

**STATE OF NEW MEXICO
CITY OF DEMING**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2007

CITY OF DEMING

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CITY OF DEMING

OFFICIAL ROSTER
JUNE 30, 2007

ELECTED OFFICIALS

<u>Name</u>	<u>Title</u>
<i>Andres Z. Silva</i>	<i>Mayor</i>
<i>William Shattuck</i>	<i>Mayor Pro Tem</i>
<i>Linda Enis</i>	<i>Councilwoman</i>
<i>David Sanchez</i>	<i>Councilman</i>
<i>Joe F. Milo</i>	<i>Councilman</i>

ADMINISTRATIVE STAFF

<i>Richard McInturff</i>	<i>Administrator</i>
<i>Stephen A. Duran</i>	<i>Finance Director/Treasurer</i>

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Deming (the "City"), as of and for the year ended June 30, 2007, 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 internal service funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to 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 Deming, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental, nonmajor enterprise, and internal service fund of the City of Deming as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital project fund, major enterprise funds and all nonmajor funds for the year ended in conformity with accounting principles generally accepted in the United States of America.

Mr. Hector H. Balderas, State Auditor and
The Honorable Mayor and Members of City Council
City of Deming
Deming, New Mexico
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In accordance with *Government Auditing Standards*, we have also issued our reports dated June 4, 2009 on our consideration of the City of Deming's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit

The management's discussion and analysis on pages 4 through 9 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, and the combining and individual fund financial statements and budgetary comparisons. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The additional schedules listed as "other supplemental information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

June 4, 2009

CITY OF DEMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007

This section of the City of Deming’s annual financial report presents our discussion and analysis of the City’s financial performance during the fiscal year that ended June 30, 2007. Please read it in conjunction with the transmittal letter at the front of this report and the City’s financial statements, which follow this section.

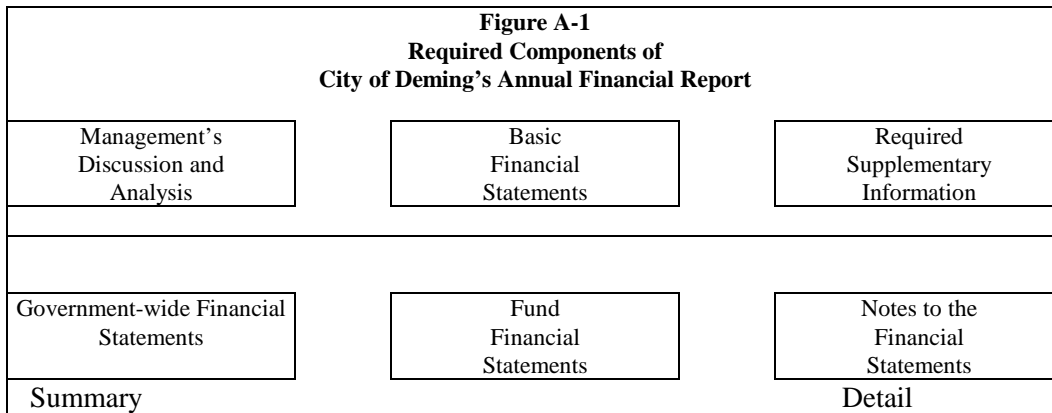
FINANCIAL HIGHLIGHTS

- Last year, the Management’s Discussion and Analysis reported our issues with Luna Energy Power Plant (LEPP) and their decision to purchase natural gas from a different source other than within the State of New Mexico. The City of Deming is contemplating the feasibility of pursuing litigation for misrepresentation.
- The continuation of the Homeland Security money for our area (Border Protection), which includes the National Guard, additional Border Patrol, Emergency Management Programs, and other programs related to the border, helped increase gross receipts tax distribution and other benefits for the City of Deming. The industrial park is housing the National Guard troop, which generates lease revenues to the city. The construction and improvements to the area will benefit the city for future economic development.
- The continued construction of new housing in several subdivisions within city limits and the extra-territorial zone has put a burden on the infrastructure, but the city should realize additional revenues to our proprietary funds. The additional property tax and GRT generated from this increased population will provide an additional tax base.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consist of four parts — *management’s discussion and analysis* (this section), the *basic financial statements*, *required supplementary information* and an optional section that presents *combining statements* for non-major governmental funds and internal service funds. The basic financial statements include two different presentations of the financial statements that present different formats of the City’s financial status:

- The first two financial statements are summary *government-wide financial statements* that provide both *long-term* and *short-term* information about the City’s *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the City government, reporting the City’s operations in *more detail* than the government-wide statements.
- The *governmental funds* statements tell how *general government* services like public safety were financed in the *short-term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates like businesses, such as the gas, water, and sewer systems.
- *Fiduciary fund* statements provide information about the financial relationships—like the Motor Vehicle fund—in which the City acts as trustee or agent for the benefit of others, to whom the resources in question belong.



CITY OF DEMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining statements that provide details about our non-major governmental funds.

Figure A-2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of the overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-2 Major Features				
	<u>Government-wide Statements</u>	<u>Fund Statements</u>		
		<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire City government (except fiduciary funds)	The activities of the City that are not proprietary or fiduciary, such as police, fire, and parks.	Activities the City operates similar to private businesses: The water, sewer, and gas systems.	Instances in which the City is the trustee or agent for someone else's resources, such as the Motor Vehicle Fund.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses, and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset and Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon after, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year. Expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

CITY OF DEMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007

The two government-wide statements report the City's *net assets* and how they have changed. Net assets, the difference between the City's assets and liabilities, are one way to measure the City's financial health, or change in *financial position*.

- Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as changes in the City's gross receipts tax base and the condition of the City's assets.

The government-wide financial statements of the City are divided into two categories:

- *Governmental activities* —Most of the City's basic services are included here, such as the police, fire, street, and the parks department, and general administration. Gross receipts taxes, property taxes, state and federal grants finance most of these activities.
- *Business-type activities* —The City charges user fees to customers to help it cover the costs of certain services it provides. The City's gas, water, and sewer systems and solid waste departments are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds—not to the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular activities.

- Some funds are required by State and Federal law.
- The City Council establishes other funds to control and manage money for particular activities (for example: the Peru Mill Cleanup Fund) or to show it is properly using certain taxes and grants (for example: CDBG Funds).

The City has three kinds of funds:

- *Governmental funds*-Most of the City's basic services are included in governmental funds, which focus on (1) *cash and other financial assets* that can readily be converted to cash flow, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on subsequent pages, that explains the relationship (or differences) between them.
- *Proprietary funds*-Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information.

In fact, the City's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

- *Fiduciary funds*-All of the City's fiduciary activities are agency funds reported in a separate statement of fiduciary net assets. We exclude these activities from the City's government-wide financial statements because the City cannot use these fund types to finance its operation.

CITY OF DEMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

City of Deming
Summary of Net Assets

	Governmental Activities		Proprietary Activities		Total		Total Percent Change
	2007	2006	2007	2006	2007	2006	
Assets:							
Current assets and other assets	\$9,260,331	\$9,069,512	\$5,569,692	\$6,143,832	\$14,830,023	\$15,213,344	(2.52)
Capital assets, net	36,673,987	37,139,822	23,727,042	21,499,244	60,401,029	58,639,066	3.00
Total assets	45,934,318	46,209,334	29,296,734	27,643,076	75,231,052	73,852,410	1.86
Liabilities:							
Long-term debt outstanding	142,685	193,960	364,864	1,098,650	507,549	1,292,610	(60.73)
Other liabilities	1,211,430	569,354	686,706	814,297	1,898,136	1,383,651	37.18
Total liabilities	1,354,115	763,314	1,051,570	1,912,947	2,405,685	2,676,261	(10.11)
Net Assets:							
Invested in capital assets, net of related debt	36,505,321	36,945,862	23,727,042	21,499,244	60,232,363	58,445,106	3.06
Restricted	1,624,899	2,415,355	0	0	1,624,899	2,415,355	(32.73)
Unrestricted	6,449,983	6,084,803	4,518,122	4,230,885	10,968,105	10,315,688	6.32
Total net assets	\$44,580,203	\$45,446,020	\$28,245,164	\$25,730,129	\$72,825,367	\$71,176,149	2.32

The City reported positive balances in net assets for both governmental and business-type activities. Net assets decreased \$865,817 for governmental activities and increased \$2,515,035 for business-type activities. The City's overall asset position increased during fiscal year 2007.

The capital assets in the Governmental Activities portion of the Net Assets statement decreased \$465,835 due mostly to recording of depreciation for the year ended June 30, 2007.

The change in long-term debt outstanding resulted from principal payments and a decrease in the post closure care liability as the landfill approaches closure.

The large increase in Net Assets for the Proprietary Activities portion was due to the City of Deming increasing the infrastructure of sewer and water lines on Solana Road. The city received state and federal grant funds and a loan from New Mexico Finance Authority (NMFA) for this project. The increase also includes the project for the new Water Storage Tank that too received state grant funds and a loan from NMFA. The city continues to receive funding from the Federal Aviation Administration to make improvements and additions to the local airport.

CITY OF DEMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007

City of Deming
Summary of Changes in Net Assets

	Governmental Activities		Proprietary Activities		Total		Total Percent Change
	2007	2006	2007	2006	2007	2006	
Revenues:							
<u>Program Revenues:</u>							
Charges for services	\$482,714	\$315,228	\$9,737,834	\$11,183,745	\$10,220,548	\$11,498,973	(11.12)
Licenses and permits	88,160	285,403	0	0	88,160	285,403	(69.11)
Intergovernmental	1,680,228	3,120,373	59,880	1,256,984	1,740,108	4,377,357	(60.25)
Fines and forfeitures	132,454	170,304	0	0	132,454	170,304	(22.22)
<u>General Revenue:</u>							
Taxes	8,953,157	7,627,336	0	0	8,953,157	7,627,336	14.81
Investment earnings	438,665	210,567	153,734	137,209	592,399	347,776	41.29
Miscellaneous	732,972	561,300	0	0	732,972	561,300	23.42
<i>Total revenue</i>	<i>12,508,350</i>	<i>12,290,511</i>	<i>9,951,448</i>	<i>12,577,938</i>	<i>22,459,798</i>	<i>24,868,449</i>	<i>(9.69)</i>
Expenses:							
General government	1,683,819	1,544,835	0	0	1,683,819	1,544,835	8.25
Public safety	4,912,406	4,020,959	0	0	4,912,406	4,026,959	18.02
Public works	3,060,917	2,627,312	0	0	3,060,917	2,627,312	14.17
Culture and recreation	1,721,713	1,804,862	0	0	1,721,713	1,804,862	(18.77)
Health and welfare	485,291	566,699	0	0	485,291	566,699	(33.14)
Interest on long-term debt	5,743	6,290	0	0	5,743	6,290	(41.83)
Operating expenses	0	0	9,665,119	9,910,628	9,665,119	9,910,628	(2.48)
<i>Total expenses</i>	<i>11,869,889</i>	<i>10,576,957</i>	<i>9,665,119</i>	<i>9,910,628</i>	<i>21,535,008</i>	<i>20,487,585</i>	<i>5.11</i>
Excess (deficiency) before special items and transfers	638,461	1,713,554	286,329	2,667,310	924,790	4,380,864	(78.89)
Transfers (net)	(464,577)	(1,733,951)	464,577	1,733,951	0	0	0
<i>Increase (decrease) in net assets</i>	<i>\$173,884</i>	<i>(\$20,397)</i>	<i>\$750,906</i>	<i>\$4,401,261</i>	<i>\$924,790</i>	<i>\$4,380,864</i>	<i>(78.89)</i>

Governmental-Type Activities

The largest source of revenues for governmental entities is taxes. Any negative legislative changes that affect the municipality's tax revenues will be of great concern to management. Intergovernmental revenue is the next largest source of revenue at 13.43% of total revenues for fiscal year 2007. This revenue is made up of funds received from other governments either through joint powers agreements or grants. The City has other sources of revenue that do not generate as large a percentage of total revenues as taxes and intergovernmental revenues but are still an important source of revenues for the City.

Key factors to the change in net assets are as follow:

- Taxes increased due in part to the Border Initiative by the U.S. Government that brought an influx of temporary residents, leading to an increase of gross receipt tax distributions.
- Intergovernmental revenues decreased due to the completion of projects funded with state grants.
- Miscellaneous revenues saw an increase due to a litigation settlement on the Peru Hill Mill property.
- Public Works expenditures increased due to street projects.

CITY OF DEMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007

Business-Type Activities

The largest source of revenue is generated from charges for services at 97.85% of total revenues. The majority of those service revenues are from various utilities. The utilities consist of gas, water, sewer, and solid waste. Intergovernmental revenues are the next largest source of revenue for the proprietary activities. This revenue is made up of the same sources as in the governmental type activities. Interest earnings at 1.54% are a small portion of revenues for the City.

The largest source of revenue is generated from charges for services. The City saw a decrease in both revenue and expenses mostly attributable to the fluctuation in the price of natural gas from fiscal year 2006 to 2007. Intergovernmental revenue decreased drastically in 2007 mostly due to spending on airport and water projects which were completed in 2007.

Operating expense is the only expense for proprietary funds.

Financial Analysis of the Government's Funds

As noted earlier, the City of Deming uses fund accounting to keep track of specific funding sources and spending of the same.

Governmental Funds – As of the end of the current fiscal year the City of Deming's governmental funds reported a combined ending fund balance \$7,985,479 a decrease of \$745,746 in comparison with the prior year. The majority of this amount is unreserved, which is available for spending at the government's discretion. The remaining amount is reserved for outstanding purchase orders at the fiscal year end.

The general fund is the chief operating fund of the City of Deming at the end of the fiscal year; unreserved fund balance of the general fund was \$5,793,591. The decrease of the fund balance \$363,128 is due to the city's portion of matches on capital projects and to special revenue programs/projects that rely on the general fund.

General Fund Budgetary Highlights

The City of Deming's total budgeted expense amount for FY 2006/2007 was 26.07% over the actual expenditure amounts for the year. Public safety is responsible for 48.50% of the General Fund expenditures.

The City's total tax revenues for FY 2006/2007 increased in total by 14.81% over FY 2005/2006. The tax revenue increase was due in part to the presence of the Border initiative by the U.S. Government in our area. The area of taxes that noticed a large increase was gross receipt tax and lodger's tax.

Budgetary amendments made to the general fund were predominately reclassifications within departments. Additional cash reserves were budgeted in the motor vehicle department of \$20,500 and additional transfers out were budgeted from cash reserves to the Airport fund.

Economic Factors

Substantial growth potential exists for the community subdivision activity is robust and the real estate and lending markets are strong. These conditions indicate an expanding tax base to support governmental activities.

Contacting the City's Financial Management

The financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have questions about this report, contact the City's Treasurer at P.O. Box 706, Deming, New Mexico, 88031, 575-546-8848, deming@cityofdeming.org.

CITY OF DEMING
STATEMENT OF NET ASSETS
JUNE 30, 2007

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current Assets:			
Cash and cash equivalents	\$2,376,248	\$2,826,264	\$5,202,512
Investments	5,338,321	506,189	5,844,510
Accounts receivables (net of allowance for doubtful accounts)	35,349	749,524	784,873
Intergovernmental receivables	1,741,880	52,203	1,794,083
Assessments receivable	146,127	0	146,127
Inventories	64,169	648,875	713,044
Restricted cash	0	245,893	245,893
Restricted investments	0	90,000	90,000
Internal balances	(450,744)	450,744	0
Receivable - external parties	8,981	0	8,981
<i>Total current assets</i>	<i>9,260,331</i>	<i>5,569,692</i>	<i>14,830,023</i>
Noncurrent Assets:			
Capital assets, net of depreciation	36,673,987	23,727,042	60,401,029
Total assets	45,934,318	29,296,734	75,231,052
LIABILITIES			
Current Liabilities:			
Accounts payable	804,355	188,182	992,537
Accrued payroll and benefits	93,921	36,108	130,029
Compensated absences	0	5,784	5,784
Due to others	3,110	0	3,110
Meter deposits and overpayments	0	335,893	335,893
Notes payable, current portion	25,981	0	25,981
<i>Total current liabilities</i>	<i>927,367</i>	<i>565,967</i>	<i>1,493,334</i>
Long-term Liabilities:			
Post closure payable	0	364,864	364,864
Bonds, notes, and leases payable	142,685	0	142,685
Compensated absences	284,063	120,739	404,802
<i>Total long-term liabilities</i>	<i>426,748</i>	<i>485,603</i>	<i>912,351</i>
Total liabilities	1,354,115	1,051,570	2,405,685
NET ASSETS			
Invested in capital assets, net of related debt	36,505,321	23,727,042	60,232,363
Restricted for:			
Capital projects	82,890	0	82,890
Other purposes	1,542,009	0	1,542,009
Unrestricted	6,449,983	4,518,122	10,968,105
Total net assets	\$44,580,203	\$28,245,164	\$72,825,367

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

CITY OF DEMING
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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	\$1,683,819	\$44,542	\$456,466	\$0	(\$1,182,811)	\$0	(\$1,182,811)
Public safety	4,912,406	377,342	145,834	73,120	(4,316,110)	0	(4,316,110)
Public works	3,060,917	0	75,000	367,818	(2,618,099)	0	(2,618,099)
Cultural and recreation	1,721,713	60,830	163,879	237,503	(1,259,501)	0	(1,259,501)
Health and welfare	485,291	0	160,608	0	(324,683)	0	(324,683)
Interest on long-term debt	5,743	0	0	0	(5,743)	0	(5,743)
<i>Total governmental activities</i>	<i>11,869,889</i>	<i>482,714</i>	<i>1,001,787</i>	<i>678,441</i>	<i>(9,706,947)</i>	<i>0</i>	<i>(9,706,947)</i>
Business-Type Activities:							
Gas	4,376,348	4,560,391	0	0	0	184,043	184,043
Sewer	874,129	727,965	0	0	0	(146,164)	(146,164)
Water	1,583,264	1,734,898	0	0	0	151,634	151,634
Solid waste	1,001,113	1,052,509	0	0	0	51,396	51,396
Insurance trust funds	1,654,841	1,546,314	0	0	0	(108,527)	(108,527)
Airport	124,503	55,201	0	59,880	0	(9,422)	(9,422)
Cemetery operating	50,921	60,556	0	0	0	9,635	9,635
<i>Total business-type activities</i>	<i>9,665,119</i>	<i>9,737,834</i>	<i>0</i>	<i>59,880</i>	<i>0</i>	<i>132,595</i>	<i>132,595</i>
Total primary government	\$21,535,008	\$10,220,548	\$1,001,787	\$738,321	(\$9,706,947)	\$132,595	(\$9,574,352)

General Revenues

Taxes:

Property taxes, levied for general purposes	\$220,804	\$0	\$220,804
Franchise taxes	221,959	0	221,959
Local effort taxes	4,243,408	0	4,243,408
State shared taxes	4,266,986	0	4,266,986
Licenses and permits	88,160	0	88,160
Fines and forfeitures	132,454	0	132,454
Miscellaneous	732,972	0	732,972
Investment earnings	438,665	153,734	592,399
Operating transfers, net	(457,128)	457,128	0
Capital transfers, net	(7,449)	7,449	0
<i>Total general revenues and transfers</i>	<i>9,880,831</i>	<i>618,311</i>	<i>10,499,142</i>
Change in net assets	173,884	750,906	924,790
Net assets, beginning	45,446,020	25,730,129	71,176,149
Restatements	(1,039,701)	1,764,129	724,428
<i>Net assets, beginning restated</i>	<i>44,406,319</i>	<i>27,494,258</i>	<i>71,900,577</i>
Net assets, ending	\$44,580,203	\$28,245,164	\$72,825,367

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

CITY OF DEMING
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2007

	General Fund	Capital Projects Fund Voiers Park	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$915,247	\$17,477	\$1,443,524	\$2,376,248
Investments	4,968,285	0	370,036	5,338,321
Accounts receivable (net of allowances for uncollectible):				
Assessments	0	0	146,127	146,127
Accounts	35,349	0	0	35,349
Intergovernmental	1,191,862	237,503	312,515	1,741,880
Inventories	64,169	0	0	64,169
Due from other funds	1,027,276	0	1,032	1,028,308
Total assets	\$8,202,188	\$254,980	\$2,273,234	\$10,730,402
LIABILITIES				
Accounts payable	\$137,179	\$465,057	\$202,119	\$804,355
Accrued payroll and benefits	65,373	3,007	25,541	93,921
Due to others	3,110	0	0	3,110
Deferred revenue	15,972	0	0	15,972
Due to other funds	1,369,532	0	2,293	1,371,825
Total liabilities	1,591,166	468,064	229,953	2,289,183
Fund Balances				
Reserved for:				
Encumbrances	101,961	0	205,298	307,259
Unreserved reported in:				
General fund	6,509,061	0	0	6,509,061
Special revenue funds	0	0	1,542,009	1,542,009
Capital projects funds	0	(213,084)	295,974	82,890
Total fund balances	6,611,022	(213,084)	2,043,281	8,441,219
Total liabilities and fund balances	\$8,202,188	\$254,980	\$2,273,234	\$10,730,402

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

CITY OF DEMING
RECONCILIATION OF THE FUND BALANCE OF GOVERNMENTAL FUNDS
TO GOVERNMENTAL ACTIVITIES NET ASSETS
JUNE 30, 2007

FUND BALANCE of Governmental Funds	\$8,441,219
Amounts reported for governmental activities in the statement of net assets are different because:	
Long-term liabilities and compensated absences are included in government-wide activities, but not included in Governmental Funds	(452,729)
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore are not reported in the funds.	36,673,987
Certain assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	15,972
Internal service funds are used by management to charge the costs of insurance to individual funds. The governmental activities portion of the profit/loss generated has been added back to (subtracted from) the related functions.	(98,246)
<i>Net assets of governmental activities</i>	<i>\$44,580,203</i>

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

CITY OF DEMING
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	General Fund	Capital Projects Fund Voiers Park	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$219,128	\$0	\$0	\$219,128
Licenses and permits	88,160	0	0	88,160
Intergovernmental	456,466	237,503	986,259	1,680,228
Charges for services	460,092	0	22,622	482,714
Fines and forfeitures	116,349	0	16,105	132,454
Interest	279,311	10,713	71,227	361,251
Local effort taxes	3,997,052	0	468,315	4,465,367
State shared taxes	3,754,946	0	512,040	4,266,986
Rents	103,920	0	0	103,920
Net increase (decrease) in the fair market value of investments	74,406	0	3,008	77,414
Miscellaneous	576,169	0	52,883	629,052
Sale of capital assets	25,185	0	0	25,185
<i>Total revenues</i>	<u>10,151,184</u>	<u>248,216</u>	<u>2,132,459</u>	<u>12,531,859</u>
EXPENDITURES				
Current:				
General government	1,268,995	0	289,560	1,558,555
Public safety	4,418,614	0	78,164	4,496,778
Public works	1,123,219	0	885,518	2,008,737
Cultural and recreation	602,583	0	991,188	1,593,771
Health and welfare	0	0	439,608	439,608
Debt Service:				
Principal	0	0	25,294	25,294
Interest	0	0	5,743	5,743
Capital outlay	386,275	813,205	919,199	2,118,679
<i>Total expenditures</i>	<u>7,799,686</u>	<u>813,205</u>	<u>3,634,274</u>	<u>12,247,165</u>
Excess (deficiency) of revenues over expenditures	2,351,498	(564,989)	(1,501,815)	284,694
Other Financing Sources (Uses):				
Operating transfers in	523,259	0	1,814,814	2,338,073
Operating transfers (out)	(2,547,732)	0	(247,469)	(2,795,201)
Capital transfers in (out)	0	0	(7,449)	(7,449)
<i>Total other financing sources (uses)</i>	<u>(2,024,473)</u>	<u>0</u>	<u>1,559,896</u>	<u>(464,577)</u>
Net change in fund balances	327,025	(564,989)	58,081	(179,883)
FUND BALANCE, Beginning of year, as previously stated	6,315,871	351,905	2,063,450	8,731,226
Restatements	(31,874)	0	(78,250)	(110,124)
FUND BALANCE, Beginning of year, as restated	6,283,997	351,905	1,985,200	8,621,102
FUND BALANCE, End of year	\$6,611,022	(\$213,084)	\$2,043,281	\$8,441,219

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

CITY OF DEMING
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Net change in fund balances - Governmental Funds	(\$179,883)
Amounts reported for governmental activities in the statement of activities are different because:	
Current compensated absences not included in governmental funds	54,800
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 outlays (\$2,092,512) exceeded depreciation (\$1,609,231) in the current period.	483,281
Governmental funds record proceeds from the sale of capital assets as revenue. However, in the Statement of Activities the asset book value offsets the proceeds for gain on sale.	(19,539)
Certain revenues are deferred in the funds based on available and measurable criteria, whereas they are recorded as revenue in Statement of Activities.	1,676
Internally generated losses from internal service funds have been added back to the related functional expenses.	(191,745)
Governmental funds record principal debt payments as expenditures. These debt payments are shown as a reduction in the liability on the Statement of Net Assets.	25,294
<i>Change in net assets of governmental activities</i>	\$173,884

CITY OF DEMING
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
REVENUES				
Taxes	\$7,330,059	\$7,330,059	\$7,304,308	(\$25,751)
Licenses and permits	68,600	68,600	88,160	19,560
Intergovernmental	520,518	520,518	168,325	(352,193)
Charges for services	222,600	222,600	387,018	164,418
Fines and forfeitures	200,900	200,900	203,216	2,316
Interest	180,000	180,000	287,654	107,654
Miscellaneous	493,500	493,500	1,058,874	565,374
<i>Total revenues</i>	<u>9,016,177</u>	<u>9,016,177</u>	<u>9,497,555</u>	<u>481,378</u>
EXPENDITURES				
Current:				
General government	1,216,170	1,371,170	1,257,339	113,831
Public safety	4,899,022	5,123,022	4,369,700	753,322
Public works	1,479,430	1,489,930	1,148,425	341,505
Cultural and recreation	696,255	751,255	602,164	149,091
Capital outlay	2,149,900	1,725,900	356,019	1,369,881
<i>Total expenditures</i>	<u>10,440,777</u>	<u>10,461,277</u>	<u>7,733,647</u>	<u>2,727,630</u>
Excess (deficiency) of revenues over expenditures	(1,424,600)	(1,445,100)	1,763,908	3,209,008
Other Financing Sources (Uses):				
Operating transfers in	10,000	10,000	523,259	513,259
Operating transfers (out)	(3,164,743)	(3,204,743)	(2,547,734)	657,009
<i>Total other financing sources (uses)</i>	<u>(3,154,743)</u>	<u>(3,194,743)</u>	<u>(2,024,475)</u>	<u>1,170,268</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(4,579,343)	(4,639,843)	<u>(\$260,567)</u>	<u>\$4,379,276</u>
Budgeted cash carryover	4,579,343	4,639,843		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$260,567)
Adjustments for revenue accruals	653,629
Adjustments for expenditure accruals	(66,037)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$327,025</u>

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

CITY OF DEMING
PROPRIETARY FUNDS
STATEMENTS OF NET ASSETS
JUNE 30, 2007

	Business-Type Activities			
	Airport Fund	Gas Fund	Sewer Fund	Solid Waste Fund
ASSETS				
Current Assets:				
Cash	\$111,763	\$871,741	\$125,276	\$767,540
Investments	0	101,334	9,006	3,660
Due from other funds	0	1,359,300	0	0
Accounts receivable (net of allowances for uncollectible)	0	257,652	63,887	92,817
Interest receivable	0	0	0	0
Intergovernmental receivable	0	0	0	52,203
Inventories	0	200,435	54,912	0
<i>Total current assets</i>	111,763	2,790,462	253,081	916,220
Non-Current Assets:				
Restricted Assets:				
Cash	0	158,760	0	0
Investments	0	90,000	0	0
Capital Assets, net	4,404,743	3,473,574	7,068,410	1,289,583
<i>Total noncurrent assets</i>	4,404,743	3,722,334	7,068,410	1,289,583
Total assets	\$4,516,506	\$6,512,796	\$7,321,491	\$2,205,803
LIABILITIES AND NET ASSETS				
LIABILITIES				
Current Liabilities:				
Accounts payable	\$7,946	\$15,174	\$65,230	\$7,902
Accrued payroll and benefits	521	10,728	3,426	8,959
Compensated absences	0	0	0	5,784
Meter deposits and over payments	0	248,760	0	0
Due to other funds	0	1,003,187	0	0
<i>Total current liabilities</i>	8,467	1,277,849	68,656	22,645
Non-Current Liabilities:				
Compensated absences	3,165	21,298	7,407	47,647
Post closure payable	0	0	0	364,864
<i>Total non-current liabilities</i>	3,165	21,298	7,407	412,511
<i>Total liabilities</i>	11,632	1,299,147	76,063	435,156
Net Assets:				
Invested in capital assets, net of related debt	0	0	0	0
Unrestricted	4,504,874	5,213,649	7,245,428	1,770,647
<i>Total net assets</i>	4,504,874	5,213,649	7,245,428	1,770,647
Total liabilities and net assets	\$4,516,506	\$6,512,796	\$7,321,491	\$2,205,803

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

CITY OF DEMING
PROPRIETARY FUNDS
STATEMENTS OF NET ASSETS
JUNE 30, 2007

	Business-Type Activities			Internal Service Fund - Insurance
	Water Fund	Nonmajor Enterprise Fund	Total Enterprise Funds	
ASSETS				
Current Assets:				
Cash	\$780,735	\$100,719	\$2,757,774	\$68,490
Investments	197,176	0	311,176	195,013
Due from other funds	0	0	1,359,300	3,263
Accounts receivable (net of allowances for uncollectible)	319,323	15,845	749,524	0
Interest receivable	0	0	0	0
Intergovernmental receivable	0	0	52,203	0
Inventories	393,528	0	648,875	0
<i>Total current assets</i>	1,690,762	116,564	5,878,852	266,766
Non-Current Assets:				
Restricted Assets:				
Cash	87,133	0	245,893	0
Investments	0	0	90,000	0
Capital Assets, net	7,243,405	247,327	23,727,042	0
<i>Total noncurrent assets</i>	7,330,538	247,327	24,062,935	0
Total assets	\$9,021,300	\$363,891	\$29,941,787	\$266,766
 LIABILITIES AND NET ASSETS				
LIABILITIES				
Current Liabilities:				
Accounts payable	\$82,815	\$2,843	181,910	\$6,272
Accrued payroll and benefits	12,474	0	36,108	0
Compensated absences	0	0	5,784	0
Meter deposits and over payments	87,133	0	335,893	0
Due to other funds	2,324	0	1,005,511	4,554
<i>Total current liabilities</i>	184,746	2,843	1,565,206	10,826
Non-Current Liabilities:				
Compensated absences	41,222	0	120,739	0
Post closure payable	0	0	364,864	0
<i>Total noncurrent liabilities</i>	41,222	0	485,603	0
<i>Total liabilities</i>	225,968	2,843	2,050,809	10,826
Net Assets:				
Invested in capital assets, net of related debt	0	0	0	0
Unrestricted	8,795,332	361,048	27,890,978	255,940
<i>Total net assets</i>	8,795,332	361,048	27,890,978	255,940
Total liabilities and net assets	\$9,021,300	\$363,891	\$29,941,787	\$266,766

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

CITY OF DEMING

RECONCILIATION OF THE FUND NET ASSETS OF PROPRIETARY FUNDS TO BUSINESS-TYPE ACTIVITIES NET ASSETS JUNE 30, 2007

FUND NET ASSETS of Proprietary Funds:

Enterprise Funds	\$27,890,978
Internal Service Fund - Insurance	255,940
	<hr/>
	28,146,918

Governmental activities portion of internal service fund loss/profit eliminated by adding back to the related functions.

Prior years	(93,499)
Current year	191,745
	<hr/>

Net assets of business-type activities **\$28,245,164**

CITY OF DEMING
PROPRIETARY FUNDS
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Business-Type Activities			
	Airport Fund	Gas Fund	Sewer Fund	Solid Waste Fund
OPERATING REVENUES				
Water sales	\$0	\$0	\$0	\$0
Sewer service	0	0	674,115	0
Charges for services	0	4,501,390	0	930,250
Other operating revenue	3,872	56,601	53,850	14,609
Rental income	51,329	2,400	0	2,300
Intergovernmental	59,880	0	0	105,350
<i>Total operating revenues</i>	115,081	4,560,391	727,965	1,052,509
OPERATING EXPENSES				
Personnel services	33,025	558,226	286,878	607,762
Product for resale	0	3,380,675	0	0
Utilities	12,985	10,148	144,843	1,979
Depreciation	42,009	179,524	211,197	83,139
Other operating expenses	36,484	247,775	231,211	308,233
<i>Total operating expenses</i>	124,503	4,376,348	874,129	1,001,113
<i>Operating income (loss)</i>	(9,422)	184,043	(146,164)	51,396
NON-OPERATING REVENUES (EXPENSES)				
Interest income	4,021	60,072	10,470	21,288
Interest expense	0	0	0	0
Net increase (decrease) in fair market value - investments	0	1,503	61	69
<i>Total non-operating revenues (expenses)</i>	4,021	61,575	10,531	21,357
<i>Income before operating transfers</i>	(5,401)	245,618	(135,633)	72,753
OTHER FINANCING SOURCES (USES):				
Operating transfers in	360,129	414,297	0	0
Operating transfers (out)	0	(317,298)	0	0
Capital transfers in	0	0	0	0
<i>Total other financing sources (uses)</i>	360,129	96,999	0	0
<i>Change in net assets</i>	354,728	342,617	(135,633)	72,753
Total net assets, at beginning of year, as previously stated	3,939,026	4,813,830	6,661,694	909,430
Restatements	211,120	57,202	719,367	788,464
Total net assets, at beginning of year, as restated	4,150,146	4,871,032	7,381,061	1,697,894
<i>Total net assets, at end of year</i>	<i>\$4,504,874</i>	<i>\$5,213,649</i>	<i>\$7,245,428</i>	<i>\$1,770,647</i>

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

CITY OF DEMING
PROPRIETARY FUNDS
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Business-Type Activities			Internal Service Fund - Insurance
	Water Fund	Nonmajor Enterprise Fund	Total Enterprise Funds	
OPERATING REVENUES				
Water sales	\$1,684,600	\$0	\$1,684,600	\$0
Sewer service	0	0	674,115	0
Charges for services	0	30,791	5,462,431	1,354,569
Other operating revenue	32,469	29,765	191,166	0
Rental income	0	0	56,029	0
Intergovernmental	17,829	0	183,059	0
<i>Total operating revenues</i>	1,734,898	60,556	8,251,400	1,354,569
OPERATING EXPENSES				
Personnel services	725,934	0	2,211,825	0
Product for resale	0	0	3,380,675	0
Utilities	198,160	1,251	369,366	0
Depreciation	164,380	2,930	683,179	0
Other operating expenses	494,790	46,740	1,365,233	1,654,841
<i>Total operating expenses</i>	1,583,264	50,921	8,010,278	1,654,841
<i>Operating income (loss)</i>	151,634	9,635	241,122	(300,272)
NON-OPERATING REVENUES (EXPENSES)				
Interest income	36,686	2,368	134,905	12,762
Interest expense	0	0	0	0
Net increase (decrease) in fair market value - investments	3,111	0	4,744	1,323
<i>Total non-operating revenues (expenses)</i>	39,797	2,368	139,649	14,085
<i>Income before operating transfers</i>	191,431	12,003	380,771	(286,187)
OTHER FINANCING SOURCES (USES):				
Operating transfers in	0	0	774,426	0
Operating transfers (out)	0	0	(317,298)	0
Capital transfers in	0	7,449	7,449	0
<i>Total other financing sources (uses)</i>	0	7,449	464,577	0
<i>Change in net assets</i>	191,431	19,452	845,348	(286,187)
Total net assets, at beginning of year, as previously stated	8,615,925	341,596	25,281,501	542,127
Restatements	(12,024)	0	1,764,129	0
Total net assets, at beginning of year, as restated	8,603,901	341,596	27,045,630	542,127
<i>Total net assets, at end of year</i>	<i>\$8,795,332</i>	<i>\$361,048</i>	<i>\$27,890,978</i>	<i>\$255,940</i>

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

CITY OF DEMING

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET ASSETS OF PROPRIETARY FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Net change in fund net assets - Business-Type Activities	
Enterprise Funds	\$845,348
Internal Service Fund - Insurance	(286,187)
	<hr/>
	559,161
 Internally generated loss from internal service funds has been reclassified to governmental activities functions.	
	<hr/>
	191,745
 <i>Change in net assets - business-type activities</i>	
	<hr/> <hr/>
	\$750,906

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

CITY OF DEMING
PROPRIETARY FUND TYPES
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Business-Type Activities			
	Airport Fund	Gas Fund	Sewer Fund	Solid Waste Fund
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers, grants and misc.	\$116,341	\$4,665,129	\$736,789	\$1,045,891
Cash received from interfund services provided	0	0	0	0
Cash payments for interfund services	0	0	0	0
Cash used for salaries and related benefits	(36,363)	(591,664)	(291,521)	(587,160)
Cash used for suppliers of goods and services	(94,321)	(3,769,670)	(337,921)	(298,649)
<i>Net cash provided (used) by operating activities</i>	(14,343)	303,795	107,347	160,082
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Advances from (repayments to) other funds	0	1,003,187	0	0
(Advances to) repayments from other funds	75,797	(1,359,300)	0	0
Operating transfers in (out)	360,129	96,999	0	0
<i>Net cash provided (used) by noncapital financing activities</i>	435,926	(259,114)	0	0
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Payment for/adjustment of capital acquisitions	(426,334)	(285,223)	(311,730)	(210,866)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investment securities	0	(90,000)	0	0
Proceeds from sale and maturities of investment securities	0	0	2,735	2,907
Interest income	4,021	78,134	11,388	23,763
<i>Net cash provided by investing activities</i>	4,021	(11,866)	14,123	26,670
INCREASE (DECREASE) IN CASH	(730)	(252,408)	(190,260)	(24,114)
CASH AT BEGINNING OF YEAR	112,493	1,282,909	315,536	791,654
CASH AT END OF YEAR	\$111,763	\$1,030,501	\$125,276	\$767,540
Reconciliation of net cash provided (used) by operating activities				
Operating income (loss)	(\$9,422)	\$184,043	(\$146,164)	\$51,396
Deprecation	42,009	179,524	211,197	83,139
(Increase) Decrease in:				
Accounts receivable	1,260	48,739	(3,352)	45,585
Intergovernmental	0	0	0	(52,203)
Inventory	0	53,125	12,176	0
Increase (Decrease) in:				
Accounts payable	(44,852)	(131,072)	38,133	(11,241)
Accrued payroll and benefits	0	978	400	1,566
Post closure payable	0	0	0	22,804
Compensated absences	(3,338)	(31,542)	(5,043)	19,036
<i>Net cash provided by operating activities</i>	(\$14,343)	\$303,795	\$107,347	\$160,082

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

CITY OF DEMING
PROPRIETARY FUND TYPES
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Business-Type Activities			Internal Service Fund - Insurance
	Water Fund	Nonmajor Enterprise Fund	Total Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers, grants and misc.	\$1,858,429	\$75,748	\$8,498,327	\$1,354,569
Cash received from interfund services provided	0	0	0	0
Cash payments for interfund services	0	0	0	0
Cash used for salaries and related benefits	(710,913)	(2,236)	(2,219,857)	0
Cash used for suppliers of goods and services	(677,681)	(46,292)	(5,224,534)	(1,648,569)
<i>Net cash provided (used) by operating activities</i>	<u>469,835</u>	<u>27,220</u>	<u>1,053,936</u>	<u>(294,000)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Advances from (repayments to) other funds	2,324	0	1,005,511	94,781
(Advances to) repayments from other funds	0	147	(1,283,356)	4,554
Operating transfers in (out)	0	7,449	464,577	0
<i>Net cash provided (used) by noncapital financing activities</i>	<u>2,324</u>	<u>7,596</u>	<u>186,732</u>	<u>99,335</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Payment for/adjustment of capital acquisitions	(739,078)	(10,596)	(1,983,827)	0
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investment securities	0	0	(90,000)	0
Proceeds from sale and maturities of investment securities	1,404	0	7,046	0
Interest income	44,527	2,368	164,201	14,085
<i>Net cash provided by investing activities</i>	<u>45,931</u>	<u>2,368</u>	<u>81,247</u>	<u>14,085</u>
INCREASE (DECREASE) IN CASH	(220,988)	26,588	(661,912)	(180,580)
CASH AT BEGINNING OF YEAR	1,088,856	74,131	3,665,579	249,070
CASH AT END OF YEAR	\$867,868	\$100,719	\$3,003,667	\$68,490
Reconciliation of net cash provided (used) by operating activities				
Operating income (loss)	\$151,634	\$9,635	\$241,122	(\$300,272)
Deprecation	164,380	2,930	683,179	0
(Increase) Decrease in:				
Accounts receivable	58,416	15,192	165,840	0
Intergovernmental	0	0	(52,203)	0
Inventory	61,756	0	127,057	0
Increase (Decrease) in:				
Accounts payable	15,269	1,699	(132,064)	6,272
Accrued payroll and benefits	(259)	0	2,685	0
Post closure payable	0	0	22,804	0
Compensated absences	18,639	(2,236)	(4,484)	0
<i>Net cash provided by operating activities</i>	<u>\$469,835</u>	<u>\$27,220</u>	<u>\$1,053,936</u>	<u>(\$294,000)</u>

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

CITY OF DEMING
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
JUNE 30, 2007

	<u>Agency Funds</u>
ASSETS	
Cash	\$25,697
Investments	6,445
Due from State of NM - DMV	50
Due from the City of Deming	5,937
<hr/>	
<i>Total assets</i>	38,129
<hr/>	
LIABILITIES	
Intergovernmental payable	11,629
Due to others	11,582
Due to the City of Deming	14,918
<hr/>	
<i>Total liabilities</i>	38,129
<hr/>	
<i>NET ASSETS</i>	\$0
<hr/> <hr/>	

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

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City's combined financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

1. the organization is legally separate (can sue and be sued in their own name).
2. the City holds the corporate powers of the organization.
3. the City appoints a voting majority of the organization's board.
4. the City is able to impose its will on the organization.
5. the organization has the potential to impose a financial benefit/burden on the City.
6. there is fiscal dependency by the organization on the City.

Based on the aforementioned criteria, the City of Deming has no component units.

Basis of Presentation, Basis of Accounting

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

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

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

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

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City reports the following major governmental funds:

General Fund – This fund is the City’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Voiers Park – This fund is a capital projects fund. It accounts for state funds for the construction and maintenance of Voiers Park.

The City reports the following major proprietary funds:

Airport Operating – To account for the operation of the City airport. All activities necessary to provide such services are accounted for in this fund, including administration, operation, maintenance, financing, billing and collection.

Gas Utility – To account for the provision of gas services to residents. All activities necessary to provide such services are accounted for in this fund, including administration, operations, maintenance, financing, billing and collection.

Sewer Fund – To account for the provision of sewer services to residents. All activities necessary to provide such services are accounted for in this fund, including administration, operation, maintenance, financing, billing and collection.

Solid Waste – To account for the provision of garbage collection and disposal services to residents. All activities necessary to provide such services are accounted for in this fund, including administration, operation, maintenance, financing, billing and collection.

Water Fund – To account for the provision of water to residents. All activities necessary to provide such services are accounted for in this fund, including administration, operation, maintenance, financing, billing and collection.

Insurance – To provide for the operating of the City self-insurer’s health plan. All activities necessary to provide health benefits are accounted for in this fund, including catastrophe health premiums and claims.

The City reports the following fund types:

Internal Service Fund – This fund accounts for health insurance coverage’s provided to other departments on a cost reimbursement basis.

Agency Funds – These funds account for monies held on behalf of local law enforcement agencies and state agencies.

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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 grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Derived tax revenues (gross receipts taxes, gas taxes and motor vehicle taxes, etc.) are recognized when the underlying transactions take place.

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

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

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

Budgets and Budgetary Accounting

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

- a. Two months prior to June 30th, the City Administrator gives to the City Council a proposed operating budget for the upcoming fiscal year commencing the following July 1st. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted at the City offices to obtain taxpayer comments.
- c. After the City Council approves the proposed budget, it is submitted to the Local Government Division of the State Department of Finance and Administration for review and certification.
- d. Upon certification the budget becomes a legally binding document, which does not allow total expenditures in any fund to exceed the amount budgeted.
- e. The City Administrator is authorized to transfer budgeted amounts between departments within any fund; however, the City Council and the Local Government Division of the State Department of Finance and Administration must approve these revisions.

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- f. Any revisions, which would increase the total budgeted expenditures of any fund, must have written approval of the Secretary of Finance and Administration and the Attorney General. If such approval is not granted, the City is legally restricted under State Statutes as to total expenditures provided for in the budget.
- g. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Projects Funds, and Enterprise Funds.

Budgets are not adopted on a basis consistent with generally accepted accounting principles (GAAP). Throughout the year, the accounting records are maintained on a non-GAAP basis of cash receipts and disbursements; consequently, certain revenues and the related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the budgets are adopted on the cash basis of accounting. Budgetary comparisons presented in this report are on this non-GAAP budgetary basis.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash includes cash on hand and amounts in demand deposits held within financial institutions.

Investments

Investments include certificates of deposit and Annie Mae mortgage backed securities. The City invests in accordance with the State Statute Section 6-10-10, NMSA 1978.

Advance to Other Funds

Non-current portions of long-term interfund loans receivable are reported as advances and are offset equally by a fund balance reserve account, which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. Inventories are recorded as expenditures when consumed rather than when purchased.

Receivables and Payables

All trade receivables are shown net of the allowance for uncollectibles. The note receivable in governmental funds is from an agreement with a private company.

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Purchased or constructed capital assets are reported at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the time received. Public domain (infrastructure) assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems have been recorded at estimated historical cost. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Computer software is capitalized over its useful life. 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.

City of Deming's capitalization policy includes all items with a unit cost in excess of \$5,000. The capitalization threshold was changed from \$1,000 in prior years.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	40 - 50
Building and facility improvements	40
Airport facility	40
Equipment (non office)	10
Computer equipment and software	3
Office furniture and equipment	5 - 7
Other office equipment	5
Vehicles and buses	5 - 9

Library books have not been capitalized by the City as their book value has been determined to be immaterial.

Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated vacation and sick leave balances.

Vacation and sick pay accumulates to retirement and at retirement is paid to the employees at their current salary or wage scale. Vacation leave has a maximum of 240 hours that can be carried over to another fiscal year. Sick leave has no limit. Before retirement, however, an employee can receive the sick pay hours accumulated, above 300 hours, at one-half the retirement rate. All accrued vacation and 50% of accrued sick pay above 300 hours, regardless of when paid, is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements.

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 2. CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS

The City maintains cash in various financial institutions within the city. In addition, the City has invested idle cash in certificates of deposit and mortgage-backed securities. The cash invested in certificates of deposit and mortgage backed securities is reflected as investments. Please refer to Note 3. As of June 30, 2007 the amount of cash reported on the financial statements differs from the amount on deposit with the various institutions because of transactions in transit and outstanding checks.

A reconciliation of cash and cash equivalents as shown on the Statement of Net Assets for the City follows:

	Petty Cash/ Bank Balance	Reconciling Items	Per Financial Statement
Cash on hand	\$3,650	\$0	\$3,650
Matured Certificate of Deposit – Multi Bank Securities	\$99,447	\$0	\$99,447
Money Market Accounts – H.D.Vest	\$258	\$0	\$258
Bank Deposits:			
First New Mexico Bank	\$4,822,069	(\$263,245)	\$4,558,824
First Savings Bank	963,426	(42,415)	921,011
Less: Certificate of Deposit (shown as investments)			
First New Mexico Bank	106,445	0	106,445
First Savings Bank	2,643	0	2,643
<i>Total cash deposits</i>	\$5,779,762	(\$305,660)	\$5,474,102
Reconciliation of cash to financial statements:			
Cash page 10			\$5,202,512
Cash included in restricted cash and investments			245,893
Cash page 26			25,697
<i>Total Cash</i>			\$5,474,102

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 2. CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS (CONTINUED)

Except for items in transit, the carrying value of deposits by the respective depositories equated to the carrying value by the City. All deposits are collateralized with eligible securities, as described by New Mexico State Statute, in accounts equal to at least 50% of the City's carrying value of the deposits (demand and certificates of deposit). Such collateral, as permitted by the State of New Mexico is held in each respective depository bank's collateral pool at a Federal Reserve Bank, or member bank other than the depository bank, in the name of the respective depository bank and pledged as a pool of collateral against all the public deposits it holds with the exception of deposit insurance provided by the Federal Deposit Insurance Corporation. The accounts above are collateralized with securities held by the pledging financial institution or its agent but not in the City of Deming's name.

	H.D.Vest	Multi Bank Securities	First New Mexico	First Savings Bank
Cash in Bank per June 30, 2007 statements:				
Checking accounts and savings accounts	\$258	\$99,447	\$4,715,624	\$960,783
Certificates of deposit (shown as investments)	0	0	106,445	2,643
<i>Total deposits</i>	258	99,447	4,822,069	963,426
Less FDIC (SIPC) – Checking	258	99,447	100,000	100,000
Less FDIC – Time Deposit	0	0	0	0
Uninsured public funds	\$0	\$0	\$4,722,069	\$863,426
50% Collateral requirements	\$0	\$0	\$2,361,034	\$431,713
Pledged securities	\$0	\$0	\$4,627,200	\$1,974,628
Over (under)	\$0	\$0	\$2,266,166	\$1,542,915

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, 2007 \$5,585,495 of the City's bank balances of \$5,885,200 was exposed to custodial credit risk as follows:

Uninsured and collateralized	\$0
Uninsured and collateralized held by pledging banks agent not in the City's name	5,490,626
Uninsured and uncollateralized	94,869
<i>Total</i>	\$5,585,495

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 2. CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS (CONTINUED)

The following is a schedule of pledged collateral to secure the deposits of the City of Deming as of June 30, 2007:

First New Mexico Bank
P.O. Box 511
Deming, New Mexico

Safekeeping Location:
Federal Home Loan Bank of Dallas
5605 N. MacArthur Blvd.
Irving, TX

Description	CUSIP No.	Maturity Par Value	Maturity Date	Par Value/ Market Value
Federal Home Loan	3133MGVF2	\$2,000,000	12/11/2013	\$2,032,500
San Juan County	79535HB9	350,000	02/15/2015	350,000
Quemado ISD #2	149321BP5	120,000	07/15/2013	120,000
Bernalillo NM	085279GNI	150,000	08/01/2007	150,000
Bernalillo NM	085279JT5	150,000	08/01/2011	150,000
Bernalillo NM	055279JU2	155,000	08/01/2012	155,000
Clovis, NM School District	189414FJ9	350,000	08/01/2012	350,000
Sandoval County	80004PBB7	100,000	08/02/2013	100,000
Los Luna NM SC	545562HG8	350,000	07/15/2009	350,000
Los Alamos NM	544228AG8	350,000	08/01/2012	350,000
Artesia NM	043053AW7	500,000	07/01/2007	500,000
Socorro NM Cons	833681AM1	100,000	08/01/2013	100,000
Sandoval NM	843789AX6	200,000	08/01/2009	200,000
Dexter NM	252345CT8	50,000	08/01/2009	50,000
Dexter NM	252345C45	50,000	08/10/2010	50,000
Dexter NM	252345CV3	85,000	08/01/2011	85,000
Total		\$5,060,000		\$5,092,500

First Saving Bank
520 South Gold Avenue
Deming, New Mexico

Securities	Safekeeping Location	CUSIP No.	Maturity	Par Original Face	Current Market
FHLB Agency Note 4.750	Federal Reserve	3133XDT84	12/11/2009	\$2,000,000	\$1,974,628
Total				\$2,000,000	\$1,974,628

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 3. INVESTMENTS

The City is authorized by state statutes and City resolutions to invest idle cash. The following are descriptions of the investments held as of June 30, 2007.

Certificates of Deposit - The City has invested \$5,787,859 in certificates of deposit held in various financial institutions and brokerage houses. The amounts held at First New Mexico Bank and First Savings Bank are properly collateralized as required by New Mexico state statutes. The amounts invested at Wells Fargo Investments, Tri-Star Financial, and, H.D. Vest, are fully insured by the banks and financial institutions of the issuers.

Ginnie Mae Mortgage Backed Securities - The City is authorized by state statutes to invest in securities that are backed by the full faith and credit of the United States government. Ginnie Mae mortgage backed securities meet the requirements of an authorized investment. The fair value of the Ginnie Mae Securities as of June 30, 2007 is \$153,096.

A detail of the amounts invested is as follows:

Wells Fargo Bank	\$90,000
Chino Hills	100,000
Multi Bank	3,119,884
First New Mexico Bank	1,791,834
Wells Fargo Investments	473,481
First Savings Bank	2,643
Tri-Star Financial	467,441
Edward Jones - CD's	53,647
Coastal Securities	1,433,057
H.D. Vest	94,357
	7,626,344
Less: Cash equivalents	1,685,389
	\$5,940,955
Investments page 10	\$5,844,510
Investments included in restricted cash and investments	90,000
Investments page 25	6,445
	\$5,940,955

Golden Savings Accounts - The City has \$1,685,389 in savings accounts held at First New Mexico Bank. Although the City carries these balances as investments on their books they have been reclassified as cash on these statements.

Credit Risk

The City has adopted the state statute as their investment policy which limits investments in commercial paper to those rated "prime" by a national rating service, asset backed obligations with a maturity not to exceed five years and a rating of AAA or its equivalent, medium term notes and corporate notes with maturities not exceeding five years that are rated A or equivalent, shares of diversified investment companies that invest in U.S. fixed income securities, securities of U.S. government agencies backed by the full faith and credit of the U.S. government and state-owned securities for periods not to exceed one year. The City has no investment policy that would further limit its investment choices. As of June 30, 2007 the majority of the City's certificates of deposit were not rated. Those that are rated range from a Fitch rating of AA to BBB or Standard and Poors rating of A+ to A.

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 3. INVESTMENTS (CONTINUED)

Concentration of Risk

The City places no limit on the amount that may be invested in one issuer. The City had no concentrations of greater than 5% with any one issuer at June 30, 2007.

Interest Rate Risk

The City does not limit its exposure to fair value losses arising from rising interest rates other than those imposed by state statute.

	Fair Value	Maturity in Years
Certificates of Deposit	\$4,826,333	1 - 5 years
	\$645,529	6- 10 years
	\$469,093	more than 10 years
GNMA's	\$12,678	6 - 10 years
	\$140,418	more than 10 years

NOTE 4. RECEIVABLES

As of June 30, 2007, the City had included receivables within the governmental fund types and the proprietary enterprise funds. The receivables of the governmental fund types consist primarily of revenues earned as of June 30, 2007, from other governmental agencies. The amounts have been received within the following month; heretofore, no allowance for doubtful accounts has been recorded for intergovernmental receivables. Receivables within the enterprise funds consist of revenue earned for services provided by the City. Management has determined that some of the accounts receivable within the proprietary fund types may not be fully collectible. The inactive utilities receivable balances (\$609,931) have been fully include in the allowance for doubtful accounts. Accordingly, allowances for doubtful accounts have been recorded as follows:

	Receivable	Allowance	Net
Gas Fund	\$632,407	\$374,755	\$257,652
Sewer Fund	163,951	100,064	63,887
Solid Waste Fund	140,584	50,767	92,817
Water Fund	425,779	106,456	319,323
Cemetery Fund	94,447	78,602	15,845
<i>Total enterprise funds</i>	\$1,460,168	\$710,644	\$749,524

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 5. CAPITAL ASSETS

Capital asset activities for the year ended June 30, 2007 were as follows:

	Balance July 1, 2006	Restatements	Additions	Transfers/ Retirements	Balance June 30, 2007
Governmental Activities:					
Capital assets, not being depreciated:					
Land and water rights	\$6,337,911	(\$262,736)	\$73,882	(\$19,539)	\$6,129,518
Construction in progress	1,395,717	(725,149)	965,877	0	1,636,445
<i>Total capital assets, not being depreciated</i>	<i>7,733,628</i>	<i>(987,885)</i>	<i>1,039,759</i>	<i>(19,539)</i>	<i>7,765,963</i>
Capital assets, being depreciated:					
Buildings and improvements	7,832,448	267,736	5,000	0	8,105,184
Sidewalks and roads	43,449,152	(209,428)	608,392	0	43,848,116
Street lights system	782,650	0	8,701	0	791,351
Furniture and equipment	7,099,723	0	430,660	(55,171)	7,475,212
<i>Total capital assets, being depreciated</i>	<i>59,163,973</i>	<i>58,308</i>	<i>1,052,753</i>	<i>(55,171)</i>	<i>60,219,863</i>
Less Accumulated Depreciation:					
Buildings and improvements	(2,268,778)	0	(185,223)	0	(2,454,001)
Sidewalks and roads	(21,954,691)	0	(876,267)	0	(22,830,958)
Street lights system	(271,733)	0	(26,242)	0	(297,975)
Furniture and equipment	(5,262,577)	0	(521,499)	55,171	(5,728,905)
<i>Total accumulated depreciation</i>	<i>(29,757,779)</i>	<i>0</i>	<i>(1,609,231)</i>	<i>55,171</i>	<i>(31,311,839)</i>
<i>Governmental activities capital assets, net</i>	<i>\$37,139,822</i>	<i>(\$929,577)</i>	<i>\$483,281</i>	<i>(\$19,539)</i>	<i>\$36,673,987</i>

Depreciation expense for governmental activities for the year by function was:

General Government	\$93,151
Public Safety	326,449
Public Works	1,031,265
Culture and Recreation	130,879
Health and welfare	27,487
	<u>\$1,609,231</u>

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 5. CAPITAL ASSETS (CONTINUED)

The following is a summary of proprietary fund capital assets:

	Balance July 1, 2006	Restatements	Additions	Transfers/ Retirements	Balance June 30, 2007
Airport:					
Capital assets, not being depreciated:					
Land	\$1,382,097	\$0	\$360,130	\$0	\$1,742,227
Construction in progress	1,270,278	0	63,031	(1,231,111)	102,198
<i>Total capital assets, not being depreciated</i>	<u>2,652,375</u>	<u>0</u>	<u>423,161</u>	<u>(1,231,111)</u>	<u>1,844,425</u>
Capital assets, being depreciated:					
Buildings	2,987,499	0	0	0	2,987,499
Airport facility	461,000	0	0	1,231,111	1,692,111
Airport lights	0	209,428	0	0	209,428
Furniture and equipment	60,645	0	3,173	0	63,818
<i>Total capital assets, being depreciated</i>	<u>3,509,144</u>	<u>209,428</u>	<u>3,173</u>	<u>1,231,111</u>	<u>4,952,856</u>
Less Accumulated Depreciation:					
Buildings	(2,216,562)	(37,399)	(20,838)	0	(2,274,799)
Airport facility	(34,575)	0	(15,367)	0	(49,942)
Airport lights	0	(9,424)	(4,189)	0	(13,613)
Furniture and equipment	(52,569)	0	(1,615)	0	(54,184)
<i>Total accumulated depreciation</i>	<u>(2,303,706)</u>	<u>(46,823)</u>	<u>(42,009)</u>	<u>0</u>	<u>(2,392,538)</u>
<i>Airport activities capital assets, net</i>	<u>\$3,857,813</u>	<u>\$162,605</u>	<u>\$384,325</u>	<u>\$0</u>	<u>\$4,404,743</u>

Depreciation expense for the Airport fund for the year was \$42,009.

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 5. CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2006	Restatements	Additions	Transfers/ Retirements	Balance June 30, 2007
Gas Utilities:					
Capital assets, not being depreciated:					
Land	\$4,500	\$0	\$0	\$0	\$4,500
<i>Total capital assets, not being depreciated</i>	4,500	0	0	0	4,500
Capital assets, being depreciated:					
Buildings	58,358	0	0	0	58,358
Utility system and facilities improvements	5,084,381	58,076	230,883	0	5,373,340
Furniture and equipment	730,349	0	54,340	0	784,689
<i>Total capital assets, being depreciated</i>	5,873,088	58,076	285,223	0	6,216,387
Less Accumulated Depreciation:					
Buildings	(18,234)	(874)	(1,458)	0	(20,566)
Utility system and facilities improvements	(1,924,357)	0	(132,655)	0	(2,057,012)
Furniture and equipment	(624,324)	0	(45,411)	0	(669,735)
<i>Total accumulated depreciation</i>	(2,566,915)	(874)	(179,524)	0	(2,747,313)
<i>Gas activities capital assets, net</i>	\$3,310,673	\$57,202	\$105,699	\$0	\$3,473,574

Depreciation expense for the Gas Utilities fund for the year was \$179,524.

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 5. CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2006	Restatements	Additions	Transfers/ Retirements	Balance June 30, 2007
Sewer:					
Capital assets, not being depreciated:					
Land	\$440,087	\$100	\$20,102	(\$125,982)	\$334,307
Construction in progress	0	725,149	0	(725,149)	0
<i>Total capital assets, not being depreciated</i>	440,087	725,249	20,102	(851,131)	334,307
Capital assets, being depreciated:					
Utility system and facilities	9,545,551	0	219,241	0	10,489,941
Buildings	218,389	0	0	125,982	344,371
Furniture and fixtures	214,894	0	72,387	725,149	287,281
<i>Total capital assets, being depreciated</i>	9,978,834	0	291,628	851,131	11,121,593
Less Accumulated Depreciation:					
Utility system and facilities	(3,775,680)	0	(193,830)	0	(3,969,510)
Buildings	(218,369)	(5,882)	(3,585)	0	(227,836)
Furniture and fixtures	(176,362)	0	(13,782)	0	(190,144)
<i>Total accumulated depreciation</i>	(4,170,411)	(5,882)	(211,197)	0	(4,387,490)
<i>Sewer activities capital assets, net</i>	\$6,248,510	\$719,367	\$100,533	\$0	\$7,068,410

Depreciation expense for the Sewer fund for the year was \$211,197.

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 5. CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2006	Restatements	Additions	Transfers/ Retirements	Balance June 30, 2007
Solid Waste:					
Capital assets, not being depreciated:					
Land	\$55,340	\$0	\$0	\$0	\$55,340
Construction in progress	0	0	0	0	0
<i>Total capital assets, not being depreciated</i>	55,340	0	0	0	55,340
Capital assets, being depreciated:					
Utility system and facilities improvements	875,292	0	0	0	875,292
Furniture and equipment	1,395,454	0	210,866	0	1,606,320
<i>Total capital assets, being depreciated</i>	2,270,746	0	210,866	0	2,481,612
Less Accumulated Depreciation:					
Utility system and facilities improvements	(45,883)	0	(21,883)	0	(67,766)
Furniture and equipment	(1,118,347)	0	(61,256)	0	(1,179,603)
<i>Total accumulated depreciation</i>	(1,164,230)	0	(83,129)	0	(1,247,369)
<i>Solid waste activities capital assets, net</i>	\$1,161,856	\$0	\$127,727	\$0	\$1,289,583

Depreciation expense for the Solid Waste fund for the year was \$83,139.

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 5. CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2006	Restatements	Additions	Transfers/ Retirements	Balance June 30, 2007
Utility-Water:					
Capital assets, not being depreciated:					
Land	\$279,668	(\$8,750)	\$0	\$0	\$270,918
Water rights	3,249,398	0	0	0	3,249,398
Constriction in progress	0	18,756	136,838	0	155,594
<i>Total capital assets, not being depreciated</i>	3,529,066	10,006	136,838	0	3,675,910
Capital assets, being depreciated:					
Utility system and facilities improvements					
	4,779,997	0	351,001	0	5,130,998
Buildings	38,851	(21,351)	0	0	17,500
Furniture and fixtures	781,384	0	251,239	0	1,032,623
<i>Total capital assets, being depreciated</i>	5,600,232	(21,351)	602,240	0	6,181,121
Less Accumulated Depreciation:					
Utility system and facilities improvements					
	(1,812,048)	0	(101,469)	0	(1,913,517)
Buildings	(16,384)	(6,79)	(436)	0	(17,499)
Furniture and fixtures	(620,135)	0	(62,475)	0	(682,610)
<i>Total accumulated depreciation</i>	(2,448,567)	(679)	(164,380)	0	(2,613,626)
<i>Water activities capital assets, net</i>	\$6,680,731	(\$12,024)	\$574,698	\$0	\$7,243,405

Depreciation expense for the Utility-Water fund for the year was \$164,380.

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 5. CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2006	Restatements	Additions	Transfers/ Retirements	Balance June 30, 2007
Other Nonmajor:					
Capital assets, not being depreciated:					
Land/water rights	\$180,000	\$0	\$0	\$0	\$180,000
Construction in progress	51,470	0	7,449	(58,919)	0
<i>Total capital assets, not being depreciated</i>	231,470	0	7,449	(58,919)	180,000
Capital assets, being depreciated:					
Buildings	11,512	0	0	58,919	70,431
Utility system and facilities improvements	32,347	0	0	0	32,347
Furniture and equipment	105,658	0	3,147	0	108,805
<i>Total capital assets, being depreciated</i>	149,517	0	3,147	58,919	211,583
Less Accumulated Depreciation:					
Buildings	(11,512)	0	0	0	(11,512)
Utility system and facilities improvements	(32,347)	0	0	0	(32,347)
Furniture and equipment	(97,467)	0	(2,930)	0	(100,397)
<i>Total accumulated depreciation</i>	(141,326)	0	(2,930)	0	(144,256)
<i>Other nonmajor activities capital assets, net</i>	\$239,661	\$0	\$7,666	\$0	\$247,327

Depreciation expense for the Nonmajor proprietary funds for the year was \$2,930.

Total Proprietary Funds:

	Balance June 30, 2007
Land and water rights	\$5,836,690
Construction in progress	257,792
Buildings	3,478,159
Utility system and facilities improvements	23,803,457
Furniture and equipment	3,883,536
	37,259,634
Accumulated depreciation	(13,532,592)
	\$23,727,042

Total depreciation expense for business-type activities for the year was \$683,179.

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 6. CHANGES IN LONG-TERM DEBT

The following is a summary of changes in long-term debt during the fiscal year:

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007	Amount Due in One Year
Governmental Activities:					
Compensated absences	\$338,863	\$182,881	\$237,681	\$284,063	\$0
NM Finance Authority - Fire Truck	193,960	0	25,294	168,666	25,981
Total	\$532,823	\$182,881	\$262,975	\$452,729	\$25,981

The City entered into a loan agreement with the New Mexico Finance Authority to finance the purchase of a fire truck on November 8, 2002. The original amount of the loan was for \$262,798. The note is payable from pledged State of New Mexico fire allotment funds with annual payments varying from \$31,335 to \$31,535 including interest of 1.97% to 4.13% and an administrative fee of .25%. The loan matures May 1, 2013.

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007	Amount Due in One Year
Business-Type Activities:					
Compensated absences	\$137,240	\$78,500	\$89,217	\$126,523	\$5,748
Total	\$137,240	\$78,500	\$89,217	\$126,523	\$5,748

Compensated absences typically have been liquidated in the fund to which the employees are assigned.

Annual debt service requirements on long-term debt at June 30, 2007 are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u> NM Finance Authority Loan – Fire Truck		
	Principal	Interest	Total
2008	\$25,981	\$5,543	\$31,524
2009	26,749	4,776	31,525
2010	27,579	3,948	31,527
2011	28,475	3,054	31,529
2012	29,431	2,101	31,532
2013-2014	30,451	1,084	31,535
Total	\$168,666	\$20,506	\$189,172

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 7. PERA PENSION PLAN

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

Funding Policy. Municipal general plan members are required to contribute 13.15%; municipal fire plan members are required to contribute 16.20%; and municipal police plan members are required to contribute 16.30% of their gross salaries. The City of Deming is required to contribute, of the gross salaries, 9.15% for municipal general, 21.25% for municipal fire and 18.5% for municipal police. The contribution requirements of plan members and the City of Deming are established under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The City of Deming's contributions to PERA for the years ending June 30, 2007, 2006, and 2005 were \$696,946, \$785,484 and \$725,303 respectively equal to the amount of the required contributions for each year.

NOTE 8. POST EMPLOYMENT HEALTH CARE BENEFIT

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

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

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

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

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 8. POST EMPLOYMENT HEALTH CARE BENEFIT (CONTINUED)

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary.

Employers joining the program after 1/1/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The City of Deming's contributions to the RHCA for the years ended June 30, 2007, 2006 and 2005 were \$106,603, \$111,192 and \$101,550, respectively, which equal the required contributions for each year.

NOTE 9. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined with other local governments and the State of New Mexico to participate in the New Mexico Self-Insurer's Fund (NMSIF). The fund is a public entity risk pool operating as a common risk management and insurance program. Coverage provided for includes general and auto liability; foreign jurisdiction; emergency medical liability; law enforcement liability; errors and omissions; volunteer firefighters; civil rights; inland marine; and worker's compensation, and unemployment compensation.

The City paid premiums to NMSIF of \$431,357 for the year ended June 30, 2007. The information from the NMSIF provides that NMSIF will be self-sustaining through member premiums and will reinsure through other companies such as captive mutuals as dictated by the NMSIF Board of Trustees.

NOTE 10. COMMITMENTS AND CONTINGENCIES

Litigation

Various claims and lawsuits are pending against the City. The City's management believes the potential loss on all claims and lawsuits will not be significant to the City's financial statements. One of those claims is with the State of New Mexico Taxation and Revenue regarding compensating tax. The City is in negotiations with Taxation and Revenue.

Grant Audits

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. Management believes such disallowances, if any, will not be significant.

Construction Commitment

The City entered into a construction contract for the construction of Voiers Park. The total contract amount is \$651,420. As of June 30, 2007 \$282,201 had been expended leaving a balance committed of \$369,219.

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 11. PROPERTY TAXES

Luna County collects the City of Deming's share of property taxes assessed. Property taxes attach an enforceable lien on property as of January 1st. Tax notices are sent by the Luna County Treasurer to property owners by November 1st of each year to be paid in whole or in two installments by November 10th and April 10th of each year. Thirty days later, the bill becomes delinquent and the county treasurer assesses penalties and interest. Luna County collects such taxes and distributes them to the City on a monthly basis. The City accounts for its share of property taxes in the General fund. Property tax revenues amounted to \$211,554 current and \$7,573 delinquent for the year ended June 30, 2007; of those amounts \$23,197 was receivable at June 30, 2007.

NOTE 12. LANDFILL CLOSURE AND POST CLOSURE CARE COST

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the landfill site for a minimum of thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used during the year. A substantial portion of the closure costs have already occurred and have been paid. The estimated liability for landfill closure and post closure care costs is \$364,864 as of June 30, 2007, which is based on 80 % usage (filled) of the landfill. It is estimated that an additional \$91,216 will be recognized as closure and post closure care expenses between the date of the balance sheet and the date the landfill is closed (estimated 2009) due to the opening of the new landfill which has now been permitted. The estimated current cost of the landfill closure and post closure care is based on the amount that would be paid if all equipment, facilities and services required to close, monitor, and maintain the landfills were acquired as of June 30, 2007. However, the actual cost of closure and post closure may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The City is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and post closure care. The City will begin this process in 2009, when the new landfill is opened.

NOTE 13. RELATED PARTY TRANSACTIONS

During the year, the City purchased printing services totaling \$25,762 from J & J Printing owned by Joe F. Milo, a City Counselor.

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 14. RESTATEMENTS

Restatements were made as follows:

Governmental Activities:

To correct beginning balance of capital assets for prior years addition errors	(\$929,577)
Restatements made to the find financial statements	(110,124)
	(\$1,039,701)

Business-Type Activities:

Restatements made to the fund financial statements	\$1,764,121
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Restatements made to fund financial statements:

Governmental Funds

General Fund:

To correct beginning balance of accounts receivable, prior year receivable recorded in general fund but should have been solid waste fund	(\$31,874)
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Nonmajor Governmental Funds:

Capital Projects Funds:

CDBG 2005/2006:

To correct beginning balance for incorrect accounts receivable recorded in the prior year	(78,250)
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<i>Total Governmental Funds</i>	(\$110,124)
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Proprietary Funds:

Airport Fund:

To correct beginning balance of capital assets for prior year additions not capitalized	\$162,605
To correct beginning balance of accounts receivable for prior years grant revenue	48,515

Gas Fund:

To correct beginning balance of capital assets for prior year additions not capitalized	57,202
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Sewer Fund:

To correct beginning balance of capital assets for prior year additions not capitalized	719,367
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Solid Waste Fund:

To correct beginning balance of accounts receivable, prior year receivable recorded in general fund but should have been in solid waste fund	31,874
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To correct the beginning balance of post closure liability to due to clarification of cost already incurred and paid versus costs remaining	756,590
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Water Fund:

To correct beginning balance of capital assets for assets duplicated	(12,024)
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<i>Total Proprietary Funds</i>	\$1,764,121
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CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 15. TRANSFERS AND DUE FROM/TO OTHER FUNDS

Transfers between funds during the year were as follows:

	TRANSFERS OUT			
	General Fund	Nonmajor Governmental Funds	Gas Fund	Totals
TRANSFERS IN:				
General Fund	\$205,961	\$0	\$317,298	\$523,259
Nonmajor Governmental Funds	1,567,345	247,469	0	1,814,814
Airport Fund	360,129	0	0	360,129
Gas Fund	414,297	0	0	414,297
Total	\$2,547,732	\$247,469	\$317,298	\$3,112,499

Transfers are used to move unrestricted revenues collected in the general fund and enterprise funds to finance various activities/programs accounted for in the other funds in accordance with budgetary authorization, and move revenues from the fund that the statute budget requires to collect them to the fund that statute or budget requires to expend them.

	CAPITAL TRANSFERS OUT	
	Nonmajor Governmental Funds	Total
CAPITAL TRANSFERS IN:		
Governmental Activities:		
Nonmajor Governmental Funds	\$0	\$0
Business-Type Activities:		
Nonmajor Enterprise Fund	7,449	7,449
Total capital transfers	\$7,449	\$7,449

Capital transfers arose from the purchase or construction of capital assets in one fund, which then transferred to another fund where they are being utilized.

	DUE TO						
	General Fund	Non-major Governmental Funds	Gas Fund	Water Fund	Internal Service Fund	Agency Funds	Totals
DUE FROM:							
Governmental Funds							
General Fund	\$0	\$2,293	\$1,003,187	\$2,324	\$4,554	\$14,918	\$1,027,276
Nonmajor Governmental Funds	1,032	0	0	0	0	0	1,032
Proprietary Funds:							
Gas Fund	1,359,300	0	0	0	0	0	1,359,300
Internal Service Fund Insurance	3,263	0	0	0	0	0	3,263
Fiduciary Funds:							
Agency funds	5,937	0	0	0	0	0	5,937
Total	\$1,369,532	\$2,293	\$1,003,187	\$2,324	\$4,554	\$14,918	\$2,396,808

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 15. TRANSFERS AND DUE FROM/TO OTHER FUNDS (CONTINUED)

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due from/to other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All balances are expected to be repaid within one year.

NOTE 16. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosure, as part of the basic financial statements, of certain information concerning individual funds including:

Deficit Fund Balance of individual funds.

Special Revenue Funds:

Swimming Pool Fund	(\$8,530)
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Nonmajor Capital Projects Funds:

CDBG 2006/2007	(\$72,583)
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Peru Mills Cleanup Project	(\$4,848)
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Capital Projects Fund:

Voiers Park	(\$213,084)
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Deficits will be liquidated by future funding in the next fiscal year.

Excess of total expenditures over appropriations.

Special Revenue Funds:

Boot Camp Fund	(\$9)
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Proprietary Funds:

Health Insurance Fund	(\$5,841)
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The excess were funded by greater than anticipated revenues in the Boot Camp fund and by available fund balance in the Health Insurance fund.

SUPPLEMENTARY INFORMATION

CITY OF DEMING
SPECIAL REVENUE FUNDS
JUNE 30, 2007

Special Revenue Funds

Used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

Boot Camp – To account for monies used to establish and operate a juvenile boot camp. Authorized by city resolution.

Cemetery and Library Trusts – Two funds, which were accounted for as fiduciary trust, which have been moved to special revenue under the GASB 34 criteria.

Community Center – To account for monies used to establish and operate a community youth center. Authorized by city resolution.

Economic Development Fund – To account for monies received from the General Fund for Economic Development Project. Authorized by city resolution.

Emergency Medical Service – To account for grant funds received from the New Mexico Health and Environment Department that are designated for emergency medical service purposes. Authority NMSA 197824-10A.

Fire Protection – To account for revenue from the State of New Mexico Fire Protection Fund that is designated for use in operation, maintenance, and betterment of the fire department. Authority NMSA 1978 59-A-53-2.

Law Enforcement – To account for monies under state grant. Authority NMSA 1978 29-13-7.

Library – To account for operation of the city library. Financing is provided by grants from the school district, county and state, by transfers from the City's general fund, and by library charges. Authorized by city resolution.

Lodger's Promotional – To account for monies used for advertising, publicizing, and promoting such facilities of the municipality or county and tourist facilities within the area. Authority NMSA 19783-3815 through 3-38-21.

Lodger's Tax – To account for lodger's tax revenue that is earmarked for the promotion of recreational activities. Authority NMSA 19783-38-15 through 3-38-21.

Mimbres Valley Authority – To account for monies used to facilitate and oversee the establishment and operation of an Enterprise Community including; economic, educational and community development services, program and facilities as desirable and necessary to promote the public interest, general welfare, health and safety of the inhabitants of the City of Deming and Luna County. Authorized by city resolution and Joint Powers Agreement.

Recreation – To account for cigarette tax revenue from the State of New Mexico that is designated for recreation activities. Authority NMSA 19787-12-15.

Special Events Center – To account for monies to operate the Community Civic Center. Authorized by city resolution.

Street Improvement – To account for gasoline taxes that are designated for maintenance and improvement of streets and highways. Authorized by NMSA 19787-1-6.27.

Swimming Pool – To account for the proceeds and operations of the swimming pools. Authorized by city ordinance.

CITY OF DEMING
SPECIAL REVENUE FUNDS
JUNE 30, 2007

Special Revenue Funds (Continued)

Traffic Safety Enforcement – To account for penalty assessment fees collected by the City of Deming’s municipal court that are to be used only by the Deming Police Department to purchase equipment and other support services. Authorized by city ordinance No.1038.

CITY OF DEMING
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2007

	Boot Camp Fund	Cemetery Trust Fund	Community Center	Economic Development Fund	Emergency Medical Service Fund	Fire Protection Fund
ASSETS						
Cash and cash equivalents	\$16,086	\$195,577	\$3,743	\$6,819	\$54,215	\$9,756
Investments	0	173,334	0	0	0	0
Interest receivable	0	0	0	0	0	0
Intergovernmental receivable	0	0	0	0	0	0
Accounts receivable	0	0	0	0	0	0
Assessments receivable	0	0	0	0	0	0
Due from general fund	0	0	0	0	0	0
Total assets	\$16,086	\$368,911	\$3,743	\$6,819	\$54,215	\$9,756
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Accounts payable	\$129	\$50,000	\$1,759	\$142	\$0	\$6,206
Accrued payroll and benefits	1,904	520	1,751	484	0	0
Total liabilities	2,033	50,520	3,510	626	0	6,206
FUND BALANCE						
Fund balance - reserved for encumbrances	594	151	233	5,582	54,215	759
Fund balance - unreserved	13,459	318,240	0	611	0	2,791
Total fund balance	14,053	318,391	233	6,193	54,215	3,550
Total liabilities and fund balance	\$16,086	\$368,911	\$3,743	\$6,819	\$54,215	\$9,756

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

CITY OF DEMING
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2007

	Law Enforcement Fund	Library Fund	Library Trust Fund	Lodger's Promotional Fund	Lodger's Tax Fund	Mimbres Valley Authority
ASSETS						
Cash and cash equivalents	\$8,585	\$33,156	\$1,860	\$271,888	\$109,724	\$332
Investments	0	0	0	0	196,702	0
Interest receivable	0	0	0	0	0	0
Intergovernmental receivable	0	15,500	0	0	0	211,941
Accounts receivable	0	0	0	0	0	0
Assessments receivable	0	0	0	0	0	0
Due from general fund	0	0	0	0	0	0
Total assets	\$8,585	\$48,656	\$1,860	\$271,888	\$306,426	\$212,273
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Accounts payable	\$2,330	\$8,714	\$0	\$9,663	\$1,337	\$191
Accrued payroll and benefits	0	3,179	0	0	0	484
Total liabilities	2,330	11,893	0	9,663	1,337	675
FUND BALANCE						
Fund balance - reserved for encumbrances	5,026	5,370	0	11,444	0	19,718
Fund balance - unreserved	1,229	31,393	1,860	250,781	305,089	191,880
Total fund balance	6,255	36,763	1,860	262,225	305,089	211,598
Total liabilities and fund balance	\$8,585	\$48,656	\$1,860	\$271,888	\$306,426	\$212,273

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

CITY OF DEMING
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2007

	Recreation Fund	Special Events Center	Street Improvement Fund	Swimming Pool Fund	Traffic Safety Enforcement	Total
ASSETS						
Cash and cash equivalents	\$87,153	\$14,991	\$200,415	\$3,032	\$19,272	\$1,036,604
Investments	0	0	0	0	0	370,036
Interest receivable	0	0	0	0	0	0
Intergovernmental receivable	15,968	0	62,467	0	0	305,876
Accounts receivable	0	0	0	0	0	0
Assessments receivable	0	0	146,127	0	0	146,127
Due from general fund	0	0	0	0	1,032	1,032
Total assets	\$103,121	\$14,991	\$409,009	\$3,032	\$20,304	\$1,859,675
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Accounts payable	\$6,435	\$3,878	\$30,700	\$6,956	\$0	\$128,440
Accrued payroll and benefits	6,775	0	1,983	4,606	0	21,686
Total liabilities	13,210	3,878	32,683	11,562	0	150,126
FUND BALANCE						
Fund balance - reserved for encumbrances	0	6,250	58,198	0	0	167,540
Fund balance - unreserved	89,911	4,863	318,128	(8,530)	20,304	1,542,009
Total fund balance	89,911	11,113	376,326	(8,530)	20,304	1,709,549
Total liabilities and fund balance	\$103,121	\$14,991	\$409,009	\$3,032	\$20,304	\$1,859,675

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

CITY OF DEMING

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Boot Camp Fund	Cemetery Trust Fund	Community Center	Economic Development Fund	Emergency Medical Service Fund	Fire Protection Fund
REVENUES						
Intergovernmental	\$0	\$0	\$0	\$0	\$88,774	\$87,980
Charges for services	0	0	13,722	0	0	0
Fines and forfeiture	0	0	0	0	0	0
Local effort taxes	0	0	0	0	0	0
State shared taxes	0	0	0	0	0	0
Interest	1,301	14,568	2,110	385	1,326	1,610
Net increase in the fair value of investments	0	3,306	0	0	0	0
Miscellaneous	72	12,945	6,000	0	0	0
Total revenues	1,373	30,819	21,832	385	90,100	89,590
EXPENDITURES						
Current Expenditures:						
General government	0	82,620	0	0	0	0
Public safety	0	0	0	0	17,032	33,948
Health and welfare	238,033	0	0	40,116	0	0
Culture and recreation	0	0	71,581	0	0	0
Public works	0	0	0	0	0	0
Debt service						
Principal	0	0	0	0	0	25,294
Interest	0	0	0	0	0	5,743
Capital outlay	0	0	41,746	0	18,853	47,709
Total expenditures	238,033	82,620	113,327	40,116	35,885	112,694
Excess (deficiency) of revenues over expenditures	(236,660)	(51,801)	(91,495)	(39,731)	54,215	(23,104)
Other Financing Sources (Uses):						
Operating:						
Transfers in	255,000	0	30,000	40,000	0	0
Transfers (out)	0	0	0	0	0	0
Capital transfers in (out)	0	(7,449)	0	0	0	0
Total other financing sources (uses)	255,000	(7,449)	30,000	40,000	0	0
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	18,340	(59,250)	(61,495)	269	54,215	(23,104)
Fund balance, beginning of year	(4,287)	377,641	61,728	5,924	0	26,654
Fund balance, end of year	\$14,053	\$318,391	\$233	\$6,193	\$54,215	\$3,550

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

CITY OF DEMING

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Law Enforcement Fund	Library Fund	Library Trust Fund	Lodger's Promotional Fund	Lodger's Tax Fund	Mimbres Valley Authority
REVENUES						
Intergovernmental	\$42,200	\$59,919	\$0	\$7,000	\$0	\$100,558
Charges for services	0	0	0	0	0	0
Fines and forfeiture	0	16,105	0	0	0	0
Local effort taxes	0	0	0	0	468,315	0
State shared taxes	0	0	0	0	0	0
Interest	1,645	2,015	142	5,451	13,666	263
Net increase in the fair value of investments	0	0	0	0	(298)	0
Miscellaneous	0	0	0	0	0	0
Total revenues	43,845	78,039	142	12,451	481,683	100,821
EXPENDITURES						
Current Expenditures:						
General government	0	0	0	0	133,629	0
Public safety	27,184	0	0	0	0	0
Health and welfare	0	0	0	0	0	100,558
Culture and recreation	0	347,731	0	154,304	0	0
Public works	0	0	0	0	0	0
Debt service						
Principal	0	0	0	0	0	0
Interest	0	0	0	0	0	0
Capital outlay	18,000	11,599	13,556	0	54,503	0
Total expenditures	45,184	359,330	13,556	154,304	188,132	100,558
Excess (deficiency) of revenues over expenditures	(1,339)	(281,291)	(13,414)	(141,853)	293,551	263
Other Financing Sources (Uses):						
Operating:						
Transfers in	0	270,000	0	247,469	0	50,000
Transfers (out)	0	0	0	0	(247,469)	0
Capital transfers in (out)	0	0	0	0	0	0
Total other financing sources (uses)	0	270,000	0	247,469	(247,469)	50,000
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(1,339)	(11,291)	(13,414)	105,616	46,082	50,263
Fund balance, beginning of year	7,594	48,054	15,274	156,609	259,007	161,335
Fund balance, end of year	\$6,255	\$36,763	\$1,860	\$262,225	\$305,089	\$211,598

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

CITY OF DEMING

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Recreation Fund	Special Events Center	Street Improvement Fund	Swimming Pool Fund	Traffic Safety Enforcement	Total
REVENUES						
Intergovernmental	\$27,500	\$69,460	\$0	\$0	\$0	\$483,391
Charges for services	0	0	(47,410)	33,363	9,202	8,877
Fines and forfeiture	0	0	0	0	0	16,105
Local effort taxes	0	0	0	0	0	468,315
State shared taxes	12,714	0	499,326	0	0	512,040
Interest	3,788	467	4,110	685	600	54,132
Net increase in the fair value of investments	0	0	0	0	0	3,008
Miscellaneous	26,133	0	5,500	150	0	50,800
<i>Total revenues</i>	<u>70,135</u>	<u>69,927</u>	<u>461,526</u>	<u>34,198</u>	<u>9,802</u>	<u>1,596,668</u>
EXPENDITURES						
Current Expenditures:						
General government	0	73,311	0	0	0	289,560
Public safety	0	0	0	0	0	78,164
Health and welfare	0	0	0	0	0	378,707
Culture and recreation	305,024	0	0	112,548	0	991,188
Public works	0	0	377,099	0	0	377,099
Debt service						
Principal	0	0	0	0	0	25,294
Interest	0	0	0	0	0	5,743
Capital outlay	51,865	0	18,879	0	10,152	286,862
<i>Total expenditures</i>	<u>356,889</u>	<u>73,311</u>	<u>395,978</u>	<u>112,548</u>	<u>10,152</u>	<u>2,432,617</u>
Excess (deficiency) of revenues over expenditures	(286,754)	(3,384)	65,548	(78,350)	(350)	(835,949)
Other Financing Sources (Uses):						
Operating:						
Transfers in	280,000	10,000	0	60,000	0	1,242,469
Transfers (out)	0	0	0	0	0	(247,469)
Capital transfers in (out)	0	0	0	0	0	(7,449)
<i>Total other financing sources (uses)</i>	<u>280,000</u>	<u>10,000</u>	<u>0</u>	<u>60,000</u>	<u>0</u>	<u>987,551</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(6,754)	6,616	65,548	(18,350)	(350)	151,602
Fund balance, beginning of year	96,665	4,497	310,778	9,820	20,654	1,557,947
<i>Fund balance, end of year</i>	<u>\$89,911</u>	<u>\$11,113</u>	<u>\$376,326</u>	<u>(\$8,530)</u>	<u>\$20,304</u>	<u>\$1,709,549</u>

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

CITY OF DEMING
BOOT CAMP FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Investment income	\$100	\$100	\$1,301	\$1,201
Miscellaneous	0	0	72	72
<i>Total revenues</i>	100	100	1,373	1,273
EXPENDITURES				
Current:				
Health and welfare	226,265	241,265	241,274	(9)
Capital outlay	15,000	0	0	0
<i>Total expenditures</i>	241,265	241,265	241,274	(9)
Excess (deficiency) of revenues over expenditures	(241,165)	(241,165)	(239,901)	1,264
Other Financing Sources (Uses):				
Transfers in	270,000	270,000	255,000	(15,000)
Transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	270,000	270,000	255,000	(15,000)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	\$28,835	\$28,835	\$15,099	(\$13,736)

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$15,099
Adjustments for revenue accruals	0
Adjustments for expenditure accruals	3,241
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$18,340

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

CITY OF DEMING
CEMETERY TRUST FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Trust payments	\$10,000	\$10,000	\$12,945	\$2,945
Investment income	6,500	6,500	14,354	7,854
<i>Total revenues</i>	16,500	16,500	27,299	10,799
EXPENDITURES				
General government	50,678	52,678	39,112	13,566
Capital outlay	65,000	63,000	972	62,028
<i>Total expenditures</i>	115,678	115,678	40,084	75,594
Excess (deficiency) of revenues over expenditures	(99,178)	(99,178)	(12,785)	86,393
Other Financing Sources (Uses):				
Transfers in	0	0	0	0
Transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	0	0	0	0
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(99,178)	(99,178)	<u>(\$12,785)</u>	<u>\$86,393</u>
Budgeted cash carryover	99,178	99,178		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$12,785)
Adjustments for revenue accruals	3,520
Adjustments for expenditure accruals and capital transfers out	(49,985)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>(\$59,250)</u>

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

CITY OF DEMING
COMMUNITY CENTER
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$175,000	\$175,000	\$0	(\$175,000)
Investment income	50	50	2,110	2,060
Miscellaneous	192,000	192,000	19,723	(172,277)
<i>Total revenues</i>	<u>367,050</u>	<u>367,050</u>	<u>21,833</u>	<u>(345,217)</u>
EXPENDITURES				
Current:				
Culture and recreation	51,750	117,750	68,323	49,427
Capital outlay	502,500	436,500	41,746	394,754
<i>Total expenditures</i>	<u>554,250</u>	<u>554,250</u>	<u>110,069</u>	<u>444,181</u>
Excess (deficiency) of revenues over expenditures	(187,200)	(187,200)	(88,236)	98,964
Other Financing Sources (Uses):				
Transfers in	175,000	175,000	30,000	(145,000)
Transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	<u>175,000</u>	<u>175,000</u>	<u>30,000</u>	<u>(145,000)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(12,200)	(12,200)	<u>(\$58,236)</u>	<u>(\$46,036)</u>
Budgeted cash carryover	12,200	12,200		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$58,236)
Adjustments for revenue accruals	(1)
Adjustments for expenditure accruals	(3,258)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>(\$61,495)</u>

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

CITY OF DEMING
ECONOMIC DEVELOPMENT FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$5,000	\$5,000	\$0	(\$5,000)
Investment income	100	100	385	285
<i>Total revenues</i>	5,100	5,100	385	(4,715)
EXPENDITURES				
Current:				
Health and welfare	481,787	481,787	39,707	442,080
<i>Total expenditures</i>	481,787	481,787	39,707	442,080
Excess (deficiency) of revenues over expenditures	(476,687)	(476,687)	(39,322)	437,365
Other Financing Sources (Uses):				
Transfers in	500,000	500,000	40,000	(460,000)
Transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	500,000	500,000	40,000	(460,000)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	\$23,313	\$23,313	\$678	(\$22,635)
Budgetary - GAAP Reporting Reconciliation:				
Excess (deficiency) of revenues over expenditures and other financing sources (uses)			\$678	
Adjustments for revenue accruals			0	
Adjustments for expenditure accruals			(409)	
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 DEMING
EMERGENCY MEDICAL SERVICE FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$109,743	\$109,743	\$88,774	(\$20,969)
Investment income	150	150	1,326	1,176
<i>Total revenues</i>	109,893	109,893	90,100	(19,793)
EXPENDITURES				
Current:				
Public safety	15,000	17,500	17,033	467
Capital outlay	104,115	101,615	18,853	82,762
<i>Total expenditures</i>	119,115	119,115	35,886	83,229
Excess (deficiency) of revenues over expenditures	(9,222)	(9,222)	54,214	63,436
Other Financing Sources (Uses):				
Transfers in	9,222	9,222	0	(9,222)
Transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	9,222	9,222	0	(9,222)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	\$0	\$0	\$54,214	\$54,214

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$54,214
Adjustments for revenue accruals	0
Adjustments for expenditure accruals	1
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$54,215

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

CITY OF DEMING
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, 2007

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$87,980	\$87,980	\$87,980	\$0
Investment income	0	0	1,610	1,610
Miscellaneous	0	0	0	0
<i>Total revenues</i>	87,980	87,980	89,590	1,610
EXPENDITURES				
Current:				
Public safety	35,000	35,000	27,764	7,236
Debt service	31,522	31,522	31,522	0
Capital outlay	48,620	48,620	47,709	911
<i>Total expenditures</i>	115,142	115,142	106,995	8,147
Excess (deficiency) of revenues over expenditures	(27,162)	(27,162)	(17,405)	9,757
Other Financing Sources (Uses):				
Transfers in	0	0	0	0
Transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	0	0	0	0
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(27,162)	(27,162)	<u>(\$17,405)</u>	<u>\$9,757</u>
Budgeted cash carryover	27,162	27,162		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$17,405)
Adjustments for revenue accruals	0
Adjustments for expenditure accruals	(5,699)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>(\$23,104)</u>

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

CITY OF DEMING
LAW ENFORCEMENT FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$42,200	\$42,200	\$42,200	\$0
Investment income	0	0	1,645	1,645
<i>Total revenues</i>	42,200	42,200	43,845	1,645
EXPENDITURES				
Current:				
Public safety	25,842	33,342	27,902	5,440
Capital outlay	27,000	19,500	18,000	1,500
<i>Total expenditures</i>	52,842	52,842	45,902	6,940
Excess (deficiency) of revenues over expenditures	(10,642)	(10,642)	(2,057)	8,585
Other Financing Sources (Uses):				
Transfers in	0	0	0	0
Transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	0	0	0	0
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(10,642)	(10,642)	(\$2,057)	\$8,585
Budgeted cash carryover	10,642	10,642		
	\$0	\$0		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$2,057)
Adjustments for revenue accruals	0
Adjustments for expenditure accruals	718
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	(\$1,339)

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

CITY OF DEMING
LIBRARY FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$35,000	\$35,000	\$28,918	(\$6,082)
Investment income	100	100	2,485	2,385
Library fines and fees	15,000	15,000	16,105	1,105
Miscellaneous	34,950	34,950	15,500	(19,450)
<i>Total revenues</i>	85,050	85,050	63,008	(22,042)
EXPENDITURES				
Current:				
Culture and recreation	380,302	380,302	342,912	37,390
Capital outlay	46,900	46,900	11,599	35,301
<i>Total expenditures</i>	427,202	427,202	354,511	72,691
Excess (deficiency) of revenues over expenditures	(342,152)	(342,152)	(291,503)	50,649
Other Financing Sources (Uses):				
Transfers in	350,000	350,000	270,000	(80,000)
Transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	350,000	350,000	270,000	(80,000)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	\$7,848	\$7,848	(\$21,503)	(\$29,351)
Budgetary - GAAP Reporting Reconciliation:				
Excess (deficiency) of revenues over expenditures and other financing sources (uses)			(\$21,503)	
Adjustments for revenue accruals			15,031	
Adjustments for expenditure accruals			(4,819)	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)			(\$11,291)	

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

CITY OF DEMING
LIBRARY TRUST FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Investment income	\$1,000	\$1,000	\$221	(\$779)
EXPENDITURES				
Library acquisitions	15,000	15,000	13,556	1,444
Excess (deficiency) of revenues over expenditures	(14,000)	(14,000)	(13,335)	665
Other Financing Sources (Uses):				
Transfers in	0	0	0	0
Transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	0	0	0	0
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(14,000)	(14,000)	(13,335)	\$665
Budgeted cash carryover	14,000	14,000		
	\$0	\$0		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$13,335)
Adjustments for revenue accruals	(79)
Adjustments for expenditure accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	(\$13,414)

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

CITY OF DEMING
LODGER'S 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, 2007

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$10,000	\$10,000	\$7,000	(\$3,000)
Investment income	2,000	2,000	6,011	4,011
<i>Total revenues</i>	12,000	12,000	13,011	1,011
EXPENDITURES				
Current:				
Culture and recreation	225,000	225,000	153,012	71,988
<i>Total expenditures</i>	225,000	225,000	153,012	71,988
Excess (deficiency) of revenues over expenditures	(213,000)	(213,000)	(140,001)	72,999
Other Financing Sources (Uses):				
Transfers in	177,000	252,000	247,469	(4,531)
Transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	177,000	252,000	247,469	(4,531)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(36,000)	\$39,000	\$107,468	\$68,468
Budgeted cash carryover	36,000			
	\$0			

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$107,468
Adjustments for revenue accruals	(560)
Adjustments for expenditure accruals	(1,292)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$105,616

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

CITY OF DEMING
LODGER'S 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, 2007

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Lodgers tax	\$354,000	\$354,000	\$499,838	\$145,838
Investment income	1,600	1,600	13,680	12,080
<i>Total revenues</i>	355,600	355,600	513,518	157,918
EXPENDITURES				
Current:				
General government	141,440	145,440	132,961	12,479
Capital outlay	63,000	59,000	54,503	4,497
<i>Total expenditures</i>	204,440	204,440	187,464	16,976
Excess (deficiency) of revenues over expenditures	151,160	151,160	326,054	174,894
Other Financing Sources (Uses):				
Transfers in	0	0	0	0
Transfers (out)	(177,000)	(252,000)	(247,469)	4,531
<i>Total other financing sources (uses)</i>	(177,000)	(252,000)	(247,469)	4,531
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(25,840)	(100,840)	<u>\$78,585</u>	<u>\$179,425</u>
Budgeted cash carryover	25,840	100,840		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$78,585
Adjustments for revenue accruals	(31,835)
Adjustments for expenditure accruals	(668)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$46,082</u>

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

CITY OF DEMING
MIMBRES VALLEY AUTHORITY FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$400,000	\$400,000	\$0	(\$400,000)
Investment income	0	0	262	262
Reimbursement/refunds	0	0	0	0
<i>Total revenues</i>	400,000	400,000	262	(399,738)
EXPENDITURES				
Current:				
Health and welfare	409,275	409,275	101,001	308,274
Debt service	0	0	0	0
Capital outlay	0	0	0	0
<i>Total expenditures</i>	409,275	409,275	101,001	308,274
Excess (deficiency) of revenues over expenditures	(9,275)	(9,275)	(100,739)	(91,464)
Other Financing Sources (Uses):				
Transfers in	0	50,000	50,000	0
Transfers (out)	0	0	0	0
Loan proceeds NMFA	0	0	0	0
<i>Total other financing sources (uses)</i>	0	50,000	50,000	0
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(9,275)	\$40,725	(\$50,739)	(\$91,464)
Budgeted cash carryover	9,275			
	\$0			

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$50,739)
Adjustments for revenue accruals	100,559
Adjustments for expenditure accruals	443
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$50,263

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

CITY OF DEMING
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, 2007

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
State shared taxes	\$10,000	\$10,000	\$11,177	\$1,177
Investment income	1,300	1,300	4,382	3,082
Miscellaneous	26,300	26,300	39,883	13,583
<i>Total revenues</i>	<u>37,600</u>	<u>37,600</u>	<u>55,442</u>	<u>17,842</u>
EXPENDITURES				
Current:				
Culture and recreation	329,476	327,476	305,980	21,496
Capital outlay	50,000	52,000	51,865	135
<i>Total expenditures</i>	<u>379,476</u>	<u>379,476</u>	<u>357,845</u>	<u>21,631</u>
Excess (deficiency) of revenues over expenditures	(341,876)	(341,876)	(302,403)	39,473
Other Financing Sources (Uses):				
Transfers in	240,000	280,000	280,000	0
Transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	<u>240,000</u>	<u>280,000</u>	<u>280,000</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(101,876)	(61,876)	<u>(\$22,403)</u>	<u>\$39,473</u>
Budgeted cash carryover	101,876	61,876		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$22,403)
Adjustments for revenue accruals	14,693
Adjustments for expenditure accruals	956
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>(\$6,754)</u>

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

CITY OF DEMING
SPECIAL EVENTS CENTER
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Rental income	\$18,000	\$18,000	\$26,851	\$8,851
Investment income	100	100	467	367
Miscellaneous	18,000	18,000	42,609	24,609
<i>Total revenues</i>	<u>36,100</u>	<u>36,100</u>	<u>69,927</u>	<u>33,827</u>
EXPENDITURES				
Current:				
General government	100,959	100,959	74,314	26,645
Capital outlay	22,500	22,500	0	22,500
<i>Total expenditures</i>	<u>123,459</u>	<u>123,459</u>	<u>74,314</u>	<u>49,145</u>
Excess (deficiency) of revenues over expenditures	(87,359)	(87,359)	(4,387)	82,972
Other Financing Sources (Uses):				
Transfers in	90,000	90,000	10,000	(80,000)
Transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	<u>90,000</u>	<u>90,000</u>	<u>10,000</u>	<u>(80,000)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>\$2,641</u>	<u>\$2,641</u>	<u>\$5,613</u>	<u>\$2,972</u>

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$5,613
Adjustments for revenue accruals	0
Adjustments for expenditure accruals	1,003
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$6,616</u>

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

CITY OF DEMING
STREET IMPROVEMENT FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
State shared taxes	\$370,000	\$370,000	\$436,858	\$66,858
Investment income	3,500	3,500	4,111	611
Miscellaneous	14,000	14,000	21,394	7,394
<i>Total revenues</i>	<u>387,500</u>	<u>387,500</u>	<u>462,363</u>	<u>74,863</u>
EXPENDITURES				
Current:				
Public works	543,534	543,534	357,392	186,142
Capital outlay	54,000	54,000	18,879	35,121
<i>Total expenditures</i>	<u>597,534</u>	<u>597,534</u>	<u>376,271</u>	<u>221,263</u>
Excess (deficiency) of revenues over expenditures	(210,034)	(210,034)	86,092	296,126
Other Financing Sources (Uses):				
Transfers in	200,000	200,000	0	(200,000)
Transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	<u>200,000</u>	<u>200,000</u>	<u>0</u>	<u>(200,000)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(10,034)	(10,034)	<u>\$86,092</u>	<u>\$96,126</u>
Budgeted cash carryover	10,034	10,034		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$86,092
Adjustments for revenue accruals	(837)
Adjustments for expenditure accruals	(19,707)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$65,548</u>

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

CITY OF DEMING
SWIMMING POOL FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Investment income	\$100	\$100	\$685	\$585
User fees	35,000	35,000	33,363	(1,637)
Miscellaneous	0	0	150	150
<i>Total revenues</i>	35,100	35,100	34,198	(902)
EXPENDITURES				
Current:				
Culture and recreation	147,605	147,605	111,118	36,487
Capital outlay	40,000	40,000	0	40,000
<i>Total expenditures</i>	187,605	187,605	111,118	76,487
Excess (deficiency) of revenues over expenditures	(152,505)	(152,505)	(76,920)	75,585
Other Financing Sources (Uses):				
Transfers in	150,000	150,000	60,000	(90,000)
Transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	150,000	150,000	60,000	(90,000)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(2,505)	(2,505)	(\$16,920)	(\$14,415)
Budgeted cash carryover	2,505	2,505		
	\$0	\$0		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$16,920)
Adjustments for revenue accruals	0
Adjustments for expenditure accruals	(1,430)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	(\$18,350)

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

CITY OF DEMING
TRAFFIC SAFETY ENFORCEMENT FUND
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Fines and forfeitures	\$10,000	\$10,000	\$10,096	\$96
Investment income	350	350	600	250
<i>Total revenues</i>	10,350	10,350	10,696	346
EXPENDITURES				
Current:				
Public safety	0	0	0	0
Capital outlay	15,000	15,000	10,152	4,848
<i>Total expenditures</i>	15,000	15,000	10,152	4,848
Excess (deficiency) of revenues over expenditures	(4,650)	(4,650)	544	5,194
Other Financing Sources (Uses):				
Transfers in	0	0	0	0
Transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	0	0	0	0
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(4,650)	(4,650)	<u>\$544</u>	<u>\$5,194</u>
Budgeted cash carryover	4,650	4,650		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$544
Adjustments for revenue accruals	(894)
Adjustments for expenditure accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>(\$350)</u>

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

CITY OF DEMING
CAPITAL PROJECTS FUNDS
JUNE 30, 2007

Capital Projects Funds

Financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

CDBG 2005/2006 – Community Development Block Grant - To account for federal funds passed through the State to be used for several street improvement projects. Authorized by federal regulation.

CDBG 2006/2007 – Community Development Block Grant - To account for federal funds passed through the State to be used for several street improvement projects. Authorized by federal regulation.

CO-OP Projects – To account for funds received from the New Mexico State Highway Department for road improvements. Authorized by city ordinance.

DMV Project – To account for state funds to build a new building for the Department of Motor Vehicles. Authorized by city resolution.

EDA Grant – To account for federal revenue to construct a wastewater treatment plant. Authorized by federal regulation.

HOME Program – To account for federal Home Investment Partnerships Program funds passed through the State, that are used to administer a homeowner single housing family rehabilitation loan program, within the boundaries of the City of Deming, for low to moderate households. Authorized by federal regulation.

Landfill Project – To account for state funds and loans to construct a new landfill. Authorized by city resolution.

Park Acquisition – To account for funds received from real estate developers, which are designated for the acquisition of land for city parks. Authorized by city ordinance.

Peru Mills Cleanup Project – To account for grant funds received from the New Mexico Environment Department that are designated for the construction of a solid waste transfer station. Authorized by city resolution.

Voiers Park Capital Project – To account for state funds for the construction and maintenance of Voiers Park. Authorized by city ordinance.

Wastewater CO-OP Agreement – To account for compensation to the City of Deming from Luna Energy Facility (PNM) for future capital improvements.

CITY OF DEMING
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2007

	CDBG 2005/2006	CDBG 2006/2007	CO-OP & Map	HOME Program	Landfill Project
ASSETS					
Cash	\$0	\$0	\$92,522	\$5,449	\$21,212
Intergovernmental receivable	0	0	0	0	6,639
Total assets	\$0	\$0	\$92,522	\$5,449	\$27,851
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts payable	\$0	\$72,583	\$1,096	\$0	\$0
Due to other funds	0	0	0	1,300	0
Accrued payroll and benefits	0	0	0	0	0
Total liabilities	0	72,583	1,096	1,300	0
FUND BALANCE					
Reserved					
For encumbrances	0	0	9,907	0	27,851
Unreserved	0	(72,583)	81,519	4,149	0
Total fund balance	0	(72,583)	91,426	4,149	27,851
Total liabilities and fund balance	\$0	\$0	\$92,522	\$5,449	\$27,851

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

CITY OF DEMING
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2007

	Park Acquisition	Peru Mills Cleanup Project	Wastewater	Total
ASSETS				
Cash	\$31,262	\$0	\$256,475	\$406,920
Intergovernmental receivable	0	0	0	6,639
<i>Total assets</i>	\$31,262	\$0	\$256,475	\$413,559
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$0	\$0	\$0	\$73,679
Due to other funds	0	993	0	2,293
Accrued payroll and benefits	0	3,855	0	3,855
<i>Total liabilities</i>	0	4,848	0	79,827
FUND BALANCE				
Reserved				
For encumbrances	0	0	0	37,758
Unreserved	31,262	(4,848)	256,475	295,974
<i>Total fund balance</i>	31,262	(4,848)	256,475	333,732
<i>Total liabilities and fund balance</i>	\$31,262	\$0	\$256,475	\$413,559

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

CITY OF DEMING
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	CDBG 2005/2006	CDBG 2006/2007	CO-OP & Map	HOME Program	Landfill Project
REVENUES					
Intergovernmental	\$0	\$293,223	\$62,238	\$60,050	\$12,357
Charges for services	0	0	0	0	0
Interest	0	0	6,174	0	1,930
Miscellaneous	0	0	0	0	0
<i>Total revenues</i>	0	293,223	68,412	60,050	14,287
EXPENDITURES					
Current Expenditures:					
Health and welfare	0	0	0	60,901	0
Public works	0	0	20,632	0	155,492
Capital outlay	0	392,337	240,000	0	0
<i>Total expenditures</i>	0	392,337	260,632	60,901	155,492
Excess (deficiency) of revenues over expenditures	0	(99,114)	(192,220)	(851)	(141,205)
Other Financing Sources (Uses):					
Operating transfers in	0	24,038	200,000	5,000	100,000
Operating transfers (out)	0	0	0	0	0
<i>Total other financing sources (uses)</i>	0	24,038	200,000	5,000	100,000
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	0	(75,076)	7,780	4,149	(41,205)
Fund balance, beginning of year, as previously stated	78,250	2,493	83,646	0	69,056
Restatements	(78,250)	0	0	0	0
Fund balance, beginning of year, as restated	0	2,493	83,646	0	69,056
<i>Fund balance, end of year</i>	\$0	(\$72,583)	\$91,426	\$4,149	\$27,851

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

CITY OF DEMING
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Park Acquisition	Peru Mills Cleanup Project	Wastewater	Total
REVENUES				
Intergovernmental	\$0	\$75,000	\$0	\$502,868
Charges for services	13,745	0	0	13,745
Interest	2,585	799	5,607	17,095
Miscellaneous	0	2,083	0	2,083
<i>Total revenues</i>	16,330	77,882	5,607	535,791
EXPENDITURES				
Current Expenditures:				
Health and welfare	0	0	0	60,901
Public works	0	332,295	0	508,419
Capital outlay	0	0	0	632,337
<i>Total expenditures</i>	0	332,295	0	1,201,657
Excess (deficiency) of revenues over expenditures	16,330	(254,413)	5,607	(665,866)
Other Financing Sources (Uses):				
Operating transfers in	0	243,307	0	572,345
Operating transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	0	243,307	0	572,345
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	16,330	(11,106)	5,607	(93,521)
Fund balance, beginning of year, as previously stated	14,932	6,258	250,868	505,503
Restatements	0	0	0	(78,250)
Fund balance, beginning of year, as restated	14,932	6,258	250,868	427,253
<i>Fund balance, end of year</i>	\$31,262	(\$4,848)	\$256,475	\$333,732

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

CITY OF DEMING
CDBG 2005/2006 FUNDS
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$0	\$0	\$0	\$0
<i>Total revenues</i>	0	0	0	0
EXPENDITURES				
Current:				
Public works	0	0	0	0
Capital outlay	0	0	0	0
<i>Total expenditures</i>	0	0	0	0
Excess (deficiency) of revenues over expenditures	0	0	0	0
Other Financing Sources (Uses):				
Operating transfers in	0	0	0	0
Operating transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	0	0	0	0
Excess (deficiency) of revenues over expenditures and other financing sources	0	0	<u>\$0</u>	<u>\$0</u>
Budgeted cash carryover	0	0		
	<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 expenditure 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 DEMING
CDBG 2006/2007 FUNDS
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$300,000	\$300,000	\$293,223	(\$6,777)
Investment income	0	0	0	0
Charges for services	0	0	0	0
<i>Total revenues</i>	300,000	300,000	293,223	(6,777)
EXPENDITURES				
Current:				
Public works	600	30,600	26,531	4,069
Capital outlay	545,000	515,000	293,223	221,777
<i>Total expenditures</i>	545,600	545,600	319,754	225,846
Excess (deficiency) of revenues over expenditures	(245,600)	(245,600)	(26,531)	219,069
Other Financing Sources (Uses):				
Operating transfers in	243,107	243,107	24,038	(219,069)
Operating transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	243,107	243,107	24,038	(219,069)
Excess (deficiency) of revenues over expenditures and other financing sources	(2,493)	(2,493)	(\$2,493)	\$0
Budgeted cash carryover	2,493	2,493		
	\$0	\$0		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$2,493)
Adjustments for revenue accruals	0
Adjustments for expenditure accruals	(72,583)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	(\$75,076)

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

CITY OF DEMING
CO-OP PROJECTS FUND
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$2,295,000	\$2,295,000	\$62,238	(\$2,232,762)
Investment income	750	750	6,174	5,424
<i>Total revenues</i>	2,295,750	2,295,750	68,412	(2,227,338)
EXPENDITURES				
Current:				
Public works	135,000	135,000	19,535	115,465
Capital outlay	2,768,000	2,768,000	240,000	2,528,000
<i>Total expenditures</i>	2,903,000	2,903,000	259,535	2,643,465
Excess (deficiency) of revenues over expenditures	(607,250)	(607,250)	(191,123)	416,127
Other Financing Sources (Uses):				
Operating transfers in	546,985	546,985	200,000	(346,985)
Operating transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	546,985	546,985	200,000	(346,985)
Excess (deficiency) of revenues over expenditures and other financing sources	(60,265)	(60,265)	<u>\$8,877</u>	<u>\$69,142</u>
Budgeted cash carryover	60,265	60,265		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$8,877
Adjustments for revenue accruals	0
Adjustments for expenditure accruals	(1,097)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$7,780</u>

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

CITY OF DEMING
HOME PROGRAM FUND
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$176,000	\$176,000	\$60,050	(\$115,950)
Investment income	0	0	0	0
Charges for services	0	0	0	0
<i>Total revenues</i>	176,000	176,000	60,050	(115,950)
EXPENDITURES				
Current:				
Health and welfare	171,000	171,000	60,901	110,099
Capital outlay	5,000	5,000	0	5,000
<i>Total expenditures</i>	176,000	176,000	60,901	115,099
Excess (deficiency) of revenues over expenditures	0	0	(851)	(851)
Other Financing Sources (Uses):				
Operating transfers in	10,000	10,000	5,000	(5,000)
Operating transfers (out)	(10,000)	(10,000)	0	10,000
<i>Total other financing sources (uses)</i>	0	0	5,000	5,000
Excess (deficiency) of revenues over expenditures and other financing sources	\$0	\$0	\$4,149	\$4,149

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$4,149
Adjustments for revenue accruals	0
Adjustments for expenditure accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$4,149

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

CITY OF DEMING
LANDFILL PROJECT FUND
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$1,310,000	\$1,310,000	\$5,718	(\$1,304,282)
Investment income	0	0	1,930	1,930
<i>Total revenues</i>	1,310,000	1,310,000	7,648	(1,302,352)
EXPENDITURES				
Current:				
Public works	350,629	470,629	155,492	315,137
Capital outlay	1,456,618	1,336,618	0	1,336,618
<i>Total expenditures</i>	1,807,247	1,807,247	155,492	1,651,755
Excess (deficiency) of revenues over expenditures	(497,247)	(497,247)	(147,844)	349,403
Other Financing Sources (Uses):				
Loan - NMFA	0	0	0	0
Operating transfers in	491,929	491,929	100,000	(391,929)
Operating transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	491,929	491,929	100,000	(391,929)
Excess (deficiency) of revenues over expenditures and other financing sources	(5,318)	(5,318)	(\$47,844)	(\$42,526)
Budgeted cash carryover	5,318	5,318		
	\$0	\$0		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$47,844)
Adjustments for revenue accruals	6,639
Adjustments for expenditure accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	(\$41,205)

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

CITY OF DEMING
PARK ACQUISITION FUND
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Development fees	\$2,500	\$2,500	\$13,745	\$11,245
Investment income	100	100	2,585	2,485
<i>Total revenues</i>	2,600	2,600	16,330	13,730
EXPENDITURES				
Current:				
Culture and recreation	0	0	0	0
Capital outlay	17,000	17,000	0	17,000
<i>Total expenditures</i>	17,000	17,000	0	17,000
Excess (deficiency) of revenues over expenditures	(14,400)	(14,400)	16,330	30,730
Other Financing Sources (Uses):				
Operating transfers in	0	0	0	0
Operating transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	0	0	0	0
Excess (deficiency) of revenues over expenditures and other financing sources	(14,400)	(14,400)	<u>\$16,330</u>	<u>\$30,730</u>
Budgeted cash carryover	14,400	14,400		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$16,330
Adjustments for revenue accruals	0
Adjustments for expenditure accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$16,330</u>

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

CITY OF DEMING
PERU MILL CLEANUP PROJECT FUND
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$355,000	\$180,000	\$75,000	(\$105,000)
Investment income	0	0	866	866
Miscellaneous	0	0	3,009	3,009
<i>Total revenues</i>	355,000	180,000	78,875	(101,125)
EXPENDITURES				
Current:				
Public works	338,370	395,370	337,302	58,068
Capital outlay	75,000	18,000	0	18,000
<i>Total expenditures</i>	413,370	413,370	337,302	76,068
Excess (deficiency) of revenues over expenditures	(58,370)	(233,370)	(258,427)	(25,057)
Other Financing Sources (Uses):				
Operating transfers in	75,000	250,000	243,307	(6,693)
Operating transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	75,000	250,000	243,307	(6,693)
Excess (deficiency) of revenues over expenditures and other financing sources	\$16,630	\$16,630	(\$15,120)	(\$31,750)

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$15,120)
Adjustments for revenue accruals	(993)
Adjustments for expenditure accruals	5,007
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	(\$11,106)

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

CITY OF DEMING
VOIERS PARK CAPITAL PROJECT FUND
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$1,444,000	\$1,444,000	\$0	(\$1,444,000)
Investment income	0	0	10,713	10,713
<i>Total revenues</i>	1,444,000	1,444,000	10,713	(1,433,287)
EXPENDITURES				
Current:				
General government	138,402	138,402	51,358	87,044
Capital outlay	1,654,028	1,654,028	293,783	1,360,245
<i>Total expenditures</i>	1,792,430	1,792,430	345,141	1,447,289
Excess (deficiency) of revenues over expenditures	(348,430)	(348,430)	(334,428)	14,002
Other Financing Sources (Uses):				
Operating transfers in	0	0	0	0
Operating transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	0	0	0	0
Excess (deficiency) of revenues over expenditures and other financing sources	(348,430)	(348,430)	(<u>\$334,428</u>)	<u>\$14,002</u>
Budgeted cash carryover	348,430	348,430		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$334,428)
Adjustments for revenue accruals	237,503
Adjustments for expenditure accruals	(468,064)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>(\$564,989)</u>

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

CITY OF DEMING
WASTEWATER CO-OP AGREEMENT FUND
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Other income	\$100,000	\$100,000	\$0	(\$100,000)
Investment income	0	0	4,613	4,613
<i>Total revenues</i>	100,000	100,000	4,613	(95,387)
EXPENDITURES				
Current:				
Public works	0	0	0	0
Capital outlay	350,000	350,000	0	350,000
<i>Total expenditures</i>	350,000	350,000	0	350,000
Excess (deficiency) of revenues over expenditures	(250,000)	(250,000)	4,613	254,613
Other Financing Sources (Uses):				
Operating transfers in	0	0	0	0
Operating transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	0	0	0	0
Excess (deficiency) of revenues over expenditures and other financing sources	(250,000)	(250,000)	<u>\$4,613</u>	<u>\$254,613</u>
Budgeted cash carryover	250,000	250,000		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$4,613
Adjustments for revenue accruals	994
Adjustments for expenditure accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$5,607</u>

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

CITY OF DEMING
TOTAL ALL NONMAJOR GOVERNMENTAL FUND TYPES
COMBINING BALANCE SHEETS
JUNE 30, 2007

	Special Revenue	Capital Projects	Total
ASSETS			
Cash and cash equivalents	\$1,036,604	\$406,920	\$1,443,524
Investments	370,036	0	370,036
Intergovernmental receivable	305,876	6,639	312,515
Assessments receivable	146,127	0	146,127
Due from general fund	1,032	0	1,032
<i>Total assets</i>	\$1,859,675	\$413,559	\$2,273,234
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$128,440	\$73,679	\$202,119
Accrued payroll and benefits	21,686	3,855	25,541
Due to other funds	0	2,293	2,293
<i>Total liabilities</i>	150,126	79,827	229,953
FUND BALANCE			
Fund balance - reserved for encumbrances	167,540	37,758	205,298
Fund balance - unreserved recorded in:			
Special revenue funds	1,542,009	0	1,542,009
Capital projects funds	0	295,974	295,974
<i>Total fund balances</i>	1,709,549	333,732	2,043,281
<i>Total liabilities and fund balances</i>	\$1,859,675	\$413,559	\$2,273,234

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

CITY OF DEMING

TOTAL ALL NONMAJOR GOVERNMENTAL FUND TYPES COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Special Revenue	Capital Projects	Total
REVENUES			
Intergovernmental	\$483,391	\$502,868	\$986,259
Charges for services	8,877	13,745	22,622
Fines and forfeiture	16,105	0	16,105
Local effort taxes	468,315	0	468,315
State shared taxes	512,040	0	512,040
Interest	54,132	17,095	71,227
Net increase (decrease) in the fair value of investments	3,008	0	3,008
Miscellaneous	50,800	2,083	52,883
<i>Total revenues</i>	1,596,668	535,791	2,132,459
EXPENDITURES			
Current Expenditures:			
General government	289,560	0	289,560
Public safety	78,164	0	78,164
Health and welfare	378,707	60,901	439,608
Culture and recreation	991,188	0	991,188
Public works	377,099	508,419	885,518
Debt Service:			
Principal	25,294	0	25,294
Interest	5,743	0	5,743
Capital outlay	286,862	632,337	919,199
<i>Total expenditures</i>	2,432,617	1,201,657	3,634,274
Excess (deficiency) of revenues over expenditures	(835,949)	(665,866)	(1,501,815)
Other Financing Sources (Uses):			
Operating transfers in	1,242,469	572,345	1,814,814
Operating transfers (out)	(247,469)	0	(247,469)
Capital transfers in (out)	(7,449)	0	(7,449)
<i>Total other financing sources (uses)</i>	987,551	572,345	1,559,896
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	151,602	(93,521)	58,081
Fund balance, beginning of year, as previously stated	1,557,947	505,503	2,063,450
Restatements	0	(78,250)	(78,250)
Fund balance, beginning of year, as restated	1,557,947	427,253	1,985,200
<i>Fund balance, end of year</i>	\$1,709,549	\$333,732	\$2,043,281

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

CITY OF DEMING
ENTERPRISE FUNDS
JUNE 30, 2007

Enterprise Funds

Used to account for operations that are financed and operated in a manner similar to private businesses.

Airport Operating – To account for the operations of the City airport. All activities necessary to provide such services are accounted for in this fund, including administration, operations, maintenance, financing, billing and collection.

Cemetery Operating – To account for the operations of the City cemetery. All activities necessary to provide such services are accounted for in this fund, including administration, operations, maintenance, financing, billing and collection.

Gas Utility – To account for the provision of gas services to residents. All activities necessary to provide such services are accounted for in this fund, including administration, operations, maintenance, financing, billing and collection.

Insurance – To provide for the operation of the City self-insurer's health plan. All activities necessary to provide health benefits are accounted for in this fund, including catastrophic health premiums and claims.

Sewer Fund – To account for the provision of sewer services to residents. All activities necessary to provide such services are accounted for in this fund, including administration, operations, maintenance, financing, billing and collection.

Solid Waste – To account for the provision of garbage collection and disposal services to residents. All activities necessary to provide such services are accounted for in this fund, including administration, operations, maintenance, financing, billing and collection.

Water Fund – To account for the provision of water services to residents. All activities necessary to provide such services are accounted for in this fund, including administration, operations, maintenance, financing, billing and collection.

CITY OF DEMING
NONMAJOR ENTERPRISE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2007

	Cemetery Operating
ASSETS	
Current Assets	
Cash and cash equivalents	\$100,719
Accounts receivable (net)	15,845
Interest receivable	0
<i>Total current assets</i>	116,564
Capital assets, net	247,327
<i>Total assets</i>	363,891
LIABILITIES AND NET ASSETS	
LIABILITIES	
Current Liabilities:	
Accounts payable	\$2,843
Compensated absences	0
<i>Total current liabilities</i>	2,843
NET ASSETS	
Contributed capital	58,652
Reserved for encumbrances	2,135
Unreserved	300,261
<i>Total net assets</i>	361,048
<i>Total liabilities and net assets</i>	363,891

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

CITY OF DEMING
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Cemetery Operating
OPERATING REVENUES	
Charges for services	\$30,791
Other operating revenue	29,765
<i>Total operating revenues</i>	60,556
OPERATING EXPENSES	
Personnel services	0
Utilities	1,251
Depreciation	2,930
Other operating expenses	46,740
<i>Total operating expenses</i>	50,921
<i>Operating income (loss)</i>	9,635
NON-OPERATING REVENUES (EXPENSES)	
Interest income	2,368
<i>Total non-operating revenues (expenses)</i>	2,368
<i>Net income (loss) before contributions and transfers</i>	12,003
OTHER FINANCING SOURCES (USES):	
Capital transfers in	7,449
<i>Total other financing sources (uses)</i>	7,449
<i>Change in net assets</i>	19,452
Total net assets, at beginning of year	341,596
<i>Total net assets, at end of year</i>	\$361,048

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

CITY OF DEMING
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Cemetery Operating
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers, grants and miscellaneous	\$75,748
Cash used for salaries and operations	(2,236)
Cash used for supplies of goods and services	(46,292)
<i>Net cash provided (used) by operating activities</i>	27,220
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
(Advances to) repayments from other funds	147
Operating transfers in (out)	7,449
<i>Net cash provided (used) by noncapital financing activities</i>	7,596
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payment for capital acquisitions	(10,596)
<i>Net cash provided (used) by capital and related financing activities</i>	(10,596)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investment securities	0
Proceeds from sale and maturities of investment securities	0
Interest income	2,368
<i>Net cash provided (used) by investing activities</i>	2,368
Net increase (decrease) in cash	26,588
Cash, beginning of year	74,131
<i>Cash, end of year</i>	\$100,719
Reconciliation of net cash provided (used) by operating activities:	
Operating income (loss)	\$9,635
Depreciation	2,930
Change in assets and liabilities:	
(Increase) Decrease in assets:	
Accounts receivable	15,192
Increase (Decrease) in liabilities:	
Accounts payable	1,699
Compensated absences	(2,236)
<i>Net cash provided (used) by operating activities</i>	\$27,220

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

CITY OF DEMING
AIRPORT OPERATING FUND
ENTERPRISE FUNDS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
OPERATING REVENUES				
Intergovernmental	\$124,481	\$124,481	\$139,176	\$14,695
Other operating revenues	3,100	3,100	20	(3,080)
Rental income	50,000	50,000	52,588	2,588
<i>Total revenues</i>	<u>177,581</u>	<u>177,581</u>	<u>191,784</u>	<u>14,203</u>
OPERATING EXPENDITURES				
Personnel services	37,674	39,674	36,363	3,311
Other operating expenses	183,024	187,024	156,882	30,142
Capital outlay	13,500	368,500	363,773	4,727
<i>Total operating expenditures</i>	<u>234,198</u>	<u>595,198</u>	<u>557,018</u>	<u>38,180</u>
<i>Operating income (loss)</i>	<u>(56,617)</u>	<u>(417,617)</u>	<u>(365,234)</u>	<u>52,383</u>
Non-Operating Revenues (Expenditures):				
Interest income	3,000	3,000	4,374	1,374
Sale of fixed assets	100	100	0	(100)
<i>Total non-operating revenues (expenditures)</i>	<u>3,100</u>	<u>3,100</u>	<u>4,374</u>	<u>1,274</u>
Net income (loss) before operating transfers	(53,517)	(414,517)	(360,860)	53,657
Operating transfers in (out)	0	361,000	360,129	(871)
Net income (loss)	(53,517)	(53,517)	<u>(\$731)</u>	<u>\$52,786</u>
Budgeted cash carryover	53,517	53,517		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Net income (loss)	(\$731)
Adjustments for revenue accruals	(77,056)
Adjustments for expense accruals and capitalization of assets	432,515
Change in net assets (GAAP Basis)	<u>\$354,728</u>

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

CITY OF DEMING
CEMETERY OPERATING FUND
ENTERPRISE FUNDS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
OPERATING REVENUES				
Charges for services	\$20,100	\$20,100	\$27,305	\$7,205
Other operating revenues	0	0	0	0
Lot lease income	25,000	25,000	29,765	4,765
<i>Total revenues</i>	45,100	45,100	57,070	11,970
OPERATING EXPENDITURES				
Other operating expenses	47,600	48,600	29,850	18,750
Capital outlay	11,000	10,000	3,147	6,853
<i>Total operating expenditures</i>	58,600	58,600	32,997	25,603
<i>Operating income (loss)</i>	(13,500)	(13,500)	24,073	37,573
Non-Operating Revenues (Expenditures):				
Interest income	400	400	2,515	2,115
<i>Total non-operating revenues (expenditures)</i>	400	400	2,515	2,115
Net income (loss) before operating transfers	(13,100)	(13,100)	26,588	39,688
Operating transfers in (out)	0	0	0	0
Net income (loss)	(13,100)	(13,100)	<u>\$26,588</u>	<u>\$39,688</u>
Budgeted cash carryover	13,100	13,100		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Net income (loss)	\$26,588
Adjustments for revenue accruals	3,339
Adjustments for expense accruals and capitalization of assets	(17,924)
Change in net assets (GAAP Basis)	<u>\$12,003</u>

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

CITY OF DEMING
GAS UTILITY FUND
ENTERPRISE FUNDS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
OPERATING REVENUES				
Charges for services	\$5,301,000	\$5,301,000	\$4,524,137	(\$776,863)
Utility overpayments	218,000	218,000	70,748	(147,252)
Other operating revenues	61,000	61,000	46,022	(14,978)
Meter deposits	100,000	100,000	72,215	(27,785)
Other rentals	0	0	2,400	2,400
<i>Total revenues</i>	5,680,000	5,680,000	4,715,522	(964,478)
OPERATING EXPENDITURES				
Personnel services	963,450	963,450	773,114	190,336
Utilities	100,000	100,000	35,527	64,473
Other operating expenses	483,500	483,500	352,210	131,290
Product for resale	4,154,000	4,154,000	3,380,675	773,325
Capital outlay	822,000	822,000	161,843	660,157
<i>Total operating expenditures</i>	6,522,950	6,522,950	4,703,369	1,819,581
<i>Operating income (loss)</i>	(842,950)	(842,950)	12,153	855,103
Non-Operating Revenues (Expenditures):				
Investment income	27,500	27,500	67,623	40,123
<i>Net transfers</i>	27,500	27,500	67,623	40,123
Net income (loss) before operating transfers	(815,450)	(815,450)	79,776	895,226
Operating transfers in	0	0	414,297	414,297
Operating transfers (out)	0	0	(317,298)	(317,298)
<i>Net operating transfers</i>	0	0	96,999	96,999
Net income (loss)	(815,450)	(815,450)	<u>\$176,775</u>	<u>\$992,225</u>
Budgeted cash carryover	815,450	815,450		
	\$0	\$0		

Budgetary - GAAP Reporting Reconciliation:

Net income (loss)	\$176,775
Adjustments for revenue accruals	(161,179)
Adjustments for expense accruals and capitalization of assets	327,021
Change in net assets (GAAP Basis)	<u>\$342,617</u>

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

CITY OF DEMING
SEWER UTILITY FUND
ENTERPRISE FUNDS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
OPERATING REVENUES				
Charges for services	\$955,000	\$955,000	\$681,502	(\$273,498)
Intergovernmental	950,000	950,000	0	(950,000)
Other operating revenues	60,000	60,000	39,168	(20,832)
Rental income	6,000	6,000	0	(6,000)
<i>Total revenues</i>	<u>1,971,000</u>	<u>1,971,000</u>	<u>720,670</u>	<u>(1,250,330)</u>
OPERATING EXPENDITURES				
Personnel services	246,798	296,798	291,521	5,277
Other operating expenses	511,100	571,100	398,244	172,856
Capital outlay	983,000	873,000	235,289	637,711
<i>Total operating expenditures</i>	<u>1,740,898</u>	<u>1,740,898</u>	<u>925,054</u>	<u>815,844</u>
<i>Operating income (loss)</i>	<u>230,102</u>	<u>230,102</u>	<u>(204,384)</u>	<u>(434,486)</u>
Non-Operating Revenues (Expenditures):				
Investment income	20,000	20,000	11,326	(8,674)
<i>Total non-operating revenues (expenditures)</i>	<u>20,000</u>	<u>20,000</u>	<u>11,326</u>	<u>(8,674)</u>
Net income (loss) before operating transfers	250,102	250,102	(193,058)	(443,160)
Operating transfers in (out)	0	0	0	0
Net income (loss)	250,102	250,102	<u>(\$193,058)</u>	<u>(\$443,160)</u>
Budgeted cash carryover	0	0		
	<u>\$250,102</u>	<u>\$250,102</u>		

Budgetary - GAAP Reporting Reconciliation:

Net income (loss)	(\$193,058)
Adjustments for revenue accruals	6,500
Adjustments for expense accruals and capitalization of assets	50,925
Change in net assets (GAAP Basis)	<u>(\$135,633)</u>

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

CITY OF DEMING
SOLID WASTE FUND
ENTERPRISE FUNDS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
OPERATING REVENUES				
Charges for services	\$1,155,000	\$1,155,000	\$940,321	(\$214,679)
Intergovernmental	207,000	207,000	84,508	(122,492)
Other operating revenues	12,000	12,000	14,609	2,609
Rental income	0	0	2,300	2,300
<i>Total revenues</i>	<u>1,374,000</u>	<u>1,374,000</u>	<u>1,041,738</u>	<u>(332,262)</u>
OPERATING EXPENDITURES				
Personnel services	651,862	651,862	587,160	64,702
Other operating expenses	763,000	763,000	294,496	468,504
Capital outlay	276,300	276,300	210,866	65,434
<i>Total operating expenditures</i>	<u>1,691,162</u>	<u>1,691,162</u>	<u>1,092,522</u>	<u>598,640</u>
<i>Operating income (loss)</i>	<u>(317,162)</u>	<u>(317,162)</u>	<u>(50,784)</u>	<u>266,378</u>
Non-Operating Revenues (Expenditures):				
Investment income	10,000	10,000	23,694	13,694
<i>Total non-operating revenues (expenditures)</i>	<u>10,000</u>	<u>10,000</u>	<u>23,694</u>	<u>13,694</u>
Net income (loss) before operating transfers	(307,162)	(307,162)	(27,090)	280,072
Operating transfers in (out)	(250,000)	(250,000)	0	250,000
Net income (loss)	(557,162)	(557,162)	<u>(\$27,090)</u>	<u>\$530,072</u>
Budgeted cash carryover	557,162	557,162		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Net income (loss)	(\$27,090)
Adjustments for revenue accruals	8,434
Adjustments for expense accruals and capitalization of assets	91,409
Change in net assets (GAAP Basis)	<u>\$72,753</u>

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

CITY OF DEMING
WATER UTILITY FUND
ENTERPRISE FUNDS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
OPERATING REVENUES				
Charges for services	\$2,350,000	\$2,350,000	\$1,735,557	(\$614,443)
Intergovernmental	200,000	200,000	17,829	(182,171)
Other operating revenues	30,000	30,000	32,469	2,469
Meter deposits	20,000	20,000	16,910	(3,090)
Other rentals	1,000	1,000	0	(1,000)
<i>Total revenues</i>	<u>2,601,000</u>	<u>2,601,000</u>	<u>1,802,765</u>	<u>(798,235)</u>
OPERATING EXPENDITURES				
Personnel services	808,394	888,394	881,909	6,485
Utilities	220,000	220,000	225,050	(5,050)
Other operating expenses	577,000	577,000	413,371	163,629
Capital outlay	1,268,200	1,188,200	573,655	614,545
<i>Total operating expenditures</i>	<u>2,873,594</u>	<u>2,873,594</u>	<u>2,093,985</u>	<u>779,609</u>
<i>Operating income (loss)</i>	<u>(272,594)</u>	<u>(272,594)</u>	<u>(291,220)</u>	<u>(18,626)</u>
Non-Operating Revenues (Expenditures):				
Investment income	10,000	10,000	43,743	33,743
<i>Total non-operating revenues (expenditures)</i>	<u>10,000</u>	<u>10,000</u>	<u>43,743</u>	<u>33,743</u>
Net income (loss) before operating transfers	(262,594)	(262,594)	(247,477)	15,117
Operating transfers in (out)	0	0	0	0
Net income (loss)	(262,594)	(262,594)	<u>(\$247,477)</u>	<u>\$15,117</u>
Budgeted cash carryover	262,594	262,594		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Net income (loss)	(\$247,477)
Adjustments for revenue accruals	(71,813)
Adjustments for expense accruals and capitalization of assets	510,721
Change in net assets (GAAP Basis)	\$191,431

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

CITY OF DEMING
HEALTH INSURANCE
INTERNAL SERVICE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
OPERATING REVENUES				
Insurance premiums	\$1,400,000	\$1,400,000	\$1,354,569	(\$45,431)
OPERATING EXPENDITURES				
Supplies	500	0	0	0
Insurance premiums	373,000	402,600	402,395	205
Insurance claims	1,032,500	1,246,400	1,252,446	(6,046)
<i>Total operating expenditures</i>	1,406,000	1,649,000	1,654,841	(5,841)
<i>Operating income (loss)</i>	(6,000)	(249,000)	(300,272)	(51,272)
Non-Operating Revenues (Expenditures):				
Investment income	6,000	6,000	17,683	11,683
Net income (loss) before operating transfers	0	(243,000)	(282,589)	(39,589)
Operating transfers in (out)	0	0	0	0
Net income (loss)	0	(243,000)	(282,589)	(39,589)
Budgeted cash carryover	0	243,000		
	\$0	\$0		

Budgetary - GAAP Reporting Reconciliation:

Net income (loss)	(\$282,589)
Adjustments for revenue accruals	(3,598)
Adjustments for expense accruals and capitalization of assets	0
Change in net assets (GAAP Basis)	(\$286,187)

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

OTHER SUPPLEMENTARY INFORMATION

CITY OF DEMING

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Balance June 30, 2006	Increase	Decrease	Balance June 30, 2007
MOTOR VEHICLE				
Assets				
Cash	\$15,502	\$1,784,893	\$1,785,447	\$14,948
Due from general fund	0	800	0	800
Due from State of NM - DMV	0	50	0	50
Total assets	\$15,502	\$1,785,743	\$1,785,447	\$15,798
Liabilities				
Due to general fund	\$7,517	\$1,047	\$0	\$8,564
Intergovernmental payable	7,985	1,784,696	1,785,447	7,234
Total liabilities	\$15,502	\$1,785,743	\$1,785,447	\$15,798
UNITED INDUSTRIES				
Assets				
Investments	\$6,445	\$0	\$0	\$6,445
Interest receivable	0	0	0	0
Total assets	\$6,445	\$0	\$0	\$6,445
Liabilities				
Due to general fund	\$0	\$0	\$0	\$0
Due to others	6,445	0	0	6,445
Total liabilities	\$6,445	\$0	\$0	\$6,445
LOCAL GOVERNMENT CORRECTIONS				
Assets				
Cash	\$0	\$0	\$0	\$0
Due from general fund	4,148	47,195	46,206	5,137
Total assets	\$4,148	\$47,195	\$46,206	\$5,137
Liabilities				
Due to others	\$4,148	\$47,195	\$46,206	\$5,137
NM SALES TAX				
Assets				
Cash	\$23,232	\$262,758	\$275,241	\$10,749
Liabilities				
Due to general fund	\$8,349	\$0	\$1,995	\$6,354
Intergovernmental payable	14,883	262,758	273,246	4,395
Total liabilities	\$23,232	\$262,758	\$275,241	\$10,749
TOTALS - ALL AGENCY FUNDS				
Assets				
Cash	\$38,734	\$2,047,651	\$2,060,688	\$25,697
Investments	6,445	0	0	6,445
Due from State of NM - DMV	0	50	0	50
Due from general fund	4,148	47,995	46,206	5,937
Total assets	\$49,327	\$2,095,696	\$2,106,894	\$38,129
Liabilities				
Intergovernmental payable	\$22,868	\$2,047,454	\$2,058,693	\$11,629
Due to general fund	15,866	1,047	1,995	14,918
Due to others	10,593	47,195	46,206	11,582
Total liabilities	\$49,327	\$2,095,696	\$2,106,894	\$38,129

CITY OF DEMING
SCHEDULE OF INDIVIDUAL BANK DEPOSIT ACCOUNTS
JUNE 30, 2007

Name of Depository	Account Name	Type of Account	Per Bank Balance June 30, 2007	Reconciling Items	Reconciled Balance June 30, 2007
1st New Mexico Bank P.O. Box 511 Deming, NM 88030	City of Deming General Operating Account	Checking	\$876,182	(\$167,880)	\$708,302
1st New Mexico Bank P.O. Box 511 Deming, NM 88030	City of Deming Insurance Trust Revenue	Checking	68,069	0	68,069
1st New Mexico Bank P.O. Box 511 Deming, NM 88030	City of Deming Insurance Trust Disbursements	Checking	58,073	(58,073)	0
1st New Mexico Bank P.O. Box 511 Deming, NM 88030	City of Deming HOME 2004	Checking	5,468	(20)	5,448
1st New Mexico Bank P.O. Box 511 Deming, NM 88030	City of Deming Judicial Bond Trust Fund	Checking	3,303	0	3,303
1st New Mexico Bank P.O. Box 511 Deming, NM 88030	City of Deming CDBG Planning Grant 2006-2007	Checking	0	0	0
1st New Mexico Bank P.O. Box 511 Deming, NM 88030	City of Deming Judicial Bond Trust Fund	Checking	20,620	1,478	22,098
1st New Mexico Bank P.O. Box 511 Deming, NM 88030	City of Deming General Operating Money Market Account	Money Market	1,959,770	0	1,959,770
1st New Mexico Bank P.O. Box 511 Deming, NM 88030	City of Deming Payroll Clearing Account	Checking	38,750	(38,750)	0
			3,030,235	(263,245)	2,766,990
Plus Certificates of Deposit (Shown as Investments)		CD's	106,445	0	106,445
Plus Cash Equivalents		Savings Accounts	1,685,389	0	1,685,389
Total 1st New Mexico Bank			\$4,822,069	(\$263,245)	\$4,558,824

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

CITY OF DEMING
SCHEDULE OF INDIVIDUAL BANK DEPOSIT ACCOUNTS
JUNE 30, 2007

Name of Depository	Account Name	Type of Account	Per Bank Balance June 30, 2007	Reconciling Items	Reconciled Balance June 30, 2007
First Savings Bank 520 S. Gold Ave. Deming, NM 88030	City of Deming Department of Motor Vehicles	Checking	\$50,164	(\$35,216)	\$14,948
First Savings Bank 520 S. Gold Ave. Deming, NM 88030	City of Deming Utility Operating Fund	Checking	570,670	(675)	569,995
First Savings Bank 520 S. Gold Ave. Deming, NM 88030	City of Deming Utility Meter Fund	Checking	175,039	(6,524)	168,515
First Savings Bank 520 S. Gold Ave. Deming, NM 88030	City of Deming Utility Other	Checking	164,910	0	164,910
			960,783	(42,415)	918,368
Plus Certificates of Deposit (Shown as Investments)		CD's	2,643	0	2,643
Total First Savings Bank			\$963,426	(\$42,415)	921,011
Total Cash in Bank			\$5,785,495	(\$305,660)	\$5,479,835

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

CITY OF DEMING
SCHEDULE OF JOINT POWERS AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Participants	Responsible Party for Operations	Descriptions	Beginning and Ending dates	Total Estimated Amount of Project	Contribution 6/30/2007	Audit Responsibility	Revenues and Expenditures Reported on:
Luna County City of Deming	City of Deming	Fire Protection Services, Landfill Operations, Recreation Services, Library Services, EMS and Indigent Ambulance Services, and ETZ New landfill construction	July 1, 2006 June 30, 2007	\$555,000	\$552,688	City of Deming	REV: City of Deming EXP: Luna County
Luna County Village of Columbus Deming Public School City of Deming	City of Deming	Creation of a Public Authority (commission) to facilitate and oversee the establishment and operation of an Enterprise Community.	May 10, 1994 Ongoing	Not Determined	\$50,390	City of Deming	REV: Mimbres Valley Authority EXP: City of Deming

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

ADDITIONAL FEDERAL INFORMATION

CITY OF DEMING
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Federal Grantor/Program Title	Federal CFDA Number or Agency Prefix	Project Number	Award Amount	Accrued or (Deferred) Revenue at June 30, 2006	Restatements	Receipts	Expenditures	Accrued or (Deferred) Revenue at June 30, 2007
<u>U.S. Department of Housing and Urban Development</u>								
Passed through NM Dept. of Finance & Administration:								
Community Development Block Grant	14.228	05-C-NR-I-1-G-15	\$500,000	\$78,250	(\$78,250)	\$0	\$0	\$0
		06-C-NR-I-01-G-9	461,000	0	0	(293,223)	293,223	\$0
Passed through NM Mortgage Finance Authority:								
Home Investment Partnership Program	14.239	05-01-DEM HOR-001	160,000	0	0	(60,050)	60,050	0
Total U.S. Dept. of Housing and Urban Development			\$1,121,000	\$78,250	(\$78,250)	(\$353,273)	\$353,273	\$0
<u>U.S. Department of Justice</u>								
Bulletproof Vest Program	16.607	4020837	\$1,265	\$0	\$0	(\$1,213)	\$1,213	\$0
COPS In-School Grant	16.710	2002SHWX0249	483,872	0	0	(13,062)	13,062	0
Total U.S. Department of Justice			\$485,137	\$0	\$0	(\$14,275)	\$14,275	\$0
<u>U.S. Department of Agriculture and Rural Development</u>								
Rural Development Empowerment Zones and Economic Communities	10.772	36-15-856000121	\$2,500,000	\$111,383	\$0	\$0	\$100,558	\$211,941
<u>U.S. Department of Transportation</u>								
Airport Improvement	20.106	AIP3-35-0013-009-2005	\$409,130	\$26,929	\$0	(\$38,237)	\$11,308	\$0
	20.106	AIP3-03-0013-008-2004	820,700	0	48,515	(97,087)	48,572	0
	20.106	AIP3-35-0013-007-2003	450,000	0	0	0	0	0
Total U.S. Department of Transportation			\$1,679,830	\$26,929	\$48,515	(\$135,324)	\$59,880	\$0
<u>U.S. Department of Homeland Security</u>								
FEMA								
Assistance to Firefighters Grant		EMW-2006-FG-07732	\$75,454	\$0	\$0	(\$38,022)	\$38,022	\$0
Total Federal Financial Assistance			\$5,861,421	\$216,562	(\$29,735)	(\$540,894)	\$566,008	\$211,941

Basis of Presentation:

The above schedule of expenditures of federal awards includes the federal grant activity of City of Deming 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.

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparison for the general fund, and the combining and individual funds presented as supplementary information of the City of Deming (the "City") as of and for the year ended June 30, 2007, and have issued our report thereon dated June 4, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting, findings 2007-01 through 2007-04 and 2007-06.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Mr. Hector H. Balderas, State Auditor and
The Mayor and City Council
City of Deming
Deming, New Mexico
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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 2007-02 to be a material weakness.

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 2007-05 and 2007-06.

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

This report is intended solely for the information and use of management, the City Council, the State Auditor, the New Mexico Legislature, the New Mexico Department of Finance and Administration, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

June 4, 2009

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of the City of Deming with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The City of Deming's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Deming's management. Our responsibility is to express an opinion on the City of Deming's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Deming's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Deming's compliance with those requirements.

In our opinion, the City of Deming complied in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2007-07.

Mr. Hector H. Balderas, State Auditor and
The Mayor and City Council
City of Deming
Deming, New Mexico
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Internal Control Over Compliance

The management of the City of Deming is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Deming's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affect the entity's ability to administer a federal program such that there is more than a remote likelihood that non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

This report is intended solely for the information and use of management, the City Council, the State Auditor, the New Mexico Legislature, the New Mexico Department of Finance and Administration, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

June 4, 2009

CITY OF DEMING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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?

 X Yes 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?

 X Yes No

Identification of Major Programs:

CFDA Number(s)

14.288

Name of Federal Program or Cluster

Community Development Block Grant

Dollar threshold used to distinguish between Type A and Type B Programs: \$300,000.00

Auditee qualified as low-risk auditee?

 X Yes No

CITY OF DEMING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR SIGNIFICANT DEFICIENCIES:

2007-01 Credit Card Use and Access to City Assets

Statement of Condition – During our test work, we noted that the Mayor had and was using a City credit card. The Mayor and the Council members are a policy setting body and should not have access to City assets.

Criteria – The City government structure dictates that the Mayor and City Council are policy makers and direct policy. Day-to-day City business should be carried out by City Management. Policy makers should not have direct access to City assets in order to maintain the integrity of the structure of the City government.

Cause – Unknown.

Effect – The Mayor’s use of the credit card puts the City Management in a position to potentially criticize and reprimand a City official to maintain control of City assets.

Recommendation – The Mayor and the City Council should remain as policy makers only, without direct access to City assets. The Mayor should not have use of a City credit card.

Management’s Response – Management took immediate action to remove access to credit cards and city assets from the Mayor and council. Mayor and Council are policy makers and have no need for access to city assets.

CITY OF DEMING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR SIGNIFICANT DEFICIENCIES (CONTINUED):

2007-02 Bank Reconciliations Not Reconciled to Accounting Records

Statement of Condition – The bank reconciliations did not agree to the general ledger bank balances.

Criteria – Good internal controls require proper bank reconciliation procedures to insure the completeness and integrity of the accounting records.

Cause – Due to a software conversion the applications for handling pooled cash transactions were not properly configured and methods were changed several times during a six month period.

Effect – Cash balances per the general ledger were misstated. Movement of cash between bank accounts and funds were not properly recorded. Unreliable cash balances for purposes of budgeting and management could cause violations of budgeting provisions (i.e., expenditures in excess of revenue and cash balances).

Recommendation – Reconciling procedures should be established that clearly agree to the general ledger.

Management's Response – Management has returned to procedures in place for bank reconciliations prior to the first software conversion. The city acquired assistance from an outside accounting firm to aid staff with correcting fund cash balances in the general ledger.

CITY OF DEMING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR SIGNIFICANT DEFICIENCIES (CONTINUED):

2007-03 Receipt Documentation Maintenance Inconsistent, Inadequate and Inefficient

Statement of Condition – During our test work of the receipting system, we noted that the documentation maintained for receipts is not consistently filed, documents do not always clearly identify the transaction and similar transactions are not documented consistently each time.

Criteria – Good internal controls require consistent and clear documentation to maintain an adequate audit trail of each transaction.

Cause – Procedures for effective and efficient receipt documentation and retention are not maintained in writing and the City experienced a change in supervisory personnel.

Effect – The audit trail is difficult to follow and transaction research is cumbersome. In addition, some errors in classification of revenue occurred as a result of unclear documentation and procedures.

Recommendation – Receipting procedures should be developed, clearly documented and implemented to properly and consistently reflect each receipt transaction.

Management's Response – The filing system for receipts is under review. Management is looking at a system that would clearly identify proper documentation and retention of receipts. The city plans to implement as soon as possible with changes as needed.

CITY OF DEMING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR SIGNIFICANT DEFICIENCIES (CONTINUED):

2007-04 Disbursements – Missing Documentation

Statement of Condition – During our test work of disbursements, we noted two disbursement transactions out of 40 that did not have supporting documentation such as invoices, requisition or purchase orders.

Criteria – Good internal controls require that all transactions are supported by vendor invoices as well as internal documentation required by City policy and procedures (requisitions and purchase orders).

Cause – Appears documentation may have been misplaced.

Effect – Lack of documentation creates opportunity for payment where no goods or services were provided.

Recommendation – Checks should not be processed without the appropriate supporting documentation.

Management's Response – Management reviews disbursements routinely. This is clearly on oversight by staff. Accounts payable clerk will develop procedures to insure that supporting documentation is obtained before issuing checks.

CITY OF DEMING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR SIGNIFICANT DEFICIENCIES (CONTINUED):

2007-05 Expenditures and Transfers out Exceeded Budget

Statement of Condition – The budgeted expenditures or budget transfers out were exceeded by actual expenditures (transfers out) in the following funds:

Boot Camp Fund – expenditures exceeded budget by \$9
Gas Utility Fund – transfers out exceeded budget by \$317,298
Health Insurance Fund – expenses exceeded budget by \$5,841

Criteria – Total expenditures must not exceed budget in accordance with New Mexico Budgeting Statutes 6-3-1 to 6-3-25 NMSA 1978.

Cause – Oversight upon budget amendments and classification issues created by the software conversion which masked the need for budget amendments.

Effect – Potential to expend funds in excess of funds available and expenditures may not be in accordance with governing board's approval.

Recommendation – Budget amendments should be posted by journal entry to the accounting system to maintain current budget to actual data for monitoring.

Management's Response – The system configurations issues with the accounting software were not realized at the time of the budget amendments. Management will review budget expenditures and/or transfer out to actual expenditures and/or transfer out frequently.

CITY OF DEMING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR SIGNIFICANT DEFICIENCIES (CONTINUED):

2007-06 Annual Audit Report Filed Late

Statement of Condition – This report was not submitted to the State Auditor by the due date of December 3, 2007. The report was submitted to the State Auditor on June 5, 2009.

Criteria – The New Mexico State Auditor’s Rule specifies that the audit reports for cities are due in the State Auditor’s Office by December 3, 2007.

Cause – The City implemented new accounting software during the year. Due to poor system configuration with regard to pooled cash, extensive time was required to properly reconcile cash between funds.

Effect – Information needed to audit the financial statements was not provided timely.

Recommendation – The City should continue the new procedures already implemented to monitor and reconcile accounting records on a timely basis.

Management’s Response – Management did not realize the extent of the issues with the new accounting software. Staff was assigned to reconcile cash between funds, but due to the system configuration the tasks required outside consulting to assist. The IPA had other assignments that delayed the process from being complete. Management has returned to procedures in place prior to the first software conversion.

CITY OF DEMING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT STATUS ON PRIOR YEAR FINDINGS:

2006-01 PERA Terminated Employees

Resolved and not repeated in the current year.

2006-02 Budgeted Deficit

Not repeated in the current year.

2005-01 Receipt System Controls C Deficient

Resolved and not repeated.

CITY OF DEMING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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

2007-07 Data Collection Form Not Submitted Timely

Statement of Condition – The Data Collection Form and the reporting package was not submitted to the federal clearing house within nine months after the fiscal year end.

Criteria – OMB Circular A-133.320 requires that the data collection form and the reporting package be submitted within nine months of the fiscal year end for all single audit reports.

Cause – The City implemented new accounting software during the year. Due to poor system configuration with regard to pooled cash, extensive time was required to properly reconcile cash between funds. The audit process was not complete at the nine month requirement.

Effect – Noncomplance with federal single audit requirements.

Recommendation – The City should continue the new procedures already implemented to monitor and reconcile accounting records on a timely basis.

Management's Response – Management is diligently working to achieve timely financial reporting and has returned to procedures in place prior to the first software conversion. The City is on track to complete their June 30, 2009 report on a timely basis.

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

None.

CITY OF DEMING
EXIT CONFERENCE
JUNE 30, 2007

EXIT CONFERENCE:

The exit conference was held June 4, 2009 and was attended by the following:

From City of Deming:

Andres Z. Silva, Mayor
Richard McInturff, Administrator
Richard Kocab, Finance Director
Laura Holguin, Accountant
Lloyd Valentine, Senior Budget Analyst
Gene Paulk, Community Service Director
Louis Jenkins, Public Works Director

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

Debbie Gray, CPA, Shareholder
Vanessa Williams, Auditor

FINANCIAL STATEMENTS PREPARATION

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