
Sales of property	0	0	0	0	0
Donations	0	0	0	0	0
Miscellaneous	0	0	0	0	0
<i>Total revenues</i>	<u>0</u>	<u>7,332</u>	<u>34,676</u>	<u>352,352</u>	<u>0</u>
EXPENDITURES					
Current:					
General government	0	0	0	55,265	0
Public safety	11,268	0	97,479	0	0
Public works	0	0	0	0	0
Health and welfare	0	7,787	0	0	0
Culture and recreation	0	0	0	0	288,622
Capital outlay	14,128	0	0	0	0
<i>Total expenditures</i>	<u>25,396</u>	<u>7,787</u>	<u>97,479</u>	<u>55,265</u>	<u>288,622</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(25,396)	(455)	(62,803)	297,087	(288,622)
Other Financing Sources (Uses):					
Operating transfers in	0	0	120,000	0	285,000
Operating transfers (out)	0	0	0	(335,000)	0
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>0</u>	<u>120,000</u>	<u>(335,000)</u>	<u>285,000</u>
<i>Net changes in fund balances</i>	(25,396)	(455)	57,197	(37,913)	(3,622)
Fund balance, beginning of year	47,554	50	(14,829)	126,096	52,214
<i>Fund balance (deficit), end of year</i>	<u>\$22,158</u>	<u>(\$405)</u>	<u>\$42,368</u>	<u>\$88,183</u>	<u>\$48,592</u>

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

CITY OF GRANTS

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Senior Companion Program	Senior Employment Program	Special Library Donation	State and Local Narcotics Assistance Control	Totals
REVENUES					
Intergovernmental - federal	\$0	\$0	\$0	\$0	\$272,644
Intergovernmental - state	80,162	34,724	0	0	630,106
Intergovernmental - other	0	0	0	789	33,189
Lodgers' tax	0	0	0	0	352,352
State shared taxes and municipal taxes	0	0	0	0	107,347
Fees	0	0	0	0	53,517
Sales of property	0	0	0	0	10,740
Donations	0	0	770	0	770
Miscellaneous	0	0	0	0	317
Total revenues	80,162	34,724	770	789	1,460,982
EXPENDITURES					
Current:					
General government	0	0	0	0	55,265
Public safety	0	0	0	0	250,395
Public works	0	0	0	0	106,645
Health and welfare	82,720	35,107	0	0	868,676
Culture and recreation	0	0	123	0	288,745
Capital outlay	0	0	0	0	187,470
Total expenditures	82,720	35,107	123	0	1,757,196
<i>Excess (deficiency) of revenues over expenditures</i>	(2,558)	(383)	647	789	(296,214)
Other Financing Sources (Uses):					
Operating transfers in	0	0	0	0	470,154
Operating transfers (out)	0	0	0	0	(468,210)
Total other financing sources (uses)	0	0	0	0	1,944
Net changes in fund balances	(2,558)	(383)	647	789	(294,270)
Fund balance, beginning of year	8,368	1,998	19,073	47,593	1,407,820
Fund balance (deficit), end of year	\$5,810	\$1,615	\$19,720	\$48,382	\$1,113,550

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

CITY OF GRANTS
CEMETERY PERPETUAL CARE FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Sale of lots	\$7,000	\$7,000	\$10,740	\$3,740
Interest on investments	0	0	0	0
Donations	0	0	0	0
<i>Total revenues</i>	<u>7,000</u>	<u>7,000</u>	<u>10,740</u>	<u>3,740</u>
EXPENDITURES				
Personnel	0	0	0	0
Operating	0	0	19,631	(19,631)
Capital outlay	100,000	100,000	0	100,000
<i>Total expenditures</i>	<u>100,000</u>	<u>100,000</u>	<u>19,631</u>	<u>80,369</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(93,000)	(93,000)	<u>(\$8,891)</u>	<u>\$84,109</u>
<i>Budgeted cash carryover</i>	<u>93,000</u>	<u>93,000</u>		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$8,891)
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>(\$8,891)</u>

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

CITY OF GRANTS
CIBOLA SENIOR CITIZENS FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$300,745	\$300,745	\$299,182	(\$1,563)
Fees and charges	19,747	19,747	18,841	(906)
Other revenue	1,000	1,000	0	(1,000)
<i>Total revenues</i>	<u>321,492</u>	<u>321,492</u>	<u>318,023</u>	<u>(3,469)</u>
EXPENDITURES				
Personnel	212,700	212,700	220,132	(7,432)
Operating	173,351	173,351	169,586	3,765
Capital outlay	0	0	0	0
<i>Total expenditures</i>	<u>386,051</u>	<u>386,051</u>	<u>389,718</u>	<u>(3,667)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(64,559)	(64,559)	(71,695)	(7,136)
Other Financing Sources (Uses):				
Operating transfers in	60,000	65,154	65,154	0
Operating transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	<u>60,000</u>	<u>65,154</u>	<u>65,154</u>	<u>0</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(4,559)	<u>\$595</u>	<u>(\$6,541)</u>	<u>(\$7,136)</u>
Budgeted cash carryover	4,559			
	<u>\$0</u>			

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$6,541)
Adjustments for revenue accruals	13,712
Adjustments for expenditures accruals	(1,710)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$5,461</u>

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

CITY OF GRANTS
EMERGENCY MEDICAL SERVICES FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$9,390	\$9,390	\$91,326	\$81,936
Interest on investments	0	0	0	0
<i>Total revenues</i>	<u>9,390</u>	<u>9,390</u>	<u>91,326</u>	<u>81,936</u>
EXPENDITURES				
Personnel	0	0	0	0
Operating	0	0	11,705	(11,705)
Capital outlay	9,985	9,985	79,616	(69,631)
<i>Total expenditures</i>	<u>9,985</u>	<u>9,985</u>	<u>91,321</u>	<u>(81,336)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(595)	(595)	<u>\$5</u>	<u>\$600</u>
Budgeted cash carryover	595	595		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$5
Adjustments for revenue accruals	27,200
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$27,205</u>

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

CITY OF GRANTS
FIRE PROTECTION FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$153,074	\$153,074	\$153,074	\$0
Miscellaneous	0	0	0	0
Interest on investments	0	0	0	0
<i>Total revenues</i>	<u>153,074</u>	<u>153,074</u>	<u>153,074</u>	<u>0</u>
EXPENDITURES				
Personnel	0	0	0	0
Operating	64,797	64,797	131,229	(66,432)
Capital outlay	70,845	70,845	0	70,845
<i>Total expenditures</i>	<u>135,642</u>	<u>135,642</u>	<u>131,229</u>	<u>4,413</u>
<i>Excess (deficiency) of revenues over expenditures</i>	17,432	17,432	21,845	4,413
Other Financing Sources (Uses):				
Operating transfers (out)	(54,417)	(54,417)	(54,408)	9
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(36,985)	(36,985)	<u>(\$32,563)</u>	<u>\$4,422</u>
Budgeted cash carryover	36,985	36,985		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$32,563)
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	1,286
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>(\$31,277)</u>

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

CITY OF GRANTS
FOSTER GRANDPARENTS PROGRAM FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$80,199	\$80,199	\$66,518	(\$13,681)
EXPENDITURES				
Personnel	25,687	25,687	62,169	(36,482)
Operating	45,020	45,020	8,599	36,421
Capital outlay	0	0	0	0
<i>Total expenditures</i>	<u>70,707</u>	<u>70,707</u>	<u>70,768</u>	<u>(61)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>\$9,492</u>	<u>\$9,492</u>	<u>(\$4,250)</u>	<u>(\$13,742)</u>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$4,250)
Adjustments for revenue accruals	4,189
Adjustments for expenditures accruals	(1)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>(\$62)</u>

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

CITY OF GRANTS
GASOLINE ROAD TAX FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$227,805	\$227,805	\$0	(\$227,805)
Property tax	0	0	0	0
State shared taxes	105,000	105,000	107,347	2,347
Interest on investments	0	0	0	0
Miscellaneous revenue	0	0	0	0
<i>Total revenues</i>	<u>332,805</u>	<u>332,805</u>	<u>107,347</u>	<u>(225,458)</u>
EXPENDITURES				
Personnel	78,959	78,959	78,959	0
Operating	503,740	503,740	27,686	476,054
Capital outlay	0	0	91,126	(91,126)
<i>Total expenditures</i>	<u>582,699</u>	<u>582,699</u>	<u>197,771</u>	<u>384,928</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(249,894)	(249,894)	(90,424)	159,470
Other Financing Sources (Uses):				
Operating transfers in	0	0	0	0
Operating transfers (out)	(28,725)	(28,725)	0	28,725
<i>Total other financing sources (uses)</i>	<u>(28,725)</u>	<u>(28,725)</u>	<u>0</u>	<u>28,725</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(278,619)	(278,619)	<u>(\$90,424)</u>	<u>\$188,195</u>
Budgeted cash carryover	278,619	278,619		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues and other financial sources over expenditures and other financing uses (budgetary)	(\$90,424)
Adjustments for revenue accruals, transfers, earnings on investments	0
Adjustments for expenditures for payables, inventory, other expenditure accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>(\$90,424)</u>

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

CITY OF GRANTS
HOUSING AUTHORITY CAPITAL FUNDS PROGRAM
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$50,500	\$50,500	\$45,102	(\$5,398)
Interest on investments	0	0	0	0
<i>Total revenues</i>	50,500	50,500	45,102	(5,398)
EXPENDITURES				
Personnel	0	0	0	0
Operating	0	0	0	0
Capital outlay	50,000	50,000	2,600	47,400
<i>Total expenditures</i>	50,000	50,000	2,600	47,400
<i>Excess (deficiency) of revenues over expenditures</i>	500	500	42,502	42,002
Other Financing Sources (Uses):				
Operating transfers (out)	0	0	(42,502)	(42,502)
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	\$500	\$500	\$0	(\$500)

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

Budgetary - GAAP Reporting Reconciliation:

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

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

CITY OF GRANTS
HOUSING AUTHORITY VOUCHERS FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$500,000	\$500,000	\$112,635	(\$387,365)
Interest on investments	0	0	0	0
Miscellaneous income	0	0	311	311
<i>Total revenues</i>	<u>500,000</u>	<u>500,000</u>	<u>112,946</u>	<u>(387,054)</u>
EXPENDITURES				
Personnel	24,000	24,000	22,699	1,301
Operating	14,810	14,810	11,928	2,882
Housing assistance payments	500,000	500,000	227,192	272,808
Capital outlay	0	0	0	0
<i>Total expenditures</i>	<u>538,810</u>	<u>538,810</u>	<u>261,819</u>	<u>276,991</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(38,810)</u>	<u>(38,810)</u>	<u>(\$148,873)</u>	<u>(\$110,063)</u>
Budgeted cash carryover	38,810	38,810		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$148,873)
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	585
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>(\$148,288)</u>

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

CITY OF GRANTS
JUVENILE RECREATION FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

Budgetary - GAAP Reporting Reconciliation:

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

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

CITY OF GRANTS
LAW ENFORCEMENT PROTECTION FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$27,800	\$27,800	\$27,800	\$0
Miscellaneous	0	0	0	0
Interest on investments	0	0	0	0
<i>Total revenues</i>	<u>27,800</u>	<u>27,800</u>	<u>27,800</u>	<u>0</u>
EXPENDITURES				
Personnel	0	0	0	0
Operating	13,554	13,554	25,396	(11,842)
Capital outlay	34,000	34,000	0	34,000
<i>Total expenditures</i>	<u>47,554</u>	<u>47,554</u>	<u>25,396</u>	<u>22,158</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(19,754)</u>	<u>(19,754)</u>	<u>\$2,404</u>	<u>\$22,158</u>
<i>Budgeted cash carryover</i>	<u>19,754</u>	<u>19,754</u>		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$2,404
Adjustments for revenue accruals	(27,800)
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	(\$25,396)

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

CITY OF GRANTS
LITTER CONTROL AND BEAUTIFICATION FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$7,100	\$7,100	\$1,750	(\$5,350)
EXPENDITURES				
Personnel	7,100	7,100	1,360	5,740
Operating	0	0	6,000	(6,000)
Capital outlay	0	0	0	0
<i>Total expenditures</i>	7,100	7,100	7,360	(260)
Excess (deficiency) of revenues over expenditures	\$0	\$0	(\$5,610)	(\$5,610)

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$5,610)
Adjustments for revenue accruals	5,582
Adjustments for expenditures accruals	(427)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	(\$455)

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

CITY OF GRANTS
LOCAL GOVERNMENT CORRECTIONS FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Court fees	\$35,000	\$35,000	\$34,676	(\$324)
Interest on investments	0	0	0	0
<i>Total revenues</i>	35,000	35,000	34,676	(324)
EXPENDITURES				
Personnel	0	0	0	0
Operating	150,000	150,000	113,693	36,307
Capital outlay	0	0	0	0
<i>Total expenditures</i>	150,000	150,000	113,693	36,307
Excess (deficiency) of revenues over expenditures	(115,000)	(115,000)	(79,017)	35,983
Other Financing Sources (Uses):				
Operating transfers (in)	120,000	120,000	120,000	0
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	\$5,000	\$5,000	\$40,983	\$35,983

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$40,983
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	16,214
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$57,197

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

CITY OF GRANTS
LODGERS' TAX FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Lodgers' tax	\$365,000	\$365,000	\$356,065	(\$8,935)
Interest on investments	0	0	0	0
<i>Total revenues</i>	<u>365,000</u>	<u>365,000</u>	<u>356,065</u>	<u>(8,935)</u>
EXPENDITURES				
Personnel	0	0	0	0
Operating	64,369	64,369	55,265	9,104
Capital outlay	0	0	0	0
<i>Total expenditures</i>	<u>64,369</u>	<u>64,369</u>	<u>55,265</u>	<u>9,104</u>
<i>Excess (deficiency) of revenues over expenditures</i>	300,631	300,631	300,800	169
Other Financing Sources (Uses):				
Operating transfers (out)	(383,000)	(383,000)	(335,000)	48,000
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(82,369)	(82,369)	<u>(\$34,200)</u>	<u>\$48,169</u>
Budgeted cash carryover	82,369	82,369		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$34,200)
Adjustments for revenue accruals	(3,713)
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>(\$37,913)</u>

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

CITY OF GRANTS
LODGERS' TAX PROMOTIONAL FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES	\$0	\$0	\$0	\$0
EXPENDITURES				
Personnel	0	0	0	0
Operating	366,000	366,000	293,899	72,101
Capital outlay	0	0	0	0
<i>Total expenditures</i>	366,000	366,000	293,899	72,101
<i>Excess (deficiency) of revenues over expenditures</i>	(366,000)	(366,000)	(293,899)	72,101
Other Financing Sources (Uses):				
Operating transfers in	333,000	333,000	285,000	(48,000)
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(33,000)	(33,000)	(8,899)	\$24,101
Budgeted cash carryover	33,000	33,000		
	\$0	\$0		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$8,899)
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	5,277
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	(\$3,622)

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

CITY OF GRANTS
SENIOR COMPANION PROGRAM FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$101,399	\$101,399	\$83,405	(\$17,994)
EXPENDITURES				
Personnel	30,733	30,733	68,406	(37,673)
Operating	50,960	50,960	13,282	37,678
Capital outlay	0	0	0	0
<i>Total expenditures</i>	81,693	81,693	81,688	5
<i>Excess (deficiency) of revenues over expenditures</i>	\$19,706	\$19,706	\$1,717	(\$17,989)

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$1,717
Adjustments for revenue accruals	(3,243)
Adjustments for expenditures accruals	(1,032)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	(\$2,558)

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

CITY OF GRANTS
SENIOR EMPLOYMENT PROGRAM FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$31,250	\$31,250	\$32,044	\$794
EXPENDITURES				
Personnel	26,043	26,043	34,719	(8,676)
Operating	0	0	0	0
<i>Total expenditures</i>	26,043	26,043	34,719	(8,676)
<i>Excess (deficiency) of revenues over expenditures</i>	\$5,207	\$5,207	(\$2,675)	(\$7,882)

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$2,675)
Adjustments for revenue accruals	2,680
Adjustments for expenditures accruals	(388)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	(\$383)

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

CITY OF GRANTS
SPECIAL LIBRARY DONATION FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Donations	\$700	\$700	\$770	\$70
Interest on investments	0	0	0	0
<i>Total revenues</i>	<u>700</u>	<u>700</u>	<u>770</u>	<u>70</u>
EXPENDITURES				
Personnel	0	0	0	0
Operating	3,500	3,500	123	3,377
Capital outlay	14,000	14,000	0	14,000
<i>Total expenditures</i>	<u>17,500</u>	<u>17,500</u>	<u>123</u>	<u>17,377</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(16,800)	(16,800)	<u>\$647</u>	<u>\$17,447</u>
Budgeted cash carryover	16,800	16,800		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$647
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$647

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

CITY OF GRANTS
STATE AND LOCAL NARCOTICS ASSISTANCE CONTROL PROGRAM FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$0	\$0	\$28,530	\$28,530
Miscellaneous	0	0	0	0
<i>Total revenues</i>	<u>0</u>	<u>0</u>	<u>28,530</u>	<u>28,530</u>
EXPENDITURES				
Personnel	0	0	0	0
Operating	15,000	15,000	0	15,000
Capital outlay	0	0	0	0
<i>Total expenditures</i>	<u>15,000</u>	<u>15,000</u>	<u>0</u>	<u>15,000</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(15,000)	(15,000)	<u>\$28,530</u>	<u>\$43,530</u>
Budgeted cash carryover	15,000	15,000		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$28,530
Adjustments for revenue accruals	(27,741)
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$789</u>

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

CITY OF GRANTS
DEBT SERVICE FUNDS
JUNE 30, 2013

Debt Service Funds

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

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

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

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

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

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

CITY OF GRANTS
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2013

	GRT Income Fund	GRT Revenue Bond Debt Service	GRT Revenue Bond Reserve	NMFA Loan	NMFA Reserve	Totals
ASSETS						
Cash	\$0	\$123,137	\$0	\$0	\$0	\$123,137
Cash held with trustee	0	176,683	149,894	128,330	64,389	519,296
Total assets	\$0	\$299,820	\$149,894	\$128,330	\$64,389	\$642,433
LIABILITIES AND FUND BALANCE						
Liabilities	\$0	\$0	\$0	\$0	\$0	\$0
Fund Balance:						
Restricted	0	299,820	149,894	128,330	64,389	642,433
Total fund balance	0	299,820	149,894	128,330	64,389	642,433
Total liabilities and fund balance	\$0	\$299,820	\$149,894	\$128,330	\$64,389	\$642,433

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

CITY OF GRANTS
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	GRT Income Fund	GRT Revenue Bond Debt Service	GRT Revenue Bond Reserve	NMFA Loan	NMFA Reserve	Totals
REVENUES						
Taxes	\$0	\$0	\$0	\$0	\$0	\$0
Investment income	0	23	522	38	224	807
<i>Total revenues</i>	0	23	522	38	224	807
EXPENDITURES						
Debt Service:						
Principal	0	140,000	0	130,253	0	270,253
Interest	0	6,596	0	21,977	0	28,573
Fees	0	537	0	976	0	1,513
<i>Total expenditures</i>	0	147,133	0	153,206	0	300,339
Excess (deficiency) of revenues over expenditures	0	(147,110)	522	(153,168)	224	(299,532)
Other Financing Sources (Uses):						
Operating transfers in	146,596	147,387	0	160,855	0	454,838
Operating transfers (out)	(146,596)	0	(791)	0	(340)	(147,727)
<i>Total other financing sources (uses)</i>	0	147,387	(791)	160,855	(340)	307,111
<i>Net changes in fund balances</i>	0	277	(269)	7,687	(116)	7,579
Fund balance, beginning of year	0	299,543	150,163	120,643	64,505	634,854
<i>Fund balance, end of year</i>	\$0	\$299,820	\$149,894	\$128,330	\$64,389	\$642,433

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

CITY OF GRANTS
GRT INCOME FUND
DEBT SERVICE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Interest on investments	\$0	\$0	\$0	\$0
EXPENDITURES				
Paying agent fees	0	0	0	0
Bond interest	0	0	0	0
Bond principal	0	0	0	0
<i>Total expenditures</i>	0	0	0	0
<i>Excess (deficiency) of revenues over expenditures</i>	0	0	0	0
Other Financing Sources (Uses):				
Operating transfers in	133,788	133,788	146,596	12,808
Operating transfers (out)	(133,788)	(133,788)	(146,596)	(12,808)
<i>Total other financing sources (uses)</i>	0	0	0	0
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	\$0	\$0	\$0	\$0

Budgetary - GAAP Reporting Reconciliation:

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

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

CITY OF GRANTS
GRT REVENUE BOND DEBT SERVICE FUND 1993A
DEBT SERVICE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Interest on investments	\$0	\$0	\$23	\$23
EXPENDITURES				
Paying agent fees	4,000	4,000	537	3,463
Bond interest	6,596	6,596	6,596	0
Bond principal	140,000	140,000	140,000	0
<i>Total expenditures</i>	<u>150,596</u>	<u>150,596</u>	<u>147,133</u>	<u>3,463</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(150,596)	(150,596)	(147,110)	3,486
Other Financing Sources (Uses):				
Operating transfers in	154,096	154,096	147,387	(6,709)
Operating transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	<u>154,096</u>	<u>154,096</u>	<u>147,387</u>	<u>(6,709)</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	<u>\$3,500</u>	<u>\$3,500</u>	<u>\$277</u>	<u>(\$3,223)</u>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$277
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$277

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

CITY OF GRANTS
GRT REVENUE BOND RESERVE FUND 1993A
DEBT SERVICE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Interest	\$7,500	\$7,500	\$522	(\$6,978)
EXPENDITURES				
Management fees	500	500	0	500
<i>Excess (deficiency) of revenues over expenditures</i>	7,000	7,000	522	(6,478)
Other Financing Sources (Uses):				
Operating transfers in	0	0	0	0
Operating transfers (out)	(7,500)	(7,500)	(791)	6,709
<i>Total other financing sources (uses)</i>	(7,500)	(7,500)	(791)	6,709
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	(500)	(500)	(\$269)	\$231
Budgeted cash carryover	500	500		
	\$0	\$0		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$269)
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	(\$269)

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

CITY OF GRANTS
NMFA LOAN FUND
DEBT SERVICE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Interest/Investment income	\$0	\$0	\$38	\$38
EXPENDITURES				
Principal	101,688	129,568	130,253	(685)
Interest	21,178	22,023	21,977	46
Fees	3,000	3,000	976	2,024
<i>Total expenditures</i>	<u>125,866</u>	<u>154,591</u>	<u>153,206</u>	<u>1,385</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(125,866)	(154,591)	(153,168)	1,423
Other Financing Sources (Uses):				
Loan proceeds - NMFA	0	0	0	0
Operating transfers in	129,224	157,949	160,855	2,906
Operating transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	<u>129,224</u>	<u>157,949</u>	<u>160,855</u>	<u>2,906</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	<u>\$3,358</u>	<u>\$3,358</u>	<u>\$7,687</u>	<u>(\$4,024)</u>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$7,687
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$7,687

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

CITY OF GRANTS
NMFA RESERVE FUND
DEBT SERVICE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Interest on investments	\$5,000	\$5,000	\$224	(\$4,776)
EXPENDITURES				
Principal	0	0	0	0
Interest	0	0	0	0
Fees	0	0	0	0
<i>Total expenditures</i>	0	0	0	0
<i>Excess (deficiency) of revenues over expenditures</i>	5,000	5,000	224	(4,776)
Other Financing Sources (Uses):				
Operating transfers (out)	(5,000)	(5,000)	(340)	4,660
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	\$0	\$0	(\$116)	(\$116)

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$116)
Adjustments for revenue accruals	0
Adjustments for expenditures accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	(\$116)

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

CITY OF GRANTS
TOTAL ALL NONMAJOR GOVERNMENTAL FUND TYPES
COMBINING BALANCE SHEET
JUNE 30, 2013

	Special Revenue	Debt Service	Total
ASSETS			
Cash	\$1,098,503	\$123,137	\$1,221,640
Cash held with trustee	0	519,296	519,296
Accounts receivable	33,619	0	33,619
Grant revenue receivable	81,375	0	81,375
Total assets	\$1,213,497	\$642,433	\$1,855,930
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$40,426	\$0	\$40,426
Accrued payroll	6,696	0	6,696
Accrued compensated absences - ST	396	0	396
Due to other funds	52,429	0	52,429
Total liabilities	99,947	0	99,947
Fund Balances:			
Restricted	1,097,464	642,433	1,739,897
Assigned	33,347	0	33,347
Unrestricted	(17,261)	0	(17,261)
Total fund balances	1,113,550	642,433	1,755,983
Total liabilities and fund balances	\$1,213,497	\$642,433	\$1,855,930

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

CITY OF GRANTS

TOTAL ALL NONMAJOR GOVERNMENTAL FUND TYPES COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Special Revenue	Debt Service	Total
REVENUES			
Intergovernmental - federal	\$272,644	\$0	\$272,644
Intergovernmental - state	630,106	0	630,106
Intergovernmental - other	33,189	0	33,189
State shared and municipal taxes	107,347	0	107,347
Lodgers' tax	352,352	0	352,352
Fees	53,517	0	53,517
Investment income	0	807	807
Sales of property	10,740	0	10,740
Donations	770	0	770
Miscellaneous	317	0	317
Total revenues	1,460,982	807	1,461,789
EXPENDITURES			
Current:			
General government	55,265	0	55,265
Public safety	250,395	0	250,395
Public works	106,645	0	106,645
Health and welfare	868,676	0	868,676
Culture and recreation	288,745	0	288,745
Capital outlay	187,470	0	187,470
Debt Service:			
Principal	0	270,253	270,253
Interest	0	28,573	28,573
Fees	0	1,513	1,513
Total expenditures	1,757,196	300,339	2,057,535
<i>Excess (deficiency) of revenues over expenditures</i>	(296,214)	(299,532)	(595,746)
Other Financing Sources (Uses):			
Operating transfers in	470,154	454,838	924,992
Operating transfers (out)	(468,210)	(147,727)	(615,937)
Total other financing sources (uses)	1,944	307,111	309,055
<i>Net changes in fund balances</i>	(294,270)	7,579	(286,691)
Fund balance, beginning of year	1,407,820	634,854	2,042,674
Fund balance, end of year	\$1,113,550	\$642,433	\$1,755,983

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

CITY OF GRANTS
CAPITAL PROJECTS FUNDS
JUNE 30, 2013

Capital Projects Funds

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

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

CITY OF GRANTS
GENERAL GOVERNMENT IMPROVEMENTS
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
REVENUES				
Intergovernmental	\$8,090,076	\$8,090,076	\$1,007,359	(\$7,082,717)
Other	174,438	174,438	10,107	(164,331)
Rental revenue	0	0	10,348	10,348
<i>Total revenues</i>	<u>8,264,514</u>	<u>8,264,514</u>	<u>1,027,814</u>	<u>(7,236,700)</u>
EXPENDITURES				
Current:				
Capital outlay	10,055,354	10,055,354	4,108,066	5,947,288
<i>Total expenditures</i>	<u>10,055,354</u>	<u>10,055,354</u>	<u>4,108,066</u>	<u>5,947,288</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(1,790,840)	(1,790,840)	(3,080,252)	(1,289,412)
Other Financing Sources (Uses):				
Operating transfers in	1,792,770	1,792,770	1,042,770	(750,000)
Operating transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	<u>1,792,770</u>	<u>1,792,770</u>	<u>1,042,770</u>	<u>(750,000)</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	<u>\$1,930</u>	<u>\$1,930</u>	<u>(\$2,037,482)</u>	<u>(\$2,039,412)</u>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$2,037,482)
Adjustments for revenue accruals	777,632
Other financing sources (uses)	669,723
Adjustments for expenditures accruals	(687,575)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	(\$1,277,702)

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

CITY OF GRANTS
ENTERPRISE FUNDS
JUNE 30, 2013

PROPRIETARY FUND TYPES

Enterprise Funds

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

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

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

CITY OF GRANTS
NONMAJOR PROPRIETARY FUND
BALANCE SHEET
JUNE 30, 2013

Low Rent

ASSETS

Current Assets:

Cash and cash equivalents	\$43,382
Investments	0
Accounts receivable tenants (net of allowance of \$2,588)	1,223
Accounts receivable	0
Interest receivable	0
Prepaid insurance	0
Due from other funds	31,719
<i>Total current assets</i>	<i>76,324</i>

Capital Assets

Capital assets - not depreciated	46,724
Capital assets - depreciated	1,152,647
Less accumulated depreciation	(671,931)
<i>Net capital assets</i>	<i>527,440</i>

Total assets

\$603,764

LIABILITIES

Current Liabilities:

Accounts payable	\$3,959
Accrued payroll	997
Due to other funds	0
Other deferred credits	99
Tenant security deposits	5,000
Tenants prepaid rent	347
Compensated absences - current portion	926
<i>Total current liabilities</i>	<i>11,328</i>

Non-Current Liabilities:

Accrued compensated absences	1,524
Leases payable - long-term portion	0
<i>Total noncurrent liabilities</i>	<i>1,524</i>

Total liabilities

12,852

Net Position:

Net investment in capital assets	527,440
Unrestricted	63,472
<i>Total fund net position</i>	<i>590,912</i>

Total liabilities and fund net position

\$603,764

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

CITY OF GRANTS
NONMAJOR PROPRIETARY FUND
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Low Rent
OPERATING REVENUES	
Rental income	\$42,174
<i>Total operating revenues</i>	42,174
OPERATING EXPENSES	
Operating expenses	78,024
Depreciation	33,725
<i>Total operating expenses</i>	111,749
<i>Operating income (loss)</i>	(69,575)
NON-OPERATING REVENUE AND (EXPENSES)	
Federal grants and subsidies	30,137
Interest earnings	0
Other	634
Loss on asset disposals	0
<i>Total non-operating revenue and (expenses)</i>	30,771
<i>Net income (loss) before contributions and transfers</i>	(38,804)
Operating transfers in	42,501
Operating transfers (out)	0
Capital transfers in	2,600
Capital transfers (out)	(2,600)
<i>Change in net position</i>	3,697
Total fund net position, at beginning of year, previously stated	587,033
Restatement (prior period voided checks)	182
Total fund net position, at beginning of year, restated	587,215
<i>Total fund net position, at end of year</i>	\$590,912

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

CITY OF GRANTS
NONMAJOR ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Low Rent
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers (including other funds)	\$64,022
Cash paid to suppliers	(36,869)
Cash paid to employees	(42,852)
<i>Net cash provided (used) by operating activities</i>	(15,699)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Grants and subsidies	30,137
Advances (to) from other funds	(14,493)
Transfers in (out)	42,501
Non tenant income	634
<i>Net cash provided (used) by noncapital financing activities</i>	58,779
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of property and equipment, net of trades	0
Disposition of assets	0
Lease proceeds	0
Capital transfers (in) out	0
Loss on asset disposal	0
Principal paid: revenue bonds/lease purchase/advances	0
Grants and subsidies	0
Other income	0
<i>Net cash provided (used) by capital and related financing activities</i>	0
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	0
<i>Net cash provided (used) by investing activities</i>	0
<i>Net increase (decrease) in cash</i>	43,080
Cash and restricted cash, beginning of year	302
<i>Cash and restricted cash, end of year</i>	\$43,382
Non Cash Transactions:	
Capital assets transferred in (out)	\$0

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

CITY OF GRANTS
NONMAJOR ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Low Rent</u>
Reconciliation of operating income to net cash provided (used) by operating activities	
Operating income (loss)	(\$69,575)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	33,725
Provision for uncollectible accounts	0
Change in assets and liabilities:	
(Increase) Decrease in assets:	
Accounts receivables	21,497
Inventories	0
Prepays and deposits	0
Increase (Decrease) in liabilities:	
Accounts and contracts payable	(1,516)
Wages payable	436
Compensated absences	(617)
Other deferred credits and Tenant deposits	399
Tenants prepaid rent	(48)
<i>Total adjustments</i>	53,876
<i>Net cash provided (used) by operating activities</i>	<i>(\$15,699)</i>

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

CITY OF GRANTS
GOLF COURSE OPERATING FUND
ENTERPRISE FUNDS
STATEMENT OF REVENUES AND EXPENSES
BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
REVENUES				
Golf course fees	\$265,000	\$265,000	\$248,837	(\$16,163)
Rental income	0	0	831	831
Other	0	0	3,866	3,866
<i>Total revenues</i>	<u>265,000</u>	<u>265,000</u>	<u>253,534</u>	<u>(11,466)</u>
OPERATING EXPENSES				
Personnel	394,312	394,312	353,517	40,795
Operating	370,552	370,552	373,946	(3,394)
Capital outlay	0	0	0	0
<i>Total operating expenses</i>	<u>764,864</u>	<u>764,864</u>	<u>727,463</u>	<u>37,401</u>
<i>Operating income (loss)</i>	<u>(499,864)</u>	<u>(499,864)</u>	<u>(473,929)</u>	<u>25,935</u>
Non-Operating Revenue (Expenses)				
Transfers in	475,000	475,000	475,000	0
Transfers (out)	0	0	0	0
<i>Total non-operating revenue (expenses)</i>	<u>475,000</u>	<u>475,000</u>	<u>475,000</u>	<u>0</u>
<i>Net income (loss) after transfers</i>	<u>(24,864)</u>	<u>(24,864)</u>	<u>\$1,071</u>	<u>\$25,935</u>
<i>Budgeted cash carryover</i>	<u>24,864</u>	<u>24,864</u>		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Net income (loss) after transfers	\$1,071
Adjustments for revenue accruals	0
Capital transfers	12,699
Adjustments for expense accruals	(64,460)
Net income (loss) (GAAP) Basis	(\$50,690)

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

CITY OF GRANTS
LOW RENT
ENTERPRISE FUNDS
STATEMENT OF REVENUES AND EXPENSES
BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
REVENUES				
Rental income	\$30,000	\$30,000	\$42,174	\$12,174
<i>Total revenues</i>	30,000	30,000	42,174	12,174
OPERATING EXPENSES				
Personnel	55,000	55,000	43,107	11,893
Operating	75,000	75,000	98,254	(23,254)
Capital outlay	0	0	0	0
<i>Total operating expenses</i>	130,000	130,000	141,361	(11,361)
<i>Operating income (loss)</i>	(100,000)	(100,000)	(99,187)	813
Non-Operating Revenue (Expenses)				
HUD grants and subsidy	100,000	100,000	30,137	(69,863)
Interest	500	500	0	(500)
Other	0	0	634	634
Transfers in	0	0	42,502	42,502
<i>Total non-operating revenue (expenses)</i>	100,500	100,500	73,273	(27,227)
<i>Net income (loss) after non-operating revenue</i>	\$500	\$500	(\$25,914)	(\$26,414)

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

Budgetary - GAAP Reporting Reconciliation:

Net income (loss) after non-operating revenue	(\$25,914)
Adjustments for revenue accruals	0
Adjustments for expense accruals and depreciation	29,611
Net income (loss) (GAAP) Basis	\$3,697

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

CITY OF GRANTS
UTILITIES
ENTERPRISE FUNDS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
REVENUES				
Refuse collection	\$1,525,000	\$1,525,000	\$1,672,872	\$147,872
Water sales (net)	1,856,000	1,856,000	1,995,334	139,334
Sewer charges	1,684,000	1,684,000	1,802,008	118,008
Total government tax	252,500	252,500	288,402	35,902
Other	65,000	65,000	151,801	86,801
<i>Total revenues</i>	<u>5,382,500</u>	<u>5,382,500</u>	<u>5,910,417</u>	<u>527,917</u>
OPERATING EXPENSES				
Public works	5,280,304	5,280,304	4,569,893	710,411
Capital outlay	385,000	385,000	309,186	75,814
<i>Total operating expenses</i>	<u>5,665,304</u>	<u>5,665,304</u>	<u>4,879,079</u>	<u>786,225</u>
<i>Operating income (loss)</i>	(282,804)	(282,804)	1,031,338	1,314,142
Non-Operating Revenue (Expenses)				
Interest income	30,000	30,000	207	(29,793)
Transfers in	592,598	592,598	808,712	216,114
Transfers (out)	(1,292,618)	(1,292,618)	(1,489,284)	(196,666)
Interest expense	(54,354)	(54,354)	(50,137)	4,217
Principal payments	(498,074)	(498,074)	(513,103)	(15,029)
Debt service fees	(5,500)	(5,500)	(842)	4,658
<i>Total non-operating revenue (expenses)</i>	<u>(1,227,948)</u>	<u>(1,227,948)</u>	<u>(1,244,447)</u>	<u>(16,499)</u>
<i>Net income (loss)</i>	(1,510,752)	(1,510,752)	(\$213,109)	\$1,297,643
<i>Budgeted cash carryover</i>	<u>1,510,752</u>	<u>1,510,752</u>		
	\$0	\$0		

Budgetary - GAAP Reporting Reconciliation:

Net income	(\$213,109)
Adjustments for revenue accruals	35,822
Capital transfers in (out) - net	(509,614)
Adjustments for expense accruals, depreciation and principal payments	(317,325)
Net income (GAAP) Basis	(\$1,004,226)

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

OTHER SUPPLEMENTARY INFORMATION

CITY OF GRANTS

AGENCY FUNDS

JUNE 30, 2013

FIDUCIARY FUND TYPES

Agency Funds

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

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

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

CITY OF GRANTS
ALL AGENCY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Balance June 30, 2012	Increase	Decrease	Balance June 30, 2013
Appearance Bond Fund:				
Assets				
Petty cash	\$500	\$0	\$0	\$500
Cash in bank	18,637	11,164	9,399	20,402
	<u>\$19,137</u>	<u>\$11,164</u>	<u>\$9,399</u>	<u>\$20,902</u>
Liabilities				
Deposits held for others	\$19,137	\$11,164	\$9,399	\$20,902
Senior Activity Account:				
Assets				
Cash in bank	\$2,266	\$316	\$765	\$1,817
Liabilities				
Funds held for Seniors	\$2,266	\$316	\$765	\$1,817
Total Agency Funds:				
Assets				
Petty cash	\$500	\$0	\$0	\$500
Cash in bank	20,903	11,480	10,164	22,219
<i>Total assets</i>	<u>\$21,403</u>	<u>\$11,480</u>	<u>\$10,164</u>	<u>\$22,719</u>
Liabilities				
Deposits held for others	\$21,403	\$11,480	\$10,164	\$22,719

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

CITY OF GRANTS
SCHEDULE OF JOINT POWERS AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Participants	Responsible Party for Operations	Descriptions	Beginning and Ending dates	Total Estimated Amount of Project	Contribution 6/30/2013	Audit Responsibility	Revenues and Expenditures Reported on:
City of Grants NW New Mexico Solid Waste Authority	NW New Mexico Regional Solid Waste Authority	Solid waste disposal services	July 1, 2012 June 30, 2013	N/A	\$8,687	WM NM Solid Waste	REV: NW NMSW EXP: City of Grants
City of Grants County of Cibola Village of Milan	Village of Milan	Operation of Public Transit System	September 1, 2006 and Continuing	N/A	\$47,234	Village of Milan	REV: Village of Milan Lib. Sr. Anim Cibola County Cibola Transit Authority EXP: City of Grants
City of Grants County of Cibola Village of Milan	County of Cibola	Cibola Regional Communications Center	February 8, 2013 and Continuing	N/A	\$280,640	County of Cibola	REV: County of Cibola EXP: City of Grants

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

CITY OF GRANTS
SENIOR PROGRAMS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<u>Sources(s) of Revenue(s)</u>	<u>Congreg. Meals</u>	<u>Home Del. Meals</u>	<u>Transportation</u>	<u>Assisted Transportation</u>	<u>Homemaker</u>	<u>Senior Emp.</u>	<u>NSIP</u>	<u>Chore</u>	<u>Total</u>
Federal IIIB	\$0	\$0	\$33,484	\$0	\$6,858	\$0	\$0	\$0	\$40,342
Federal IIIC-1	36,160	0	0	0	0	0	0	0	36,160
Federal IIIC-2	0	11,759	0	0	0	0	0	0	11,759
Federal III-E	0	0	0	0	0	0	0	0	0
State	58,569	80,264	18,163	0	8,585	0	0	0	165,581
State Senior Employment	0	0	0	0	0	34,724	0	0	34,724
NSIP	0	0	0	0	0	0	26,652	0	26,652
Local Funds	9,763	49,750	18,637	0	19,404	0	0	0	97,554
Program Income	15,343	3,497	0	0	0	0	0	0	18,840
Totals	\$119,835	\$145,270	\$70,284	\$0	\$34,847	\$34,724	\$26,652	\$0	\$431,612

**Actual Expenditures BY
Funding Source**

Federal IIIB	\$0	\$0	\$33,484	\$0	\$6,858	\$0	\$0	\$0	\$40,342
Federal IIIC-1	36,160	0	0	0	0	0	0	0	36,160
Federal IIIC-2	0	11,759	0	0	0	0	0	0	11,759
Federal III-E	0	0	0	0	0	0	0	0	0
State	58,569	80,264	9,394	0	5,796	0	0	0	154,023
State Senior Employment	0	0	0	0	0	34,724	0	0	34,724
NSIP	0	0	0	0	0	0	26,652	0	26,652
Local Funds	31,963	71,689	0	0	0	383	0	0	104,035
Program Income	15,343	3,497	0	0	0	0	0	0	18,840
Totals	\$142,035	\$167,209	\$42,878	\$0	\$12,654	\$35,107	\$26,652	\$0	\$426,535

Units Provided:	17,036	18,809	5,290	1,453	42,588
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The Notes to Financial Statements are an integral part of these statements.

ADDITIONAL FEDERAL INFORMATION

CITY OF GRANTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Federal Grantor/Program Title	Federal CFDA Number or Agency Prefix	Project Number	Award Amount	Accrued or (Deferred) Revenue at June 30, 2012	Receipts	Expenditures	Accrued or (Deferred) Revenue at June 30, 2013
<u>U.S. Department of Health and Human Services</u>							
Passed through North Central							
New Mexico Economic Development District							
Special Programs for the Aging Title III B	93.044	Contract #2012-13 60015	\$40,342	\$522	(\$33,194)	\$40,342	\$7,670
Title III C	93.045		47,919	1,553	(46,489)	47,919	2,983
Area Agency on Aging		Contract					
Nutritional Service Incentive Program	93.053	No. 2011-12	26,652	0	(26,652)	26,652	0
Total U.S. Department of Health and Human Services			\$114,913	\$2,075	(\$106,335)	\$114,913	\$10,653
<u>U.S. Department of Housing and Urban Development</u>							
Passed through New Mexico Department of Finance and Administration							
Community Development Block Grant -							
Johnson Street	14.288	10-C-NR-I-01-G-23	\$445,000	\$44,500	(\$44,500)	\$0	\$0
Comprehensive Plan	14.288	10-C-RS-I-06-A-111	50,000	22,666	(50,000)	27,334	0
Direct Funding:							
Low Rent Public Housing Operating							
Subsidy - Housing	14.850	NM030-00000112D	30,137	0	(30,137)	30,137	0
Section 8 Rental Voucher Program -							
Housing	14.871	NM030-00000113D	112,629	0	(112,629)	112,629	0
Public Housing Capital Fund	14.872	NM02P030501-09	40,276	19,977	(26,409)	6,432	0
Public Housing Capital Fund	14.872	NM02P030501-10	39,920	0	(4,920)	4,920	0
Public Housing Capital Fund	14.872	NM02P030501-11	33,750	0	(33,750)	33,750	0
Total U.S. Department of Housing and Urban Development			\$751,712	\$87,143	(\$302,345)	\$215,202	\$0
<u>U.S. Department of Homeland Security</u>							
Passed through New Mexico Department Security and Emergency Management							
College Bridge Road	97.036	FEMA-4047-DRNM	\$8,243	\$0	(\$8,243)	\$8,243	\$0
Total U.S. Department of Homeland Security			\$8,243	\$0	(\$8,243)	\$8,243	\$0

CITY OF GRANTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Federal Grantor/Program Title	Federal CFDA Number or Agency Prefix	Project Number	Award Amount	Accrued or (Deferred) Revenue at June 30, 2012	Receipts	Expenditures	Accrued or (Deferred) Revenue at June 30, 2013
<u>U.S. Department of Transportation</u>							
Passed through New Mexico Department of Transportation							
Operation Driving While Intoxicated (ODWI)	20.608	13-AL-64-039	\$10,400	\$0	(\$893)	\$4,801	\$3,908
100 Days and Nights of Summer	20.600	13-PT-DS-039	2,175	0	0	0	0
Federal Highway Administration	20.xxx	7506(001)	1,798,889	0	0	1,628,013	1,628,013
<u>Total U.S. Department of Transportation</u>			\$1,811,464	\$0	(\$893)	\$1,632,814	\$1,631,921
<u>Total Federal Financial Assistance</u>			\$2,686,332	\$89,218	(\$417,816)	\$1,971,172	\$1,642,574

Grant revenue receivable (page 12) (\$1,714,777 less state grant receivables of \$72,203)

N/A - Not Available

Basis of Presentation:

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

This information in this schedule is presented in accordance with the requirements of OMB Circular A.133, "Audits of State, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Housing Authority of the City of Grants
Financial Data Schedule
6/30/2013

Line Item #	Account Description	Business Activities	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
111	Cash - Unrestricted	0	38,382	0	0	38,382
113	Cash - Other Restricted	0	0	16,262	0	16,262
114	Cash - Tenant Security Deposits	0	5,000	0	0	5,000
100	Total Cash	0	43,382	16,262	0	59,644
121	Accounts Receivable - PHA Projects	0	0	0	0	0
122	Due from HUD - Other Projects	0	0	0	0	0
124	Accounts Receivable - Other Government	0	0	0	0	0
125	Accounts Receivable - Miscellaneous	0	0	0	0	0
126	Accounts Receivable - Tenants	0	3,811	0	0	3,811
126.1	Allowance for Doubtful Accts - Tenants	0	(2,588)	0	0	(2,588)
126.2	Allowance for Doubtful Accts - Other	0	0	0	0	0
120	Total Receivables, Net of Allowance for Doubtful Accts	0	1,223	0	0	1,223
132	Investments - Restricted	0	0	0	0	0
142	Prepaid Expenses and Other Assets	0	0	0	0	0
144	Inter Program Due From	0	31,719	0	0	31,719
150	Total Current Assets	0	76,324	16,262	0	92,586
161	Land	0	46,724	0	0	46,724
162	Buildings	0	1,458,508	0	0	1,458,508
163	Furniture, Equip & Machinery - Dwellings	0	20,412	0	0	20,412
164	Furniture, Equip & Machinery - Administration	0	33,523	8,814	0	42,337
165	Leasehold Improvements	0	43,531	0	0	43,531
166	Accumulated Depreciation	0	(918,513)	(8,814)	0	(927,327)
167	Construction in Progress	0	0	0	0	0
168	Infrastructure	0	0	0	0	0
160	Total Capital Assets, Net of Accumulated Deprec	0	684,185	0	0	684,185
180	Total Non-Current Assets	0	684,185	0	0	684,185
190	Total Assets	0	760,509	16,262	0	776,771
311	Bank Overdraft	0	0	0	0	0
312	Accounts Payable <= 90 Days	0	764	675	0	1,439
321	Accrued Wages/Payroll Taxes Payable	0	997	328	0	1,325
322	Accrued Compensated Absences - Current Portion	0	926	396	0	1,322
331	Accounts Payable - HUD PHA Programs	0	3,195	0	0	3,195
341	Tenant Security Deposits	0	5,000	0	0	5,000
342	Deferred Revenues	0	347	0	0	347
345	Other Current Liabilities	0	99	0	0	99
347	Inter Program - Due To	0	0	31,719	0	31,719
310	Total Current Liabilities	0	11,328	33,118	0	44,446
354	Accrued Compensated Absences - Non Current	0	1,524	653	0	2,177
350	Total Noncurrent Liabilities	0	1,524	653	0	2,177
300	Total Liabilities	0	12,852	33,771	0	46,623
508	Total Contributed Capital	0	0	0	0	0
508.1	Invested in Capital Assets, Net of Related Debt	0	648,185	0	0	648,185
511.1	Restricted Net Assets	0	0	(17,509)	0	(17,509)
512.1	Unrestricted Net Assets	0	99,472	0	0	99,472
513	Total Equity/Net Assets	0	747,657	(17,509)	0	730,148
600	Total Liabilities and Equity/Net Assets	0	760,509	16,262	0	776,771

Housing Authority of the City of Grants
Financial Data Schedule
6/30/2013

70300	Net Tenant Rental Revenue	0	41,564	0	0	41,564
70400	Tenant Revenue - Other	0	610	0	0	610
70500	Total Tenant Revenue	0	42,174	0	0	42,174
70600	HUD PHA Operating Grants	0	30,137	112,635	42,502	185,274
70610	Capital Grants	0	0	0	2,600	2,600
71100	Investment Income - Unrestricted	0	0	0	0	0
71300	Proceed from Disposition of Assets Held for Sale	0	0	0	0	0
71310	Cost of Sale of Assets	0	0	0	0	0
71400	Fraud Recovery	0	0	311	0	311
71500	Other Revenue	0	634	0	0	634
71600	Gain or Loss on Sale of Capital Assets	0	0	0	0	0
72000	Investment Income - Restricted	0	0	0	0	0
70000	Total Revenue	0	72,945	112,946	45,102	230,993
91100	Administrative Salaries	0	29,554	15,980	0	45,534
91200	Auditing Fees	0	0	0	0	0
91300	Management Fees	0	0	0	0	0
91310	Bookkeeping Fees	0	2,560	6,964	0	9,524
91400	Advertising and Marketing	0	262	45	0	307
91500	Employee Benefit Contributions - Administrative	0	10,781	5,292	0	16,073
91600	Office Expenses	0	8,180	2,711	0	10,891
91700	Legal Expenses	0	0	0	0	0
91800	Travel	0	1,972	784	0	2,756
91900	Other	0	1,539	893	0	2,432
91000	Total Operating - Administration	0	54,848	32,669	0	87,517
92400	Tenant Services - Other	0	0	0	0	0
92500	Total Tenant Services	0	0	0	0	0
93100	Water	0	1,073	0	0	1,073
93200	Electricity	0	2,339	0	0	2,339
93300	Gas	0	4	0	0	4
93800	Other Utilities Expense	0	0	0	0	0
93000	Total Utilities	0	3,416	0	0	3,416
94100	Ordinary Maint and Operations - Labor	0	620	0	0	620
94200	Ordinary Maint and Operations - Materials & Other	0	1,886	0	0	1,886
94300	Ordinary Maint and Operations - Contract Costs	0	7,389	0	0	7,389
94500	Employee Benefit Contributions - Ordinary Maintenance	0	81	0	0	81
94000	Total Maintenance and Operations	0	9,976	0	0	9,976
96110	Property Insurance	0	4,741	836	0	5,577
96130	Workmen's Compensation	0	2,033	0	0	2,033
96140	All Other Insurance	0	1,257	0	0	1,257
96100	Total Insurance Premiums	0	8,031	836	0	8,867
96200	Other General Expenses	0	0	139	0	139
96210	Compensated Absences	0	(617)	(264)	0	(881)
96400	Bad debt - Tenants	0	2,369	0	0	2,369
96000	Total Other General Expenses	0	1,752	(125)	0	1,627
96900	Total Operating Expenses	0	78,023	33,380	0	111,403
96900	Excess Operating Revenue over Operating Expenses	0	(5,078)	79,566	45,102	119,590
97300	Housing Assistance Payments	0	0	227,130	0	227,130
97350	HAP Portability-In	0	0	62	0	62
97200	Casualty Losses - Non-Capitalized	0	0	0	0	0
97400	Depreciation Expense	0	61,204	0	7,231	68,435
90000	Total Expenses	0	139,227	260,572	7,231	407,030
10010	Operating Transfers In	0	42,502	0	0	42,502
10020	Operating Transfers Out	0	0	0	(42,502)	(42,502)
10093	Transfers between Project and Program - In	0	0	0	0	0
10094	Transfers between Project and Program - Out	0	0	0	0	0
10100	Total Other Financing Sources (Uses)	0	42,502	0	(42,502)	0
10000	Excess (Deficiency) of Total Rev Over (Under) Total Exp	0	(23,780)	(147,626)	(4,631)	(176,037)

Housing Authority of the City of Grants
 Financial Data Schedule
 6/30/2013

11030	Beginning Equity	0	775,889	130,117	0	906,006
11040	Prior Period Adj, Equity Transfers, Correction of Errors	0	(4,452)		4,631	179
11170	Administrative Fee Equity	0	0	1,349	0	1,349
11180	Housing Assistance Payments Equity	0	0	(18,858)	0	(18,858)
11190	Unit Months Available		240			240
11210	Number of Unit Months Leased		238			238



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

Independent Auditor's Report

Mr. Hector H. Balderas, State Auditor and
The Mayor and City Council
City of Grants
Grants, 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 of the general fund and major special revenue fund of the City of Grants (the City) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and the combining and individual funds and related budgetary comparisons of the City, presented as supplemental information, and have issued our report thereon dated December 23, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered the City of Grants' 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 entity'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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. 2013-01, 2013-02, 2013-03, 2013-04, and 2012-01.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2013-04 and 2010-02.

The City of Grants' Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Kriegel/Gray/Shaw & Co., P.C.
Las Cruces, New Mexico
December 23, 2013

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited City of Grants' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Grants' major federal programs for the year ended June 30, 2013. City of Grants' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Grants' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Grants' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Mr. Hector H. Balderas, State Auditor and
The Mayor and City Council
City of Grants
Grants, New Mexico
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Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of City of Grants is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Grants' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Grants' internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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

Kriegel/Gray/Shaw & Co., P.C.
Las Cruces, New Mexico
December 23, 2013

CITY OF GRANTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

SECTION I – SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of Auditor's Report issued: **Unqualified**

Internal Control Over Financial Reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses? X Yes _____ No

Noncompliance material to financial statements noted? _____ Yes X No

FEDERAL AWARDS

Internal Control Over Major Programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X No

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____ Yes X No

Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.xxx	Federal Highway Administration Federal Aid Project

Dollar threshold used to distinguish between Type A and Type B Programs: \$300,000

Auditee qualified as low-risk auditee? X Yes _____ No

CITY OF GRANTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR SIGNIFICANT DEFICIENCIES:

2013-01 Lack of Controls over Travel and Per Diem – Significant Deficiency

Statement of Condition – We selected a sample of 20 travel transactions. Two vouchers of approximately \$83 and \$106 did not have appropriate supervisor approval, one of which was missing the employee's signature. There was also one instance where an individual received \$30 of Per Diem in excess of state law Per Diem rates.

Criteria – Good internal controls require proper approval and review over Travel and Per Diem requests. Reimbursement of travel expenses to employees of all state agencies and local public bodies must comply with the New Mexico Mileage and Per Diem Act (2.42.2 NMAC).

Cause – Lack of careful review and not following established procedures.

Effect – Increase risk of fraudulent activity involving City Travel and Per Diem disbursements.

Recommendation – Implement proper controls which require appropriate supervisor review and approval of all Travel and Per Diem disbursements.

Management's Response – City will take the necessary steps to review all travel vouchers for the reimbursement amount and proper signature approval before processing for payment.

CITY OF GRANTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR SIGNIFICANT DEFICIENCIES (CONTINUED):

2013-02 Lack of Controls over Journal Entries – Significant Deficiency

Statement of Condition – We selected 26 journal entries made throughout the year. Beginning in April, journal entries prepared and entered by Director of Finance were not approved before entering into the accounting system (\$1,164,409 out of \$2,158,647 entries tested).

Criteria – Good internal controls require proper review and approval over journal entries.

Cause – Change in key personnel including the previous City Manager who approved journal entries.

Effect – Increase risk of errors or fraudulent transactions through the use of journal entries.

Recommendation – All journal entries should be approved by an individual possessing appropriate accounting knowledge (newly hired CPA).

Management's Response – City will ensure that all journal entries are reviewed and approved before entries are made.

CITY OF GRANTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR SIGNIFICANT DEFICIENCIES (CONTINUED):

2013-03 Backdated Checks and Wire Transfers – Significant Deficiency

Statement of Condition – Check and Wire transfer were backdated to June 2013. The check and wire transfer were written between bank accounts held by the City. The check and wire transfer cleared the bank July 24 and July 22, 2013.

Check	\$1,493,927
Wire Transfer	\$925,000

Criteria – Good internal controls require proper sequence and dating of transactions. Management should not override internal controls over cash.

Cause – Large capital projects depleted the General Government Improvement fund cash balance for which grant funding had not been received.

Effect – Management manipulation of the integrity of financial reporting.

Recommendation – Management should not backdate or postdate cash transactions in order to manipulate financial reporting.

Management's Response – City will be making sure that entries post in a timely manner.

CITY OF GRANTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR SIGNIFICANT DEFICIENCIES (CONTINUED):

2013-04 Legal Compliance with Budget – Significant Deficiency and Compliance

Statement of Condition – The City’s authorized budget was exceeded by actual expenditures or actual transfers. The City violated state statutes by exceeding the authorized budget within the following funds:

Fund	Budget Amount	Actual Amount	Over Expended
General Fund – Transfers Out	\$1,672,299	\$1,768,870	(\$96,571)
Cibola Senior Center	\$386,051	\$389,718	(\$3,667)
Emergency Medical Services	\$9,985	\$91,321	(\$81,336)
Foster Grandparents Program	\$70,707	\$70,768	(\$61)
Litter Control and Beautification	\$7,100	\$7,360	(\$260)
Senior Employment Program	\$26,043	\$34,719	(\$8,676)
Low Rent	\$130,000	\$141,361	(\$11,361)
Housing Authority Capital Funds Program (transfers out)	\$0	\$42,502	(\$42,502)

Criteria – Section 6-6-6 of the New Mexico State Statutes restricts all officials and governing authorities from approving claims in excess of the approved budget. Additionally, Section 6-6-6 prohibits any payments in excess of the approved budget. City officials and governing authorities have the obligation to follow applicable state statutes.

Cause – There was a substantial change in personnel at the City as a result of the retirement of the City Manager and three other senior personnel in key positions at or near the City’s fiscal year end.

Effect – Noncompliance with the New Mexico State Statutes could jeopardize future funding opportunities.

Recommendation – We suggest that management closely monitor expenditures and budget limitations to ensure compliance with budget restrictions.

Management’s Response – City will monitor expenditures and budget limitations to ensure compliance with budget restrictions.

CITY OF GRANTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT STATUS ON PRIOR YEAR FINDINGS:

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

Repeated with modification.

Statement of Condition – The inventory utilized by a contractor for water, sewer and parks maintenance is not regularly counted and recorded on a perpetual basis.

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

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

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

Recommendation – Require contractor to follow professional service contract by maintaining accurate inventory records and maintain a supportable perpetual inventory schedule which is periodically agreed to a physical inventory count.

Management Response – City ensures spot checks on inventory throughout the course of the year.

2012-02 Terminated Employees Not Paid Timely – Significant Deficiency

Resolved and not repeated.

CITY OF GRANTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT STATUS ON PRIOR YEAR FINDINGS (CONTINUED):

2010-02 Audit Report Not Submitted Timely – Non Compliance

Repeated with modification.

Statement of Condition – The audit report for the year ended June 30, 2013 was not submitted timely.

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

Cause – The audit was delayed due to a substantial change in personnel at the City as a result of the retirement of the City Manager and three other senior personnel in key positions at or near the City’s fiscal year end.

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

Recommendation – The City should implement a cross training program to better prepare for future staff departures.

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

CITY OF GRANTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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

None.

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

None.

CITY OF GRANTS
EXIT CONFERENCE
JUNE 30, 2013

EXIT CONFERENCE:

The exit conference was held December 23, 2013 and was attended by the following:

From City of Grants:

Joe Murrietta, Mayor
Paul Peña, City Manager
Tammy Torrez, Director of Finance

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

Debbie Gray, CPA/Shareholder

FINANCIAL STATEMENTS PREPARATION

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