

**STATE OF NEW MEXICO
CITY OF DEMING**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2008

CITY OF DEMING

TABLE OF CONTENTS JUNE 30, 2008

	<u>Page</u>
OFFICIAL ROSTER	1
INDEPENDENT AUDITORS' REPORT	2
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements	
Statement of Net Assets	11
Statement of Activities	12
Fund Financial Statements	
Balance Sheet - Governmental Funds	13
Reconciliation of the Fund Balance of Governmental Funds to Government Activities Net Assets	14
Statements of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Revenues and Expenditures	
Budget (Non-GAAP) and Actual (Cash Basis)	
General Fund	17
PROPRIETARY FUNDS:	
Statements of Net Assets	18
Reconciliation of the Fund Net Assets of Proprietary Funds to Business-Type Activities Net Assets	20
Statements of Revenues, Expenses, and Changes in Fund Net Assets	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Net Assets of Proprietary Funds to the Statement of Activities	23
Statements of Cash Flows	24
FIDUCIARY FUNDS:	
Statement of Fiduciary Assets and Liabilities – Agency Funds	26
NOTES TO FINANCIAL STATEMENTS	27
SUPPLEMENTARY INFORMATION	
COMBINING STATEMENTS	
NONMAJOR GOVERNMENTAL FUNDS	
SPECIAL REVENUE FUNDS:	53
Combining Balance Sheets	55
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances	58
Statement of Revenues and Expenditures	
Budget (Non-GAAP Basis) and Actual (Cash Basis):	
Boot Camp Fund	61
Cemetery Trust Fund	62
Community Center	63
Economic Development Fund	64
Emergency Medical Service Fund	65

CITY OF DEMING

TABLE OF CONTENTS JUNE 30, 2008

	<u>Page</u>
SPECIAL REVENUE FUNDS (CONTINUED):	
Fire Protection Fund	66
Law Enforcement Fund	67
Library Fund	68
Library Trust Fund	69
Lodger's Promotional Fund	70
Lodger's Tax Fund	71
Mimbres Valley Authority Fund	72
Recreation Fund	73
Regional Transportation	74
Special Events Center	75
Street Improvement Fund	76
Swimming Pool Fund	77
Traffic Safety Enforcement Fund	78
CAPITAL PROJECTS FUNDS:	79
Combining Balance Sheets	80
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances	82
Statement of Revenues and Expenditures	
Budget (Non-GAAP Basis) and Actual (Cash Basis):	
CDBG 2006/2007 Fund	84
CO-OP Projects Fund	85
HOME Program Fund – 2005	86
HOME Program Fund – 2007	87
Landfill Project Fund	88
Park Acquisition Fund	89
Voiers Park Capital Project Fund	90
Wastewater Co-op Agreement Fund	91
TOTAL ALL NONMAJOR GOVERNMENTAL FUND TYPES:	
Combining Balance Sheet	92
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	93
ENTERPRISE FUNDS:	94
Combining Balance Sheet	95
Combining Statement of Revenues, Expenses, and Changes in Retained Earnings	96
Combining Statement of Cash Flows	97
Statement of Revenues and Expenditures	
Budget (Non-GAAP Basis) and Actual (Cash Basis):	
Airport Operating Fund	98
Cemetery Operating Fund	99
Gas Utility Fund	100
Sewer Utility Fund	101
Solid Waste Fund	102
Water Utility Fund	103

CITY OF DEMING

TABLE OF CONTENTS JUNE 30, 2008

	<u>Page</u>
INTERNAL SERVICE FUND:	
Statement of Revenues and Expenditures	
Budget (Non-GAAP Basis) and Actual (Cash Basis):	
Health Insurance	104
OTHER SUPPLEMENTARY INFORMATION	
ALL AGENCY FUNDS:	
Statement of Changes in Assets and Liabilities – Agency Funds	105
Schedule of Individual Bank Deposit Accounts	106
Schedule of Joint Powers Agreement	109
ADDITIONAL FEDERAL INFORMATION	
Schedule of Expenditures of Federal Awards	110
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	111
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	113
Schedule of Findings and Questioned Costs	115
Exit Conference	123

CITY OF DEMING

OFFICIAL ROSTER
JUNE 30, 2008

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, 2008, 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, 2008, 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, 2008, 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, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the 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
Page Two

In accordance with *Government Auditing Standards*, we have also issued our reports dated July 2, 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.

July 2, 2009

CITY OF DEMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008

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, 2008. 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.

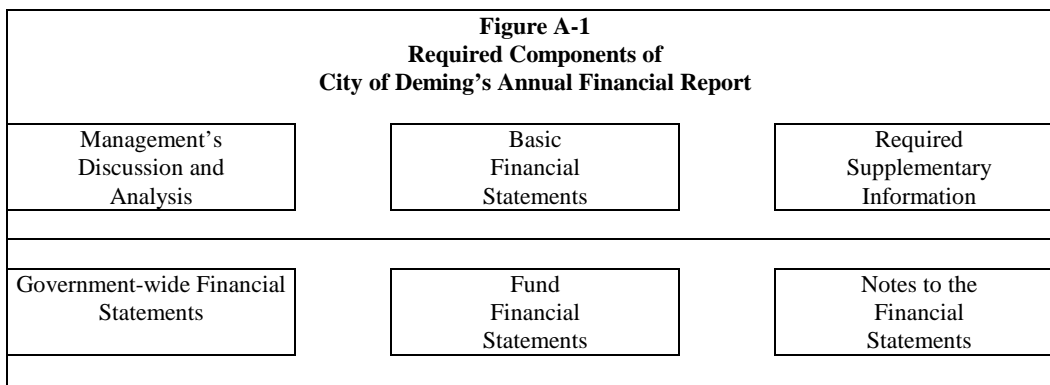
FINANCIAL HIGHLIGHTS

- Last year, the Management’s Discussion and Analysis reported legal 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 continued construction of new housing in several subdivisions within city limits and the extra-territorial zone has increased utility system infrastructure. The city should realize additional revenues to our proprietary funds. The additional property tax and GRT generated from the 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.



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.

CITY OF DEMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008

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.

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.

CITY OF DEMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008

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, 2008

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

City of Deming
Summary of Net Assets

	Governmental Activities		Proprietary Activities		Total		Total Percent Change
	2008	2007	2008	2007	2008	2007	
Assets:							
Current assets and other assets	\$9,535,611	\$9,260,331	\$9,829,494	\$5,569,692	\$19,365,105	\$14,830,023	30.58
Capital assets, net	37,729,644	36,673,987	25,893,636	23,727,042	63,623,280	60,401,029	5.33
Total assets	47,265,255	45,934,318	35,723,130	29,296,734	82,988,385	75,231,052	10.31
Liabilities:							
Long-term debt outstanding	116,436	142,685	4,036,267	364,864	4,152,703	507,549	718.18
Other liabilities	1,076,261	1,211,430	538,575	686,706	1,614,836	1,898,136	(14.92)
Total liabilities	1,192,697	1,354,115	5,471,860	1,051,570	6,664,557	2,405,685	177.03
Net Assets:							
Invested in capital assets, net of related debt	37,586,959	36,505,321	21,699,366	23,727,042	59,286,325	60,232,363	(1.57)
Restricted	2,420,764	1,624,899	4,190,961	0	6,611,725	1,624,899	306.90
Unrestricted	6,064,835	6,449,983	4,360,943	4,518,122	10,425,778	10,968,105	(4.94)
Total net assets	\$46,072,558	\$44,580,203	\$30,251,270	\$28,245,164	\$76,323,828	\$72,825,367	4.80

The City reported positive balances in net assets for both governmental and business-type activities. Net assets increased \$1,492,355 for governmental activities and increased \$2,006,106 for business-type activities. The City's overall asset position increased \$3,498,461 during fiscal year 2008.

Capital Assets

The capital assets in the Governmental Activities portion of the Net Assets statement increased \$1,055,657 due mostly to an increase in construction in progress for the year ended June 30, 2008.

Governmental activities had several construction projects in progress at June 30, 2008. Among these projects were the landfill Cedar Street III and Spruce Street. In addition, during the year the Voiers Park project was completed. Total additional cost to governmental activities for construction in progress for the year was \$2,017,137.

Business-type activities also had substantial construction in progress during the year. The most significant of these projects being the Water Storage Tank and the Solana water/sewer project.

Long-Term Debt

The change in long-term debt outstanding for governmental activities resulted from principal payments. The change in long-term debt outstanding for business-type activities is due to new loans from New Mexico Finance Authority for capital projects.

Governmental activities long-term debt decreased during the year as a result of the principal payments on the NMFA fire truck loan.

CITY OF DEMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008

Business-type activities increased during the year due to two new debt obligations, both with NMFA. The water storage tank project required funding through a NMFA loan in the amount of \$1,024,005. The second loan from NMFA was for the Solana water/sewer project for \$3,191,900. This debt is shared between the water fund (.3775) and the sewer fund (.6225). At June 30, 2008 the City shows \$2,947,059 and 842,756 in restricted cash which is the balance of loaned project funds not yet expended from the Solana water/sewer project and water storage tank project respectively.

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
Summary of Changes in Net Assets

	Governmental Activities		Proprietary Activities		Total		Total Percent Change
	2008	2007	2008	2007	2008	2007	
Revenues:							
<u>Program Revenues:</u>							
Charges for services	\$794,033	\$482,714	\$9,843,269	\$9,737,834	\$10,637,302	\$10,220,548	4.08
Licenses and permits	70,478	88,160	0	0	70,478	88,160	(20.05)
Intergovernmental	3,740,810	1,680,228	1,957,532	59,880	5,698,342	1,740,108	227.47
Fines and forfeitures	235,058	132,454	0	0	235,058	132,454	77.46
<u>General Revenue:</u>							
Taxes	8,631,899	8,953,157	0	0	8,631,899	8,953,157	(3.59)
Investment earnings	395,671	438,665	166,217	153,734	561,888	592,399	(5.15)
Miscellaneous	338,436	732,972	7,420	0	345,856	732,972	(52.81)
<i>Total revenue</i>	<i>14,206,385</i>	<i>12,508,350</i>	<i>11,974,438</i>	<i>9,951,448</i>	<i>26,180,823</i>	<i>22,459,798</i>	<i>16.57</i>
Expenses:							
General government	1,639,805	1,683,819	0	0	1,639,805	1,683,819	(2.61)
Public safety	5,439,170	4,912,406	0	0	5,439,170	4,912,406	10.72
Public works	2,964,779	3,060,917	0	0	2,964,779	3,060,917	(3.14)
Culture and recreation	1,932,297	1,721,713	0	0	1,932,297	1,721,713	12.23
Health and welfare	509,856	485,291	0	0	509,856	485,291	5.06
Interest on long-term debt	5,543	5,743	0	0	5,543	5,743	(3.48)
Operating expenses	0	0	10,678,461	9,665,119	10,678,461	9,665,119	10.48
<i>Total expenses</i>	<i>12,491,450</i>	<i>11,869,889</i>	<i>10,678,491</i>	<i>9,665,119</i>	<i>23,169,911</i>	<i>21,535,008</i>	<i>7.59</i>
Excess (deficiency) before special items and transfers	1,714,935	638,461	1,295,947	286,329	3,010,912	924,790	225.57
Transfers (net)	(350,000)	(464,577)	350,000	464,577	0	0	
<i>Increase (decrease) in net assets</i>	<i>\$1,364,935</i>	<i>\$173,884</i>	<i>\$1,645,977</i>	<i>\$750,906</i>	<i>\$3,010,912</i>	<i>\$924,790</i>	<i>225.57</i>

CITY OF DEMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008

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 26.33% of total revenues for fiscal year 2008. 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 decreased slightly.
- Intergovernmental revenues increased dramatically due to the progress of projects funded with grants.
- Miscellaneous revenues saw a decrease due to a litigation settlement on the Peru Hill Mill property in the prior year.
- Public Works expenditures increased due to street projects.
- Charges for services increased due to payment from Luna Energy for capital improvements at the wastewater plant.

Business-Type Activities

The largest source of revenue is generated from charges for services at 82.20% 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 at 16.35% of total revenue 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 1.39% are a small portion of revenues for the City.

The largest source of revenue is generated from charges for services. The City saw an increase in both revenue and expenses mostly attributable to the fluctuation in the price of natural gas from fiscal year 2007 to 2008. Intergovernmental revenue increased dramatically in 2008 mostly due to spending on airport and construction projects which are still in process.

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 \$9,070,611 an increase of \$629,392 in comparison with the prior year. The majority of this amount is unreserved, which is available for spending at the government's discretion.

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 \$6,415,631. The decrease of the fund balance \$162,022 is due to the city's portion of matches on capital projects and to special revenue programs/projects that rely on the general fund.

CITY OF DEMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008

General Fund Budgetary Highlights

The City of Deming's total budgeted expense amount for FY 2007/2008 was 26.43% over the actual expenditure amounts for the year. Public safety is responsible for 62.56% of the General Fund expenditures.

The City's total tax revenues for FY 2007/2008 increased in total by 5.40% over FY 2006/2007. The small tax revenue decrease was due in part to the reduction of the Border initiative activities by the U.S. Government in our area.

Budgetary amendments made to the general fund were to increase transfers in to close out cash balances in funds that are no longer active.

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 a positive outlook for 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, 2008

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current Assets:			
Cash and cash equivalents	\$2,708,235	\$4,642,007	\$7,350,242
Investments	4,115,642	704,621	4,820,263
Accounts receivables (net of allowance for doubtful accounts)	97,259	475,356	572,615
Intergovernmental receivables	1,473,811	31,580	1,505,391
Interest receivable	3,296	3,181	6,477
Inventories	81,540	446,591	528,131
Internal balances	1,032,745	(1,032,745)	0
Receivable - external parties	2,305	0	2,305
<i>Total current assets</i>	<i>9,514,833</i>	<i>5,270,591</i>	<i>14,785,424</i>
Noncurrent Assets:			
Restricted cash	20,778	4,558,903	4,579,681
Capital assets, net of depreciation	37,729,644	25,893,636	63,623,280
Total assets	47,265,255	35,723,130	82,988,385
LIABILITIES			
Current Liabilities:			
Accounts payable	303,975	301,212	605,187
Interest payable	0	25,227	25,227
Accrued payroll and benefits	83,101	32,454	115,555
Compensated absences	122,182	12,180	134,362
Deferred revenue	309,314	0	309,314
Due to others	3,955	0	3,955
Meter deposits and overpayments	0	367,942	367,942
Notes payable, current portion	26,249	158,003	184,252
<i>Total current liabilities</i>	<i>848,776</i>	<i>897,018</i>	<i>1,745,794</i>
Long-term Liabilities:			
Post closure payable	0	387,668	387,668
Bonds, notes, and leases payable	116,436	4,036,267	4,152,703
Compensated absences	227,485	150,907	378,392
<i>Total long-term liabilities</i>	<i>343,921</i>	<i>4,574,842</i>	<i>4,918,763</i>
Total liabilities	1,192,697	5,471,860	6,664,557
NET ASSETS			
Invested in capital assets, net of related debt	37,586,959	21,699,366	59,286,325
Restricted for:			
Capital projects	1,038,330	3,789,819	4,828,149
Debt service	20,778	401,142	421,920
Other purposes	1,361,656	0	1,361,656
Unrestricted	6,064,835	4,360,943	10,425,778
Total net assets	\$46,072,558	\$30,251,270	\$76,323,828

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, 2008

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	\$1,639,805	\$224,466	\$15,394	\$0	(\$1,399,945)	\$0	(\$1,399,945)
Public safety	5,439,170	354,053	808,801	0	(4,276,316)	0	(4,276,316)
Public works	2,964,779	104,341	199,849	2,286,530	(374,059)	0	(374,059)
Cultural and recreation	1,932,297	111,173	99,035	0	(1,722,089)	0	(1,722,089)
Health and welfare	509,856	0	199,976	131,225	(178,655)	0	(178,655)
Interest on long-term debt	5,543	0	0	0	(5,543)	0	(5,543)
<i>Total governmental activities</i>	<i>12,491,450</i>	<i>794,033</i>	<i>1,323,055</i>	<i>2,417,755</i>	<i>(7,956,607)</i>	<i>0</i>	<i>(7,956,607)</i>
Business-Type Activities:							
Gas	4,778,022	5,016,681	0	0	0	238,659	238,659
Sewer	978,605	856,182	0	187,483	0	66,854	66,854
Water	1,706,416	1,697,487	50,000	0	0	41,071	41,071
Solid waste	1,344,064	938,579	102,939	0	0	(302,546)	(302,546)
Insurance trust funds	1,556,290	1,226,404	0	0	0	(329,886)	(329,886)
Airport	273,072	58,873	0	1,617,110	0	1,402,911	1,402,911
Cemetery operating	41,992	49,063	0	0	0	7,071	7,071
<i>Total business-type activities</i>	<i>10,678,461</i>	<i>9,843,269</i>	<i>152,939</i>	<i>1,804,593</i>	<i>0</i>	<i>1,122,340</i>	<i>1,122,340</i>
Total primary government	\$23,169,911	\$10,637,302	\$1,475,994	\$4,222,348	(\$7,956,607)	\$1,122,340	(\$6,834,267)

General Revenues

Taxes:

Property taxes, levied for general purposes	\$315,548	\$0	\$315,548
Franchise taxes	0	0	0
Local effort taxes	4,213,120	0	4,213,120
State shared taxes	4,103,231	0	4,103,231
Licenses and permits	70,478	0	70,478
Fines and forfeitures	235,058	0	235,058
Miscellaneous	377,540	0	377,540
Investment earnings	395,671	166,217	561,888
Gain (loss) on sale of capital assets	(39,104)	7,420	(31,684)
Operating transfers, net	(350,000)	350,000	0
Capital transfers, net	0	0	0
<i>Total general revenues and transfers</i>	<i>9,321,542</i>	<i>523,637</i>	<i>9,845,179</i>
Change in net assets	1,364,935	1,645,977	3,010,912
Net assets, beginning	44,580,203	28,245,164	72,825,367
Restatements	127,420	360,129	487,549
<i>Net assets, beginning restated</i>	<i>44,707,623</i>	<i>28,605,293</i>	<i>73,312,916</i>
Net assets, ending	\$46,072,558	\$30,251,270	\$76,323,828

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

CITY OF DEMING
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2008

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$146,780	\$2,561,455	\$2,708,235
Investments	3,722,350	393,292	4,115,642
Receivable (net of allowances for uncollectible):			
Assessments	0	0	0
Accounts	97,259	0	97,259
Intergovernmental	1,403,078	70,733	1,473,811
Interest	2,352	944	3,296
Inventories	81,540	0	81,540
Due from other funds	2,648,672	62,680	2,711,352
Restricted cash	0	20,778	20,778
Total assets	\$8,102,031	\$3,109,882	\$11,211,913
LIABILITIES			
Accounts payable	\$198,160	\$105,815	\$303,975
Accrued payroll and benefits	64,736	18,365	83,101
Due to others	3,955	0	3,955
Deferred revenue	19,317	309,314	328,631
Due to other funds	1,366,863	54,777	1,421,640
Total liabilities	1,653,031	488,271	2,141,302
Fund Balances			
Reserved for:			
Encumbrances	33,369	221,625	254,994
Unreserved reported in:			
General fund	6,415,631	0	6,415,631
Special revenue funds	0	1,361,656	1,361,656
Capital projects funds	0	1,038,330	1,038,330
Total fund balances	6,449,000	2,621,611	9,070,611
Total liabilities and fund balances	\$8,102,031	\$3,109,882	\$11,211,913

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, 2008

FUND BALANCE of Governmental Funds

Amounts reported for governmental activities in the statement of net assets are different because:	\$9,070,611
Long-term liabilities and compensated absences are included in government-wide activities, but not included in Governmental Funds	(492,352)
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore are not reported in the funds.	37,729,644
Certain assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	19,317
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.	(254,662)
<i>Net assets of governmental activities</i>	<i>\$46,072,558</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, 2008

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	\$312,203	\$0	\$312,203
Licenses and permits	70,478	0	70,478
Intergovernmental	661,270	3,079,540	3,740,810
Charges for services	500,801	293,232	794,033
Fines and forfeitures	222,511	12,547	235,058
Interest	274,955	67,560	342,515
Local effort taxes	3,812,782	400,338	4,213,120
State shared taxes	3,623,943	479,288	4,103,231
Rents	106,540	0	106,540
Net increase (decrease) in the fair market value of investments	54,861	(1,705)	53,156
Miscellaneous	183,383	87,617	271,000
Sale of capital assets	62,608	1,100	63,708
Total revenues	9,886,335	4,419,517	14,305,852
EXPENDITURES			
Current:			
General government	1,232,253	265,931	1,498,184
Public safety	4,947,347	95,822	5,043,169
Public works	1,000,060	906,923	1,906,983
Cultural and recreation	497,651	1,296,685	1,794,336
Health and welfare	0	454,877	454,877
Debt Service:			
Principal	0	25,981	25,981
Interest	0	5,543	5,543
Capital outlay	306,390	2,431,756	2,738,146
Total expenditures	7,983,701	5,483,518	13,467,219
Excess (deficiency) of revenues over expenditures	1,902,634	(1,064,001)	838,633
Other Financing Sources (Uses):			
Operating transfers in	54,148	1,970,939	2,025,087
Operating transfers (out)	(2,118,804)	(256,283)	(2,375,087)
Capital transfers in (out)	0	0	0
Total other financing sources (uses)	(2,064,656)	1,714,656	(350,000)
Net change in fund balances	(162,022)	650,655	488,633
FUND BALANCE, Beginning of year, as previously stated	6,611,022	1,830,197	8,441,219
Restatements	0	140,759	140,759
FUND BALANCE, Beginning of year, as restated	6,611,022	1,970,956	8,581,978
FUND BALANCE, End of year	\$6,449,000	\$2,621,611	\$9,070,611

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, 2008

Net change in fund balances - Governmental Funds	\$488,633
Amounts reported for governmental activities in the statement of activities are different because:	
Current compensated absences not included in governmental funds	(65,604)
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 (\$2,747,801) exceeded depreciation (\$1,575,990) in the current period.	1,171,811
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/loss on sale.	(102,812)
Certain revenues are deferred in the funds based on available and measurable criteria, whereas they are recorded as revenue in Statement of Activities.	3,342
Internally generated losses from internal service funds have been added back to the related functional expenses.	(156,416)
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.	25,981
<i>Change in net assets of governmental activities</i>	\$1,364,935

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, 2008

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
REVENUES				
Taxes - local effort	\$3,678,126	\$3,678,126	\$4,082,612	\$404,486
Taxes - state shared	3,342,000	3,342,000	3,616,465	274,465
Licenses and permits	77,600	77,600	70,478	(7,122)
Intergovernmental	392,333	392,333	38,443	(353,890)
Charges for services	317,700	317,700	370,885	53,185
Fines and forfeitures	203,900	203,900	293,129	89,229
Interest	180,000	180,000	272,649	92,649
Miscellaneous	1,237,000	1,237,000	780,392	(456,608)
<i>Total revenues</i>	<u>9,428,659</u>	<u>9,428,659</u>	<u>9,525,053</u>	<u>96,394</u>
EXPENDITURES				
Current:				
General government	1,232,089	1,235,088	1,178,957	56,131
Public safety	5,443,044	5,789,044	4,930,684	858,360
Public works	1,179,137	1,219,137	994,728	224,409
Cultural and recreation	687,547	696,547	469,883	226,664
Capital outlay	1,365,500	1,025,500	307,624	717,876
<i>Total expenditures</i>	<u>9,907,317</u>	<u>9,965,316</u>	<u>7,881,876</u>	<u>2,083,440</u>
Excess (deficiency) of revenues over expenditures	(478,658)	(536,657)	1,643,177	2,179,834
Other Financing Sources (Uses):				
Operating transfers in	415,000	502,806	58,079	(444,727)
Operating transfers (out)	(4,033,723)	(4,103,723)	(2,118,804)	1,984,919
<i>Total other financing sources (uses)</i>	<u>(3,618,723)</u>	<u>(3,600,917)</u>	<u>(2,060,725)</u>	<u>1,540,192</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(4,097,381)	(4,137,574)	<u>(\$417,548)</u>	<u>\$3,720,026</u>
Budgeted cash carryover	4,097,381	4,137,574		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$417,548)
Adjustments for revenue accruals	357,351
Adjustments for expenditure accruals	(101,825)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>(\$162,022)</u>

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

CITY OF DEMING
PROPRIETARY FUNDS
STATEMENTS OF NET ASSETS
JUNE 30, 2008

	Business-Type Activities			
	Airport Fund	Gas Fund	Sewer Fund	Solid Waste Fund
ASSETS				
Current Assets:				
Cash	\$247,351	\$2,495,818	\$144,421	\$720,435
Investments	0	692,066	7,642	2,925
Due from other funds	0	1,359,300	0	0
Accounts receivable (net of allowances for uncollectible)	0	189,038	31,643	56,042
Interest receivable	114	1,126	0	443
Intergovernmental receivable	31,580	0	0	0
Inventories	0	142,820	35,513	0
<i>Total current assets</i>	<u>279,045</u>	<u>4,880,168</u>	<u>219,219</u>	<u>779,845</u>
Non-Current Assets:				
Restricted Assets:				
Cash	0	269,544	2,026,693	0
Investments	0	0	0	0
Capital Assets, net	5,870,699	3,322,391	7,138,261	1,216,397
<i>Total noncurrent assets</i>	<u>5,870,699</u>	<u>3,591,935</u>	<u>9,164,954</u>	<u>1,216,397</u>
Total assets	<u>\$6,149,744</u>	<u>\$8,472,103</u>	<u>\$9,384,173</u>	<u>\$1,996,242</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Current Liabilities:				
Accounts payable	\$134,582	\$29,179	\$25,377	\$43,971
Interest payable	0	0	12,605	0
Accrued payroll and benefits	1,013	8,447	5,987	7,785
Compensated absences	0	0	0	12,180
Loan payable - current portion	0	0	73,643	0
Meter deposits and over payments	0	269,544	0	0
Due to other funds	0	2,643,094	0	0
<i>Total current liabilities</i>	<u>135,595</u>	<u>2,950,264</u>	<u>117,612</u>	<u>63,936</u>
Non-Current Liabilities:				
Compensated absences	3,298	36,326	6,821	48,632
Loan payable	0	0	1,913,315	0
Post closure payable	0	0	0	387,668
<i>Total non-current liabilities</i>	<u>3,298</u>	<u>36,326</u>	<u>1,920,136</u>	<u>436,300</u>
<i>Total liabilities</i>	<u>138,893</u>	<u>2,986,590</u>	<u>2,037,748</u>	<u>500,236</u>
Net Assets:				
Invested in capital assets, net of related debt	5,870,699	3,322,391	5,151,303	1,216,397
Unrestricted	140,152	2,163,122	2,195,122	279,609
<i>Total net assets</i>	<u>6,010,851</u>	<u>5,485,513</u>	<u>7,346,425</u>	<u>1,496,006</u>
Total liabilities and net assets	<u>\$6,149,744</u>	<u>\$8,472,103</u>	<u>\$9,384,173</u>	<u>\$1,996,242</u>

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

CITY OF DEMING
PROPRIETARY FUNDS
STATEMENTS OF NET ASSETS
JUNE 30, 2008

	Business-Type Activities			Internal Service Fund - Insurance
	Water Fund	Nonmajor Enterprise Fund	Total Enterprise Funds	
ASSETS				
Current Assets:				
Cash	\$893,504	\$113,270	\$4,614,799	\$27,208
Investments	1,988	0	704,621	0
Due from other funds	0	0	1,359,300	3,263
Accounts receivable (net of allowances for uncollectible)	177,281	21,352	475,356	0
Interest receivable	1,450	48	3,181	0
Intergovernmental receivable	0	0	31,580	0
Inventories	268,258	0	446,591	0
<i>Total current assets</i>	1,342,481	134,670	7,635,428	30,471
Non-Current Assets:				
Restricted Assets:				
Cash	2,262,666	0	4,558,903	0
Investments	0	0	0	0
Capital Assets, net	8,102,410	243,478	25,893,636	0
<i>Total noncurrent assets</i>	10,365,076	243,478	30,452,539	0
Total assets	\$11,707,557	\$378,148	\$38,087,967	\$30,471
LIABILITIES AND NET ASSETS				
LIABILITIES				
Current Liabilities:				
Accounts payable	\$61,634	\$6,469	301,212	\$0
Interest payable	12,622	0	25,227	0
Accrued payroll and benefits	9,222	0	32,454	0
Compensated absences	0	0	12,180	0
Loan payable - current portion	84,360	0	158,003	0
Meter deposits and over payments	98,398	0	367,942	0
Due to other funds	2,322	0	2,645,416	4,554
<i>Total current liabilities</i>	268,558	6,469	3,542,434	4,554
Non-Current Liabilities:				
Compensated absences	55,830	0	150,907	0
Loan payable	2,122,952	0	4,036,267	0
Post closure payable	0	0	387,668	0
<i>Total non-current liabilities</i>	2,178,782	0	4,574,842	0
<i>Total liabilities</i>	2,447,340	6,469	8,117,276	4,554
Net Assets:				
Invested in capital assets, net of related debt	5,895,098	243,478	21,699,366	0
Unrestricted	3,365,119	128,201	8,271,325	25,917
<i>Total net assets</i>	9,260,217	371,679	29,970,691	25,917
Total liabilities and net assets	\$11,707,557	\$378,148	\$38,087,967	\$30,471

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, 2008

FUND NET ASSETS of Proprietary Funds:

Enterprise Funds	\$29,970,691
Internal Service Fund - Insurance	25,917
	<hr/>
	29,996,608

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

Prior years	98,246
Current year	156,416
	<hr/>

Net assets of business-type activities **\$30,251,270**

CITY OF DEMING
PROPRIETARY FUNDS
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Business-Type Activities			
	Airport Fund	Gas Fund	Sewer Fund	Solid Waste Fund
OPERATING REVENUES				
Water sales	\$0	\$0	\$0	\$0
Sewer service	0	0	546,544	0
Charges for services	0	4,863,224	0	936,080
Other operating revenue	4,179	145,105	285,013	99
Rental income	54,694	8,352	24,625	2,400
Intergovernmental	1,617,110	0	187,483	102,939
<i>Total operating revenues</i>	1,675,983	5,016,681	1,043,665	1,041,518
OPERATING EXPENSES				
Personnel services	34,380	769,289	306,651	675,188
Product for resale	0	3,512,884	0	0
Utilities	13,854	11,805	162,350	2,103
Depreciation	68,348	180,203	234,340	99,976
Other operating expenses	156,490	303,841	273,470	566,797
<i>Total operating expenses</i>	273,072	4,778,022	976,811	1,344,064
<i>Operating income (loss)</i>	1,402,911	238,659	66,854	(302,546)
NON-OPERATING REVENUES (EXPENSES)				
Interest income	3,066	44,453	35,688	21,544
Interest expense and other fees	0	0	(1,794)	0
Gain on sale of capital assets	0	0	135	6,385
Net increase (decrease) in fair market value - investments	0	(11,248)	114	(24)
<i>Total non-operating revenues (expenses)</i>	3,066	33,205	34,143	27,905
<i>Income before operating transfers</i>	1,405,977	271,864	100,997	(274,641)
OTHER FINANCING SOURCES (USES):				
Operating transfers in	100,000	0	0	0
Operating transfers (out)	0	0	0	0
Capital transfers in	0	0	0	0
<i>Total other financing sources (uses)</i>	100,000	0	0	0
<i>Change in net assets</i>	1,505,977	271,864	100,997	(274,641)
Total net assets, at beginning of year, as previously stated	4,504,874	5,213,649	7,245,428	1,770,647
Restatements	0	0	0	0
Total net assets, at beginning of year, as restated	4,504,874	5,213,649	7,245,428	1,770,647
<i>Total net assets, at end of year</i>	\$6,010,851	\$5,485,513	\$7,346,425	\$1,496,006

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, 2008

	Business-Type Activities			Internal Service Fund - Insurance
	Water Fund	Nonmajor Enterprise Fund	Total Enterprise Funds	
OPERATING REVENUES				
Water sales	\$1,676,158	\$0	\$1,676,158	\$0
Sewer service	0	0	546,544	0
Charges for services	0	46,038	5,845,342	1,069,988
Other operating revenue	19,529	3,025	456,950	0
Rental income	1,800	0	91,871	0
Intergovernmental	50,000	0	1,957,532	0
<i>Total operating revenues</i>	1,747,487	49,063	10,574,397	1,069,988
OPERATING EXPENSES				
Personnel services	775,527	0	2,561,035	0
Product for resale	0	0	3,512,884	0
Utilities	235,544	1,624	427,280	0
Depreciation	211,946	4,535	799,348	0
Other operating expenses	480,505	35,833	1,816,936	1,556,290
<i>Total operating expenses</i>	1,703,522	41,992	9,117,483	1,556,290
<i>Operating income (loss)</i>	43,965	7,071	1,456,914	(486,302)
NON-OPERATING REVENUES (EXPENSES)				
Interest income	61,914	3,560	170,225	6,279
Interest expense and other fees	(2,894)	0	(4,688)	0
Gain on sale of capital assets	900	0	7,420	0
Net increase (decrease) in fair market value - investments	871	0	(10,287)	0
<i>Total non-operating revenues (expenses)</i>	60,791	3,560	162,670	6,279
<i>Income before operating transfers</i>	104,756	10,631	1,619,584	(480,023)
OTHER FINANCING SOURCES (USES):				
Operating transfers in	0	0	100,000	250,000
Operating transfers (out)	0	0	0	0
Capital transfers in	0	0	0	0
<i>Total other financing sources (uses)</i>	0	0	100,000	250,000
<i>Change in net assets</i>	104,756	10,631	1,719,584	(230,023)
Total net assets, at beginning of year, as previously stated	8,795,332	361,048	27,890,978	255,940
Restatements	360,129	0	360,129	0
Total net assets, at beginning of year, as restated	9,155,461	361,048	28,251,107	255,940
<i>Total net assets, at end of year</i>	<i>\$9,260,217</i>	<i>\$371,679</i>	<i>\$29,970,691</i>	<i>\$25,917</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, 2008

Net change in fund net assets - Business-Type Activities	
Enterprise Funds	\$1,719,584
Internal Service Fund - Insurance	(230,023)
	<hr/> 1,489,561
Internally generated loss from internal service funds has been reclassified to governmental activities functions.	156,416
	<hr/>
<i>Change in net assets - business-type activities</i>	<i>\$1,645,977</i>
	<hr/> <hr/>

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, 2008

	Business-Type Activities			
	Airport Fund	Gas Fund	Sewer Fund	Solid Waste Fund
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers, grants and misc.	\$1,644,403	\$5,163,694	\$1,095,308	\$1,130,496
Cash used for salaries and related benefits	(33,755)	(756,542)	(304,676)	(668,981)
Cash used for suppliers of goods and services	(43,708)	(3,814,525)	(475,673)	(510,027)
<i>Net cash provided (used) by operating activities</i>	1,566,940	592,627	314,959	(48,512)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Advances from (repayments to) other funds	0	1,639,907	0	0
Operating transfers in (out)	100,000	0	0	0
<i>Net cash provided (used) by noncapital financing activities</i>	100,000	1,639,907	0	0
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Interest accrued not paid	0	0	12,605	0
Loan principal payments	0	0	0	0
Loan proceeds	0	0	1,986,958	0
Sale of Capital assets gain (loss)	0	0	135	6,385
Payment for/adjustment of capital acquisitions	(1,534,304)	(29,020)	(304,191)	(26,790)
<i>Net cash provided (used) by capital and related financing activities</i>	(1,534,304)	(29,020)	1,695,507	(20,405)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investment securities	(114)	(590,732)	0	0
Proceeds from sale and maturities of investment securities	0	90,000	1,364	735
Interest income	3,066	32,079	34,008	21,077
<i>Net cash provided by investing activities</i>	2,952	(468,653)	35,372	21,812
INCREASE (DECREASE) IN CASH	135,588	1,734,861	2,045,838	(47,105)
CASH AT BEGINNING OF YEAR	111,763	1,030,501	125,276	767,540
CASH AT END OF YEAR (restricted and unrestricted)	\$247,351	\$2,765,362	\$2,171,114	\$720,435
Reconciliation of net cash provided (used) by operating activities				
Operating income (loss)	\$1,402,911	\$238,659	\$66,854	(\$302,546)
Depreciation	68,348	180,203	234,340	99,976
(Increase) Decrease in:				
Accounts receivable	0	68,614	32,244	36,775
Intergovernmental	(31,580)	0	0	52,203
Inventory	0	57,615	19,399	0
Meter deposits	0	20,784	0	0
Increase (Decrease) in:				
Accounts payable	126,636	14,005	(39,853)	36,069
Accrued payroll and benefits	492	(2,281)	2,561	(1,174)
Post closure payable	0	0	0	22,804
Compensated absences	133	15,028	(586)	7,381
Net cash provided by operating activities	\$1,566,940	\$592,627	\$314,959	(\$48,512)

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, 2008

	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.	\$2,026,064	\$64,908	11,124,873	\$1,066,725
Cash used for salaries and related benefits	(764,171)	0	(2,528,125)	0
Cash used for suppliers of goods and services	(737,230)	(33,831)	(5,614,994)	(1,562,562)
<i>Net cash provided (used) by operating activities</i>	524,663	31,077	2,981,754	(495,837)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Advances from (repayments to) other funds	(2)	0	1,639,905	198,276
Operating transfers in (out)	0	0	100,000	250,000
<i>Net cash provided (used) by noncapital financing activities</i>	(2)	0	1,739,905	448,276
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Interest accrued not paid	9,728	0	22,333	0
Loan principal payments	(21,635)	0	(21,635)	0
Loan proceeds	2,228,947	0	4,215,905	0
Sale of Capital assets gain (loss)	900	0	7,420	0
Payment for/adjustment of capital acquisitions	(710,822)	(686)	(2,605,813)	0
<i>Net cash provided (used) by capital and related financing activities</i>	1,507,118	(686)	1,618,210	0
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investment securities	0	(21,352)	(612,198)	0
Proceeds from sale and maturities of investment securities	195,188	0	287,287	0
Interest income	61,335	3,512	155,077	6,279
<i>Net cash provided by investing activities</i>	256,523	(17,840)	(169,834)	6,279
INCREASE (DECREASE) IN CASH	2,288,302	12,551	6,170,035	(41,282)
CASH AT BEGINNING OF YEAR	867,868	100,719	3,003,667	68,490
CASH AT END OF YEAR (restricted and unrestricted)	\$3,156,170	\$113,270	\$9,173,702	\$27,208
Reconciliation of net cash provided (used) by operating activities				
Operating income (loss)	\$43,965	\$7,071	1,456,914	(\$486,302)
Depreciation	211,946	4,535	799,348	0
(Increase) Decrease in:				
Accounts receivable	142,042	15,845	295,520	(3,263)
Intergovernmental	0	0	20,623	0
Inventory	125,270	0	202,284	0
Meter deposits	11,265	0	32,049	0
Increase (Decrease) in:				
Accounts payable	(21,181)	3,626	119,302	(6,272)
Accrued payroll and benefits	(3,252)	0	(3,654)	0
Post closure payable	0	0	22,804	0
Compensated absences	14,608	0	36,564	0
Net cash provided by operating activities	\$524,663	\$31,077	\$2,981,754	(\$495,837)

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, 2008

	<u>Agency Funds</u>
ASSETS	
Cash	\$0
Investments	6,445
Due from State of NM - DMV	0
Due from the City of Deming	4,140
<hr/>	
Total assets	10,585
<hr/>	
LIABILITIES	
Intergovernmental payable	0
Due to others	4,140
Due to the City of Deming	6,445
<hr/>	
Total liabilities	10,585
<hr/>	
NET ASSETS	\$0
<hr/> <hr/>	

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

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City reports the following major governmental fund:

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.

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, 2008

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 (on a cash basis) 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, 2008

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 Fannie 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, 2008

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.

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.

Net Assets

Net assets are displayed in three components:

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

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

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unrestricted Net Assets – Net assets that do not meet the definition of “restricted” and “Invested in capital assets, net of related debt.”

Fund Balance

Reserved – The portion of fund balance that is not appropriable for expenditure or is legally segregated for specific future use.

Unreserved – The portion of fund balance that is not reserved but may be designated as noted below.

Designated – The position of fund balance established to indicate tentative plans for financial resources utilization in a future period.

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, 2008 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
Bank Deposits:			
First New Mexico Bank	4,078,560	(230,928)	3,847,632
First Savings Bank	2,582,397	10,298	2,592,695
Wells Fargo Bank	194,003	0	194,003
Bank of Albuquerque	4,107,085	0	4,107,085
New Mexico State Treasurer	104,655	0	104,655
Less: Certificate of Deposit (shown as investments)			
First New Mexico Bank	(2,000,445)	0	(2,000,445)
First Savings Bank	(2,635)	0	(2,635)
Wells Fargo Bank	(190,000)	0	(190,000)
<i>Total cash deposits</i>	\$8,877,270	(\$220,630)	\$8,656,640
Reconciliation of cash to financial statements:			
Cash page 10			\$7,350,242
Cash included in restricted cash and investments			4,579,681
Cash page 26			0
<i>Total Cash</i>			11,929,923
Less: Investments shown as cash equivalents			(3,273,283)
			\$8,656,640

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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.

The City has restricted cash balances as follows:

Governmental Activities

Restricted for debt service and debt service reserves	\$20,778
---	----------

Business-Type Activities

Restricted for meter deposits and overpayments	\$367,942
Restricted for debt service and debt service reserves	407,146
Restricted for construction projects – loan proceeds	3,789,815
	\$4,558,903

	Wells Fargo	Bank of Albuquerque	First New Mexico	First Savings Bank
Cash in Bank per June 30, 2008 statements:				
Checking accounts and savings accounts	\$8,647	\$0	\$2,078,115	\$2,579,762
American Performance US Treasury Money Market	0	4,107,085	0	0
Certificates of deposit (shown as investments)	190,000	0	2,000,445	2,635
<i>Total deposits</i>	198,647	4,107,085	4,078,560	2,582,397
Less FDIC (SIPC) – Checking	(8,647)	(100,000)	(100,000)	(100,000)
Less FDIC – Time Deposit	(100,000)	0	(100,000)	(2,635)
Uninsured public funds	\$90,000	\$4,007,085	\$3,878,560	\$2,479,762
50% Collateral requirements	\$45,000	\$2,003,542	\$1,939,280	\$1,239,881
Pledged securities	\$207,722	(1)	\$7,097,477	\$1,986,195
Over (under)	\$162,722	(1)	\$5,158,197	\$746,314

(1) No requirement for collateral as held in US Treasury Money Market Fund.

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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

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, 2008, \$493,567 of the City’s bank balances of \$10,966,689 were 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 (or invested in uses)	9,961,840
Uninsured and uncollateralized	493,567
<i>Total</i>	\$10,455,407

The following is a schedule of pledged collateral to secure the deposits of the City of Deming as of June 30, 2008:

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	3133MNVVO	\$1,000,000	05/15/2012	\$1,057,984
Federal Home Loan	3133M6VF2	2,000,000	12/11/2013	2,088,866
FNMA	31359MSL8	1,000,000	07/17/2013	995,627
Bernalillo NM	085279LW5	450,000	08/01/2016	450,000
Bernalillo NM	085279JT5	150,000	08/01/2011	150,000
Bernalillo NM	055279JU2	155,000	08/01/2012	155,000
Clovis NM School District	189387BM4	145,000	06/01/2015	145,000
Sandoval County	80004PBB7	100,000	08/02/2013	100,000
Los Lunas NM SC	545562HG8	350,000	07/15/2009	350,000
Artesia NM	04310KAL6	500,000	08/01/2017	500,000
Socorro NM Cons	833681AM1	100,000	08/01/2013	100,000
Sandoval NM	843789AX6	200,000	08/01/2009	100,000
Dexter NM	252345CT8	50,000	08/01/2009	50,000
Dexter NM	252345CU5	50,000	08/10/2010	50,000
Dexter NM	252345CV3	85,000	08/01/2011	85,000
Chaves County	162634BN8	500,000	08/01/2018	500,000
Catron County	149321BP5	120,000	07/15/2013	120,000
<i>Total</i>		\$6,955,000		\$7,097,477

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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

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	\$1,986,195
<i>Total</i>				\$2,000,000	\$1,986,195

Wells Fargo Bank
 200 Lomas Blvd. NW
 Albuquerque, New Mexico

Securities	Safekeeping Location	CUSIP No.	Maturity	Par Original Face	Current Market
FNCL 872642	WFBS/ WFBNW	31409JP38	06/01/2036	\$260,000	\$207,722
<i>Total</i>				\$260,000	\$207,722

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, 2008.

Certificates of Deposit – The City has invested \$3,651,671 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, Multi-Bank Securities, Tri-Star Financial, and, H.D. Vest, are fully insured by the banks and financial institutions of the issuers.

Ginnie Mae Mortgage Backed and Federal National Mortgage Association and Federal Home Loan Bank 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. These securities meet the requirements of an authorized investment. The fair value of these Securities as of June 30, 2008 is \$1,175,038.

New Mexigrow – LGIP – the City has \$3,273,283 in this state investment pool. Although, the City carries this balance as investments on their books it has been reclassified as cash on these statements.

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

- a. The investments are valued at fair value based on quoted market prices as of the valuation date;
- b. The State Treasurer Local Government Investment Pool is not SEC registered. The State Treasurer is authorized to invest the short-term investment funds with the advice and consent of the State Board of Finance in accordance with Sections 6-10-10 I through 6-10-10 P and Sections 6-10-10 1A and E, NMSA 1978.

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 3. INVESTMENTS

- c. The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts fund were invested; and
- d. Participation in the local government investment pool is voluntary.
- e. Separately issued financial statements are available from the New Mexico State Treasurer that does disclose the collateral pledged to secure State Treasurer cash and investments.

The pool has a credit risk rating of AAAM and a weighted average maturity of 18 days.

A detail of the amounts invested is as follows:

NM State Treasurer	\$3,273,283
Wells Fargo Bank	190,000
Chino Federal Credit Union	100,000
Multi Bank Securities	1,658,334
First New Mexico Bank	2,000,445
Wells Fargo Investments	99,843
First Savings Bank	2,635
Tri-Star Financial	189,726
Edward Jones	38,801
Coastal Securities	546,924
	8,099,991
Less: Cash equivalents	3,273,283
	\$4,826,708
Investments page 10	\$4,820,263
Investments included in restricted cash and investments	0
Investments page 25	6,445
	\$4,826,708

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, 2008 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.

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, 2008.

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 3. INVESTMENTS (CONTINUED)

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	\$2,784,088	1 - 5 years
	\$290,652	6- 10 years
	\$576,931	more than 10 years
GNMA's	\$2,802	6 - 10 years
	\$486,901	more than 10 years

NOTE 4. RECEIVABLES

As of June 30, 2008, 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, 2008, 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 have been included in the allowance for doubtful accounts. Accordingly, allowances for doubtful accounts have been recorded as follows:

	Receivable	Allowance	Net
Gas Fund	\$242,710	\$53,672	\$189,038
Sewer Fund	41,645	10,002	31,643
Solid Waste Fund	72,930	16,888	56,042
Water Fund	215,704	38,423	177,281
Cemetery Fund	93,115	71,763	21,352
<i>Total enterprise funds</i>	\$666,104	\$190,748	\$475,356

Intergovernmental receivables include the following:

	Governmental Activities	Business – Type Activities
Gross receipts tax	\$1,171,379	\$0
Cigarette tax	5,527	0
Gas tax	68,886	0
Grant revenue	12,006	31,580
Luna County – joint powers agreements	156,749	0
Property tax	34,596	0
State of NM DMV distribution	24,668	0
	\$1,473,811	\$31,580

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 5. CAPITAL ASSETS

Capital asset activities for the year ended June 30, 2008 were as follows:

	Balance July 1, 2007	Restatements	Additions	Transfers/ Retirements	Balance June 30, 2008
Governmental Activities:					
Capital assets, not being depreciated:					
Land and water rights	\$6,129,518	\$0	\$203,389	(\$102,374)	\$6,230,533
Construction in progress	1,636,445	19,535	2,017,137	(2,344,298)	1,328,819
<i>Total capital assets, not being depreciated</i>	<i>7,765,963</i>	<i>19,535</i>	<i>2,220,526</i>	<i>(2,446,672)</i>	<i>7,559,352</i>
Capital assets, being depreciated:					
Buildings and improvements	8,105,181	(37,546)	109,282	2,110,313	10,287,230
Sidewalks and roads	43,848,116	0	0	233,985	44,082,101
Street lights system	791,351	0	0	0	791,351
Furniture and equipment	7,475,212	(10,618)	417,993	(194,677)	7,687,910
<i>Total capital assets, being depreciated</i>	<i>60,219,860</i>	<i>(48,164)</i>	<i>527,275</i>	<i>2,149,621</i>	<i>62,848,592</i>
Less Accumulated Depreciation:					
Buildings and improvements	(2,454,001)	(7,843)	(194,405)	0	(2,656,249)
Sidewalks and roads	(22,830,958)	13,612	(878,912)	0	(23,696,258)
Street lights system	(297,975)	0	(26,378)	0	(324,353)
Furniture and equipment	(5,728,905)	9,521	(476,295)	194,239	(6,001,440)
<i>Total accumulated depreciation</i>	<i>(31,311,839)</i>	<i>15,290</i>	<i>(1,575,990)</i>	<i>194,239</i>	<i>(32,678,300)</i>
<i>Governmental activities capital assets, net</i>	<i>\$36,673,984</i>	<i>(\$13,339)</i>	<i>\$1,171,811</i>	<i>(\$102,812)</i>	<i>\$37,729,644</i>

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

General Government	\$108,919
Public Safety	272,478
Public Works	1,041,111
Culture and Recreation	128,273
Health and welfare	25,209
	<u>\$1,575,990</u>

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 5. CAPITAL ASSETS (CONTINUED)

The following is a summary of proprietary fund capital assets:

	Balance July 1, 2007	Restatements	Additions	Transfers/ Retirements	Balance June 30, 2008
Airport:					
Capital assets, not being depreciated:					
Land	\$1,742,227	\$0	\$0	\$0	\$1,742,227
Construction in progress	102,198	0	1,527,145	0	1,629,343
<i>Total capital assets, not being depreciated</i>	1,844,425	0	1,527,145	0	3,371,570
Capital assets, being depreciated:					
Buildings	2,987,499	0	0	0	2,987,499
Airport facility	1,692,111	0	0	(461,000)	1,231,111
Airport lights	209,428	0	0	461,000	670,428
Furniture and equipment	63,818	0	7,159	0	70,977
<i>Total capital assets, being depreciated</i>	4,952,856	0	7,159	0	4,960,015
Less Accumulated Depreciation:					
Buildings	(2,274,799)	0	(20,838)	0	(2,295,637)
Airport facility	(49,942)	0	(24,622)	(49,942)	(24,622)
Airport lights	(13,613)	0	(19,555)	49,942	(83,110)
Furniture and equipment	(54,184)	0	(3,333)	0	(57,517)
<i>Total accumulated depreciation</i>	(2,392,538)	0	(68,348)	0	(2,460,886)
<i>Airport activities capital assets, net</i>	\$4,404,743	\$0	\$1,465,956	\$0	\$5,870,699

Depreciation expense for the Airport fund for the year was \$68,348.

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 5. CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2007	Restatements	Additions	Transfers/ Retirements	Balance June 30, 2008
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	5,373,340	0	0	0	5,373,340
Furniture and equipment	784,689	0	29,020	(3,008)	810,701
<i>Total capital assets, being depreciated</i>	6,216,387	0	29,020	(3,008)	6,242,399
Less Accumulated Depreciation:					
Buildings	(70,566)	0	(1,021)	0	(21,587)
Utility system and facilities improvements	(2,057,012)	0	(134,333)	0	(2,191,345)
Furniture and equipment	(669,735)	0	(44,849)	3,008	(711,576)
<i>Total accumulated depreciation</i>	(2,747,373)	0	(180,203)	3,008	(2,924,508)
<i>Gas activities capital assets, net</i>	\$3,473,574	\$0	\$151,183	\$0	\$3,322,391

Depreciation expense for the Gas Utilities fund for the year was \$180,203.

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 5. CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2007	Restatements	Additions	Transfers/ Retirements	Balance June 30, 2008
Sewer:					
Capital assets, not being depreciated:					
Land	\$334,307	\$0	\$0	\$0	\$334,307
Construction in progress	0	0	298,713	0	298,713
<i>Total capital assets, not being depreciated</i>	334,307	0	298,713	0	633,020
Capital assets, being depreciated:					
Utility system and facilities	10,489,941	0	0	0	10,489,941
Buildings	344,371	0	0	0	344,371
Furniture and fixtures	287,281	0	5,478	0	292,759
<i>Total capital assets, being depreciated</i>	11,121,593	0	5,478	0	11,127,071
Less Accumulated Depreciation:					
Utility system and facilities	(3,969,510)	0	(209,799)	0	(4,179,309)
Buildings	(227,836)	0	(3,150)	0	(230,986)
Furniture and fixtures	(190,144)	0	(21,391)	0	(211,535)
<i>Total accumulated depreciation</i>	(4,387,490)	0	(234,340)	0	(4,621,830)
<i>Sewer activities capital assets, net</i>	\$7,068,410	\$0	\$69,851	\$0	\$7,138,261

Depreciation expense for the Sewer fund for the year was \$234,340.

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 5. CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2007	Restatements	Additions	Transfers/ Retirements	Balance June 30, 2008
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	1,606,320	0	26,790	(128,814)	1,504,296
<i>Total capital assets, being depreciated</i>	2,481,612	0	26,760	(128,814)	2,379,588
Less Accumulated Depreciation:					
Utility system and facilities improvements	(67,766)	0	(21,882)	0	(89,648)
Furniture and equipment	(1,179,603)	0	(78,094)	128,814	(1,128,883)
<i>Total accumulated depreciation</i>	(1,247,369)	0	(99,976)	128,814	(1,218,531)
<i>Solid waste activities capital assets, net</i>	\$1,289,583	\$0	(\$73,186)	\$0	\$1,216,397

Depreciation expense for the Solid Waste fund for the year was \$99,976

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 5. CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2007	Restatements	Additions	Transfers/ Retirements	Balance June 30, 2008
Utility-Water:					
Capital assets, not being depreciated:					
Land	\$270,918	\$0	\$0	\$0	\$270,918
Water rights	3,249,398	0	10,000	0	3,259,398
Construction in progress	155,594	360,129	508,563	(174,387)	849,899
<i>Total capital assets, not being depreciated</i>	3,675,910	360,129	518,563	(174,387)	4,380,215
Capital assets, being depreciated:					
Utility system and facilities improvements					
	5,130,998	0	0	0	5,130,998
Buildings	17,500	0	0	174,387	191,887
Furniture and fixtures	1,032,623	0	192,259	(11,408)	1,213,474
<i>Total capital assets, being depreciated</i>	6,181,121	0	192,259	162,979	6,536,359
Less Accumulated Depreciation:					
Utility system and facilities improvements					
	(1,913,517)	0	(102,620)	0	(2,016,137)
Buildings	(17,499)	0	(2,888)	0	(20,387)
Furniture and fixtures	(682,610)	0	(106,438)	11,408	(777,640)
<i>Total accumulated depreciation</i>	(2,613,626)	0	(211,946)	11,408	(2,814,164)
<i>Water activities capital assets, net</i>	\$7,243,405	\$360,129	\$498,876	\$0	\$8,102,410

Depreciation expense for the Utility-Water fund for the year was \$211,946.

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 5. CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2007	Restatements	Additions	Transfers/ Retirements	Balance June 30, 2008
Other Nonmajor:					
Capital assets, not being depreciated:					
Land/water rights	\$180,000	\$0	\$0	\$0	\$180,000
Construction in progress	0	0	0	0	0
<i>Total capital assets, not being depreciated</i>	180,000	0	0	0	180,000
Capital assets, being depreciated:					
Buildings	70,431	0	0	0	70,431
Utility system and facilities improvements	32,347	0	0	0	32,347
Furniture and equipment	108,805	0	686	0	109,491
<i>Total capital assets, being depreciated</i>	211,583	0	686	0	212,269
Less Accumulated Depreciation:					
Buildings	(11,512)	0	(1,473)	0	(12,985)
Utility system and facilities improvements	(32,347)	0	0	0	(32,347)
Furniture and equipment	(100,397)	0	(3,062)	0	(103,459)
<i>Total accumulated depreciation</i>	(144,256)	0	(4,535)	0	(148,791)
<i>Other nonmajor activities capital assets, net</i>	\$247,327	\$0	(\$3,849)	\$0	\$243,478

Depreciation expense for the Nonmajor proprietary funds for the year was \$4,535.

Total Proprietary Funds:

	Balance June 30, 2008
Land and water rights	\$5,846,690
Construction in progress	2,777,955
Buildings	3,652,546
Utility system and facilities improvements	23,803,457
Furniture and equipment	4,001,698
	40,082,346
Accumulated depreciation	(14,188,710)
	\$25,893,636

Total depreciation expense for business-type activities for the year was \$799,348.

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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, 2007	Additions	Deletions	Balance June 30, 2008	Amount Due in One Year
Governmental Activities:					
Compensated absences	\$284,063	\$210,174	\$144,570	\$349,667	\$122,182
NM Finance Authority - Fire Truck	168,666	0	25,981	142,685	26,249
Total	\$452,729	\$210,174	\$170,551	\$492,352	\$148,431

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, 2007	Additions	Deletions	Balance June 30, 2008	Amount Due in One Year
Business-Type Activities:					
Compensated absences	\$126,523	\$95,226	\$58,662	\$163,087	\$12,180
NMFA – Water Storage Tank	0	1,024,005	21,635	1,002,370	39,701
NMFA – Water/Sewer – Solana	0	3,191,900	0	3,191,900	118,302
Total	\$126,523	\$4,311,131	\$80,197	\$4,357,357	\$170,183

The City entered into a new loan agreement with the New Mexico Finance Authority on August 17, 2007 to construct a water storage tank. The original amount of the loan was for \$1,024,005. The note is payable from pledged net revenues of the joint utility system. Annual payments vary from \$44,899 to \$72,152 including interest of 3.380% to 3.9% and an administrative fee of .25%. The loan matures May 1, 2027. As of June 30, 2008 \$26,436 of interest has been capitalized.

The City entered into another new loan agreement with the New Mexico Finance Authority on December 21, 2007 for the purpose of defraying the cost of acquiring and installing sewer and water utilities for the Solana project. The original amount of the loan was for \$3,191,900. The note is payable from pledged net revenues of the joint utility system. Annual payments vary from \$46,754 to \$248,071 including interest of 3.40% to 4.53% and an administrative fee of .25%. The loan matures May 1, 2027. As of June 30, 2008 \$64,121 of interest has been capitalized.

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, 2008 are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		
	<u>NM Finance Authority Loan – Fire Truck</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	30,451	1,084	31,535
Total	\$142,685	\$14,963	\$157,648

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 6. CHANGES IN LONG-TERM DEBT (CONTINUED)

<u>Year Ending June 30,</u>	<u>Business Type Activities</u>		
	<u>NM Finance Authority</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$158,003	\$161,850	\$319,853
2010	163,104	156,726	319,830
2011	168,405	151,474	319,879
2012	173,915	145,977	319,892
2013	179,686	140,220	319,906
2014 – 2018	996,493	603,285	1,599,778
2019 – 2023	1,200,867	399,419	1,600,286
2024 – 2028	1,153,797	126,917	1,280,714
<i>Total</i>	\$4,194,270	\$1,885,868	\$6,080,138

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, 2008, 2007, and 2006 were \$785,032, \$696,946 and \$785,484 respectively equal to the amount of the required contributions for each year.

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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.

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, 2008, 2007 and 2006 were \$113,860, \$106,603 and \$111,192, respectively, which equal the required contributions for each year.

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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 \$464,910 for the year ended June 30, 2008. 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 has entered into construction contracts. The remaining commitments on those contracts as of June 30, 2008 are as follows:

	<u>Total Contract</u>	<u>Expended to Date</u>	<u>Remaining Commitment at June 30, 2008</u>
Cedar Street III: Construction	\$2,662,623	\$642,738	\$2,019,885
Professional Services	173,198	152,235	20,963
Spruce Street – Professional Services	400,286	127,444	272,842
Water Tank – Professional Services	100,200	82,200	18,000
Solana Project – Professional Services	225,844	201,185	24,659
Cedar IV –	5,000	873	4,127
Airport #011-2007: Professional Services	235,300	224,356	10,943
Construction	1,680,333	1,380,016	300,318
Airport #012-2008 – Professional Services	10,000	2,325	7,675
	<u>\$5,492,784</u>	<u>\$2,813,372</u>	<u>\$2,679,412</u>

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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 \$301,117 current and \$12,086 delinquent for the year ended June 30, 2008; of those amounts \$34,596 was receivable at June 30, 2008.

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 \$387,668 as of June 30, 2008, which is based on 85 % usage (filled) of the landfill. It is estimated that an additional \$68,412 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, 2008. 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 \$13,873 from J & J Printing owned by Joe F. Milo, a City Counselor.

NOTE 14. RESTATEMENTS

Restatements were made as follows:

Governmental Activities:

To correct beginning balance of capital assets for prior years addition errors	(\$13,339)
Restatements made to the find financial statements	140,759
	\$127,420

Business-Type Activities:

Restatements made to the fund financial statements	\$360,129
--	-----------

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 14. RESTATEMENTS (CONTINUED)

Restatements made to fund financial statements:

Governmental Funds

Special Revenue Funds:

Cemetery Trust

To correct prior year accounts payable \$49,500

Fire Protection

To record debt service cash accounts not previously recorded 24,158

Street Improvement

To reclass prior accrued salaries posted to another fund (3,855)

Capital Projects Funds:

CDBG

To correct prior year accounts payable 72,583

Peru Mills

To reclass prior accrued salaries posted to another fund 3,855

Wastewater

To correct prior year posting of investment income (5,482)

Total Governmental Funds \$140,759

Proprietary Funds:

Water Fund:

To correct beginning balance of construction in progress for the water tank \$360,129

Total Proprietary Funds \$360,129

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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	Totals
TRANSFERS IN:			
General Fund	\$0	\$54,148	\$54,148
Nonmajor Governmental Funds	1,768,804	202,135	1,970,939
Airport Fund	100,000	0	100,000
Internal Service Fund	250,000	0	250,000
Total	\$2,118,804	\$256,283	\$2,375,087

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.

	DUE TO						Totals
	General Fund	Non-major Governmental Funds	Gas Fund	Water Fund	Internal Service Fund	Agency Funds	
DUE FROM:							
Governmental Funds:							
General Fund	\$0	\$54,757	\$2,580,594	\$2,322	\$4,554	\$6,445	\$2,648,672
Nonmajor Governmental Funds	160	20	62,500	0	0	0	62,680
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	4,140	0	0	0	0	0	4,140
	\$1,366,863	\$54,777	\$2,643,094	\$2,322	\$4,554	\$6,445	\$4,078,055

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.

CITY OF DEMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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	\$16,457
Emergency Medical Services	\$410

Capital Projects Funds:

CDBG 2006/2007
Peru Mills Cleanup Project

Capital Projects Fund:

Peru Mills	\$993
------------	-------

Deficits will be liquidated by future funding in the next fiscal year.

NOTE 17 SUBSEQUENT EVENT – LGIP INVESTMENT

The City is invested in the New Mexigrow LGIP fund through the State of New Mexico. This fund experienced significant market volatility in September 2008 due to the funds investment in the Reserve Primary Fund. This fund experienced a seven-level drop in credit quality rating of a money market fund in a single day. As a result, the LGIP's investment in this fund was frozen until the funds liquidation process could begin. The liquidation plan estimates a loss of 1.5 percent on funds invested in the Reserve Primary Fund. However, until the final distribution from the Reserve Primary Fund is received, the actual loss amount remains unknown.

In March 2009 the City had \$113,749 set aside in the Reserve Contingency Fund. As of June 30, 2009, the City received a distribution of \$34,160 from the contingency fund, leaving a balance of \$79,588.

SUPPLEMENTARY INFORMATION

CITY OF DEMING
SPECIAL REVENUE FUNDS
JUNE 30, 2008

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.

Regional Transportation – To account for activities of the Technical Advisory Committee made up of City, County, NMDOT and COOG personnel that meets regularly to establish a plan and frame work for future transportation needs within the City and surrounding area. Authorized by City management.

CITY OF DEMING
SPECIAL REVENUE FUNDS
JUNE 30, 2008

Special Revenue Funds (Continued)

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.

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
SPECIAL REVENUE FUNDS
JUNE 30, 2008

Special Revenue Funds (Continued)

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.

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, 2008

	Boot Camp Fund	Cemetery Trust Fund	Community Center	Economic Development Fund	Emergency Medical Service Fund	Fire Protection Fund
ASSETS						
Cash and cash equivalents	\$5,959	\$149,448	\$30,562	\$7,138	\$8,385	\$37,012
Investments	0	201,499	0	0	0	0
Interest receivable	0	149	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 other funds	0	0	0	20	0	0
Restricted cash	0	0	0	0	0	20,778
Total assets	\$5,959	\$351,096	\$30,562	\$7,158	\$8,385	\$57,790
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Accounts payable	\$2,626	\$909	\$4,761	\$424	\$8,795	\$4,528
Accrued payroll and benefits	755	447	1,450	0	0	0
Deferral revenue	0	0	0	0	0	0
Due to other funds	0	0	0	0	0	0
Total liabilities	3,381	1,356	6,211	424	8,795	4,528
FUND BALANCE						
Fund balance - reserved for encumbrances	2,578	0	0	1,677	0	0
Fund balance - unreserved	0	349,740	24,351	5,057	(410)	53,262
Total fund balance	2,578	349,740	24,351	6,734	(410)	53,262
Total liabilities and fund balance	\$5,959	\$351,096	\$30,562	\$7,158	\$8,385	\$57,790

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

CITY OF DEMING
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2008

	Law Enforcement Fund	Library Fund	Library Trust Fund	Lodger's Promotional Fund	Lodger's Tax Fund	Mimbres Valley Authority
ASSETS						
Cash and cash equivalents	\$7,150	\$87,562	\$564	\$293,252	\$107,689	\$474,498
Investments	0	0	0	0	191,793	0
Interest receivable	0	58	0	411	207	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 other funds	0	0	0	0	0	0
Restricted cash	0	0	0	0	0	0
Total assets	\$7,150	\$87,620	\$564	\$293,663	\$299,689	\$474,498
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Accounts payable	\$759	\$6,791	\$0	\$536	\$1,411	\$2,660
Accrued payroll and benefits	0	2,850	0	0	0	926
Deferral revenue	0	0	0	0	0	309,314
Due to other funds	0	0	0	0	0	0
Total liabilities	759	9,641	0	536	1,411	312,900
FUND BALANCE						
Fund balance - reserved for encumbrances	3,794	6,185	0	48,525	600	21,230
Fund balance - unreserved	2,597	71,794	564	244,602	297,678	140,368
Total fund balance	6,391	77,979	564	293,127	298,278	161,598
Total liabilities and fund balance	\$7,150	\$87,620	\$564	\$293,663	\$299,689	\$474,498

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

CITY OF DEMING
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2008

	Recreation Fund	Regional Transportation Plan	Special Events Center	Street Improvement Fund	Swimming Pool Fund	Traffic Safety Enforcement	Total
ASSETS							
Cash and cash equivalents	\$82,775	\$0	\$47,568	\$85,957	\$6,442	\$20,750	\$1,452,711
Investments	0	0	0	0	0	0	393,292
Interest receivable	119	0	0	0	0	0	944
Intergovernmental receivable	1,847	0	0	68,886	0	0	70,733
Accounts receivable	0	0	0	0	0	0	0
Assessments receivable	0	0	0	0	0	0	0
Due from other funds	0	62,500	0	0	0	160	62,680
Restricted cash	0	0	0	0	0	0	20,778
Total assets	\$84,741	\$62,500	\$47,568	\$154,843	\$6,442	\$20,910	\$2,001,138
LIABILITIES AND FUND BALANCE							
LIABILITIES							
Accounts payable	\$7,669	\$0	\$6,747	\$17,055	\$18,746	\$0	\$84,417
Accrued payroll and benefits	5,104	0	0	2,680	4,153	0	18,365
Deferral revenue	0	0	0	0	0	0	309,314
Due to other funds	0	53,764	20	0	0	0	53,784
Total liabilities	12,773	53,764	6,767	19,735	22,899	0	465,880
FUND BALANCE							
Fund balance - reserved for encumbrances	0	0	153	88,860	0	0	173,602
Fund balance - unreserved	71,968	8,736	40,648	46,248	(16,457)	20,910	1,361,656
Total fund balance	71,968	8,736	40,801	135,108	(16,457)	20,910	1,535,258
Total liabilities and fund balance	\$84,741	\$62,500	\$47,568	\$154,843	\$6,442	\$20,910	\$2,001,138

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, 2008

	Boot Camp Fund	Cemetery Trust Fund	Community Center	Economic Development Fund	Emergency Medical Service Fund	Fire Protection Fund
REVENUES						
Intergovernmental	\$0	\$0	\$0	\$0	\$67,764	\$94,140
Charges for services	0	0	77,842	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	503	11,121	687	239	713	3,906
Sale of capital assets	0	0	0	0	0	0
Net increase in the fair value of investments	0	3,204	0	0	0	0
Miscellaneous	2,000	9,045	36,238	0	0	0
Total revenues	2,503	23,370	114,767	239	68,477	98,046
EXPENDITURES						
Current Expenditures:						
General government	0	41,521	0	0	0	0
Public safety	0	0	0	0	24,895	40,968
Health and welfare	103,978	0	0	19,698	0	0
Culture and recreation	0	0	196,407	0	0	0
Public works	0	0	0	0	0	0
Debt Service:						
Principal	0	0	0	0	0	25,981
Interest and fees	0	0	0	0	0	5,543
Capital outlay	0	0	4,242	0	98,207	0
Total expenditures	103,978	41,521	200,649	19,698	123,102	72,492
Excess (deficiency) of revenues over expenditures	(101,475)	(18,151)	(85,882)	(19,459)	(54,625)	25,554
Other Financing Sources (Uses):						
Operating:						
Transfers in	90,000	0	110,000	20,000	0	0
Transfers (out)	0	0	0	0	0	0
Capital transfers in (out)	0	0	0	0	0	0
Total other fin srcls (uses)	90,000	0	110,000	20,000	0	0
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(11,475)	(18,151)	24,118	541	(54,625)	25,554
Fund balance, beginning of year, as previously stated	14,053	318,391	233	6,193	54,215	3,550
Restatements	0	49,500	0	0	0	24,158
Fund balance, beginning of year, as restated	14,053	367,891	233	6,193	54,215	27,708
Fund balance, end of year, as restated	\$2,578	\$349,740	\$24,351	\$6,734	(\$410)	\$53,262

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, 2008

	Law Enforcement Fund	Library Fund	Library Trust Fund	Lodger's Promotional Fund	Lodger's Tax Fund	Mimbres Valley Authority
REVENUES						
Intergovernmental	\$38,000	\$57,867	\$0	\$7,500	\$4,038	\$199,976
Charges for services	0	0	0	0	0	0
Fines and forfeiture	0	12,547	0	0	0	0
Local effort taxes	0	0	0	0	400,338	0
State shared taxes	0	0	0	0	0	0
Interest	1,271	1,631	50	9,545	14,979	0
Sale of capital assets	0	0	0	0	0	0
Net increase in the fair value of investments	0	0	0	0	(4,909)	0
Miscellaneous	0	289	0	0	0	0
<i>Total revenues</i>	<u>39,271</u>	<u>72,334</u>	<u>50</u>	<u>17,045</u>	<u>414,446</u>	<u>199,976</u>
EXPENDITURES						
Current Expenditures:						
General government	0	0	0	0	134,154	0
Public safety	20,772	0	0	0	0	0
Health and welfare	0	0	0	0	0	199,976
Culture and recreation	0	320,471	0	188,277	0	0
Public works	0	0	0	0	0	0
Debt Service:						
Principal	0	0	0	0	0	0
Interest and fees	0	0	0	0	0	0
Capital outlay	18,363	50,647	1,346	0	84,969	0
<i>Total expenditures</i>	<u>39,135</u>	<u>371,118</u>	<u>1,346</u>	<u>188,277</u>	<u>219,123</u>	<u>199,976</u>
Excess (deficiency) of revenues over expenditures	136	(298,784)	(1,296)	(171,232)	195,323	0
Other Financing Sources (Uses):						
Operating:						
Transfers in	0	340,000	0	202,134	0	0
Transfers (out)	0	0	0	0	(202,134)	(50,000)
Capital transfers in (out)	0	0	0	0	0	0
<i>Total other fin srcls (uses)</i>	<u>0</u>	<u>340,000</u>	<u>0</u>	<u>202,134</u>	<u>(202,134)</u>	<u>(50,000)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	136	41,216	(1,296)	30,902	(6,811)	(50,000)
Fund balance, beginning of year, as previously stated	6,255	36,763	1,860	262,225	305,089	211,598
Restatements	0	0	0	0	0	0
Fund balance, beginning of year, as restated	<u>6,255</u>	<u>36,763</u>	<u>1,860</u>	<u>262,225</u>	<u>305,089</u>	<u>211,598</u>
Fund balance, end of year, as restated	<u>\$6,391</u>	<u>\$77,979</u>	<u>\$564</u>	<u>\$293,127</u>	<u>\$298,278</u>	<u>\$161,598</u>

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, 2008

	Recreation Fund	Regional Transportation Plan	Special Events Center	Street Improvement Fund	Swimming Pool Fund	Traffic Safety Enforcement	Total
REVENUES							
Intergovernmental	\$30,000	\$62,500	\$0	\$100,000	\$0	\$0	\$661,785
Charges for services	0	0	68,812	3,115	33,331	8,906	192,006
Fines and forfeiture	0	0	0	0	0	0	12,547
Local effort taxes	0	0	0	0	0	0	400,338
State shared taxes	11,884	0	0	467,404	0	0	479,288
Interest	2,426	0	682	4,423	482	887	53,545
Sale of capital assets	650	0	450	0	0	0	1,100
Net increase in the fair value of investments	0	0	0	0	0	0	(1,705)
Miscellaneous	0	0	0	41	0	0	47,613
<i>Total revenues</i>	44,960	62,500	69,944	574,983	33,813	9,793	1,846,517
EXPENDITURES							
Current Expenditures:							
General government	0	0	90,256	0	0	0	265,931
Public safety	0	0	0	0	0	9,187	95,822
Health and welfare	0	0	0	0	0	0	323,652
Culture and recreation	409,790	0	0	0	181,740	0	1,296,685
Public works	0	53,764	0	853,159	0	0	906,923
Debt Service:							
Principal	0	0	0	0	0	0	25,981
Interest and fees	0	0	0	0	0	0	5,543
Capital outlay	33,113	0	0	159,187	0	0	450,074
<i>Total expenditures</i>	442,903	53,764	90,256	1,012,346	181,740	9,187	3,370,611
Excess (deficiency) of revenues over expenditures	(397,943)	8,736	(20,312)	(437,363)	(147,927)	606	(1,524,094)
Other Financing Sources (Uses):							
Operating:							
Transfers in	380,000	0	50,000	200,000	140,000	0	1,532,134
Transfers (out)	0	0	0	0	0	0	(252,134)
Capital transfers in (out)	0	0	0	0	0	0	0
<i>Total other fin srcls (uses)</i>	380,000	0	50,000	200,000	140,000	0	1,280,000
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(17,943)	8,736	29,688	(237,363)	(7,927)	606	(244,094)
Fund balance, beginning of year, as previously stated	89,911	0	11,113	376,326	(8,530)	20,304	1,709,549
Restatements	0	0	0	(3,855)	0	0	69,803
Fund balance, beginning of year, as restated	89,911	0	11,113	372,471	(8,530)	20,304	1,779,352
Fund balance, end of year, as restated	\$71,968	\$8,736	\$40,801	\$135,108	(\$16,457)	\$20,910	\$1,535,258

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, 2008

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Investment income	\$400	\$400	\$503	\$103
Miscellaneous	0	0	2,000	2,000
<i>Total revenues</i>	400	400	2,503	2,103
EXPENDITURES				
Current:				
Health and welfare	191,977	191,977	102,630	89,347
Capital outlay	35,000	35,000	0	35,000
<i>Total expenditures</i>	226,977	226,977	102,630	124,347
Excess (deficiency) of revenues over expenditures	(226,577)	(226,577)	(100,127)	126,450
Other Financing Sources (Uses):				
Transfers in	270,000	270,000	90,000	(180,000)
Transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	270,000	270,000	90,000	(180,000)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	\$43,423	\$43,423	(\$10,127)	(\$53,550)

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$10,127)
Adjustments for revenue accruals	0
Adjustments for expenditure accruals	(1,348)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	(\$11,475)

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, 2008

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Trust payments	\$10,000	\$10,000	\$9,045	(\$955)
Investment income	10,000	10,000	11,624	1,624
<i>Total revenues</i>	20,000	20,000	20,669	669
EXPENDITURES				
General government	54,500	56,000	41,185	14,815
Capital outlay	70,000	68,500	0	68,500
<i>Total expenditures</i>	124,500	124,500	41,185	83,315
Excess (deficiency) of revenues over expenditures	(104,500)	(104,500)	(20,516)	83,984
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	(104,500)	(104,500)	<u>(\$20,516)</u>	<u>\$83,984</u>
Budgeted cash carryover	104,500	104,500		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$20,516)
Adjustments for revenue accruals	2,701
Adjustments for expenditure accruals and capital transfers out	(336)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>(\$18,151)</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, 2008

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$385,000	\$385,000	\$20,000	(\$365,000)
Investment income	1,400	1,400	687	(713)
Miscellaneous	60,000	60,000	94,080	34,080
<i>Total revenues</i>	446,400	446,400	114,767	(331,633)
EXPENDITURES				
Current:				
Culture and recreation	245,083	245,083	193,706	51,377
Capital outlay	500,000	500,000	4,242	495,758
<i>Total expenditures</i>	745,083	745,083	197,948	547,135
Excess (deficiency) of revenues over expenditures	(298,683)	(298,683)	(83,181)	215,502
Other Financing Sources (Uses):				
Transfers in	300,000	300,000	110,000	(190,000)
Transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	300,000	300,000	110,000	(190,000)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	\$1,317	\$1,317	\$26,819	\$25,502

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$26,819
Adjustments for revenue accruals	0
Adjustments for expenditure accruals	(2,701)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$24,118

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, 2008

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$5,000	\$5,000	\$0	(\$5,000)
Investment income	150	150	239	89
<i>Grants</i>	75,000	75,000	0	
<i>Total revenues</i>	80,150	80,150	239	(79,911)
EXPENDITURES				
Current:				
Health and welfare	153,400	153,400	19,899	133,501
<i>Total expenditures</i>	153,400	153,400	19,899	133,501
Excess (deficiency) of revenues over expenditures	(73,250)	(73,250)	(19,660)	53,590
Other Financing Sources (Uses):				
Transfers in	75,000	75,000	20,000	(55,000)
Transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	75,000	75,000	20,000	(55,000)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	\$1,750	\$1,750	\$340	(\$1,410)

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$340
Adjustments for revenue accruals	0
Adjustments for expenditure accruals	201
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$541

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, 2008

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$33,445	\$33,445	\$33,250	(\$195)
Investment income	0	0	713	713
Reimbursements	38,913	38,913	34,513	(4,400)
<i>Total revenues</i>	<u>72,358</u>	<u>72,358</u>	<u>68,476</u>	<u>(3,882)</u>
EXPENDITURES				
Current:				
Public safety	14,000	23,500	16,099	7,401
Debt service	0	0	0	0
Capital outlay	123,946	114,446	98,207	16,239
<i>Total expenditures</i>	<u>137,946</u>	<u>137,946</u>	<u>114,306</u>	<u>23,640</u>
Excess (deficiency) of revenues over expenditures	(65,588)	(65,588)	(45,830)	19,758
Other Financing Sources (Uses):				
Transfers in	11,373	11,373	0	(11,373)
Transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	<u>11,373</u>	<u>11,373</u>	<u>0</u>	<u>(11,373)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(54,215)	(54,215)	<u>(\$45,830)</u>	<u>\$8,385</u>
Budgeted cash carryover	54,215	54,215		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$45,830)
Adjustments for revenue accruals	1
Adjustments for expenditure accruals	(8,796)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>(\$54,625)</u>

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, 2008

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$94,140	\$94,140	\$94,140	\$0
Investment income	0	0	2,114	2,114
Miscellaneous	0	0	0	0
<i>Total revenues</i>	94,140	94,140	96,254	2,114
EXPENDITURES				
Current:				
Public safety	49,430	49,430	42,999	6,431
Debt service	26,352	26,352	25,999	353
Capital outlay	28,114	28,114	0	28,114
<i>Total expenditures</i>	103,896	103,896	68,998	34,898
Excess (deficiency) of revenues over expenditures	(9,756)	(9,756)	27,256	37,012
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	(9,756)	(9,756)	<u>\$27,256</u>	<u>\$37,012</u>
Budgeted cash carryover	9,756	9,756		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$27,256
Adjustments for revenue accruals	1,791
Adjustments for expenditure accruals	(3,493)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$25,554</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, 2008

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$38,000	\$38,000	\$38,000	\$0
Investment income	0	0	1,271	1,271
<i>Total revenues</i>	38,000	38,000	39,271	1,271
EXPENDITURES				
Current:				
Public safety	26,785	26,785	22,344	4,441
Capital outlay	19,800	19,800	18,363	1,437
<i>Total expenditures</i>	46,585	46,585	40,707	5,878
Excess (deficiency) of revenues over expenditures	(8,585)	(8,585)	(1,436)	7,149
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	(8,585)	(8,585)	(<u>\$1,436</u>)	<u>\$7,149</u>
Budgeted cash carryover	8,585	8,585		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$1,436)
Adjustments for revenue accruals	0
Adjustments for expenditure accruals	1,572
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$136</u>

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, 2008

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$76,000	\$76,000	\$73,367	(\$2,633)
Investment income	1,200	1,200	1,573	373
Library fines and fees	15,000	15,000	12,547	(2,453)
Miscellaneous	5,912	5,912	289	(5,623)
<i>Total revenues</i>	<u>98,112</u>	<u>98,112</u>	<u>87,776</u>	<u>(10,336)</u>
EXPENDITURES				
Current:				
Culture and recreation	401,633	399,633	322,723	76,910
Capital outlay	50,500	52,500	50,647	1,853
<i>Total expenditures</i>	<u>452,133</u>	<u>452,133</u>	<u>373,370</u>	<u>78,763</u>
Excess (deficiency) of revenues over expenditures	(354,021)	(354,021)	(285,594)	68,427
Other Financing Sources (Uses):				
Transfers in	350,000	350,000	340,000	(10,000)
Transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	<u>350,000</u>	<u>350,000</u>	<u>340,000</u>	<u>(10,000)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(4,021)	(4,021)	<u>\$54,406</u>	<u>\$58,427</u>
Budgeted cash carryover	4,021	4,021		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$54,406
Adjustments for revenue accruals	(15,442)
Adjustments for expenditure accruals	2,252
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$41,216</u>

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, 2008

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Investment income	\$50	\$50	\$50	\$0
EXPENDITURES				
Library acquisitions	1,910	1,910	1,346	564
Excess (deficiency) of revenues over expenditures	(1,860)	(1,860)	(1,296)	564
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	(1,860)	(1,860)	(\$1,296)	\$564
Budgeted cash carryover	1,860	1,860		
	\$0	\$0		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$1,296)
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)	(\$1,296)

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, 2008

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$7,500	\$7,500	\$7,500	\$0
Investment income	4,000	4,000	9,133	5,133
<i>Total revenues</i>	11,500	11,500	16,633	5,133
EXPENDITURES				
Current:				
Culture and recreation	285,000	285,000	197,402	87,598
<i>Total expenditures</i>	285,000	285,000	197,402	87,598
Excess (deficiency) of revenues over expenditures	(273,500)	(273,500)	(180,769)	92,731
Other Financing Sources (Uses):				
Transfers in	242,000	242,000	202,134	(39,866)
Transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	242,000	242,000	202,134	(39,866)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(31,500)	(31,500)	<u>\$21,365</u>	<u>\$52,865</u>
Budgeted cash carryover	31,500	31,500		
	<u>\$0</u>			

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$21,365
Adjustments for revenue accruals	412
Adjustments for expenditure accruals	9,125
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$30,902</u>

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, 2008

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Lodgers tax	\$484,000	\$484,000	\$404,376	(\$79,624)
Investment income	10,000	10,000	14,773	4,773
<i>Total revenues</i>	494,000	494,000	419,149	(74,851)
EXPENDITURES				
Current:				
General government	153,150	153,150	134,081	19,069
Capital outlay	130,000	130,000	84,969	45,031
<i>Total expenditures</i>	283,150	283,150	219,050	64,100
Excess (deficiency) of revenues over expenditures	210,850	210,850	200,099	(10,751)
Other Financing Sources (Uses):				
Transfers in	0	0	0	0
Transfers (out)	(242,000)	(242,000)	(202,134)	39,866
<i>Total other financing sources (uses)</i>	(242,000)	(242,000)	(202,134)	39,866
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(31,150)	(31,150)	(2,035)	\$29,115
Budgeted cash carryover	31,150	31,150		
	\$0	\$0		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$2,035)
Adjustments for revenue accruals	(4,703)
Adjustments for expenditure accruals	(73)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	(\$6,811)

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, 2008

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$331,795	\$331,795	\$721,231	\$389,436
Investment income	0	0		0
Reimbursement/refunds	0	0	0	0
<i>Total revenues</i>	331,795	331,795	721,231	389,436
EXPENDITURES				
Current:				
Health and welfare	269,563	269,563	197,065	72,498
Debt service	0	0	0	0
Capital outlay	0	0	0	0
<i>Total expenditures</i>	269,563	269,563	197,065	72,498
Excess (deficiency) of revenues over expenditures	62,232	62,232	524,166	461,934
Other Financing Sources (Uses):				
Transfers in	0	50,000	0	(50,000)
Transfers (out)	(50,000)	(50,000)	(50,000)	0
Loan proceeds NMFA	0	0	0	0
<i>Total other financing sources (uses)</i>	(50,000)	0	(50,000)	(50,000)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	\$12,232	\$62,232	\$474,166	\$411,934
Budgetary - GAAP Reporting Reconciliation:				
Excess (deficiency) of revenues over expenditures and other financing sources (uses)			\$474,166	
Adjustments for revenue accruals			(521,255)	
Adjustments for expenditure accruals			(2,911)	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)			(\$50,000)	

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, 2008

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
State shared taxes	\$10,000	\$10,000	\$12,255	\$2,255
Investment income	2,500	2,500	2,307	(193)
Miscellaneous	30,200	30,200	44,400	14,200
<i>Total revenues</i>	<u>42,700</u>	<u>42,700</u>	<u>58,962</u>	<u>16,262</u>
EXPENDITURES				
Current:				
Culture and recreation	449,351	515,351	410,228	105,123
Capital outlay	128,700	62,700	33,113	29,587
<i>Total expenditures</i>	<u>578,051</u>	<u>578,051</u>	<u>443,341</u>	<u>134,710</u>
Excess (deficiency) of revenues over expenditures	(535,351)	(535,351)	(384,379)	150,972
Other Financing Sources (Uses):				
Transfers in	500,000	500,000	380,000	(120,000)
Transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	<u>500,000</u>	<u>500,000</u>	<u>380,000</u>	<u>(120,000)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(35,351)	(35,351)	<u>(\$4,379)</u>	<u>\$30,972</u>
Budgeted cash carryover	35,351	35,351		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$4,379)
Adjustments for revenue accruals	(14,002)
Adjustments for expenditure accruals	438
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>(\$17,943)</u>

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

CITY OF DEMING
REGIONAL TRANSPORTATION
SPECIAL REVENUE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$0	\$62,500	\$62,500	\$0
Investment income	0	0		0
<i>Total revenues</i>	0	62,500	62,500	0
EXPENDITURES				
Current:				
Public safety	0	62,500	53,764	8,736
Capital outlay	0	0		0
<i>Total expenditures</i>	0	62,500	53,764	8,736
Excess (deficiency) of revenues over expenditures	0	0	8,736	8,736
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	\$0	\$0	\$8,736	\$8,736

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$8,736
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)	\$8,736

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, 2008

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Rental income	\$57,500	\$57,500	\$68,812	\$11,312
Investment income	300	300	682	382
Miscellaneous	0	0	450	450
<i>Total revenues</i>	57,800	57,800	69,944	12,144
EXPENDITURES				
Current:				
General government	97,500	102,500	87,388	15,112
Capital outlay	5,000	0	0	0
<i>Total expenditures</i>	102,500	102,500	87,388	15,112
Excess (deficiency) of revenues over expenditures	(44,700)	(44,700)	(17,444)	27,256
Other Financing Sources (Uses):				
Transfers in	50,000	50,000	50,000	0
Transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	50,000	50,000	50,000	0
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	\$5,300	\$5,300	\$32,556	\$27,256

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$32,556
Adjustments for revenue accruals	0
Adjustments for expenditure accruals	(2,868)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	\$29,688

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, 2008

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
State shared taxes	\$415,000	\$415,000	\$460,985	\$45,985
Investment income	3,500	3,500	4,423	923
Intergovernmental	0	0	100,000	100,000
<i>Paving</i>	15,000	15,000	7,067	(7,933)
<i>Total revenues</i>	<u>\$433,500</u>	<u>\$433,500</u>	<u>\$572,476</u>	<u>\$138,976</u>
EXPENDITURES				
Current:				
Public works	514,307	819,307	810,544	8,763
Capital outlay	250,000	85,000	76,389	8,611
<i>Total expenditures</i>	<u>764,307</u>	<u>904,307</u>	<u>886,933</u>	<u>17,374</u>
Excess (deficiency) of revenues over expenditures	(330,807)	(470,807)	(314,458)	156,349
Other Financing Sources (Uses):				
Transfers in	200,000	200,000	200,000	0
Transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(130,807)	(270,807)	<u>(\$114,458)</u>	<u>\$156,349</u>
Budgeted cash carryover	130,807	270,807		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(\$114,458)
Adjustments for revenue accruals	2,507
Adjustments for expenditure accruals	(125,412)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>(\$237,363)</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, 2008

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Investment income	\$250	\$250	\$482	\$232
User fees	38,000	38,000	33,872	(4,128)
Miscellaneous	0	0	0	0
<i>Total revenues</i>	38,250	38,250	34,354	(3,896)
EXPENDITURES				
Current:				
Culture and recreation	149,905	168,705	168,086	619
Capital outlay	0	3,000	2,859	141
<i>Total expenditures</i>	149,905	171,705	170,945	760
Excess (deficiency) of revenues over expenditures	(111,655)	(133,455)	(136,591)	(3,136)
Other Financing Sources (Uses):				
Transfers in	120,000	140,000	140,000	0
Transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	120,000	140,000	140,000	0
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	\$8,345	\$6,545	\$3,409	(\$3,136)

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$3,409
Adjustments for revenue accruals	(541)
Adjustments for expenditure accruals	(10,795)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	(\$7,927)

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, 2008

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Fines and forfeitures	\$10,000	\$10,000	\$9,778	(\$222)
Investment income	400	400	887	487
<i>Total revenues</i>	10,400	10,400	10,665	265
EXPENDITURES				
Current:				
Public safety	0	10,000	9,187	813
Capital outlay	15,000	5,000	0	5,000
<i>Total expenditures</i>	15,000	15,000	9,187	5,813
Excess (deficiency) of revenues over expenditures	(4,600)	(4,600)	1,478	6,078
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	(4,600)	(4,600)	<u>\$1,478</u>	<u>\$6,078</u>
Budgeted cash carryover	4,600	4,600		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$1,478
Adjustments for revenue accruals	(872)
Adjustments for expenditure accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$606</u>

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

CITY OF DEMING
CAPITAL PROJECTS FUNDS
JUNE 30, 2008

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 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, 2008

	CDBG 2006/2007	CO-OP & Map	HOME Program	Landfill Project	Park Acquisition
ASSETS					
Cash and cash equivalents	\$0	\$17,696	\$0	\$681,630	\$33,644
Intergovernmental receivable	0	0	0	0	0
Total assets	\$0	\$17,696	\$0	\$681,630	\$33,644
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts payable	\$0	\$5,901	\$0	\$15,497	\$0
Due to other funds	0	0	0	0	0
Accrued payroll and benefits	0	0	0	0	0
Total liabilities	0	5,901	0	15,497	0
FUND BALANCE					
Reserved					
For encumbrances	0	11,795	0	36,228	0
Unreserved	0	0	0	629,905	33,644
Total fund balance	0	11,795	0	666,133	33,644
Total liabilities and fund balance	\$0	\$17,696	\$0	\$681,630	\$33,644

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, 2008

	Peru Mills Cleanup Project	Voiers Park	Wastewater	Total
ASSETS				
Cash and cash equivalents	\$0	\$40,000	\$335,774	\$1,108,744
Intergovernmental receivable	0	0	0	0
Total assets	\$0	\$40,000	\$335,774	\$1,108,744
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$0	\$0	\$0	\$21,398
Due to other funds	993	0	0	993
Accrued payroll and benefits	0	0	0	0
<i>Total liabilities</i>	993	0	0	22,391
FUND BALANCE				
Reserved				
For encumbrances	0	0	0	48,023
Unreserved	(993)	40,000	335,774	1,038,330
<i>Total fund balance</i>	(993)	40,000	335,774	1,086,353
Total liabilities and fund balance	\$0	\$40,000	\$335,774	\$1,108,744

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, 2008

	CDBG 2006/2007	CO-OP & Map	HOME Program	Landfill Project	Park Acquisition
REVENUES					
Intergovernmental	\$0	\$144,746	\$131,225	\$946,610	\$0
Charges for services	0	0	0	0	1,226
Interest	0	2,129	0	4,677	1,156
Miscellaneous	0	0	0	0	0
<i>Total revenues</i>	0	146,875	131,225	951,287	2,382
EXPENDITURES					
Current Expenditures:					
Health and welfare	0	0	131,225	0	0
Public works	0	0	0	0	0
Capital outlay	0	436,506	0	313,005	0
<i>Total expenditures</i>	0	436,506	131,225	313,005	0
Excess (deficiency) of revenues over expenditures	0	(289,631)	0	638,282	2,382
Other Financing Sources (Uses):					
Operating transfers in	0	210,000	0	0	0
Operating transfers (out)	0	0	(4,149)	0	0
<i>Total other financing sources (uses)</i>	0	210,000	(4,149)	0	0
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	0	(79,631)	(4,149)	638,282	2,382
Fund balance, beginning of year, as previously stated	(72,583)	91,426	4,149	27,851	31,262
Restatements	72,583	0	0	0	0
Fund balance, beginning of year, as restated	0	91,426	4,149	27,851	31,262
<i>Fund balance, end of year</i>	\$0	\$11,795	\$0	\$666,133	\$33,644

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, 2008

	Peru Mills Cleanup Project	Voiers Park	Wastewater	Total
REVENUES				
Intergovernmental	\$0	\$1,195,174	\$0	\$2,417,755
Charges for services	0	0	100,000	101,226
Interest	0	6,053	0	14,015
Miscellaneous	0	40,004	0	40,004
<i>Total revenues</i>	0	1,241,231	100,000	2,573,000
EXPENDITURES				
Current Expenditures:				
Health and welfare	0	0	0	131,225
Public works	0	0	0	0
Capital outlay	0	1,216,952	15,219	1,981,682
<i>Total expenditures</i>	0	1,216,952	15,219	2,112,907
Excess (deficiency) of revenues over expenditures	0	24,279	84,781	460,093
Other Financing Sources (Uses):				
Operating transfers in	0	228,805	0	438,805
Operating transfers (out)	0	0	0	(4,149)
<i>Total other financing sources (uses)</i>	0	228,805	0	434,656
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	0	253,084	84,781	894,749
Fund balance, beginning of year, as previously stated	(4,848)	(213,084)	256,475	120,648
Restatements	3,855	0	(5,482)	70,956
Fund balance, beginning of year, as restated	(993)	(213,084)	250,993	191,604
<i>Fund balance, end of year</i>	(\$993)	\$40,000	\$335,774	\$1,086,353

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, 2008

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$187,500	\$187,500	\$0	(\$187,500)
Investment income	0	0	0	0
Charges for services	0	0	0	0
<i>Total revenues</i>	187,500	187,500	0	(187,500)
EXPENDITURES				
Current:				
Public works	250,000	250,000	0	250,000
Capital outlay	0	0	0	0
<i>Total expenditures</i>	250,000	250,000	0	250,000
Excess (deficiency) of revenues over expenditures	(62,500)	(62,500)	0	62,500
Other Financing Sources (Uses):				
Operating transfers in	62,500	62,500	0	(62,500)
Operating transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	62,500	62,500	0	(62,500)
Excess (deficiency) of revenues over expenditures and other financing sources	\$0	\$0	\$0	\$0

Budgetary - GAAP Reporting Reconciliation:

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

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

CITY OF 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, 2008

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental - federal	\$1,800,000	\$1,800,000	\$0	(\$1,800,000)
Intergovernmental - state	4,298,036	4,298,036	144,746	(4,153,290)
Investment income	1,200	1,200	2,129	
<i>Total revenues</i>	<u>6,099,236</u>	<u>6,099,236</u>	<u>146,875</u>	<u>(5,953,290)</u>
EXPENDITURES				
Current:				
Public works	600,000	600,000	169,267	430,733
Capital outlay	6,963,000	6,963,000	262,434	6,700,566
<i>Total expenditures</i>	<u>7,563,000</u>	<u>7,563,000</u>	<u>431,701</u>	<u>7,131,299</u>
Excess (deficiency) of revenues over expenditures	(1,463,764)	(1,463,764)	(284,826)	1,178,009
Other Financing Sources (Uses):				
Operating transfers in	1,371,242	1,371,242	210,000	(1,161,242)
Operating transfers (out)	0	0		0
<i>Total other financing sources (uses)</i>	<u>1,371,242</u>	<u>1,371,242</u>	<u>210,000</u>	<u>(1,161,242)</u>
Excess (deficiency) of revenues over expenditures and other financing sources	(92,522)	(92,522)	<u>(\$74,826)</u>	<u>\$16,767</u>
Budgeted cash carryover	92,522	92,522		
	<u>\$0</u>	<u>\$0</u>		
Budgetary - GAAP Reporting Reconciliation:				
Excess (deficiency) of revenues over expenditures and other financing sources (uses)			(\$74,826)	
Adjustments for revenue accruals			0	
Adjustments for expenditure accruals			(4,805)	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)			<u>(\$79,631)</u>	

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

CITY OF DEMING
HOME PROGRAM FUND - 2005
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$116,600	\$131,225	\$131,225	\$0
Investment income	0	0	0	0
Charges for services	0	0	0	0
<i>Total revenues</i>	116,600	131,225	131,225	0
EXPENDITURES				
Current:				
Health and welfare	115,749	115,319	115,319	0
Capital outlay	0	0	0	0
<i>Total expenditures</i>	115,749	115,319	115,319	0
Excess (deficiency) of revenues over expenditures	851	15,906	15,906	0
Other Financing Sources (Uses):				
Operating transfers in	0	0	0	0
Operating transfers (out)	(5,000)	(20,055)	(4,149)	15,906
<i>Total other financing sources (uses)</i>	(5,000)	(20,055)	(4,149)	15,906
Excess (deficiency) of revenues over expenditures and other financing sources	(4,149)	(4,149)	<u>\$11,757</u>	<u>\$15,906</u>
Budgeted cash carryover	4,149	4,149		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$11,757
Adjustments for revenue accruals	0
Adjustments for expenditure accruals	(15,906)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>(\$4,149)</u>

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

CITY OF DEMING
HOME PROGRAM FUND - 2007
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$132,000	\$132,000	\$0	(\$132,000)
<i>Total revenues</i>	132,000	132,000	0	(132,000)
EXPENDITURES				
Current:				
Health & Welfare	132,000	132,000	0	132,000
Capital outlay	0	0	0	0
<i>Total expenditures</i>	132,000	132,000	0	132,000
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
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, 2008

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$2,200,000	\$2,200,000	\$953,250	(\$1,246,751)
Investment income	125,000	125,000	4,677	(120,323)
<i>Total revenues</i>	<u>2,325,000</u>	<u>2,325,000</u>	<u>957,927</u>	<u>(1,367,074)</u>
EXPENDITURES				
Current:				
Public works	423,106	488,106	201,355	286,751
Capital outlay	1,923,105	1,858,105	96,154	1,761,951
<i>Total expenditures</i>	<u>2,346,211</u>	<u>2,346,211</u>	<u>297,509</u>	<u>2,048,702</u>
Excess (deficiency) of revenues over expenditures	(21,211)	(21,211)	660,418	681,629
Other Financing Sources (Uses):				
Loan - NMFA	0	0	0	0
Operating transfers in	0	0	0	0
Operating transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures and other financing sources	(21,211)	(21,211)	<u>\$660,418</u>	<u>\$681,629</u>
Budgeted cash carryover	21,211	21,211		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$660,418
Adjustments for revenue accruals	(6,640)
Adjustments for expenditure accruals	(15,496)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$638,282</u>

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, 2008

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Development fees	\$15,000	\$15,000	\$1,225	(\$13,775)
Investment income	750	750	1,156	406
<i>Total revenues</i>	15,750	15,750	2,381	(13,369)
EXPENDITURES				
Current:				
Culture and recreation	0	0	0	0
Capital outlay	44,991	44,991	0	44,991
<i>Total expenditures</i>	44,991	44,991	0	44,991
Excess (deficiency) of revenues over expenditures	(29,241)	(29,241)	2,381	31,622
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	(29,241)	(29,241)	<u>\$2,381</u>	<u>\$31,622</u>
Budgeted cash carryover	29,241	29,241		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$2,381
Adjustments for revenue accruals	1
Adjustments for expenditure accruals	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$2,382</u>

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, 2008

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$1,446,677	\$1,446,677	\$1,432,677	(\$14,000)
Investment income	0	0	6,053	6,053
Miscellaneous	0	0	40,005	40,005
<i>Total revenues</i>	<u>1,446,677</u>	<u>1,446,677</u>	<u>1,478,735</u>	<u>32,058</u>
EXPENDITURES				
Current:				
General government	82,772	209,772	181,965	27,807
Capital outlay	1,805,000	1,678,000	1,503,051	174,949
<i>Total expenditures</i>	<u>1,887,772</u>	<u>1,887,772</u>	<u>1,685,016</u>	<u>202,756</u>
Excess (deficiency) of revenues over expenditures	(441,095)	(441,095)	(206,281)	234,814
Other Financing Sources (Uses):				
Operating transfers in	423,608	423,608	228,805	(194,803)
Operating transfers (out)	0	0	0	0
<i>Total other financing sources (uses)</i>	<u>423,608</u>	<u>423,608</u>	<u>228,805</u>	<u>(194,803)</u>
Excess (deficiency) of revenues over expenditures and other financing sources	(17,487)	(17,487)	<u>\$22,524</u>	<u>\$40,011</u>
Budgeted cash carryover	17,487	17,487		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$22,524
Adjustments for revenue accruals	(237,504)
Adjustments for expenditure accruals	468,064
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$253,084</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, 2008

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Other income	\$100,000	\$100,000	\$100,000	\$0
Investment income	0	0	0	0
<i>Total revenues</i>	100,000	100,000	100,000	0
EXPENDITURES				
Current:				
Public works	0	0	0	0
Capital outlay	355,482	355,482	15,219	340,263
<i>Total expenditures</i>	355,482	355,482	15,219	340,263
Excess (deficiency) of revenues over expenditures	(255,482)	(255,482)	84,781	340,263
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	(255,482)	(255,482)	<u>\$84,781</u>	<u>\$340,263</u>
Budgeted cash carryover	255,482	255,482		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$84,781
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>\$84,781</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, 2008

	Special Revenue	Capital Projects	Total
ASSETS			
Cash and cash equivalents	\$1,452,711	\$1,108,744	\$2,561,455
Investments	393,292	0	393,292
Interest receivable	944	0	944
Intergovernmental receivable	70,733	0	70,733
Assessments receivable	0	0	0
Due from other funds	62,680	0	62,680
Restricted cash	20,778	0	20,778
<i>Total assets</i>	\$2,001,138	\$1,108,744	\$3,109,882
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$84,417	\$21,398	\$105,815
Accrued payroll and benefits	18,365	0	18,365
Due to other funds	53,784	993	54,777
Deferred revenue	309,314	0	309,314
<i>Total liabilities</i>	465,880	22,391	488,271
FUND BALANCE			
Fund balance - reserved for encumbrances	173,602	48,023	221,625
Fund balance - unreserved recorded in:			
Special revenue funds	1,361,656	0	1,361,656
Capital projects funds	0	1,038,330	1,038,330
<i>Total fund balances</i>	1,535,258	1,086,353	2,621,611
<i>Total liabilities and fund balances</i>	\$2,001,138	\$1,108,744	\$3,109,882

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, 2008

	Special Revenue	Capital Projects	Total
REVENUES			
Intergovernmental	\$661,785	\$2,417,755	\$3,079,540
Charges for services	192,006	101,226	293,232
Fines and forfeiture	12,547	0	12,547
Local effort taxes	400,338	0	400,338
State shared taxes	479,288	0	479,288
Interest	53,545	14,015	67,560
Net increase (decrease) in the fair value of investments	(1,705)	0	(1,705)
Sale of capital assets	1,100	0	1,100
Miscellaneous	47,613	40,004	87,617
<i>Total revenues</i>	<u>1,846,517</u>	<u>2,573,000</u>	<u>4,419,517</u>
EXPENDITURES			
Current Expenditures:			
General government	265,931	0	265,931
Public safety	95,822	0	95,822
Health and welfare	323,652	131,225	454,877
Culture and recreation	1,296,685	0	1,296,685
Public works	906,923	0	906,923
Debt Service:			
Principal	25,981	0	25,981
Interest	5,543	0	5,543
Capital outlay	450,074	1,981,682	2,431,756
<i>Total expenditures</i>	<u>3,370,611</u>	<u>2,112,907</u>	<u>5,483,518</u>
Excess (deficiency) of revenues over expenditures	(1,524,094)	460,093	(1,064,001)
Other Financing Sources (Uses):			
Operating transfers in	1,532,134	438,805	1,970,939
Operating transfers (out)	(252,134)	(4,149)	(256,283)
Capital transfers in (out)	0	0	0
<i>Total other financing sources (uses)</i>	<u>1,280,000</u>	<u>434,656</u>	<u>1,714,656</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(244,094)	894,749	650,655
Fund balance, beginning of year, as previously stated	1,709,549	120,648	1,830,197
Restatements	69,803	70,956	140,759
Fund balance, beginning of year, as restated	1,779,352	191,604	1,970,956
<i>Fund balance, end of year</i>	<u>\$1,535,258</u>	<u>\$1,086,353</u>	<u>\$2,621,611</u>

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

CITY OF DEMING
ENTERPRISE FUNDS
JUNE 30, 2008

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, 2008

	Cemetery Operating
ASSETS	
Current Assets	
Cash and cash equivalents	\$113,270
Accounts receivable (net)	21,352
Interest receivable	48
<i>Total current assets</i>	134,670
Capital assets, net	243,478
<i>Total assets</i>	378,148
LIABILITIES AND NET ASSETS	
LIABILITIES	
Current Liabilities:	
Accounts payable	\$6,469
Compensated absences	0
<i>Total current liabilities</i>	6,469
NET ASSETS	
Invested in capital assets	243,478
Unrestricted	128,201
<i>Total net assets</i>	371,679
<i>Total liabilities and net assets</i>	378,148

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, 2008

	Cemetery Operating
OPERATING REVENUES	
Charges for services	\$46,038
Other operating revenue	3,025
<i>Total operating revenues</i>	49,063
OPERATING EXPENSES	
Personnel services	0
Utilities	1,624
Depreciation	4,535
Other operating expenses	35,833
<i>Total operating expenses</i>	41,992
<i>Operating income (loss)</i>	7,071
NON-OPERATING REVENUES (EXPENSES)	
Interest income	3,560
<i>Total non-operating revenues (expenses)</i>	3,560
<i>Change in net assets</i>	10,631
Total net assets, at beginning of year	361,048
<i>Total net assets, at end of year</i>	\$371,679

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, 2008

	Cemetery Operating
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers, grants and miscellaneous	\$64,908
Cash used for salaries and operations	0
Cash used for supplies of goods and services	(33,831)
<i>Net cash provided (used) by operating activities</i>	31,077
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
(Advances to) repayments from other funds	0
Operating transfers in (out)	0
<i>Net cash provided (used) by noncapital financing activities</i>	0
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payment for capital acquisitions	(686)
<i>Net cash provided (used) by capital and related financing activities</i>	(686)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investment securities	(21,352)
Proceeds from sale and maturities of investment securities	0
Interest income	3,512
<i>Net cash provided (used) by investing activities</i>	(17,840)
Net increase (decrease) in cash	12,551
Cash, beginning of year	100,719
<i>Cash, end of year</i>	\$113,270
Reconciliation of net cash provided (used) by operating activities:	
Operating income (loss)	\$7,071
Depreciation	4,535
Change in assets and liabilities:	
(Increase) Decrease in assets:	
Accounts receivable	15,845
Increase (Decrease) in liabilities:	
Accounts payable	3,626
Compensated absences	0
<i>Net cash provided (used) by operating activities</i>	\$31,077

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, 2008

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
OPERATING REVENUES				
Intergovernmental	\$3,562,431	\$3,562,431	\$1,585,530	(\$1,976,901)
Other operating revenues	3,100	3,100	4,178	1,078
Rental income	68,000	68,000	54,694	(13,306)
<i>Total revenues</i>	<u>3,633,531</u>	<u>3,633,531</u>	<u>1,644,402</u>	<u>(1,989,129)</u>
OPERATING EXPENDITURES				
Personnel services	100,360	100,360	33,756	66,604
Other operating expenses	467,950	467,950	273,915	194,035
Capital outlay	2,848,500	2,848,500	1,304,095	1,544,405
<i>Total operating expenditures</i>	<u>3,416,810</u>	<u>3,416,810</u>	<u>1,611,766</u>	<u>1,805,044</u>
<i>Operating income (loss)</i>	<u>216,721</u>	<u>216,721</u>	<u>32,636</u>	<u>(184,085)</u>
Non-Operating Revenues (Expenditures):				
Interest income	3,000	3,000	2,952	(48)
Sale of fixed assets	0	0	0	0
<i>Total non-operating revenues (expenditures)</i>	<u>3,000</u>	<u>3,000</u>	<u>2,952</u>	<u>(48)</u>
Net income (loss) before operating transfers	219,721	219,721	35,588	(184,133)
Operating transfers in (out)	(260,000)	(260,000)	100,000	360,000
Net income (loss)	(40,279)	(40,279)	<u>\$135,588</u>	<u>\$175,867</u>
Budgeted cash carryover	40,279	40,279		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Net income (loss)	\$135,588
Adjustments for revenue accruals	31,695
Adjustments for expense accruals and capitalization of assets	1,338,694
Change in net assets (GAAP Basis)	<u>\$1,505,977</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, 2008

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
OPERATING REVENUES				
Charges for services	\$25,000	\$25,000	\$25,800	\$800
Other operating revenues	100	100	3,025	2,925
Lot lease income	25,000	25,000	21,570	(3,430)
<i>Total revenues</i>	<u>50,100</u>	<u>50,100</u>	<u>50,395</u>	<u>295</u>
OPERATING EXPENDITURES				
Other operating expenses	62,750	62,750	41,356	21,394
Capital outlay	70,000	70,000	0	70,000
<i>Total operating expenditures</i>	<u>132,750</u>	<u>132,750</u>	<u>41,356</u>	<u>91,394</u>
<i>Operating income (loss)</i>	<u>(82,650)</u>	<u>(82,650)</u>	<u>9,039</u>	<u>91,689</u>
Non-Operating Revenues (Expenditures):				
Interest income	2,000	2,000	3,512	1,512
<i>Total non-operating revenues (expenditures)</i>	<u>2,000</u>	<u>2,000</u>	<u>3,512</u>	<u>1,512</u>
Net income (loss) before operating transfers	(80,650)	(80,650)	12,551	93,201
Operating transfers in (out)	0	0	0	0
Net income (loss)	(80,650)	(80,650)	<u>\$12,551</u>	<u>\$93,201</u>
Budgeted cash carryover	80,650	80,650		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Net income (loss)	\$12,551
Adjustments for revenue accruals	(1,284)
Adjustments for expense accruals and capitalization of assets	(636)
Change in net assets (GAAP Basis)	<u>\$10,631</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, 2008

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
OPERATING REVENUES				
Charges for services	\$5,085,500	\$5,085,500	\$4,872,700	(\$212,800)
Other operating revenues	41,000	41,000	130,811	89,811
Other rentals	0	0	8,352	8,352
<i>Total revenues</i>	5,126,500	5,126,500	5,011,862	(114,638)
OPERATING EXPENDITURES				
Personnel services	850,680	850,680	756,543	94,137
Utilities	15,000	15,000	11,805	3,195
Other operating expenses	322,000	322,000	166,521	155,479
Product for resale	3,850,000	3,850,000	3,522,864	327,136
Capital outlay	270,000	270,000	38,990	231,010
<i>Total operating expenditures</i>	5,307,680	5,307,680	4,496,723	810,957
<i>Operating income (loss)</i>	(181,180)	(181,180)	515,139	696,319
Non-Operating Revenues (Expenditures):				
Investment income	25,000	25,000	43,654	18,654
<i>Net transfers</i>	25,000	25,000	43,654	18,654
Net income (loss) before operating transfers	(156,180)	(156,180)	558,793	714,973
Operating transfers in	0	0	0	0
Operating transfers (out)	0	0	0	0
<i>Net operating transfers</i>	0	0	0	0
Net income (loss)	(156,180)	(156,180)	<u>\$558,793</u>	<u>\$714,973</u>
Budgeted cash carryover	156,180	156,180		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Net income (loss)	\$558,793
Adjustments for revenue accruals	(36,594)
Adjustments for expense accruals and capitalization of assets	(250,335)
Change in net assets (GAAP Basis)	\$271,864

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, 2008

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
OPERATING REVENUES				
Charges for services	\$785,000	\$785,000	\$829,007	\$44,007
Intergovernmental	2,750,000	2,750,000	187,483	(2,562,517)
Other operating revenues	13,000	13,000	47,204	34,204
Rental income	6,000	6,000	24,625	18,625
<i>Total revenues</i>	<u>3,554,000</u>	<u>3,554,000</u>	<u>1,088,319</u>	<u>(2,465,682)</u>
OPERATING EXPENDITURES				
Personnel services	313,746	323,746	316,328	7,418
Other operating expenses	703,000	787,000	605,015	181,985
Debt service	0	0	64,629	(64,629)
Capital outlay	2,625,000	2,531,000	100,845	2,430,155
<i>Total operating expenditures</i>	<u>3,641,746</u>	<u>3,641,746</u>	<u>1,086,817</u>	<u>2,554,929</u>
<i>Operating income (loss)</i>	<u>(87,746)</u>	<u>(87,746)</u>	<u>1,502</u>	<u>89,248</u>
Non-Operating Revenues (Expenditures):				
Investment income	20,000	20,000	16,165	(3,835)
<i>Total non-operating revenues (expenditures)</i>	<u>20,000</u>	<u>20,000</u>	<u>16,165</u>	<u>(3,835)</u>
Net income (loss) before operating transfers	(67,746)	(67,746)	17,667	85,413
Operating transfers in (out)	0	0	0	0
Net income (loss)	(67,746)	(67,746)	<u>\$17,667</u>	<u>\$85,413</u>
Budgeted cash carryover	67,746	67,746		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Net income (loss)	\$17,667
Adjustments for revenue accruals	(24,882)
Adjustments for expense accruals and capitalization of assets	108,212
Change in net assets (GAAP Basis)	<u>\$100,997</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, 2008

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
OPERATING REVENUES				
Charges for services	\$1,100,000	\$1,100,000	\$962,863	(\$137,137)
Intergovernmental	135,000	135,000	155,142	20,142
Other operating revenues	15,000	15,000	6,484	(8,516)
Rental income	0	0	2,400	2,400
<i>Total revenues</i>	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,126,889</u>	<u>(123,111)</u>
OPERATING EXPENDITURES				
Personnel services	448,274	675,877	668,982	6,895
Other operating expenses	594,603	533,000	500,476	32,524
Capital outlay	250,000	84,000	26,790	57,210
<i>Total operating expenditures</i>	<u>1,292,877</u>	<u>1,292,877</u>	<u>1,196,248</u>	<u>96,629</u>
<i>Operating income (loss)</i>	<u>(42,877)</u>	<u>(42,877)</u>	<u>(69,359)</u>	<u>(26,482)</u>
Non-Operating Revenues (Expenditures):				
Investment income	18,000	18,000	21,544	3,544
<i>Total non-operating revenues (expenditures)</i>	<u>18,000</u>	<u>18,000</u>	<u>21,544</u>	<u>3,544</u>
Net income (loss) before operating transfers	(24,877)	(24,877)	(47,815)	(22,938)
Operating transfers in (out)	0	0	0	0
Net income (loss)	(24,877)	(24,877)	<u>(\$47,815)</u>	<u>(\$22,938)</u>
Budgeted cash carryover	24,877	24,877		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Net income (loss)	(\$47,815)
Adjustments for revenue accruals	(79,010)
Adjustments for expense accruals and capitalization of assets	(147,816)
Change in net assets (GAAP Basis)	<u>(\$274,641)</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, 2008

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
OPERATING REVENUES				
Charges for services	\$1,835,000	\$1,835,000	\$1,844,379	\$9,379
Intergovernmental	3,162,000	3,162,000	11,127	(3,150,873)
Other operating revenues	31,000	31,000	150,988	119,988
Other rentals	1,000	1,000	1,800	800
Sale of fixed assets	1,000	1,000	900	(100)
<i>Total revenues</i>	<u>5,030,000</u>	<u>5,030,000</u>	<u>2,009,194</u>	<u>(3,020,807)</u>
OPERATING EXPENDITURES				
Personnel services	843,291	843,291	771,238	72,053
Other operating expenses	933,000	953,000	660,172	292,828
Debt service	27,271	104,271	103,952	319
Capital outlay	3,260,000	3,163,000	581,077	2,581,923
<i>Total operating expenditures</i>	<u>5,063,562</u>	<u>5,063,562</u>	<u>2,116,439</u>	<u>2,947,123</u>
<i>Operating income (loss)</i>	<u>(33,562)</u>	<u>(33,562)</u>	<u>(107,246)</u>	<u>(73,684)</u>
Non-Operating Revenues (Expenditures):				
Investment income	30,000	30,000	23,959	(6,041)
<i>Total non-operating revenues (expenditures)</i>	<u>30,000</u>	<u>30,000</u>	<u>23,959</u>	<u>(6,041)</u>
Net income (loss) before operating transfers	(3,562)	(3,562)	(83,287)	(79,725)
Operating transfers in (out)	0	0	0	0
Net income (loss)	(3,562)	(3,562)	<u>(\$83,287)</u>	<u>(\$79,725)</u>
Budgeted cash carryover	3,562	3,562		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Net income (loss)	(\$83,287)
Adjustments for revenue accruals	(221,980)
Adjustments for expense accruals and capitalization of assets	410,023
Change in net assets (GAAP Basis)	\$104,756

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, 2008

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
OPERATING REVENUES				
Charges for services	\$1,835,000	\$1,835,000	\$1,844,379	\$9,379
Intergovernmental	3,162,000	3,162,000	11,127	(3,150,873)
Other operating revenues	31,000	31,000	150,988	119,988
Other rentals	1,000	1,000	1,800	800
Sale of fixed assets	1,000	1,000	900	(100)
<i>Total revenues</i>	<u>5,030,000</u>	<u>5,030,000</u>	<u>2,009,194</u>	<u>(3,020,807)</u>
OPERATING EXPENDITURES				
Personnel services	843,291	843,291	771,238	72,053
Other operating expenses	933,000	953,000	660,172	292,828
Debt service	27,271	104,271	103,952	319
Capital outlay	3,260,000	3,163,000	581,077	2,581,923
<i>Total operating expenditures</i>	<u>5,063,562</u>	<u>5,063,562</u>	<u>2,116,439</u>	<u>2,947,123</u>
<i>Operating income (loss)</i>	<u>(33,562)</u>	<u>(33,562)</u>	<u>(107,246)</u>	<u>(73,684)</u>
Non-Operating Revenues (Expenditures):				
Investment income	30,000	30,000	23,959	(6,041)
<i>Total non-operating revenues (expenditures)</i>	<u>30,000</u>	<u>30,000</u>	<u>23,959</u>	<u>(6,041)</u>
Net income (loss) before operating transfers	(3,562)	(3,562)	(83,287)	(79,725)
Operating transfers in (out)	0	0	0	0
Net income (loss)	(3,562)	(3,562)	<u>(\$83,287)</u>	<u>(\$79,725)</u>
Budgeted cash carryover	3,562	3,562		
	<u>\$0</u>	<u>\$0</u>		

Budgetary - GAAP Reporting Reconciliation:

Net income (loss)	(\$83,287)
Adjustments for revenue accruals	(221,980)
Adjustments for expense accruals and capitalization of assets	410,023
Change in net assets (GAAP Basis)	\$104,756

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, 2008

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
OPERATING REVENUES				
Insurance premiums	\$1,300,000	\$1,300,000	\$1,069,614	(\$230,386)
OPERATING EXPENDITURES				
Supplies	500	0		0
Insurance premiums	350,000	607,113	296,801	310,312
Insurance claims	955,500	955,500	1,265,812	(310,312)
<i>Total operating expenditures</i>	1,306,000	1,562,613	1,562,613	0
<i>Operating income (loss)</i>	(6,000)	(262,613)	(492,999)	(230,386)
Non-Operating Revenues (Expenditures):				
Investment income	6,000	6,000	5,293	(707)
Net income (loss) before operating transfers	0	(256,613)	(487,706)	(231,093)
Operating transfers in (out)	200,000	250,000	250,000	500,000
Net income (loss)	200,000	(6,613)	(237,706)	\$268,907
Budgeted cash carryover	0	6,613		
	\$200,000	\$0		
Budgetary - GAAP Reporting Reconciliation:				
Net income (loss)			(\$237,706)	
Adjustments for revenue accruals			1,360	
Adjustments for expense accruals and capitalization of assets			6,323	
Change in net assets (GAAP Basis)			(\$230,023)	

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, 2008

	Balance June 30, 2007	Increase	Decrease	Balance June 30, 2008
MOTOR VEHICLE				
Assets				
Cash	\$14,948	\$336,819	\$351,767	\$0
Due from general fund	800	0	800	0
Due from State of NM - DMV	50	0	50	0
Total assets	\$15,798	\$336,819	\$352,617	\$0
Liabilities				
Due to general fund	\$8,564	\$0	\$8,564	\$0
Intergovernmental payable	7,234	336,819	344,053	0
Total liabilities	\$15,798	\$336,819	\$352,617	\$0
UNITED INDUSTRIES				
Assets				
Investments	\$6,445	\$0	\$0	\$6,445
Liabilities				
Due to general fund	\$0	\$6,445	\$0	\$6,445
Due to others	6,445	0	6,445	0
Total liabilities	\$6,445	\$6,445	\$6,445	\$6,445
LOCAL GOVERNMENT CORRECTIONS				
Assets				
Cash	\$0	\$0	\$0	\$0
Due from general fund	5,137	55,608	56,605	4,140
Total assets	\$5,137	\$55,608	\$56,605	\$4,140
Liabilities				
Due to others	\$5,137	\$55,608	\$56,605	\$4,140
NM SALES TAX				
Assets				
Cash	\$10,749	\$12,280	\$23,029	\$0
Liabilities				
Due to general fund	\$6,354	\$0	\$6,354	\$0
Intergovernmental payable	4,395	12,280	16,675	0
Total liabilities	\$10,749	\$12,280	\$23,029	\$0
TOTALS - ALL AGENCY FUNDS				
Assets				
Cash	\$25,697	\$349,099	\$374,796	\$0
Investments	6,445	0	0	6,445
Due from State of NM - DMV	50	0	50	0
Due from general fund	5,937	55,608	57,405	4,140
Total assets	\$38,129	\$404,707	\$432,251	\$10,585
Liabilities				
Intergovernmental payable	\$11,629	\$349,099	\$360,728	\$0
Due to general fund	14,918	6,445	14,918	6,445
Due to others	11,582	55,608	63,050	4,140
Total liabilities	\$38,129	\$411,152	\$438,696	\$10,585

CITY OF DEMING
SCHEDULE OF INDIVIDUAL BANK DEPOSIT ACCOUNTS
JUNE 30, 2008

Name of Depository	Account Name	Type of Account	Per Bank Balance June 30, 2008	Reconciling Items	Reconciled Balance June 30, 2008
1st New Mexico Bank P.O. Box 511 Deming, NM 88030	City of Deming General Operating Account	Checking	\$441,548	(\$169,534)	\$272,014
1st New Mexico Bank P.O. Box 511 Deming, NM 88030	City of Deming Insurance Trust Revenue	Checking	27,158	0	27,158
1st New Mexico Bank P.O. Box 511 Deming, NM 88030	City of Deming Insurance Trust Disbursements	Checking	51,577	(51,527)	50
1st New Mexico Bank P.O. Box 511 Deming, NM 88030	City of Deming Judicial Bond Trust Fund	Checking	4,644	211	4,855
1st New Mexico Bank P.O. Box 511 Deming, NM 88030	City of Deming Judicial Bond Trust Fund	Checking	22,037	4,714	26,751
1st New Mexico Bank P.O. Box 511 Deming, NM 88030	City of Deming General Operating Money Market Account	Money Market	1,516,359	0	1,516,359
1st New Mexico Bank P.O. Box 511 Deming, NM 88030	City of Deming Payroll Clearing Account	Checking	14,792	(14,792)	0
			2,078,115	(230,928)	1,847,187
Plus Certificates of Deposit (Shown as Investments)		CD's	2,000,445	0	2,000,445
Total 1st New Mexico Bank			\$4,078,560	(\$230,928)	\$3,847,632

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

CITY OF DEMING
SCHEDULE OF INDIVIDUAL BANK DEPOSIT ACCOUNTS
JUNE 30, 2008

Name of Depository	Account Name	Type of Account	Per Bank Balance June 30, 2008	Reconciling Items	Reconciled Balance June 30, 2008
First Savings Bank 520 S. Gold Ave. Deming, NM 88030	City of Deming Utility Operating Fund	Checking	\$2,337,679	\$17,343	\$2,355,022
First Savings Bank 520 S. Gold Ave. Deming, NM 88030	City of Deming Utility Meter Fund	Checking	242,083	(7,045)	235,038
			2,579,762	10,298	2,590,060
Plus Certificates of Deposit (Shown as Investments)		CD's	2,635	0	2,635
Total First Savings Bank			\$2,582,397	\$10,298	2,592,695
Wells Fargo Bank 200 Lomas Blvd NW Albuq., NM 87162	City of Deming General Operating Account	Checking	\$4,003	\$0	\$4,003
Plus Certificates of Deposit (Shown as Investments)		CD's	190,000	0	190,000
Total Wells Fargo Bank			\$194,003	\$0	194,003
Bank of Albuquerque P.O. Box 1270 Tulsa, OK 74101-1270	City of Deming NMFA Project Acct Water Tank Loan	Trust Account	\$842,756	\$0	\$842,756
Bank of Albuquerque P.O. Box 1270 Tulsa, OK 74101-1270	City of Deming NMFA Debt Svc Res Water Tank Loan	Trust Account	72,201	0	72,201
Bank of Albuquerque P.O. Box 1270 Tulsa, OK 74101-1270	City of Deming NMFA Project Acct Solana Project Loan	Trust Account	2,947,064	0	2,947,064
Bank of Albuquerque P.O. Box 1270 Tulsa, OK 74101-1270	City of Deming NMFA Debt Svc Res Solana Project Loan	Trust Account	245,064	0	245,064
Total Bank of Albuquerque			\$4,107,085	\$0	4,107,085

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

CITY OF DEMING
SCHEDULE OF INDIVIDUAL BANK DEPOSIT ACCOUNTS
JUNE 30, 2008

Name of Depository	Account Name	Type of Account	Per Bank Balance June 30, 2008	Reconciling Items	Reconciled Balance June 30, 2008
New Mexico State Treasurer	City of Deming Debt Service Water Tank Loan	Trust Account	\$20,273	\$0	\$20,273
New Mexico State Treasurer	City of Deming Debt Service Fire Truck	Trust Account	1,946	0	1,946
New Mexico State Treasurer	City of Deming Debt Svc Res Fire Truck	Trust Account	18,831	0	18,831
New Mexico State Treasurer	City of Deming Debt Service Solana Project Loan	Trust Account	63,605	0	63,605
Total Bank of Albuquerque			\$104,655	\$0	104,655
Total Cash in Bank			\$11,066,700	(\$220,630)	\$10,846,070

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, 2008

Participants	Responsible Party for Operations	Descriptions	Beginning and Ending dates	Total Estimated Amount of Project	Contribution 6/30/2008	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, 2007 June 30, 2008	\$750,000	\$709,722	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	\$0	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, 2008

Federal Grantor/Program Title	Federal CFDA Number or Agency Prefix	Project Number	Award Amount	Accrued or (Deferred) Revenue at June 30, 2007	Restatements	Receipts	Expenditures	Accrued or (Deferred) Revenue at June 30, 2008
<u>U.S. Department of Housing and Urban Development</u>								
Passed through NM Dept. of Finance & Administration:								
Community Development Block Grant	14.228	06-C-NR-I-01-G-9	\$300,000	\$0	\$0	\$0	\$0	\$0
Passed through NM Mortgage Finance Authority:								
Home Investment Partnership Program	14.239	05-01-DEM HOR-001	160,000	0	0	(131,225)	131,225	0
Total U.S. Dept. of Housing and Urban Development			\$460,000	\$0	\$0	(\$131,225)	\$131,225	\$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	\$211,941	\$0	(\$721,231)	\$199,976	(\$309,314)
<u>U.S. Department of Transportation</u>								
Airport Improvement	20.106	AIP3-35-0013-012-2008	\$351,394	\$0	\$0	\$0	\$2,209	\$2,209
	20.106	AIP3-03-0013-011-2007	2,075,647	0	0	(1,531,274)	1,550,484	19,210
	20.106	AIP3-35-0013-010-2006	121,289	0	0	(24,201)	24,286	85
Total U.S. Department of Transportation			\$2,548,330	\$0	\$0	(\$1,555,475)	\$1,576,979	\$21,504
<u>U.S. Department of Homeland Security</u>								
Assistance to Firefighters Grant	97.044	EMW-2008-FO-09976	\$27,623	\$0	\$0	\$0	\$0	\$0
Assistance to Firefighters Grant	97.044	EMW-2006-FG-07732	75,454	0	0	(8,998)	8,998	0
Total U.S. Department of Homeland Security			\$103,077	\$0	\$0	(\$8,998)	\$8,998	\$0
Total Federal Financial Assistance			\$5,611,407	\$211,941	\$0	(\$2,416,929)	\$1,917,178	(\$287,810)

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, 2008, and have issued our report thereon dated July 2, 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 2007-02, 2007-03, 2007-06, and 2008-01.

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
Page Two

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 2007-06, 2008-02, and 2008-03.

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.

July 2, 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, 2008. 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, 2008. 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
Page Two

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.

July 2, 2009

CITY OF DEMING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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?

 Yes X No

Identification of Major Programs:

CFDA Number(s)

20.106

Name of Federal Program or Cluster

Airport Improvement Program

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, 2008

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR SIGNIFICANT DEFICIENCIES:

2008-01 Terminated Employee File Missing

Statement of Condition – We sampled twenty terminated employee files for proper documentation and timely payout and removal from payroll system. One employee did not have all documentation in file for termination notice to PERA.

Criteria – Public Employee Retirement Act (10-11-1 to 10-11-38 NMSA 1978) requires that all terminated employees that were eligible for PERA must sign termination notice for PERA.

Cause – Involuntary termination, attempts to obtain signature unsuccessful.

Effect – The City is not in compliance with Public Employer Retirement Act (10-11-1 to 10-11-38 NMSA 1978).

Recommendation – The City should review all terminated employee files to make sure the file is complete.

Management's Response – Management strives to follow proper procedures for terminated employees to ensure that the files are completed correctly on each terminated employee. The payroll clerk is now aware that a signature was missing. Files will be reviewed for completeness before being closed and deactivated. The payroll clerk has created a check list to verify that all documentation is complete.

CITY OF DEMING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR SIGNIFICANT DEFICIENCIES (CONTINUED):

2008-02 Lodgers Tax Monthly Reports Missing

Statement of Condition – During our procedures for revenue, we noted that eight lodging establishments were missing monthly reports.

Criteria – Monthly reports are required for each lodging establishment.

Cause – Lack of follow up procedures.

Effect – Noncompliance with the Lodgers Tax Act and potential underreporting by Lodgers (i.e., lack of reporting).

Recommendation – The City should establish and document procedures to monitor monthly reports and monitoring of correct reporting.

Management’s Response – Lodger’s Tax collecting establishments receive a “payment coupon booklet” from the City to submit with each payment. The tax can only be paid with this payment coupon being supplied to the City at the time of payment. Personnel turnover in the collection and filing of these coupons is a direct cause of the issue. Management has made personnel aware of the proper procedures for collection and filing of the coupons.

CITY OF DEMING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR SIGNIFICANT DEFICIENCIES (CONTINUED):

2008-03 Failure to Notify State Auditor for Asset Disposals

Statement of Condition – The City disposed of several assets during the year but not all disposals were sent to the State Auditor for notification.

Criteria – Per Section 13-6-1 and 13-6-2 NMSA 1978, at least thirty days prior to any disposition of property, written notification of the official proposed disposition must be sent to the State Auditor.

Cause – Oversight.

Effect – Noncompliance with state requirements and the potential to dispose of assets not properly approved by the governing board.

Recommendation – Procedures for asset dispositions should be clearly documented and followed. A disposition checklist should be developed to accompany each set of dispositions noting each step in the procedures.

Management's Response – Management has created a proper checklist for the disposal of assets by auction. Notification to the State Auditor's Office requesting approval and maintaining a copy for the City's file is an important step on the checklist. This oversight has been remedied for future actions. The procedures will be followed and staff is aware of the proper process.

CITY OF DEMING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT STATUS ON PRIOR YEAR FINDINGS:

2007-01 Credit Card Use and Access to City Assets

Resolved and not repeated.

2007-02 Bank Reconciliations Not Reconciled to Accounting Records

Repeated.

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 in for bank reconciliations prior to the first software conversion. The City acquired assistance from an out side accounting firm to aid staff with correcting fund cash balances in the general ledger. Management notes that the issue was not resolved at the time of audit due to the prior and current audit being completed consecutively.

CITY OF DEMING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT STATUS ON PRIOR YEAR FINDINGS (CONTINUED):

2007-03 Receipt Documentation Maintenance Inconsistent, Inadequate and Inefficient

Repeated.

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. Management notes that the issue was not resolved at the time of audit due to the prior and current audit being completed consecutively.

CITY OF DEMING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT STATUS ON PRIOR YEAR FINDINGS (CONTINUED):

2007-04 Disbursements – Missing Documentation

Resolved and not repeated.

2007-05 Expenditures and Transfers out Exceeded Budget

Resolved and not repeated.

2007-06 Annual Audit Report Filed Late

Repeated.

Statement of Condition – This report was not submitted to the State Auditor by the due date of December 1, 2008. The report was submitted to the State Auditor in July, 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 1, 2008.

Cause – The City implemented new accounting software during the prior 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. The issue crossed fiscal years; management was unable to resolve until latter fiscal year due to the prior and current audits completed consecutively. Management has returned to procedures in place prior to the first software conversion. The City is on tract to complete the June 30, 2009 report on a timely basis.

CITY OF DEMING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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

None.

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

2007-07 Data Collection Form Not Submitted Timely

Repeated.

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 – Noncomplaine 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. Management notes that the issue was not resolved at the time of audit due to the prior and current audit being completed consecutively. The City is on tract to complete the June 30, 2009 report on a timely basis.

CITY OF DEMING
EXIT CONFERENCE
JUNE 30, 2008

EXIT CONFERENCE:

The exit conference was held July 14, 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

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

Debbie Gray, CPA, Shareholder

FINANCIAL STATEMENTS PREPARATION

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