

State of New Mexico

**Deming Public Schools  
FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITORS'  
REPORT THEREON**

For The Fiscal Year Ended June 30, 2008

Deming Public Schools  
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Deming Public Schools  
**DIRECTORY OF OFFICIALS**  
June 30, 2008

**BOARD OF EDUCATION**

David McSherry	President
Anne Keeler	Vice-President
Bayne Anderson	Secretary
Ruben S. Torres	Member
Judy Hernandez	Member

**SCHOOL OFFICIALS**

Harvielee Moore	Superintendent
Ted Burr	Associate Superintendent of Finance

MIKE STONE, C.P.A.  
LINDA STONE MCGEE, C.P.A.  
KAY STONE, C.P.A.  
JARROD MASON, C.P.A.

KELLEY WYATT, C.P.A.  
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## INDEPENDENT AUDITORS' REPORT

Hector H. Balderas, State Auditor  
and  
Board of Education  
Deming Public Schools  
Deming, New Mexico

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Deming Public Schools (District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the District's nonmajor governmental funds presented as other 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 District'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 governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Deming Public Schools as of June 30, 2008, and the respective changes in financial position, where applicable, thereof and the respective budgetary comparison for the General, Title I, and State Grants funds 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 fund of Deming Public Schools as of June 30, 2008, and the respective changes in financial position, where applicable, thereof and the respective budgetary comparisons for the components of the general fund, the nonmajor Special Revenue funds, the Debt Service fund, and the Capital Projects funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2008, on our consideration of Deming Public School'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.

Management's Discussion and Analysis, presented on pages 4-16, is not a required part of the basic financial statements but is 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 financial statements that collectively comprise the District's basic financial statements and on the combining, individual fund and budgetary comparisons statements presented as other supplementary information. 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 basic financial statements of the District. In addition, the accompanying financial information listed as other supplemental data in the table of contents is also presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards and the other supplemental data have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Stone, McGee & Co., CPAs*

November 13, 2008

**DEMING PUBLIC SCHOOLS**  
**Management Discussion and Analysis**  
**For the Fiscal Year Ending June 30, 2008**

This written analysis is of Deming Public Schools District's financial reporting and is an objective and easily readable discussion of the School District's financial activities. The discussion and analysis, as well as the Statement of Net Assets and Statement of Activities, provide a review of the School District's overall financial activities, using the accrual basis of accounting, for the years ending June 30, 2007 and 2008. Fund financial statements are reported on a modified accrual basis of accounting. Rather than look at specific areas of performance, this discussion and analysis focuses on the financial performance of the School District as a whole. Whenever possible this discussion and analysis will provide the reader multi-year pictures of financial performance and other pertinent information through the use of tables and other graphic information.

This annual report consists of a series of detailed, audited financial statements and the notes to those statements. Also included is the Independent Auditor's Report, The Independent Auditor's Report on Compliance on Internal Control (Governmental Accounting Standards), The Independent Auditor's Report on Compliance with Requirements Applicable in each Major Program (OMB A-133) and a Schedule of Findings and Questioned Costs.

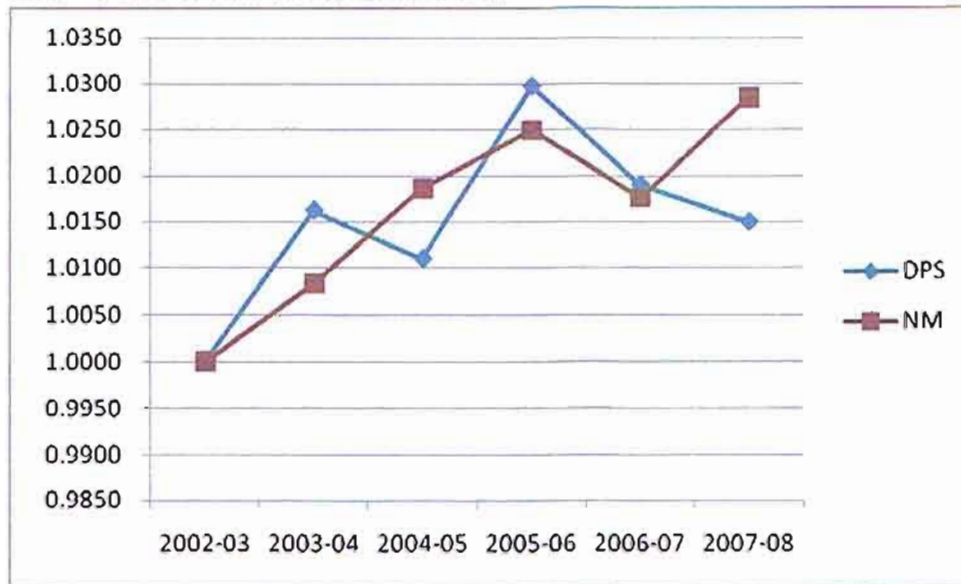
**About the Deming Public Schools**

To completely understand the financial discussion of the Deming Public Schools it is important to understand the nature of the School District. Covering all of Luna County, 2,968 square miles, Deming Public Schools is, geographically, the 6<sup>th</sup> largest school district in the state. The Southern border of the District is the county line which shares a 53 mile border with Mexico. Some U.S. citizens reside in Mexico and attend Deming Schools as out-of-district students. In addition, Luna County incorporates the largest migrant population in the state. Schools are located in Deming and Columbus. The Deming Public School District consists of 12 schools and has a 2007-2008 student membership of 5,464 students at the preschool through 12<sup>th</sup> grade level. The preschool serves students of ages 3 and 4 years. Six Elementary Schools serve students in kindergarten through 5<sup>th</sup> grade, an additional Elementary School serves students in kindergarten through 6<sup>th</sup> grade. The Intermediate school serves students in 6<sup>th</sup> grade, the Middle School is grades 7<sup>th</sup> and 8<sup>th</sup>, with the High School and Charter High School serving students in grades 9<sup>th</sup> through 12<sup>th</sup>.



The District's enrollment declined 22 students for the 2007-2008 school year. District five year enrollment percentage growth of 1.5% is approximately one half of the state wide growth of 2.9%. The following chart presents the five year enrollment history for Deming Public Schools and the State of New Mexico using 2002-03 enrollment as an index.

Student Enrollment for New Mexico (NM) and Deming Public Schools (DPS) As a Percent of 2002-2003 Enrollment



As of FY-08 student enrollment is still up 80 students since the 2003 fiscal year despite declining enrollment for 2 years. However, District enrollment for fiscal year 2009 declined to 5,291 students or 93 students less than FY-03.

The demographics of the School District region are considered “rural”, the general population growth in Luna County has provided the School District with an increasing property tax base. The property tax is used to generate revenues through voter approval which are, in turn, used as a basis to sell obligation bonds. Additional property taxes, approved by voters also support an additional two mill levy revenue which generates the local match for Senate Bill # 9 State Funding. The Senate Bill # 9 Capital Improvements Fund (SB-9), both state and local moneys, are used for maintenance, purchase and improvements of land and buildings, student activity vehicles and student technology. The general obligation bond proceeds are used to expand and improve district infrastructure through the building of new schools and adding to existing school facilities to meet the student population and to house students in regular classrooms instead of portable classroom buildings. To set facility priorities, the School District employs a detailed Five-Year Master Facility Plan which is updated and reviewed annually.

## **Deming Public Schools Accounting and Finance**

We believe this written analysis and the accompanying financial reporting will indicate to the reader that the Deming Public Schools is in good financial health. Indicators to the reader such as bond interest rates, fund balances, cash on hand and budget management all are indicators of a positive financial direction and management. The School District maintains a financial and accounting staff with strong levels of technical experience and education.

Staffing levels are adequate to meet daily workload demands and to provide the necessary level of internal controls demanded of an organization the size of the Deming Public School District. Financial policies and procedures are in place to guide staff through the daily business routines.

As an integral part of the School District accountability process, the Deming Public School Board is active in the monitoring of expenditures and budgets through a formal, monthly reporting process to the School Board. This reporting is provided at public meetings and becomes a part of the School Board's permanent, public record.

## **Significant Financial Highlights for the Year Ending June 30, 2008**

- Capital Outlay increased by \$10,888,019 in the year ending June 30, 2007 and \$15,478,071 in the year ending June 30, 2008. The primary reasons for these increases are new school buildings funded by bond proceeds and New Mexico Public Schools Capital Outlay Council awards.
- School district voters failed to pass a \$19.5 million bond election February 3, 2008. Funds were needed to secure a state grant of \$59.5 million for a new high school.
- Accumulated depreciation has increased by \$2,061,155 to \$30,863,548 as of June 30, 2008 from \$28,802,393 for June 30, 2007.
- Total revenues increased from \$56,254,831 in the year ending June 30, 2007 to \$61,422,650 in the year ending June 30, 2008. This is an increase of \$5,167,819 or 9%. The most significant reason for this increase is increased state and federal funding.

- 
- Total expenditures, inclusive of all capital expenditures from general obligation bond proceeds, increased from \$58,807,155 for the year ending June 30 2007 to \$65,420,308 for the year ending June 30 2008. This is an increase in expenditures of \$6,613,153 or 11%. Increases in Instruction, Student Support, Instructional Support, and Capital Outlay explain 91% of the increase.

## **DISTRICT WIDE FINANCIAL STATEMENTS**

### **Statement of Net Assets**

Statement of Net Assets, is prepared using the accrual method of accounting. This statement shows that the School District has total assets of \$74,471,434 and \$83,344,230 as of June 30, 2007 and 2008, respectively. The School District cash and cash equivalents on hand as of June 30, 2008 decreased by 22% to \$13,300,664 due to building construction. Accounts payable decreased by 47% to \$834,334 as of June 30, 2008 compared to June 30, 2007 accounts payable of \$1,583,150. Accounts payable for FY 2008 is comprised of employee benefits obligated during June and due within 3 months. Net Assets restricted for various purposes totaling \$3,885,792 and \$(702,013) as of June 30, 2007 and 2008 respectively, decreased by 118%. Restricted for capital projects and other decreased by \$4.7 million was offset by \$.3 million increase in restrictions for debt service.

District, without Component Unit,	Statement of	Net Assets
	June 30, 2007	June 30, 2008
<b>Assets</b>		
Cash Assets	17,085,331	13,300,864
All Other Current Assets	3,899,154	3,139,501
Capital Assets	82,289,342	97,767,413
Depreciation	(28,802,393)	(30,863,548)
<b>Total Assets</b>	<b>74,471,434</b>	<b>83,344,230</b>
<b>Liabilities</b>		
Accounts Payable	1,583,150	834,334
Other Current Liabilities	3,504,204	3,515,580
Long Term Liabilities	19,021,378	17,520,911
<b>Total Liabilities</b>	<b>24,108,732</b>	<b>21,870,825</b>
<b>Net Assets</b>		
Invested in Capital Assets	44,338,287	59,397,068
Restricted	3,885,792	(702,013)
Unrestricted	2,138,623	2,778,350
<b>Total Net Assets</b>	<b>50,362,702</b>	<b>61,473,405</b>

This statement includes accumulated depreciation of the School District's capital assets in the amount of \$28,802,393 and \$30,863,548 as of June 30, 2007 and 2008 respectively. The School District utilizes a "straight line" depreciation method in all cases and standardized lifetime tables in calculating depreciation.

The component unit, Deming Cesar Chavez Charter High School, ended the year with \$343,327 total net assets compared to \$253,072 as of June 30, 2007. This is an increase of \$79,612 or 30%. This is the second year the component unit has served students.

#### Component Unit Statement of Net Assets

	June 30, 2007	June 30, 2008
<b>Assets</b>		
Cash Assets	261,565	273,248
All Other Current Assets	2,150	21,237
Equipment	-	54,269
Less Accumulated Depreciation	-	(5,427)
<b>Total Assets</b>	<b>263,715</b>	<b>343,327</b>
<b>Liabilities</b>		
Accounts Payable	10,643	-
<b>Total Liabilities</b>	<b>10,643</b>	<b>-</b>

Component Unit Statement of Net Assets, continued

Net Assets	June 30, 2007	June 30, 2008
Invested in Capital Assets	-	48,842
Restricted for capital projects	-	20,558
Unrestricted	253,072	273,927
<b>Total Net Assets</b>	<b>253,072</b>	<b>343,327</b>

Accounts payable were reduced to zero for June 30, 2008 from \$10,643 as of June 30 2007.

**Statement of Activities**

The Statement of (Governmental) Activities is prepared using the accrual method of accounting. This report compliments the Statement of Net Assets by showing the overall change in the School District's net assets for the fiscal year ending June 30, 2008. As of June 30, 2008 the School District, exclusive of the component unit, had net assets of \$61,473,405 compared to \$50,362,702 for 2007. Net assets increased \$11,110,703 and \$8,686,399 for the years ending June 30, 2008 and 2007.

<b>Governmental Activities</b>	<b>June 30, 2007</b>	<b>June 30, 2008</b>
Total Government Activities Expense	\$ 47,623,200	\$ 50,446,186
Charges For Services Revenue	565,908	461,252
Operating Grants and Contributions Revenue	11,607,029	12,312,211
Grants and Contributions Revenue	<u>9,019,456</u>	<u>9,789,916</u>
<b>Net (Expenses) Revenues and</b>		
<b>Changes in Net Assets</b>	<b>\$ (26,430,807)</b>	<b>\$ (27,882,807)</b>
<b>General Revenues</b>		
Taxes –general, debt service	\$ 3,083,546	\$ 3,502,762
State aid	31,685,474	34,674,884
Investment earnings	420,881	441,235
Recoveries and refunds	11,841	171,410
Gain (Loss) on disposition of assets	(84,536)	203,219
<b>Total General Revenues &amp; Special Item</b>	<b>\$ 35,117,206</b>	<b>\$ 38,993,510</b>
<b>Changes in Net Assets</b>	<b>\$ 8,686,399</b>	<b>\$ 11,110,703</b>
Net Assets beginning	<u>41,676,303</u>	<u>50,362,702</u>
<b>Net Assets – ending</b>	<b>\$ 50,362,702</b>	<b>\$ 61,473,405</b>

The \$203, 219 gain on disposition of assets was generated by recording the sale of two houses built by the Deming High School Building Trades Classes. The program is self funding and was started with a Federal Grant.

The component unit net assets increased by \$178,225 and \$90,255 for the years ending June 30, 2007 and 2008, respectively.

<b>Component Unit Activities</b>	<b>June 30, 2007</b>	<b>June 30, 2008</b>
Total Government Activities Expense	708,145	1,074,927
<b>Net (Expenses) Revenues and Changes in Net Assets</b>	<b>(708,145)</b>	<b>(1,074,927)</b>
<b>General Revenues</b>		
State aid	881,370	1,144,558
Recoveries and refunds	5,000	20,624
<b>Total General Revenues &amp; Special Item</b>	<b>886,370</b>	<b>1,165,182</b>
<b>Changes in Net Assets</b>	<b>178,225</b>	<b>90,255</b>
Net Assets beginning	74,847	253,072
<b>Net Assets – ending</b>	<b>253,072</b>	<b>343,327</b>

## **FUND FINANCIAL STATEMENTS**

### **Statement of Revenues and Expenditures**

Fund financial statements are based on a modified accrual basis of accounting. The Statement of Revenues and Expenditures and Changes in Fund Balances – Governmental Funds, guides the reader to a meaningful overall view for the district revenues, expenditures fund balance and changes to the fund balance. Total revenues from state, local and Federal sources were \$56,254,831, and \$61,422,650 for fiscal years 2007 and 2008 respectively. Total expenditures for the School District were \$58,557,155 and \$65,420,308 for fiscal years 2007 and 2008 respectively. The total ending fund balance was \$17,238,934 and \$13,241,276 for fiscal years 2007 and 2008, respectively, an decrease of \$3,997,658. Fund balance will continue to decrease as the District uses bond proceeds for construction.

## Multi-Year District Revenues and Expenditures

A multi-year view of overall School District revenues and expenditures indicates inconsistent growth in both areas. Issuance of general obligation bonds during 2003, 2006 and 2007 increased revenue without increasing expenses while construction expenses in subsequent years increased expenses.

Year	Total Revenues *	Increase %	Total Expenditures*	Increase %
2002/03 a	\$40,545,690	19%	\$34,815,857	-2%
2003/04	\$43,926,367	6%	\$45,624,772	31%
2004/05	\$48,349,070	10%	\$50,632,574	11%
2005/06 b	\$57,729,448	19%	\$55,903,546	10%
2006/07 c	\$56,254,831	-3%	\$58,557,155	5%
2007/08	\$61,422,680	9%	\$65,420,308	12%

\* Note: Revenues include proceeds from General Obligation Bonds and exclude cash carryovers; Expenses include capital outlays.

(a). FY 03 revenue includes \$5.7 million of G.O. Bonds.

(b). FY 06 revenue includes \$5 million of G.O. Bonds.

(c). FY 07 revenue includes \$6 million of G.O. Bonds.

## The Budget

School District budgets reflect the same pattern as seen in the revenue and expenditures of the School District. The State of New Mexico school budget process is defined under state law and regulation. To enhance the process of developing a budget at the school district level, the Deming Public School District utilizes goals and objectives defined by the Deming Public School Board, community input meetings, long term plans and input from various staff groups to develop the School District budget. School District priorities are well defined through this process.

Governmental Accounting Standards do not require a statement presenting the overall result of the budget for each year; however, all major budgetary funds are required to be reported as a separate statement.

Major budgetary funds in these reports are; The General Fund, Title I, Columbus Elementary, Debt Service, Bond Building, and Other Funds. The General Fund is comprised of three New Mexico Public Education Department funds, operational, transportation, and non-instructional student support. The following table presents the fiscal relationship of three of the major funds, General Fund, Title I and Debt Service to Construction and all other. The construction category is comprised of Building Bond expenditures and capital outlay expenditures in other funds.

### Total Expenditures Fiscal Years 2007 and 2008

	FY-07		FY-08		Increase	
<b>General Fund</b>	35,438,880	61%	37,103,127	57%	1,664,247	5%
<b>Title I</b>	2,886,142	5%	3,046,093	5%	159,951	6%
<b>Construction</b>	11,729,849	20%	16,143,574	25%	4,413,725	38%
<b>Debt Service</b>	1,793,868	3%	2,108,172	3%	314,304	18%
<b>All Other</b>	6,708,416	11%	7,019,342	11%	310,926	5%
<b>Total</b>	58,557,155	100%	65,420,308	100%	6,863,153	12%

The reader will note that construction increased to a high 25% of all funds for FY-08 from 20% in FY-07. The General Fund increased 5% from fiscal year 2007 to 2008 but fell from 61% to 57% for fiscal years 2007 and 2006 respectively due to the rapid increase of construction and debt service expenditures. The General Fund provides the salary and benefits for the significant majority of the instruction, instructional support, school support, maintenance and administrative staff as well as classroom materials, special education consulting staff and fixed utility costs.

General Fund revenue is substantially derived from the State Equalization Guarantee, which is the funding formula appropriated for education by the New Mexico Legislature.

All funds met the regulatory criteria set by the State Department of Education and New Mexico Statute. Both the Manual of Procedures for Public School Accounting and NMSA 8-22-5, annotated require that budget expenditures be within the authorization of the approved budget.

### The General Fund

The School District General Fund is comprised of the Operational fund, Transportation fund and Non-instructional fund. General Fund revenues represented 62% of the School District's revenue for fiscal years 2007 and 2008. The General Fund is predominately funded by revenues from the State of New Mexico Equalization Guarantee Formula. This fund pays for teaching staff, teaching support staff, special education support staff, maintenance staff and administrative staff. The General Fund also provides funding for student transportation.

The following table present the General Fund Expenditures in 5 functions for the fiscal years 2007 and 2008.



**General Fund Expenditures by Functions**

Function	FY 2007	Percent	FY 2008	Percent
Instruction	20,762,978	59%	21,646,415	58%
Pupil & Instructional Support	6,026,519	17%	6,549,304	18%
Maintenance & Operations	3,944,970	11%	4,386,615	12%
Transportation	2,050,562	6%	1,994,463	5%
Administration & Business	2,653,851	7%	2,526,330	7%
Total	35,438,880	100%	37,103,127	100%

The proportion of General Fund expended for Pupil & Instructional Support and Maintenance & Operations increased while Instruction, Transportation, and Administration & Business declined. Pupil & Instructional Support increased due to increased staffing for special education ancillary services.

The percentage of the General Fund spent on the instruction function decreased for fiscal year 2008 from 59% to 58%. Instruction spending increased \$883,437 or 4% and includes salaries for teachers and assistants, benefits, payroll taxes, school supplies, training, and miscellaneous instructional related contract services. Pupil & Instructional Support increased for fiscal year 2008 from 17% to 18% of the General Fund and includes expenditures for school building administration, program coordinators, counselors, school nursing staff, librarians, special education ancillary staff and significant support to special education programs through contract ancillary support staff and contract programs. Maintenance and Operations increased for fiscal year 2008 from 11% to 12% of General Fund expenditures. It includes expenses for salaries and benefits for maintenance staff, computer technicians, school custodians, fixed utility costs, insurance, maintenance and repairs, maintenance supplies, school custodial supplies and capital outlay. Transportation represents General Fund expenditures to transport students to and from school. Administration and business include the office of the superintendent and other central administrators and clerical staff representing the overhead support for the entire school district; these programs combined decreased from 13% to 12% of the total General Fund for fiscal years 2007 and 2008, respectively.

## Capital Assets

In the fiscal year ending June 30, 2008 the Statement of Revenues, Expenditures and Changes in Fund Balances shows the School District expended \$16,129,379 for capital outlay. This is up from \$2,246,111 for the previous fiscal year.

The following table presents the capital assets from the Statement of Net Assets along with the increases. The increases in Land and Improvement are due to installation of new playgrounds and fields at new school buildings. Notice that Construction in Progress is down from FY 2007. This represents that the District's new construction is coming to completion. The final school being constructed is expected to be completed by the first quarter of fiscal year 2010.

Capital assets:	FY 2007	FY 2008	Changes
Land and improvements	\$ 4,114,760	\$ 5,986,393	\$ 1,871,633 45%
Building improvements and purchase	57,732,254	73,726,691	15,994,437 28%
Furniture and equipment	9,751,430	9,684,107	(67,323) -1%
Construction in progress	10,690,898	8,370,222	(2,320,676) -22%
(Less: Accumulated depreciation)	(28,802,393)	(30,863,548)	(2,061,155) 7%
<b>Total capital assets, net of depreciation</b>	<b>\$ 53,486,949</b>	<b>\$ 66,903,865</b>	<b>\$ 13,416,916 25%</b>

## General Long Term Debt

Article IX, Section 11 of the New Mexico Constitution limits the powers of a school district to incur general obligation debt beyond a school year. The School District can incur such debt for "the purpose of erecting, remodeling, making additions, and furnishing buildings or purchasing or improving schools grounds or purchasing computer software or hardware for student use in public classrooms or any combination of these purposes." The approval of the debt is subject to a vote of the local electors and may not exceed 6% of the assessed valuation of the taxable property within the School District.

The School District has never defaulted on any of its debt or other obligations. Listed below is the School District's total general obligation debt as of June 30, 2008.

Deming Public Schools General Obligation Bonds			
Projected Principal and Interest Payments			
Fiscal YR	Principal Payment	Interest Payment	Total Payments
2009	\$ 1,500,000	\$ 672,325	\$ 2,172,325
2010	1,475,000	607,725	2,082,725
2011	1,550,000	540,069	2,090,069
2012	1,800,000	475,225	2,275,225
2013	1,300,000	423,000	1,723,000
2014	1,400,000	376,450	1,776,450
2015	1,450,000	327,388	1,777,388
2016	1,500,000	275,350	1,775,350
2017	1,400,000	222,975	1,622,975
2018	1,600,000	168,100	1,768,100
2019	1,700,000	107,275	1,807,275
2020	1,500,000	47,750	1,547,750
2021	500,000	9,875	509,875
<b>Total</b>	<b>\$ 18,675,000</b>	<b>\$ 4,253,506</b>	<b>\$ 22,928,506</b>

### Future Trends

October 21, 2008 the District closed on \$615,000 of Education Technology Lease-Purchase General Obligation Certificates of Participation, (Ed Tech). This issue was approved by the Board of Education in their September meeting to provide technology for the new schools and to update technology in existing schools. The Ed Tech issue was available without raising taxes due to the retirement of general obligation bonds. Since the Ed Tech issue is a one year term the Board of Education could ask voters in fiscal year 2010 for approval of \$20 million general obligation bonds without having to increase property taxes. The District's high school requires major renovation or replacement and the \$20 million in bonds would provide the matching funds that would allow the District to access State grants.

## **Contacting the Deming Public School District**

This financial report is designed to provide our community, taxpayers, investors and creditors with an overview of the Deming Public School District's financial condition and to provide accountability for the funds the School District receives. If you have questions about our report or about the operations of the Deming Public School District, please contact:

Ted Burr, Associate Superintendent of Finance  
Emmett Shockley Administration Building  
400 Cody Road  
Deming, NM 88030

Mailing address:  
Deming Public Schools  
1001 S. Diamond Ave  
Deming, NM 88030

Deming Public Schools  
**STATEMENT OF NET ASSETS**  
June 30, 2008

	Governmental Activities	Component Unit
<b>Assets</b>		
Cash and cash equivalents	\$ 13,125,465	\$ 273,248
Interest receivable	1,404	
Property taxes receivable	446,167	
Accounts receivable		2,150
Due from other governments	2,370,643	19,087
Inventory	245,661	
Notes receivable	9,533	
Bond issue costs	66,093	
Capital assets:		
Land and improvements	5,986,393	
Buildings and improvements	73,726,691	
Equipment	9,684,107	54,269
Construction in progress	8,370,222	
Less accumulated depreciation	(30,863,548)	(5,427)
Total capital assets, net of depreciation	\$ 66,903,865	\$ 48,842
Total assets	\$ 83,168,831	\$ 343,327
<b>Liabilities</b>		
Cash overdraft	\$ 1,480,204	\$ -
Accounts payable	834,334	
Deferred revenue	23,132	
Long-term liabilities:		
Portion due or payable within one year:		
Notes payable	50,000	
Bonds payable	1,500,000	
Accrued interest payable	286,845	
Portion due or payable after one year:		
Bonds payable	17,175,000	
Compensated absences	345,911	
Total liabilities	\$ 21,695,426	\$ -
<b>Net Assets</b>		
Invested in capital assets, net of related debt	\$ 59,397,068	\$ 48,842
Restricted for:		
Debt service	2,457,294	
Capital projects	(5,044,357)	20,558
Other purposes	1,885,050	
Unrestricted	2,778,350	273,927
Total net assets	\$ 61,473,405	\$ 343,327

The accompanying notes are an integral part of these financial statements

Deming Public Schools  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>
Governmental activities:		
Instruction	\$ 27,863,946	\$ 425,228
Support services - Students	4,241,402	
Support services - Instruction	1,578,442	
General administration	1,734,366	
School administration	2,908,351	
Central services	1,493,734	
Operation of plant	5,091,163	
Food services	2,637,465	36,024
Transportation	2,122,282	
Community services	9,410	
Interest on long-term debt	765,625	
	<u>\$ 50,446,186</u>	<u>\$ 461,252</u>
 Total governmental activities		
General revenues:		
Property taxes:		
Levied for general purposes		
Levied for debt service		
Levied for capital improvements		
State aid - formula grants		
Recoveries and refunds		
Gain on disposition of assets		
Unrestricted investment earnings		
 Total general revenues and special items		
 Change in net assets		
 Net assets, beginning of year		
 Net assets - end of year		

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

Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Component Unit
\$ 4,980,855	\$ 9,768,140	\$ (12,689,723)	\$ (622,771)
1,649,737		(2,591,665)	(97,481)
493,124		(1,085,318)	(48,471)
493,897		(1,240,469)	(61,034)
296,364		(2,611,987)	(169,578)
		(1,493,734)	(19,457)
58,033	21,776	(5,011,354)	(55,954)
2,470,248		(131,193)	(181)
1,860,543		(261,739)	
9,410		-	
		(765,625)	
<u>\$ 12,312,211</u>	<u>\$ 9,789,916</u>	<u>\$ (27,882,807)</u>	<u>\$ (1,074,927)</u>
		\$ 201,172	\$ -
		2,431,147	
		870,443	
		34,674,884	1,144,558
		171,410	20,624
		203,219	
		441,235	
		<u>\$ 38,993,510</u>	<u>\$ 1,165,182</u>
		\$ 11,110,703	\$ 90,255
		50,362,702	253,072
		<u>\$ 61,473,405</u>	<u>\$ 343,327</u>

Deming Public Schools  
**BALANCE SHEETS**  
**GOVERNMENTAL FUNDS**  
June 30, 2008

	General Fund	Title I	State Grants	Columbus Elementary
<b>Assets</b>				
Cash and investments	\$ 3,073,459	\$ -	\$ 92,578	\$ -
Interest receivable	1,385			
Taxes receivable	16,541			
Inventory	224,171			
Due from other governments		715,586	387,628	
Notes receivable	9,533			
Interfund receivable			1,136	409,719
	<u>\$ 3,325,089</u>	<u>\$ 715,586</u>	<u>\$ 481,342</u>	<u>\$ 409,719</u>
Total assets	<u>\$ 3,325,089</u>	<u>\$ 715,586</u>	<u>\$ 481,342</u>	<u>\$ 409,719</u>
 <b>Liabilities and Fund Balances</b>				
Cash overdraft	\$ -	\$ 532,265	\$ -	\$ -
Accounts payable	196,420	7,922	24,405	409,719
Interfund payable	4,408	175,399	39,524	
Deferred revenue	16,813		266,837	
	<u>\$ 217,641</u>	<u>\$ 715,586</u>	<u>\$ 330,766</u>	<u>\$ 409,719</u>
Total liabilities	<u>\$ 217,641</u>	<u>\$ 715,586</u>	<u>\$ 330,766</u>	<u>\$ 409,719</u>
 Fund balance:				
Reserved for inventory	\$ 224,171	\$ -	\$ -	\$ -
Reserved for debt service				
Reserved for capital projects				
Unreserved, reported in:				
General fund	2,883,277			
Special revenue funds			150,576	
	<u>\$ 3,107,448</u>	<u>\$ -</u>	<u>\$ 150,576</u>	<u>\$ -</u>
Total fund balances	<u>\$ 3,107,448</u>	<u>\$ -</u>	<u>\$ 150,576</u>	<u>\$ -</u>
Total liabilities and fund balances	<u>\$ 3,325,089</u>	<u>\$ 715,586</u>	<u>\$ 481,342</u>	<u>\$ 409,719</u>

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



<u>Debt Service</u>	<u>Bond Building</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
\$ 2,386,353	\$ 5,648,305	\$ 1,924,770	\$ 13,125,465
	19		1,404
357,786		71,840	446,167
		21,490	245,661
		1,267,429	2,370,643
			9,533
		303,446	714,301
<u>\$ 2,744,139</u>	<u>\$ 5,648,324</u>	<u>\$ 3,588,975</u>	<u>\$ 16,913,174</u>
\$ -	\$ -	\$ 947,939	\$ 1,480,204
	70,387	125,481	834,334
	409,719	85,251	714,301
244,359		115,050	643,059
<u>\$ 244,359</u>	<u>\$ 480,106</u>	<u>\$ 1,273,721</u>	<u>\$ 3,671,898</u>
\$ -	\$ -	\$ 21,490	\$ 245,661
2,499,780			2,499,780
	5,168,218	898,734	6,066,952
			2,883,277
		1,395,030	1,545,606
<u>\$ 2,499,780</u>	<u>\$ 5,168,218</u>	<u>\$ 2,315,254</u>	<u>\$ 13,241,276</u>
<u>\$ 2,744,139</u>	<u>\$ 5,648,324</u>	<u>\$ 3,588,975</u>	<u>\$ 16,913,174</u>

Deming Public Schools  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE  
 TO NET ASSETS OF GOVERNMENTAL ACTIVITIES**  
 June 30, 2008

Total governmental fund balances	\$	13,241,276
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		66,903,865
Bond issue costs are capitalized and amortized over the life of the bonds		66,093
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property taxes subject to the 60 day availability period		302,756
Intergovernmental receivables subject to the 60 day availability period		317,171
Long-term liabilities, including bonds payable, compensated absences, lease-purchases payable and accrued interest payable are not due and payable in the current period and therefore are not reported in the funds:		
Notes payable		(50,000)
Bonds payable		(18,675,000)
Accrued interest payable		(286,845)
Compensated absences payable		(345,911)
		(19,357,856)
<i>Net Assets of Governmental Activities</i>	\$	61,473,405

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

Deming Public Schools  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
For the Fiscal Year Ended June 30, 2008

	General Fund	Title I	State Grants	Columbus Elementary
Revenues:				
Property taxes	\$ 200,486	\$ -	\$ -	\$ -
Fees and charges	561,246			
State aid	37,127,771		928,485	4,778,549
Federal aid	75,506	3,046,093		
Earnings on investments	37,852		1,410	
Miscellaneous	85,218		97,000	
Total revenues	\$ 38,088,079	\$ 3,046,093	\$ 1,026,895	\$ 4,778,549
Expenditures:				
Current:				
Instruction	\$ 21,646,415	\$ 2,506,444	\$ 458,071	\$ -
Support service - Students	3,165,699	134,682	186,112	
Support services - Instruction	963,085	41,419	123,673	
General administration	1,136,528	336,245	6,008	
School administration	2,420,520	1,687	44,862	
Central services	1,389,802			
Operation of plant	4,341,749	6,659	48,304	
Food service			43,579	
Transportation	1,994,463	1,722		
Community services				
Debt service:				
Principal				
Interest				
Capital outlay	44,866	17,235	65,446	7,301,605
Total expenditures	\$ 37,103,127	\$ 3,046,093	\$ 976,055	\$ 7,301,605
Revenues over (under) expenditures	\$ 984,952	\$ -	\$ 50,840	\$ (2,523,056)
Other financing sources (uses):				
Transfer out				
Transfer in				2,523,056
Net change in fund balances	\$ 984,952	\$ -	\$ 50,840	\$ -
Fund balance, July 1, 2007	2,122,496	-	99,736	-
Fund balance, June 30, 2008	\$ 3,107,448	\$ -	\$ 150,576	\$ -

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

Debt Service	Bond Building	Other Funds	Total Governmental Funds
\$ 2,428,083	\$ -	\$ 847,898	\$ 3,476,467
		65,607	626,853
		5,011,367	47,846,172
		5,641,914	8,763,513
9,189	380,394	12,390	441,235
		86,192	268,410
<u>\$ 2,437,272</u>	<u>\$ 380,394</u>	<u>\$ 11,665,368</u>	<u>\$ 61,422,650</u>
\$ -	\$ -	\$ 1,867,721	\$ 26,478,651
		556,943	4,043,436
		400,773	1,528,950
23,696		157,652	1,660,129
		294,677	2,761,746
			1,389,802
	76,296	345,952	4,818,960
		2,473,236	2,516,815
		2,369	1,998,554
		9,410	9,410
1,400,000	200,000		1,600,000
684,476			684,476
	216,947	8,283,280	15,929,379
<u>\$ 2,108,172</u>	<u>\$ 493,243</u>	<u>\$ 14,392,013</u>	<u>\$ 65,420,308</u>
\$ 329,100	\$ (112,849)	\$ (2,726,645)	\$ (3,997,658)
	(4,886,549)		(4,886,549)
		2,363,493	4,886,549
<u>\$ 329,100</u>	<u>\$ (4,999,398)</u>	<u>\$ (363,152)</u>	<u>\$ (3,997,658)</u>
<u>2,170,680</u>	<u>10,167,616</u>	<u>2,678,406</u>	<u>17,238,934</u>
<u><u>\$ 2,499,780</u></u>	<u><u>\$ 5,168,218</u></u>	<u><u>\$ 2,315,254</u></u>	<u><u>\$ 13,241,276</u></u>

Deming Public Schools  
**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
June 30, 2008

Net change in fund balances- total governmental funds \$ (3,997,658)

*Amounts reported for governmental activities in the statement of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:

Capital outlay	15,929,379
Depreciation expense	(2,474,575)

Bond and loan proceeds are reported as financing sources in the funds, In the Statement of Activities, however, issuing debt increased long term liabilities -

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the net change during the year:

Property taxes subject to the 60 day availability period	26,295
Intergovernmental grants subject to the 60 day availability period	145,832

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets 1,600,000

Bond issue costs are expenditures in the funds but are capitalized and amortized in the Statement of Activities:

Amortization	(5,635)
--------------	---------

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal. This is the basis in the assets disposed of. (37,888)

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. This is the net change during the year. (75,514)

Some expense reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the net change in compensated absences for the year. 467

*Change in Net Assets of Governmental Activities* \$ 11,110,703

Deming Public Schools  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30,2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
Federal sources	\$ -	\$ -	\$ 75,506	\$ 75,506
State sources	36,249,931	37,300,149	37,127,771	(172,378)
Local sources	529,053	529,053	841,861	312,808
Earnings on investments	62,600	62,600	41,488	(21,112)
<b>Total revenues</b>	<b>\$ 36,841,584</b>	<b>\$ 37,891,802</b>	<b>\$ 38,086,626</b>	<b>\$ 194,824</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Instruction	\$ 21,702,936	\$ 21,875,233	\$ 21,755,342	\$ 119,891
Support services - Students	3,644,400	3,664,948	3,149,022	515,926
Support services - Instruction	946,560	980,584	963,179	17,405
General administration	1,092,000	1,190,200	1,138,473	51,727
School administration	2,205,400	2,595,400	2,403,729	191,671
Central services	2,097,802	2,097,802	1,393,669	704,133
Operation of plant	4,062,100	4,516,335	4,363,757	152,578
Transportation	1,847,421	2,116,949	1,992,501	124,448
Capital outlay	531,027	142,413	44,866	97,547
Non-operating	169,662	169,662	-	169,662
<b>Total expenditures</b>	<b>\$ 38,299,308</b>	<b>\$ 39,349,526</b>	<b>\$ 37,204,538</b>	<b>\$ 2,144,988</b>
Revenues over (under) expenditures	\$ (1,457,724)	\$ (1,457,724)	\$ 882,088	\$ 2,339,812
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Net change in fund balance	\$ (1,457,724)	\$ (1,457,724)	\$ 882,088	\$ 2,339,812
Fund balance, July 1, 2007	1,457,724	1,457,724	2,191,371	733,647
Fund balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,073,459</u>	<u>\$ 3,073,459</u>

The accompanying notes are an integral part of these financial statements

Deming Public Schools  
**SPECIAL REVENUE FUND - TITLE I**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	<u>\$ 3,128,192</u>	<u>\$ 3,498,033</u>	<u>\$ 3,077,309</u>	<u>\$ (420,724)</u>
Expenditures:				
Current:				
Instruction	\$ 2,271,100	\$ 2,586,207	\$ 2,501,070	\$ 85,137
Support services - Students	30,000	80,000	144,010	(64,010)
Support services - Instruction	40,978	40,978	41,417	(439)
General administration	528,092	532,826	342,895	189,931
School administration	253,022	253,022	1,687	251,335
Operation of plant	-	-	6,622	(6,622)
Transportation	5,000	5,000	1,723	3,277
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 3,128,192</u>	<u>\$ 3,498,033</u>	<u>\$ 3,039,424</u>	<u>\$ 458,609</u>
Net change in fund balance	\$ -	\$ -	\$ 37,885	\$ 37,885
Fund balance, July 1, 2007	<u>-</u>	<u>-</u>	<u>(745,549)</u>	<u>(745,549)</u>
Fund balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (707,664)</u>	<u>\$ (707,664)</u>

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

Deming Public Schools  
**SPECIAL REVENUE FUND - VARIOUS STATE GRANTS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 60,011	\$ 1,362,751	\$ 907,354	\$ (455,397)
Local sources		212,147	97,000	(115,147)
Earnings on investments	-	-	-	-
 Total revenues	 <u>\$ 60,011</u>	 <u>\$ 1,574,898</u>	 <u>\$ 1,004,354</u>	 <u>\$ (570,544)</u>
Expenditures:				
Current:				
Instruction	\$ 16,432	\$ 642,680	\$ 506,644	\$ 136,036
Support services - Students		245,655	187,125	58,530
Support services - Instruction		171,128	138,060	33,068
General administration		10,687	4,799	5,888
School administration		51,435	44,862	6,573
Operational plant maintenance		314,545	50,009	264,536
Food service	43,579	43,579	43,579	-
Central services		95,189	-	95,189
Capital outlay		-	-	-
 Total expenditures	 <u>\$ 60,011</u>	 <u>\$ 1,574,898</u>	 <u>\$ 975,078</u>	 <u>\$ 599,820</u>
Net change in fund balance	\$ -	\$ -	\$ 29,276	\$ 29,276
Fund balance, July 1, 2007	-	-	63,302	63,302
Fund balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,578</u>	<u>\$ 92,578</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 50,840	
Revenue accruals (net)			(22,541)	
Expenditure accruals (net)			<u>977</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 29,276</u>	

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



Deming Public Schools  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
June 30, 2008

	<u>Agency</u>
<b>Assets</b>	
Cash and investments	<u>\$ 119,447</u>
Total assets	<u><u>\$ 119,447</u></u>
<b>Liabilities</b>	
Deposits held for others	<u>\$ 119,447</u>
Total liabilities	<u><u>\$ 119,447</u></u>

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

Deming Public Schools  
**NOTES TO FINANCIAL STATEMENTS**  
For The Fiscal Year Ended June 30, 2008

Note 1     **Summary of Significant Accounting Policies**

Deming Public Schools, organized under the laws of the State of New Mexico, operates under the school board-superintendent form of government. The System provides public education opportunities for children from first through twelfth grade, including but not limited to classroom and vocational studies; as well as school oriented social and athletic activities.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- For the first time the financial statements include:
  - \*\* A Management Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations.
  - \*\* Financial statements prepared using full accrual accounting for all of the District's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

The District implemented GASB 34 effective July 1, 2002. As a part of GASB's Statement No. 34, there is a new reporting requirement regarding the local government's infrastructure (roads, bridges, etc.). The District does not own any infrastructure assets and therefore is unaffected by this provision.

**A. REPORTING ENTITY**

These financial statements present the District (the primary government). As defined by GASBS No. 14, component units are legally separate entities that are included in the District's reporting entity because of the significance of their operating or financial relationships with the District. Based on the criterion in GASBS No. 14, the District had

one component unit, the Cesar Chavez Charter School which began operations in the 2006-2007 fiscal year. The District is the sponsoring school. The component unit is presented by a discrete presentation, with financial statements separate from the primary government. Separately issued financial statements can be obtained by writing to Cesar Chavez Charter High School at P.O. Box 1658, Deming, New Mexico 88031.

## **B. BASIS OF PRESENTATION**

### *Government-wide Financial Statements:*

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The District has no business-type activities.

### *Fund Financial Statements:*

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into two major categories: governmental, and fiduciary. An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type.

The funds of the financial reporting entity are described below:

### **Governmental Funds**

#### *General Fund*

The General Fund is the primary operating fund of the District and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds. Included in this fund are State sources provided for Student Transportation, (Transportation Sub-Fund), Books (Instructional Material Sub-Fund), and Student Activities (Non-Instructional Support Sub-Fund).

#### *Special Revenue Funds*

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

### *Capital Project Fund*

The Capital Project Fund is used to account for resources restricted for the acquisition or construction of specific capital projects or items.

### *Debt Service Fund*

The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principle on the general long-term debt of the District.

### *Fiduciary Funds*

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

Agency Funds account for assets held in a purely custodial capacity. Since agency funds are custodial in nature (i.e.) assets equal liabilities, they do not involve the measurements of results of operations.

The emphasis in fund financial statements is on the major funds in the governmental category. Nonmajor funds are summarized into a single column.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated in to the government-wide statements.

### *Major Fund Descriptions*

General – See above description.

Title I - accounts for federal resources for the improvement of educational opportunities for deprived children, and is a Special Revenue Fund.

State Grants account for various state grants received by the District. Authorization is the Board of Education, and is a Special Revenue Fund.

Columbus Elementary – accounts for the state funding to build the new school, and is a Capital Projects Fund.

Debt Service – See above description.

Bond Building accounts for bond proceeds along with other funding to be utilized for construction of facilities, and is a Capital Project Fund.

## **C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

### **Measurement Focus**

On the government-wide Statement of Net Assets and the Statement of Activities, governmental activities are presented using the economic resources measurement focus as defined in item “b” below.

In the fund financial statements, the “current financial resources” measurement focus is used.

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The government-wide financial statements and Agency Funds utilize an “economic resources” measurement focus measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

### **BASIS OF ACCOUNTING**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

#### **1. Accrual:**

The government-wide financial statements and the fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

#### **2. Modified Accrual:**

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Available” means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Substantially all governmental fund revenues are accrued. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

Property tax receivables are recognized net of estimated refunds and uncollectible amounts in the period for which the taxes are levied, even if they are not available. Property taxes not collected within 60 days of year end are reported as deferred revenue. Property taxes are considered fully collectible.

In the government-wide Statement of Net Assets, the governmental activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The District first utilizes restricted resources when an expense is incurred and for purposes for which both restricted and unrestricted net assets are available.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Charges for services include revenues based on exchange or exchange-like transactions. These revenues arise from charges to customers or applicants who purchase use or directly benefit from the goods, services or privileges provided. Revenues in this category include fees charged for specific services, such as attendance at athletic events, food service, copies and auxiliary services. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (property taxes, intergovernmental revenues, interest income, etc.).

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

#### **D. BUDGETS**

Budgets for the General, Special Revenue, Debt Service and Capital Projects Funds are prepared by management and approved by the local school board and the Public Finance School Division of the Department of Education. The District has three Capital Projects Funds, Memorial Elementary, Columbus Elementary and Smith/Martin Elementary projects, where vendors are paid directly by the State of New Mexico. No budget statements are presented for these funds.

These budgets are prepared on the NON-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

Actual expenditures may not exceed the budget on a functional category basis, i.e., each budgeted expenditure must be within budgeted amounts. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a "series", this may be accomplished with only local Board of Education approval. If a transfer between "series" or a budget increase is required, approval must also be obtained from Public Education Department.

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

#### **E. CASH AND INVESTMENTS**

Cash includes amounts in demand deposits as well as short-term investments with a maturity of six months from the date acquired by the government. State statutes authorize the government to invest in obligations of the U.S. Treasury, interest-bearing accounts with local financial institutions and the State Treasurer Pool.

New Mexico Statutes require that financial institutions with public monies on deposit pledge collateral, to the owners of such monies, in an amount not less than 50% of the public monies held on deposit. Collateral pledged is held in safekeeping by other financial institutions, with safekeeping receipts held by the District. The pledged securities remain in the name of the financial institution. Repurchase agreements are required to be collateralized 102%.

#### **F. INVENTORIES**

Except for U.S.D.A. commodities, which are shown at estimated value, inventories are valued at cost (first-in, first-out). Inventory in the Cafeteria Fund consists mainly of food items. Inventories, in other governmental fund types, consist primarily of supply-type assets.

#### **G. CAPITAL ASSETS**

Capital assets purchased or acquired with an original cost of \$5,000.00 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Software and library resources	3-5 years
Machinery and equipment	5-10 years
Improvements	10-20 years

The accounting treatment over property, plant and equipment depends on whether they are reported in the government-wide financial statements or fund financial

statements. In the government-wide financial statements, capital assets are accounted for as capital assets. In the fund financial statements, capital assets are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

#### **H. LONG-TERM DEBT**

The accounting treatment of long-term debt depends on whether the assets are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable, accrued compensated absences, and lease purchases.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures.

#### **I. COMPENSATED ABSENCES**

The District's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources. These liabilities have typically been liquidated from general fund resources.

#### **J. EQUITY CLASSIFICATIONS**

##### *Government-wide Statements*

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.



- c. Unrestricted net assets - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

#### *Fund Statements*

Equity is classified as fund balance and displayed in two components:

- a. Reserved – Consists of governmental fund balances that are not appropriable, legally segregated for specific usage, or commitments to outside third parties.
- b. Unreserved- Consists of designations of amounts representing tentative management plans for governmental fund balances, but subject to change (Designated), and undesignated, for which no restrictions or designations exist.

#### **K. PROPERTY TAX**

Property taxes attach as an enforceable lien on property as of January 1. Property tax rates for the year are set no later than September 1 each year by the Secretary of Finance and Administration. The rates of tax are then used by County Assessors to develop the property tax schedule by October 1. Taxes are payable in equal semiannual installments by November 10 and April 10 of the subsequent year and become delinquent 30 days later. Taxes are collected on behalf of the District by the County Treasurer, and are remitted to the District in the month following collection. Because the Treasurer of the County in which the District is located is statutorily required to collect taxes as an intermediary agency for all forms of government, distribution of taxes are made through the applicable county to the District.

The District is permitted to levy taxes for general operating purposes up to \$.50 per \$1,000 of taxable value for both residential and nonresidential property, taxable value being defined as one third of the fully assessed value. In addition, the District is allowed to levy taxes for payments of bond principal and interest in amounts approved by voters of the District, as well as a Two Mill Levy for District improvements. The District's total tax rate to finance general government services for the year ended June 30, 2008 was \$.500 per \$1,000 for non-residential property and \$.412 for residential property. The District's tax rate for debt service was \$5.586 per \$1,000 for both residential and nonresidential property. The District's tax rate for District improvements was \$2.00 per \$1,000 for residential and \$2.00 for nonresidential property.

#### **L. INTERFUND ACTIVITY**

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Interfund activity between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

**M. USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 Custodial Credit Risk

Custodial credit risk is the risk 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 credit risk beyond that disclosed in Note 1. As of June 30, 2008 \$2,734,988 of the governments bank balance of \$10,362,614 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 2,734,988</u>
--------------------------------	---------------------

The State Treasurer Local Government Investment Pool is not SEC registered. The State Treasurer, with the advice and consent of the State Board of Finance, is authorized to invest money held in the short-term investment fund in accordance with Section 6-10-10I through 6-10-10P and Sections 6-10-10.1 A and E, NMSA 1978. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments.

The pool does not have unit shares. Per Section 6-10-10.IF, 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.

Investments are valued at fair value based on quoted market prices as of the valuation date.

Participation in the pool is voluntary. The District had \$709,563 on deposit in the pool at June 30, 2008, which is AAAM rated with a weighted average maturity of 19 days.

Note 3 Investments

At June 30, 2008, the District had the following investments:

<u>Investment Type</u>	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Months)</u>
Federal Home Loan Notes	\$ 2,802,483	\$ 2,809,980	5.31
U.S. Government Money Market	<u>2,477,819</u>	<u>2,477,819</u>	N/A
Total investments	<u>\$ 5,280,302</u>	<u>\$ 5,287,799</u>	
Portfolio weighted average maturity			5.31

The District has elected to report its investments at amortized cost, since all investments have a maturity date of less than one year at time of purchase.

*Interest Rate Risk* – The District limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates by limiting the weighted average maturity of its investment portfolio to less than one year.

*Credit Risk* – The District has no investment policy beyond that prescribed by New Mexico law. The District’s investment in Federal Home Loan Notes was rated A-1+ by Standards & Poors, and P-1 by Moody’s.

*Concentration of Credit Risk* – The District places no limits on the amount it may invest in any one issuer. The District currently has 54% invested in Federal Home Loan notes, and 46% invested in U.S. Government securities.

*Custodial Credit Risk* – The District is not subject to custodial credit risk for its investments, since all are held in the name of the District.

Note 4 Capital Assets

Capital asset activity for the year ended June 30, 2008, was as follows:

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2008</u>
Capital assets not being depreciated:				
Land	\$ 2,325,734	\$ -0-	\$ 17,048	\$ 2,308,686
Construction in progress	<u>10,690,898</u>	<u>13,688,056</u>	<u>16,008,732</u>	<u>8,370,222</u>
Total assets not being depreciated	<u>\$ 13,016,632</u>	<u>\$13,688,056</u>	<u>\$ 16,025,780</u>	<u>\$ 10,678,908</u>
Other capital assets:				
Building and improvements	\$ 57,732,254	\$16,120,094	\$ 125,656	\$ 73,726,692
Land improvements	1,789,026	1,888,681	-0-	3,677,707
Furniture and equipment	<u>9,751,430</u>	<u>241,281</u>	<u>308,604</u>	<u>9,684,107</u>
Total other capital assets at historical cost	<u>\$ 69,272,710</u>	<u>\$18,250,056</u>	<u>\$ 434,260</u>	<u>\$ 87,088,506</u>
Less accumulated depreciation for:				
Buildings and improvements	\$(20,000,996)	\$(1,757,295)	\$(104,989)	\$(21,653,302)
Land improvements	(671,643)	(176,279)	-0-	(847,922)
Furniture and equipment	<u>(8,129,754)</u>	<u>(541,002)</u>	<u>(308,431)</u>	<u>(8,362,325)</u>
Total accumulated depreciation	<u>\$(28,802,393)</u>	<u>\$(2,474,576)</u>	<u>\$(413,420)</u>	<u>\$(30,863,549)</u>

Other capital assets, net	<u>\$ 40,470,317</u>	<u>\$15,775,480</u>	<u>\$ 20,840</u>	<u>\$ 56,224,957</u>
Total capital assets, net	<u>\$ 53,486,949</u>	<u>\$29,463,536</u>	<u>\$16,046,620</u>	<u>\$ 66,903,865</u>

The District has additional commitments of approximately \$8,000,000 under various construction projects in progress.

Depreciation expense was charged to the governmental activities as follows:

Instruction	\$ 1,385,762
Support Services - Students	197,966
Support Services - Instruction	49,492
General Administration	74,237
School Administration	146,605
Central Services	103,932
Operation of plant	272,203
Food Services	120,650
Transportation	<u>123,729</u>
	<u>\$ 2,474,576</u>

Note 5 Long-term Debt

Changes in long-term debt were as follows during the year end June 30, 2008:

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2008</u>
G.O. Bonds, series 1998	\$ 500,000	\$	\$ 500,000	\$ -0-
G.O. Bonds, series 1998	3,275,000		600,000	2,675,000
G.O. Bonds, series 2003	5,300,000		275,000	5,025,000
Compensated absences payable	346,378	346,572	347,039	345,911
G.O. Bonds, series 2006	5,000,000		25,000	4,975,000
G.O. Bonds, series 2007	6,000,000			6,000,000
Notes payable	<u>250,000</u>		<u>250,000</u>	<u>-0-</u>
	<u>\$20,671,378</u>	<u>\$ 346,572</u>	<u>\$1,997,039</u>	<u>\$19,020,911</u>

Annual debt service for bonds payable requirements are as follows:

Due in fiscal year ending June 30:

	<u>Principal</u>	<u>Interest</u>
2009	\$ 1,500,000	\$ 672,325
2010	1,475,000	607,725
2011	1,550,000	540,069
2012	1,800,000	475,225
2013	1,300,000	423,000
2014-2018	7,350,000	1,370,262
2019-2022	<u>3,700,000</u>	<u>164,900</u>
	<u>\$18,675,000</u>	<u>\$ 4,253,506</u>

No compensated absences are considered due and payable in the next fiscal year.

On March 1, 1998, the District issued \$2,000,000 in general obligation bonds with interest rates 4.1% and 4.3% for the purpose of erecting, remodeling, making additions to and furnishing school buildings, or purchasing or improving school grounds and purchasing computer software and hardware for student use in public school classrooms, or any combination of these purposes. Principal payments are due on August 1<sup>st</sup> of each year. The interest payments are due on August 1<sup>st</sup> and February 1<sup>st</sup>. The bonds mature August 1<sup>st</sup>, 2007. The bonds and bond interest for all bond issues are paid from property taxes levied. The general obligation bonds are direct obligations and pledge the full faith and credit of the District, and are to be retired through property tax levies. Bonds totaling \$-0- are due in the next fiscal year. Bonds were fully retired.

July 1, 1998, the District issued \$5,000,000 in general obligation bonds with the interest rates 4% and 4.5% for the purpose of erecting, remodeling, making additions to and furnishing school buildings, or purchasing or improving school grounds and purchasing computer software and hardware for student use in public school classrooms, or any combination of these purposes. Principal payments are due on August 1<sup>st</sup> of each year. The interest payments are due on August 1<sup>st</sup> and February 1<sup>st</sup>. The bonds mature August 1, 2007. The bonds and bond interest for all bond issues are paid from property taxes levied. The general obligation bonds are direct obligations and pledge the full faith and credit of the District, and are to be retired through property tax levies. Bonds totaling \$950,000 are due in the next fiscal year.

April 15, 2003, the District issued \$5,700,000 in general obligation bonds with the interest rates at 2.5% and 3.45% for the purpose of building a new elementary school. Principal payments are due on August 1<sup>st</sup> of every year, with first principal payment due August 1, 2005. Interest payments are due February 1<sup>st</sup> and August 1<sup>st</sup>. The bonds mature August 1, 2015. The bonds and bond interest for all bond issues are paid from property taxes levied. The general obligation bonds are direct obligations and pledge the full faith and credit of the District, and are to be retired through property tax levied. Bonds totaling \$200,000 are due in the next fiscal year.

On May 15, 2006, the District issued \$5,000,000 in general obligation bonds with interest

rates 3.5% to 3.95% for the purpose of erecting, remodeling, making additions to and furnishing school building, or purchasing or improving school grounds and purchasing computer software and hardware for student use in public schools classrooms or any combination of these purposes. Principal payments are due August 1<sup>st</sup> of each year. The interest payments are due on August 1<sup>st</sup> and February 1<sup>st</sup>. The bonds mature August 1, 2021. The bonds and bond interest for all bond issues are paid from property taxes levied. The general obligation bonds are direct obligations and pledge the full faith and credit of the District, and are to be retired through property tax levies. Bonds totaling \$50,000 are due in the next fiscal year.

On April 17, 2007 the District issued \$6,000,000 in general obligation bonds with interest rates 3.55% to 5.00% for the purpose of erecting, remodeling, making additions to and furnishing school building, or purchasing or improving school grounds and purchasing computer software and hardware for student use in public schools classrooms or any combination of these purposes. Principal payments are due August 1<sup>st</sup> of each year. The interest payments are due on August 1<sup>st</sup> and February 1<sup>st</sup>. The bonds mature August 1, 2019. The bonds and bond interest for all bond issues are paid from property taxes levied. The general obligation bonds are direct obligations and pledge the full faith and credit of the District, and are to be retired through property tax levies. Bonds totaling \$300,000 are due in the next fiscal year.

In 2007, the District purchased land. Payments of \$250,000, without interest, are payable in the 2007-2008 fiscal year.

Note 6 Retirement Plan

Plan Description

Substantially all of the Deming Public Schools full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11 NMSA 1978). The Educational Retirement Board (ERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits and cost-of-living adjustments to plan members and beneficiaries. ERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to ERA, P.O. Box 26129, Santa Fe, New Mexico 87502.

Funding Policy

Plan members are required to contribute 7.75% of their gross salary. The Deming Public Schools are required to contribute 10.15% of the gross covered salary. The contribution requirements of plan members and the Deming Public Schools are established in Chapter 22, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Deming Public Schools contributions to ERA for the years ending June 30, 2008, 2007, and 2006 were \$4,723,983 \$4,267,803, and \$3,820,975 respectively, equal to the amount of the required contributions for each year.

Note 7 Retiree Health Care Act Contributions

The Retiree Health Care Act (Act) (Chapter 10, Article 7C NMSA 1978) provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The Retiree Health Care Authority is the administrator of the plan.

The purpose is to provide eligible retirees, their spouses, dependents, and surviving spouses and dependents with health insurance consisting of a plan, or optional plans, of benefits that can be purchased by funds flowing into the Retiree Health Care Fund and by co-payments or out-of-pocket payments of eligible retirees.

Monies flow to the Retiree Health Care Fund on a pay-as-you-go basis from eligible employers and eligible retirees. Eligible employers consist of institutions of higher education, school districts, or other entities participating in the Public School Insurance Authority, state agencies, state courts, magistrate courts, municipalities or counties, which are affiliated under or covered by the Educational Retirement Act, Public Employees Retirement Act, Volunteer Firefighters Retirement Act, Judicial Retirement Act or the Magistrate Retirement Act.

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 Retiree Health Care Act on the person's behalf, unless that person retires before the employer's NMRHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; (2) retirees defined by the Act who retired prior to July 1, 1990; and former legislators who served at least two years.

Each participating employer makes contributions to the fund in the amount of 1.3 percent of each participating employee's annual salary. Each employee contributes to the fund an employee contribution equal to .65 percent of the employee's salary. Each participating retiree pays a monthly premium for the medical plus basic life plan and an additional participation fee of five dollars (\$5.00) if the eligible participant retired prior to the employer's NMRHCA effective date or is a former legislator. Participants may also enroll in optional plans of coverage.

Contributions from participating employers and participating employees become the property of the Retiree Health Care Fund and are not refundable under any circumstances, including termination of employment or termination of the participating employer's operation or participation in the Retiree Health Care Act. The employer, employee, and retiree contributions are required to be remitted to the Retiree Health Care Authority on a monthly basis.

The Retiree Health Care Authority issues a separate, publicly available audited financial report that includes post employment benefit expenditures of premiums and claims paid, participant contributions (employer, employee, and retiree), and net expenditures for the fiscal year. The report also includes the approximate number of retirees participating in the plan. That report may be obtained by writing to the Retiree Health Care Authority, 4308 Carlisle Blvd., N.E. Suite 104, Albuquerque, New Mexico 87107

For the fiscal year ended June 30, 2008, the Deming Public Schools remitted \$330,931 in employer contributions and \$165,473 in employee contributions to the Retiree Health Care Authority.

#### Note 8 Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Because the District was unable to obtain general liability insurance at a cost it considered to

be economically justifiable, it joined together with other school districts in the State and obtained insurance coverage with New Mexico Public Schools Insurance Authority, a public entity risk pool currently operating as a common risk management and insurance program for member school districts. The District pays an annual premium to New Mexico Public Schools Insurance Authority for its general insurance coverage, and all risk of loss is transferred.

The New Mexico Public Schools Insurance Authority is self-insured for property and liability losses below \$250,000 and purchases excess insurance above the self-insured retention. The self-insured retention aggregate for property is set at \$2,000,000 with a \$1,000,000 stop loss. The self-insured retention aggregate for liability is \$3,000,000 with a \$1,000,000 stop loss.

Note 9 Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

Note 10 Budgetary Reconciliations

The Statements of Revenues, Expenditures and Changes in Changes in Net Assets Budget (NON-GAAP Budgetary Basis) and Actual, General and Major Special Revenue Funds present comparisons of legally adopted budgets with actual data on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of changes in net assets by General and Major Special Revenue Funds for the year ended June 30, 2008 is as follows:

	<u>General</u>	<u>Title I</u>	<u>State Grants</u>
Changes in net assets GAAP basis	\$ 984,952	\$ -0-	\$ 50,840
Increases (decreases):			
Revenue accruals (net)	(1,453)	31,216	(22,541)
Expenditure accruals (net)	(101,411)	6,669	977
Other financing sources (uses)	<u>                    </u>	<u>                    </u>	<u>                    </u>
Changes in net assets (NON-GAAP budgetary basis)	<u>\$ 882,088</u>	<u>\$ 37,885</u>	<u>\$ 29,276</u>

Note 11 Deficit Fund Balances

The District had no deficit fund balances. Deficits occur due to the accrual of accounts payable and the 60 day limitation on revenue recognition required by the modified accrual basis of accounting. As liabilities are paid and revenue collected in subsequent periods, the deficit will be reduced.



Note 12 Interfund Activity

Interfund balances at June 30, 2008, consisted of the following:

	<u>Interfund Payable</u>			
<u>Interfund Receivable</u>	<u>General</u>	<u>State Grants</u>	<u>All Others</u>	<u>Total</u>
All others	\$ 4,408	\$ 39,524	\$ 85,251	\$ 129,183
Total	<u>\$ 4,408</u>	<u>\$ 39,524</u>	<u>\$ 85,251</u>	<u>\$ 129,183</u>

All amounts are expected to be repaid within one year. The purposes of the loans was to provide cash for operating purposes.

<u>Transfers To</u>	<u>Transfers From</u>
	<u>Bond Building</u>
Columbus Elementary	\$ 2,523,056
Other Funds	<u>2,363,493</u>
	<u>\$ 4,886,549</u>

Transfers were made to fund construction projects.

Note 13 Restricted Net Assets

At June 30, 2008, net assets restricted for other purposes included the following balances in special revenue funds:

SB-9	\$ 653,950
Cafeteria	628,722
State grants	150,576
Other	330,974
Medicaid	<u>120,828</u>
	<u>\$ 1,885,050</u>

Note 14 Budgetary Authority

The District exceeded budgetary authority in the following functional categories:

Title I:	
Support Services – Students	\$ 64,010
Support Services – Instruction	439
Operation of Plant	6,322
General Fund Operational:	
Support Services – Instruction	3,417
Title I Migrant:	
Support Services- Students	2,233
General Administration	2,066
Operation of Plant	230
Transportation	539
Education of Homeless:	
Support Services – Students	72,334
Transportation	681
English Language Acquisition:	
Instruction	1,784
Support Services-Students	3,653
School Administration	1,770
Title IV:	
Support Services – Students	1,561
Entitlement:	
Support Services – Students	57,886
Literacy through School:	
General Administration	545
Debt Service:	
Interest	15
Bond Building:	
Operation of Plant	76,296
Public School Capital Outlay:	
Capital Outlay	44,593

The District intends to review its budget adjustment request policy to avoid excesses in the future.

## GENERAL FUND

**General Fund** - to account for resources traditionally associated with governments which are not required to be accounted for in another fund. Revenues and expenditures of the operational, transportation, and auxiliary student activity accounts are accounted for in this fund.

## SPECIAL REVENUE FUNDS

**Cafeteria** - fund used to account for revenues generated by the District as well as the federal assistance received and the related expenditures necessary to provide food services for the district. Required by the New Mexico Department of Education Manual of Procedures for New Mexico School Districts to be accounted for as a separate fund within the Special Revenue Funds (PSAB, Supplement 17).

**Athletics** - to account for the revenues received, and the related expenditures incurred, by the District related to athletic functions (PSAB, Supplement 3).

**Title I** - fund used to account for federal resources administered by the New Mexico State Department of Education to provide assistance to educationally deprived students in low-income areas of the District. Required by the New Mexico Department of Education Manual of Procedures for New Mexico School Districts to be accounted for as a separate fund within the Special Revenue Funds (P.L. 103-382).

**Entitlement/Competitive/Discretionary** - fund used to account for federal resources administered by the New Mexico State Department of Education to provide for the special education needs of handicapped children three to five years old. Required by the New Mexico Department of Education Manual of Procedures for New Mexico School Districts to be accounted for as a separate fund within the Special Revenue Funds (P.L. 94-142 and P.L. 99-457).

**Pre-School** - fund used to account for federal resources administered by the New Mexico State Department of Education to provide for the special education needs of handicapped children three to five years old. Required by the New Mexico Department of Education Manual of Procedures for New Mexico School Districts to be accounted for as a separate fund within the Special Revenue Funds (P.L. 94-142 and P.L. 99-457).

**Drug Free Schools** - fund used to account for federal resources administered by the New Mexico State Department of Education to provide an integrated approach in the school curriculum to aid in drug abuse education and prevention. Required by the New Mexico Department of Education Manual of Procedures for New Mexico School Districts to be accounted for as a separate fund within the Special Revenue Funds (P.L. 103-382).

**Carl Perkins** - fund used to account for federal resources for support for vocational and technical education programs that improve the academic, vocational, and technical skills of students (Carl D. Perkins Vocational and Applied Technology Education Act of 1988, P.L. 105-332).

**Reading First** - grant from the Federal Government administered by the New Mexico State Department of Education to help improve the reading skills of pre-kindergarten through third grade children (HR2614).

**Medicaid** - to account for the federal assistance to improve primary health care and increase health education (P.L. 105-33).

**SB-9** - created by state law to account for the District tax levy restricted solely for use in improvements to the physical plant. (NMSA 1978 22-25-1).

**Immigrant Funding** – to assist LEA's with rehabilitation services for immigrants. Authorization is Rehabilitation Act of 1973.

**Enhancing Education** – created by specific authority to support a system for the acquisition and use of technology and technology enhanced curricular for elementary and secondary schools. (Section 2411 et. Seq. of P.L. 107-110, 115 Statute 1673).

**Teacher Training** – created by P.L. 107-110 to improve teacher and principal quality and ensure that all teachers are highly qualified.

**English Language Acquisition** – created to improve the education of limited English proficient children and youths by helping them learn English. (ESEA as amended by the No Child Left Behind Act P.L. No. 107-110).

**Innovation Programs** – created by P.L. 107-110 to account for the federal assistance provided to the District to meet the educational needs of all students, including at-risk youths.

**Rural Schools** – created to provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. (Elementary and Secondary Education Act of 1965 (ESEA), Title VI, Part B, as amended).

**Migrant** – fund used to account for federal assistance administered by the New Mexico State Department of Education for migrant education. Required by the New Mexico Department of Education Manual of Procedures for New Mexico School Districts to be accounted for as a separate fund within the Special Revenue Funds (P.L. 103-382).

**Education of Homeless** – fund used to account for federal resources administered by the New Mexico State Department of Education to provide comprehensive services to homeless children and youth and their families, and expedited evaluations of homeless children's needs to help facilitate enrollment, attendance, and success in school (Stewart B. McKinney Homeless Assistance Act of 1987).

**Comprehensive School Reform** – fund used to account for federal resources administered by the New Mexico State Department of Education to the individual schools that are in need of substantially improving student achievement for the development of educational programs based on reliable research and effective practices (P.L. 105-78).

**Emergency Food** – fund used to account for federal resources administered by the New Mexico State Department of Education to provide for supportive services to the needy. (P.L. 100-77)

**R.O.T.C.** – fund used to account for federal resources administered by the Department of the Army for the cadet command training for the Reserve Officers Training Command (Department of the Army and Deming Public School Board).

**State Grants** – various State grants received by the District. Authorization is the Board of Education.

**School Improvement** - to account for monies received from an award for high improving schools provided by the Statement of New Mexico for the purpose of identifying special needs at awarded locations and to purchase items to improve those schools.

**Child and Adult Food** – created by the National School Lunch Act, this fund is designed to initiate and maintain nonprofit food service programs for children.

**Energy Efficiency** - fund used to upgrade the District's facilities and to reduce energy and operational costs.

**Literacy Through School** - to provide students with increased access to up-to-date school library materials, a well equipped, well trained, professionally certified school library media specialists to improve literary skills. Authority Elementary and Secondary Education Act of 1965 Title I, Part B, Subpart 4.

**Emergency Response Plan** - to enhance the Nation's efforts to present the illegal use of drugs and violence and preparedness activities. Authority Elementary and Secondary Education Act, Title IV, Part A, Subpart 2 as amended, Sections 47140.

**Goals 2000** - to account for federal resources received under the provisions of the Educate America Act (P.L. 103-227).

**Title II** - to account for federal resources administered by the State Department of Education to provide training and in-service for math and science teachers. Authority for creation is New Mexico Department of Education Manual of Procedures for New Mexico School Districts and P.L. 103-382.

**Emergency Immigrant** - to account for federal resources to be used to improve immigrant education. Authorization is Elementary and Secondary Education Act of 1965.

**Reading Excellence** - to account for federal grant administered by New Mexico State Department of Education to help improve the reading skills of pre-kindergarten through third grade children (HR 2614).

**Education Technology** - the purpose of this grant is to assist the District to develop and implement a strategic, long-term plan for utilizing educational technology in the School System Authority for creation NMSA 22-15A-1 to 22-1.5A-10.

**Teacher Quality** - to account for the federal resources to be used to improve teacher quality. Authorization is P.L. 105-244.

**School Improvement** - to account for monies received from an award for high improving schools provided by the State of New Mexico for the purpose of identifying special needs at awarded locations and to purchase items to improve those schools.

#### **DEBT SERVICE FUND**

**Interest and Principal** - to account for the resources restricted for the payment of interest obligations on general long-term debt and for the retirement of general obligation bonds as they mature.

## CAPITAL PROJECTS FUNDS

**Special Capital Outlay-State** – to account for the state resources to be used for specific construction projects.

**Red Mountain School/Memorial School/Smith Martin/Columbus Elementary** – to account for the state funding to build the various new schools within the District. These projects are funded through direct funding from PSFA.

**Bond Building** - to account for bond proceeds and any interest earned thereon. Proceeds are restricted for the purpose of making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof, as approved by the voters of the District.

## AGENCY FUNDS

**Agency Fund** – to account for monies held in a custodial account (assets equal liabilities) for the benefit of others. Individual accounts are identified by name in the supporting schedule section of this report.

Deming Public Schools  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
June 30, 2008

	Special Revenue Funds		
	Cafeteria	Athletics	Migrant
<b>Assets</b>			
Cash and investments	\$ 410,876	\$ 13,020	\$ -
Taxes receivable			
Inventory	21,490		
Interfund receivable	8,967		
Due from other governments	245,254		151,661
<b>Total assets</b>	<b>\$ 686,587</b>	<b>\$ 13,020</b>	<b>\$ 151,661</b>
<b>Liabilities and Fund Balances</b>			
Cash overdraft	\$ -	\$ -	\$ 151,574
Accounts payable	57,865		87
Interfund payable			
Deferred revenue			
<b>Total liabilities</b>	<b>\$ 57,865</b>	<b>\$ -</b>	<b>\$ 151,661</b>
Fund balance:			
Reserved for inventory	\$ 21,490	\$ -	\$ -
Reserved for capital projects			
Unreserved	607,232	13,020	
<b>Total fund balances</b>	<b>\$ 628,722</b>	<b>\$ 13,020</b>	<b>\$ -</b>
<b>Total liabilities and fund balances</b>	<b>\$ 686,587</b>	<b>\$ 13,020</b>	<b>\$ 151,661</b>

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

Special Revenue Funds

Idea B Competitive	Entitlement	Discretionary	School Literacy	Emergency Response	ROTC
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3,564	11,537 156,324	1,821	3,420	9,760	852
<u>\$ 3,564</u>	<u>\$ 167,861</u>	<u>\$ 1,821</u>	<u>\$ 3,420</u>	<u>\$ 9,760</u>	<u>\$ 852</u>
\$ 3,564	\$ 166,212 1,649	\$ 1,821	\$ 3,420	\$ 8,507 1,253	\$ 852
<u>\$ 3,564</u>	<u>\$ 167,861</u>	<u>\$ 1,821</u>	<u>\$ 3,420</u>	<u>\$ 9,760</u>	<u>\$ 852</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 3,564</u>	<u>\$ 167,861</u>	<u>\$ 1,821</u>	<u>\$ 3,420</u>	<u>\$ 9,760</u>	<u>\$ 852</u>



Deming Public Schools  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS (continued)**  
 June 30, 2008

	Special Revenue Funds			
	Preschool	Goals 2000	Education of Homeless	Title II
<b>Assets</b>				
Cash and investments	\$ -	\$ -	\$ -	\$ -
Taxes receivable				
Inventory				
Interfund receivable		2,843		619
Due from other governments	4,510		38,351	
<b>Total assets</b>	<b>\$ 4,510</b>	<b>\$ 2,843</b>	<b>\$ 38,351</b>	<b>\$ 619</b>
<b>Liabilities and Fund Balances</b>				
Cash overdraft	\$ 4,190	\$ -	\$ 38,228	\$ -
Accounts payable	320		123	
Interfund payable				
Deferred revenue		2,843		619
<b>Total liabilities</b>	<b>\$ 4,510</b>	<b>\$ 2,843</b>	<b>\$ 38,351</b>	<b>\$ 619</b>
<b>Fund balance:</b>				
Reserved for inventory	\$ -	\$ -	\$ -	\$ -
Reserved for capital projects				
Unreserved				
<b>Total fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,510</b>	<b>\$ 2,843</b>	<b>\$ 38,351</b>	<b>\$ 619</b>

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

Special Revenue Funds

Emergency Immigrant	Carl Perkins	Enhancing Education	School Reform	Education Technology	Title III Incentive
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,253	60,658	28,806	31,309	69,382	6,596
<u>\$ 1,253</u>	<u>\$ 60,658</u>	<u>\$ 28,806</u>	<u>\$ 31,309</u>	<u>\$ 69,382</u>	<u>\$ 6,596</u>
\$ -	\$ 60,300 358	\$ - 14,852	\$ 23,044 8,265	\$ 69,382	\$ 6,596
1,253	60,658	13,954	31,309	69,382	6,596
<u>\$ 1,253</u>	<u>\$ 60,658</u>	<u>\$ 28,806</u>	<u>\$ 31,309</u>	<u>\$ 69,382</u>	<u>\$ 6,596</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 1,253</u>	<u>\$ 60,658</u>	<u>\$ 28,806</u>	<u>\$ 31,309</u>	<u>\$ 69,382</u>	<u>\$ 6,596</u>

Deming Public Schools  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS (continued)**  
 June 30, 2008

	Special Revenue Funds			
	Reading Excellence	Innovative Programs	English Language	Teacher Training
<b>Assets</b>				
Cash and investments	\$ -	\$ -	\$ -	\$ -
Taxes receivable				
Inventory				
Interfund receivable	2,023		7,428	64,885
Due from other governments		410	100,139	148,552
<b>Total assets</b>	<b>\$ 2,023</b>	<b>\$ 410</b>	<b>\$ 107,567</b>	<b>\$ 213,437</b>
<b>Liabilities and Fund Balances</b>				
Cash overdraft	\$ -	\$ 410	\$ -	\$ 213,437
Accounts payable			39,548	
Interfund payable			68,019	
Deferred revenue	2,023			
<b>Total liabilities</b>	<b>\$ 2,023</b>	<b>\$ 410</b>	<b>\$ 107,567</b>	<b>\$ 213,437</b>
<b>Fund balance:</b>				
Reserved for inventory	\$ -	\$ -	\$ -	\$ -
Reserved for capital projects				
Unreserved				
<b>Total fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,023</b>	<b>\$ 410</b>	<b>\$ 107,567</b>	<b>\$ 213,437</b>

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

Special Revenue Funds

Teacher Quality	Safe and Drug Free	Rural Schools	Reading First	School Improvement	Emergency Food
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	3,134				2,437
	<u>27,366</u>	<u>66,664</u>	<u>26,126</u>	<u>34,004</u>	
<u>\$ 3</u>	<u>\$ 30,500</u>	<u>\$ 66,664</u>	<u>\$ 26,126</u>	<u>\$ 34,004</u>	<u>\$ 2,437</u>
\$ -	\$ 30,171	\$ 66,196	\$ 26,126	\$ 34,004	\$ -
	329	468			
3					<u>2,437</u>
<u>\$ 3</u>	<u>\$ 30,500</u>	<u>\$ 66,664</u>	<u>\$ 26,126</u>	<u>\$ 34,004</u>	<u>\$ 2,437</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 3</u>	<u>\$ 30,500</u>	<u>\$ 66,664</u>	<u>\$ 26,126</u>	<u>\$ 34,004</u>	<u>\$ 2,437</u>

Deming Public Schools  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS (concluded)**  
June 30, 2008

	Special Revenue Funds			
	Immigrant Funding	Child/Adult Food	Medicaid	SB-9
<b>Assets</b>				
Cash and investments	\$ -	\$ -	\$ -	\$ 602,140
Taxes receivable				71,840
Inventory				
Interfund receivable		8,967	121,020	39,524
Due from other governments	39,905			
<b>Total assets</b>	<b>\$ 39,905</b>	<b>\$ 8,967</b>	<b>\$ 121,020</b>	<b>\$ 713,504</b>
<b>Liabilities and Fund Balances</b>				
Cash overdraft	\$ 39,905	\$ -	\$ -	\$ -
Accounts payable			192	8,437
Interfund payable		8,967		
Deferred revenue				51,117
<b>Total liabilities</b>	<b>\$ 39,905</b>	<b>\$ 8,967</b>	<b>\$ 192</b>	<b>\$ 59,554</b>
Fund balance:				
Reserved for inventory	\$ -	\$ -	\$ -	\$ -
Reserved for capital projects				
Unreserved			120,828	653,950
<b>Total fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 120,828</b>	<b>\$ 653,950</b>
<b>Total liabilities and fund balances</b>	<b>\$ 39,905</b>	<b>\$ 8,967</b>	<b>\$ 121,020</b>	<b>\$ 713,504</b>

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

<u>Capital Projects Funds</u>		
<u>Special Capital Outlay State</u>	<u>Public School Capital Outaly</u>	<u>Total</u>
\$ -	\$ 898,734	\$ 1,924,770
		71,840
		21,490
		303,446
<u>40,801</u>		<u>1,267,429</u>
<u>\$ 40,801</u>	<u>\$ 898,734</u>	<u>\$ 3,588,975</u>
\$ -	\$ -	\$ 947,939
		125,481
		85,251
<u>40,801</u>		<u>115,050</u>
<u>\$ 40,801</u>	<u>\$ -</u>	<u>\$ 1,273,721</u>
\$ -	\$ -	\$ 21,490
	898,734	898,734
		1,395,030
<u>-</u>	<u>898,734</u>	<u>2,315,254</u>
<u>\$ -</u>	<u>\$ 898,734</u>	<u>\$ 2,315,254</u>
<u>\$ 40,801</u>	<u>\$ 898,734</u>	<u>\$ 3,588,975</u>

Deming Public Schools  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
For The Fiscal Year Ended June 30, 2008

	Special Revenue Funds			
	Cafeteria	Athletics	Migrant	Entitlement
Revenues:				
Fees and charges	\$ 36,024	\$ 29,583	\$ -	\$ -
Property taxes				
State aid				
Federal aid	2,406,180		267,413	1,260,829
Earnings on investments	2,647			
Miscellaneous				
<b>Total revenues</b>	<b>\$ 2,444,851</b>	<b>\$ 29,583</b>	<b>\$ 267,413</b>	<b>\$ 1,260,829</b>
Expenditures:				
Current:				
Instruction	\$ -	\$ 26,954	\$ 57,717	\$ 738,169
Support services - Students			83,546	205,876
Support services - Instruction			115,097	
General administration			5,523	15,447
School administration				251,624
Central services				
Operation of plant			237	6,975
Food services	2,473,236			
Transportation			588	
Community services			4,705	
Capital outlay				42,738
<b>Total expenditures</b>	<b>\$ 2,473,236</b>	<b>\$ 26,954</b>	<b>\$ 267,413</b>	<b>\$ 1,260,829</b>
Revenues over (under) expenditures	\$ (28,385)	\$ 2,629	\$ -	\$ -
Other financing sources:				
Operating transfers in (out)				
Net change in fund balances	\$ (28,385)	\$ 2,629	\$ -	\$ -
Fund balance, July 1, 2007	657,107	10,391		
Fund balance, June 30, 2008	<u>\$ 628,722</u>	<u>\$ 13,020</u>	<u>\$ -</u>	<u>\$ -</u>

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

Special Revenue Funds

<u>Discretionary</u>	<u>School Literacy</u>	<u>Emergency Response</u>	<u>ROTC</u>	<u>Preschool</u>	<u>Education of Homeless</u>	<u>Carl Perkins</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,821	296,759	9,760	47,560	19,129	140,622	80,245
<u>\$ 1,821</u>	<u>\$ 296,759</u>	<u>\$ 9,760</u>	<u>\$ 47,560</u>	<u>\$ 19,129</u>	<u>\$ 140,622</u>	<u>\$ 80,245</u>
\$ 1,798	\$ -	\$ 3,943	\$ 47,560	\$ 10,496 343	\$ 22,097 109,859	\$ 78,354
23	267,169 3,420	1,593		238 8,052	1,776	1,891
		4,224			404	
	26,170				1,781 4,705	
<u>\$ 1,821</u>	<u>\$ 296,759</u>	<u>\$ 9,760</u>	<u>\$ 47,560</u>	<u>\$ 19,129</u>	<u>\$ 140,622</u>	<u>\$ 80,245</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



Deming Public Schools  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (continued)**  
For The Fiscal Year Ended June 30, 2008

	Special Revenue Funds			
	Enhancing Education	Education Technology	Title III Incentive	Innovative Programs
Revenues:				
Fees and charges	\$ -	\$ -	\$ -	\$ -
Property taxes				
State aid				
Federal aid	16,182	25,595	995	9,746
Earnings on investments				
Earnings on investments				
Total revenues	<u>\$ 16,182</u>	<u>\$ 25,595</u>	<u>\$ 995</u>	<u>\$ 9,746</u>
Expenditures:				
Current:				
Instruction	\$ -	\$ 8,078	\$ 943	\$ 8,591
Support services - Students				
Support services - Instruction	1,313	17,194		
General administration	14,869		52	1,155
School administration				
Central services				
Operation of plant		323		
Food services				
Transportation				
Community services				
Capital outlay				
Total expenditures	<u>\$ 16,182</u>	<u>\$ 25,595</u>	<u>\$ 995</u>	<u>\$ 9,746</u>
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Operating transfers in (out)				
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2007	-	-	-	-
Fund balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Special Revenue Funds

<u>English Language</u>	<u>Teacher Training</u>	<u>Safe and Drug Free</u>	<u>Rural Schools</u>	<u>Reading First</u>	<u>School Improvement</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
96,329	583,603	32,272	161,665	74,559	33,005
<u>\$ 96,329</u>	<u>\$ 583,603</u>	<u>\$ 32,272</u>	<u>\$ 161,665</u>	<u>\$ 74,559</u>	<u>\$ 33,005</u>
\$ 49,589 3,590	\$ 484,270	\$ 11,255 19,581	\$ 159,482	\$ 74,559	\$ 33,005
29,347 13,803	78,135 21,198	1,436	2,183		
<u>\$ 96,329</u>	<u>\$ 583,603</u>	<u>\$ 32,272</u>	<u>\$ 161,665</u>	<u>\$ 74,559</u>	<u>\$ 33,005</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Deming Public Schools  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (continued)**  
For The Fiscal Year Ended June 30, 2008

	Special Revenue Funds			
	Emergency Food	Immigrant Funding	Medicaid	SB-9
Revenues:				
Fees and charges	\$ -	\$ -	\$ -	\$ -
Property taxes				847,898
State aid				21,776
Federal aid	5,457	44,621	27,567	
Earnings on investments				9,743
Miscellaneous				48,245
Total revenues	\$ 5,457	\$ 44,621	\$ 27,567	\$ 927,662
Expenditures:				
Current:				
Instruction	\$ -	\$ 44,057	\$ 6,804	\$ -
Support services - Students	5,457		128,691	
Support services - Instruction				
General administration		564		
School administration				
Central services				
Operation of plant			1,189	332,597
Food services				
Transportation				
Community services				
Capital outlay				1,783,328
Total expenditures	\$ 5,457	\$ 44,621	\$ 136,684	\$ 2,115,925
Revenues over (under) expenditures	\$ -	\$ -	\$ (109,117)	\$ (1,188,263)
Other financing sources (uses):				
Operating transfers in (out)				\$ (288,485)
Net change in fund balance	\$ -	\$ -	\$ (109,117)	\$ (1,476,748)
Fund balance, July 1, 2007			229,945	2,130,698
Fund balance, June 30, 2008	\$ -	\$ -	\$ 120,828	\$ 653,950

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

Special Revenue Funds	Capital Projects Funds			
Energy Efficiency	Public School Capital Outlay	Memorial School	RTS Smith Martin	Special Capital Outlay State
\$ -	\$ -	\$ -	\$ -	\$ -
	943,327	1,437,296	1,921,504	
				37,947
<u>\$ -</u>	<u>\$ 943,327</u>	<u>\$ 1,437,296</u>	<u>\$ 1,921,504</u>	<u>\$ 37,947</u>
\$ -	\$ -	\$ -	\$ -	\$ -
3				
	44,593	2,145,486	2,508,300	
<u>\$ 3</u>	<u>\$ 44,593</u>	<u>\$ 2,145,486</u>	<u>\$ 2,508,300</u>	<u>\$ -</u>
\$ (3)	\$ 898,734	\$ (708,190)	\$ (586,796)	\$ 37,947
		850,072	756,705	
\$ (3)	\$ 898,734	\$ 141,882	\$ 169,909	\$ 37,947
<u>3</u>		<u>(141,882)</u>	<u>(169,909)</u>	<u>(37,947)</u>
<u><u>\$ -</u></u>	<u><u>\$ 898,734</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Deming Public Schools  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (concluded)**  
For The Fiscal Year Ended June 30, 2008

	Capital Projects Funds		Total
	Chaparral Roof	New High School	
Revenues:			
Fees and charges	\$ -	\$ -	\$ 65,607
Property taxes			847,898
State aid	687,464		5,011,367
Federal aid			5,641,914
Earnings on investments			12,390
Miscellaneous			86,192
	<u>687,464</u>	<u>-</u>	<u>11,665,368</u>
Total revenues	\$ 687,464	\$ -	\$ 11,665,368
Expenditures:			
Current:			
Instruction	\$ -	\$ -	\$ 1,867,721
Support services - Students			556,943
Support services - Instruction			400,773
General administration			157,652
School administration			294,677
Central services			-
Operation of plant			345,952
Food services			2,473,236
Transportation			2,369
Community services			9,410
Capital outlay	904,558	828,107	8,283,280
	<u>904,558</u>	<u>828,107</u>	<u>14,392,013</u>
Total expenditures	\$ 904,558	\$ 828,107	\$ 14,392,013
Revenues over (under) expenditures	\$ (217,094)	\$ (828,107)	\$ (2,726,645)
Other financing sources (uses):			
Operating transfers in (out)	217,094	828,107	2,363,493
	<u>217,094</u>	<u>828,107</u>	<u>2,363,493</u>
Net change in fund balance	\$ -	\$ -	\$ (363,152)
Fund balance, July 1, 2007			<u>2,678,406</u>
Fund balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,315,254</u>

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

Deming Public Schools  
**GENERAL FUND**  
**COMBINING BALANCE SHEET**  
June 30, 2008

	Operational	Transportation	Instructional Materials
<b>Assets</b>			
Cash and investments	\$ 2,514,034	\$ 8,856	\$ 252,413
Interest receivable	1,385		
Taxes receivable	16,541		
Inventory	224,171		
Notes receivable	9,533		
	<u>\$ 2,765,664</u>	<u>\$ 8,856</u>	<u>\$ 252,413</u>
 <b>Liabilities and Fund Balances</b>			
Accounts payable	\$ 196,420	\$ -	\$ -
Interfund payable	4,408		
Deferred revenue	16,813		
	<u>\$ 217,641</u>	<u>\$ -</u>	<u>\$ -</u>
 Fund balance:			
Reserved for inventory	\$ 224,171	\$ -	\$ -
Unreserved, reported in:			
General fund	2,323,852	8,856	252,413
	<u>\$ 2,548,023</u>	<u>\$ 8,856</u>	<u>\$ 252,413</u>
Total fund balances	<u>\$ 2,548,023</u>	<u>\$ 8,856</u>	<u>\$ 252,413</u>
Total liabilities and fund balances	<u>\$ 2,765,664</u>	<u>\$ 8,856</u>	<u>\$ 252,413</u>

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

<u>Non - Instructional Support</u>	<u>Total</u>
\$ 298,156	\$ 3,073,459 1,385 16,541 224,171 9,533
<u>\$ 298,156</u>	<u>\$ 3,325,089</u>
\$ -	\$ 196,420 4,408 16,813
<u>\$ -</u>	<u>\$ 217,641</u>
\$ -	\$ 224,171
<u>298,156</u>	<u>2,883,277</u>
<u>\$ 298,156</u>	<u>\$ 3,107,448</u>
<u>\$ 298,156</u>	<u>\$ 3,325,089</u>

Deming Public Schools  
**GENERAL FUND**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
For The Fiscal Year Ended June 30, 2008

	Operational	Transportation	Instructional Materials
Revenues:			
Property taxes	\$ 200,486	\$ -	\$ -
Fees and charges	42,829		
State aid	34,674,884	1,856,452	596,435
Federal aid	75,506		
Earnings on investments	33,983	1,580	
Miscellaneous	84,978	240	
	<u>\$ 35,112,666</u>	<u>\$ 1,858,272</u>	<u>\$ 596,435</u>
Expenditures:			
Current:			
Instruction	\$ 20,794,670	\$ -	\$ 467,148
Support services - Students	3,165,699		
Support services - Instruction	938,323		24,762
General administration	1,136,528		
School administration	2,420,520		
Central services	1,389,802		
Operation of plant	4,341,749		
Transportation	15,296	1,979,167	
Capital outlay	7,274	37,592	
	<u>\$ 34,209,861</u>	<u>\$ 2,016,759</u>	<u>\$ 491,910</u>
Revenues over (under) expenditures	\$ 902,805	\$ (158,487)	\$ 104,525
Other financing sources:			
Loan proceeds			
Operating transfers in (out)			
Net change in fund balances	\$ 902,805	\$ (158,487)	\$ 104,525
Fund balance, July 1, 2007	<u>1,645,218</u>	<u>167,343</u>	<u>147,888</u>
Fund balance, June 30, 2008	<u>\$ 2,548,023</u>	<u>\$ 8,856</u>	<u>\$ 252,413</u>

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



<u>Non-Instructional Support</u>	<u>Total</u>
\$ -	\$ 200,486
518,417	561,246
	37,127,771
	75,506
2,289	37,852
	85,218
<u>\$ 520,706</u>	<u>\$ 38,088,079</u>
\$ 384,597	\$ 21,646,415
	3,165,699
	963,085
	1,136,528
	2,420,520
	1,389,802
	4,341,749
	1,994,463
	44,866
<u>\$ 384,597</u>	<u>\$ 37,103,127</u>
\$ 136,109	\$ 984,952
	-
	-
<u>\$ 136,109</u>	<u>\$ 984,952</u>
162,047	2,122,496
<u>\$ 298,156</u>	<u>\$ 3,107,448</u>

Deming Public Schools  
**GENERAL FUND/OPERATIONAL**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30,2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
Federal sources		\$ -	\$ 75,506	\$ 75,506
State sources	34,016,790	34,691,595	34,674,884	(16,711)
Local sources	201,353	201,353	323,204	121,851
Earnings on investments	60,000	60,000	37,619	(22,381)
 Total revenues	 \$ 34,278,143	 \$ 34,952,948	 \$ 35,111,213	 \$ 158,265
 <b>Expenditures:</b>				
<b>Current:</b>				
Instruction	\$ 21,268,603	\$ 20,950,425	\$ 20,910,871	\$ 39,554
Support services - Students	3,644,400	3,664,948	3,149,022	515,926
Support services - Instructor	905,000	935,000	938,417	(3,417)
General administration	1,092,000	1,190,200	1,138,473	51,727
School administration	2,205,400	2,595,400	2,403,729	191,671
Central services	2,097,802	2,097,802	1,393,669	704,133
Operation of plant	4,062,100	4,516,335	4,363,757	152,578
Transportation	134,900	134,900	13,334	121,566
Capital outlay	-	-	-	-
Non-operating	169,662	169,662	-	169,662
 Total expenditures	 \$ 35,579,867	 \$ 36,254,672	 \$ 34,311,272	 \$ 1,943,400
 Revenues over (under) expenditures	 \$ (1,301,724)	 \$ (1,301,724)	 \$ 799,941	 \$ 2,101,665
 <b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
 Net change in fund balance	 \$ (1,301,724)	 \$ (1,301,724)	 \$ 799,941	 \$ 2,101,665
 Fund balance, July 1, 2007	 1,301,724	 1,301,724	 1,714,093	 412,369
 Fund balance, June 30, 2008	 \$ -	 \$ -	 \$ 2,514,034	 \$ 2,514,034
 <b>Budgetary reconciliation:</b>				
Net change in fund balance, GAAP basis				\$ 902,805
Revenue accruals (net)				(1,453)
Expenditure accruals (net)				(101,411)
 Net change in fund balance, NON-GAAP budgetary basis				 799,941

Deming Public Schools  
**GENERAL FUND/TRANSPORTATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 1,719,845	\$ 2,026,759	\$ 1,856,452	\$ (170,307)
Local sources		-	240	240
Earnings on investments		-	1,580	1,580
Total revenues	\$ 1,719,845	\$ 2,026,759	\$ 1,858,272	\$ (168,487)
Expenditures:				
Current:				
Transportation	\$ 1,712,521	\$ 1,982,049	\$ 1,979,167	\$ 2,882
Capital outlay	7,324	44,710	37,592	7,118
Total expenditures	\$ 1,719,845	\$ 2,026,759	\$ 2,016,759	\$ 10,000
Net change in fund balance	\$ -	\$ -	\$ (158,487)	\$ (158,487)
Fund balance, July 1, 2007	-	-	167,343	167,343
Fund balance, June 30, 2008	\$ -	\$ -	\$ 8,856	\$ 8,856
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (158,487)	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (158,487)	

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

Deming Public Schools  
**GENERAL FUND/INSTRUCTIONAL MATERIALS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 513,296	\$ 581,795	\$ 596,435	\$ 14,640
Expenditures:				
Current:				
Instruction	\$ 471,736	\$ 536,211	\$ 467,148	\$ 69,063
Support services - Instruction	41,560	45,584	24,762	20,822
Total expenditures	\$ 513,296	\$ 581,795	\$ 491,910	\$ 89,885
Net change in fund balance	\$ -	\$ -	\$ 104,525	\$ 104,525
Fund balance, July 1, 2007	-	-	147,888	147,888
Fund balance, June 30, 2008	\$ -	\$ -	\$ 252,413	\$ 252,413
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 104,525	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 104,525	

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

Deming Public Schools  
**GENERAL FUND/NON-INSTRUCTIONAL SUPPORT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
Local sources	\$ 327,700	\$ 327,700	\$ 518,417	\$ 190,717
Earnings on investments	<u>2,600</u>	<u>2,600</u>	<u>2,289</u>	<u>(311)</u>
Total revenues	<u>\$ 330,300</u>	<u>\$ 330,300</u>	<u>\$ 520,706</u>	<u>\$ 190,406</u>
Expenditures:				
Current:				
Instruction	<u>\$ 486,300</u>	<u>\$ 486,300</u>	<u>\$ 384,597</u>	<u>\$ 101,703</u>
Net change in fund balance	\$ (156,000)	\$ (156,000)	\$ 136,109	\$ 88,703
Fund balance, July 1, 2007	<u>156,000</u>	<u>156,000</u>	<u>162,047</u>	<u>6,047</u>
Fund balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 298,156</u>	<u>\$ 94,750</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 136,109	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 136,109</u>	

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

Deming Public Schools  
**SPECIAL REVENUE FUND - CAFETERIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 1,900,000	\$ 1,900,000	\$ 2,508,966	\$ 608,966
Local sources	76,200	101,000	36,024	(64,976)
Earnings on investments	27,000	2,200	2,647	447
Total revenues	<u>\$ 2,003,200</u>	<u>\$ 2,003,200</u>	<u>\$ 2,547,637</u>	<u>\$ 544,437</u>
Expenditures:				
Current:				
Food services	\$ 2,508,200	\$ 2,508,200	\$ 2,310,756	\$ 197,444
Capital outlay	-	-	-	-
Total expenditures	<u>\$ 2,508,200</u>	<u>\$ 2,508,200</u>	<u>\$ 2,310,756</u>	<u>\$ 197,444</u>
Net change in fund balance	\$ (505,000)	\$ (505,000)	\$ 236,881	\$ 741,881
Fund balance, July 1, 2007	<u>505,000</u>	<u>505,000</u>	<u>173,995</u>	<u>(331,005)</u>
Fund balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 410,876</u>	<u>\$ 410,876</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (28,385)	
Revenue accruals (net)			102,786	
Expenditure accruals (net)			<u>162,480</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 236,881</u>	

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

Deming Public Schools  
**SPECIAL REVENUE FUND - ATHLETICS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Local sources	\$ 29,400	\$ 29,400	\$ 29,583	\$ 183
Expenditures:				
Current:				
Instruction	<u>42,913</u>	<u>42,913</u>	<u>26,954</u>	<u>15,959</u>
Net change in fund balance	\$ (13,513)	\$ (13,513)	\$ 2,629	\$ 16,142
Fund balance, July 1, 2007	<u>13,513</u>	<u>13,513</u>	<u>10,391</u>	<u>(3,122)</u>
Fund balance, June 30, 2008	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 13,020</u></u>	<u><u>\$ 13,020</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 2,629	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 2,629</u></u>	

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

Deming Public Schools  
**SPECIAL REVENUE FUND - TITLE I MIGRANT EDUCATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	<u>\$ 152,000</u>	<u>\$ 278,420</u>	<u>\$ 172,801</u>	<u>\$ (105,619)</u>
Expenditures:				
Current:				
Instruction	\$ 62,741	\$ 62,741	\$ 62,409	\$ 332
Support services - Students	81,313	81,313	83,546	(2,233)
Support services - Instruction	-	124,819	115,097	9,722
General administration	1,856	3,457	5,523	(2,066)
Operation of plant	-	-	230	(230)
Transportation	-	-	539	(539)
Community services	<u>6,090</u>	<u>6,090</u>	<u>4,705</u>	<u>1,385</u>
Total expenditures	<u>\$ 152,000</u>	<u>\$ 278,420</u>	<u>\$ 272,049</u>	<u>\$ 6,371</u>
Net change in fund balance	\$ -	\$ -	\$ (99,248)	\$ (99,248)
Fund balance, July 1, 2007	<u>-</u>	<u>-</u>	<u>(52,326)</u>	<u>(52,326)</u>
Fund balance, June 30, 2008	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (151,574)</u></u>	<u><u>\$ (151,574)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(94,612)	
Expenditure accruals (net)			<u>(4,636)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (99,248)</u></u>	

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



Deming Public Schools  
**SPECIAL REVENUE FUND - PRESCHOOL**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 22,854	\$ 31,331	\$ 16,345	\$ (14,986)
Expenditures:				
Current:				
Instruction	\$ 11,155	\$ 17,136	\$ 10,210	\$ 6,926
Support services - Students	3,007	3,007	343	2,664
General administration	293	402	238	164
School administration	8,399	10,786	8,052	2,734
Capital outlay	-	-	-	-
Total expenditures	\$ 22,854	\$ 31,331	\$ 18,843	\$ 12,488
Net change in fund balance	\$ -	\$ -	\$ (2,498)	\$ (2,498)
Fund balance, July 1, 2007	-	-	(1,692)	(1,692)
Fund balance, June 30, 2008	\$ -	\$ -	\$ (4,190)	\$ (4,190)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(2,784)	
Expenditure accruals (net)			286	
Net change in fund balance, NON-GAAP budgetary basis			\$ (2,498)	

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

Deming Public Schools  
**SPECIAL REVENUE FUND - EDUCATION OF THE HOMELESS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 45,000	\$ 150,000	\$ 111,669	\$ (38,331)
Expenditures:				
Current:				
Instruction	\$ 8,664	\$ 24,642	\$ 22,011	\$ 2,631
Support services - Students	29,710	37,559	109,893	(72,334)
General administration	576	1,920	1,776	144
Support services - Schools	-	79,129	-	79,129
Operational plant maintenance	600	800	367	433
Transportation	600	1,100	1,781	(681)
Community services	4,850	4,850	4,705	145
Total expenditures	\$ 45,000	\$ 150,000	\$ 140,533	\$ 9,467
Net change in fund balance	\$ -	\$ -	\$ (28,864)	\$ (28,864)
Fund balance, July 1, 2007	-	-	(9,364)	(9,364)
Fund balance, June 30, 2008	\$ -	\$ -	\$ (38,228)	\$ (38,228)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(28,953)	
Expenditure accruals (net)			89	
Net change in fund balance, NON-GAAP budgetary basis			\$ (28,864)	

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

Deming Public Schools  
**SPECIAL REVENUE FUND - CARL PERKINS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 80,064	\$ 90,154	\$ 10,090
Expenditures:				
Current:				
Instruction	\$ -	\$ 78,037	\$ 77,996	\$ 41
General administration	-	2,027	1,891	136
Total expenditures	\$ -	\$ 80,064	\$ 79,887	\$ 177
Net change in fund balance	\$ -	\$ -	\$ 10,267	\$ 10,267
Fund balance, July 1, 2007	-	-	(70,567)	(70,567)
Fund balance, June 30, 2008	\$ -	\$ -	\$ (60,300)	\$ (60,300)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			9,909	
Expenditure accruals (net)			358	
Net change in fund balance, NON-GAAP budgetary basis			\$ 10,267	

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

Deming Public Schools  
**SPECIAL REVENUE FUND - ENHANCING EDUCATION THROUGH EDUCATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 29,806	\$ 30,506	\$ 700
Expenditures:				
Current:				
Instruction	\$ -	\$ 3,019	\$ -	\$ 3,019
Support services - Instruction		25,404	1,313	24,091
General administration		1,383	17	1,366
Total expenditures	\$ -	\$ 29,806	\$ 1,330	\$ 28,476
Net change in fund balance	\$ -	\$ -	\$ 29,176	\$ 29,176
Fund balance, July 1, 2007	-	-	(370)	(370)
Fund balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,806</u>	<u>\$ 28,806</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			14,324	
Expenditure accruals (net)			<u>14,852</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 29,176</u>	

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

Deming Public Schools  
**SPECIAL REVENUE FUND - COMPREHENSIVE SCHOOL REFORM**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ -	\$ 132,440	\$ 132,440
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
General administration				-
School administration				-
Total expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balance	\$ -	\$ -	\$ 132,440	\$ 132,440
Fund balance, July 1, 2007	-	-	(155,484)	(155,484)
Fund balance, June 30, 2008	\$ -	\$ -	\$ (23,044)	\$ (23,044)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			132,440	
Expenditure accruals (net)				
Net change in fund balance, NON-GAAP budgetary basis			\$ 132,440	

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

Deming Public Schools  
**SPECIAL REVENUE FUND - TITLE III**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	\$ 4,000	\$ -	\$ (4,000)
Expenditures:				
Current:				
Instruction	\$ -	\$ 3,948	\$ 3,948	\$ -
General administration		52	52	-
Total expenditures	<u>\$ -</u>	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ -</u>
Net change in fund balance	\$ -	\$ -	\$ (4,000)	\$ (4,000)
Fund balance, July 1, 2007	<u>-</u>	<u>-</u>	<u>(2,596)</u>	<u>(2,596)</u>
Fund balance, June 30, 2008	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (6,596)</u></u>	<u><u>\$ (6,596)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(995)	
Expenditure accruals (net)			<u>(3,005)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (4,000)</u></u>	

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

Deming Public Schools  
**SPECIAL REVENUE FUND - READING FIRST**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 103,103	\$ 189,783	\$ 86,680
Expenditures:				
Current:				
Instruction	-	103,103	74,559	28,544
Net change in fund balance	\$ -	\$ -	\$ 115,224	\$ 115,224
Fund balance, July 1, 2007	-	-	(141,350)	(141,350)
Fund balance, June 30, 2008	\$ -	\$ -	\$ (26,126)	\$ (26,126)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			115,224	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 115,224	

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

Deming Public Schools  
**SPECIAL REVENUE FUND - INNOVATIVE PROGRAMS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 14,391	\$ 14,403	\$ 9,624	\$ (4,779)
Expenditures:				
Current:				
Instruction	\$ 13,020	\$ 13,032	\$ 8,591	\$ 4,441
General administration	1,371	1,371	1,155	216
Total expenditures	\$ 14,391	\$ 14,403	\$ 9,746	\$ 4,657
Net change in fund balance	\$ -	\$ -	\$ (122)	\$ (122)
Fund balance, July 1, 2007	-	-	(288)	(288)
Fund balance, June 30, 2008	\$ -	\$ -	\$ (410)	\$ (410)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(122)	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (122)	

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



Deming Public Schools  
**SPECIAL REVENUE FUND - ENGLISH LANGUAGE ACQUISITION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 116,746	\$ 47,961	\$ (68,785)
Expenditures:				
Current:				
Instruction	\$ -	\$ 31,677	\$ 33,461	\$ (1,784)
Support services - Students		-	3,653	(3,653)
General administration		73,036	6,253	66,783
School administration		12,033	13,803	(1,770)
Total expenditures	\$ -	\$ 116,746	\$ 57,170	\$ 59,576
Net change in fund balance	\$ -	\$ -	\$ (9,209)	\$ (9,209)
Fund balance, July 1, 2007	-	-	16,637	16,637
Fund balance, June 30, 2008	\$ -	\$ -	\$ 7,428	\$ 7,428
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(48,368)	
Expenditure accruals (net)			39,159	
Net change in fund balance, NON-GAAP budgetary basis			\$ (9,209)	

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

Deming Public Schools  
**SPECIAL REVENUE FUND - TEACHER TRAINING**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 633,490	\$ 664,529	\$ 483,106	\$ (181,423)
Expenditures:				
Current:				
Instruction	\$ 523,819	\$ 554,461	\$ 484,270	\$ 70,191
General administration	81,865	82,262	78,135	4,127
School administration	27,806	27,806	21,198	6,608
Central services				-
Total expenditures	\$ 633,490	\$ 664,529	\$ 583,603	\$ 80,926
Net change in fund balance	\$ -	\$ -	\$ (100,497)	\$ (100,497)
Fund balance, July 1, 2007	-	-	(112,940)	(112,940)
Fund balance, June 30, 2008	\$ -	\$ -	\$ (213,437)	\$ (213,437)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(100,497)	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (100,497)	

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

Deming Public Schools  
**SPECIAL REVENUE FUND - RURAL EDUCATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 265,722	\$ 345,872	\$ 250,677	\$ (95,195)
Expenditures:				
Current:				
Instruction	\$ 262,364	\$ 341,488	\$ 170,552	\$ 170,936
General administration	3,358	4,384	2,183	2,201
Total expenditures	\$ 265,722	\$ 345,872	\$ 172,735	\$ 173,137
Net change in fund balance	\$ -	\$ -	\$ 77,942	\$ 77,942
Fund balance, July 1, 2007	-	-	(144,138)	(144,138)
Fund balance, June 30, 2008	\$ -	\$ -	\$ (66,196)	\$ (66,196)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			89,012	
Expenditure accruals (net)			(11,070)	
Net change in fund balance, NON-GAAP budgetary basis			\$ 77,942	

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

Deming Public Schools  
**SPECIAL REVENUE FUND - COMPETITIVE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
General administration	-	-	-	-
Total expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2007	-	-	(3,564)	(3,564)
Fund balance, June 30, 2008	\$ -	\$ -	\$ (3,564)	\$ (3,564)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Deming Public Schools  
**SPECIAL REVENUE FUND - MEDICAID**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 226,924	\$ 31,021	\$ (195,903)
Expenditures:				
Current:				
Instruction	\$ -	\$ 45,000	\$ 6,843	\$ 38,157
Support services - Students		176,924	128,775	48,149
General administration				-
Operational plant maintenance		5,000	1,307	3,693
Total expenditures	\$ -	\$ 226,924	\$ 136,925	\$ 89,999
Net change in fund balance	\$ -	\$ -	\$ (105,904)	\$ (105,904)
Fund balance, July 1, 2007	-	-	226,924	226,924
Fund balance, June 30, 2008	\$ -	\$ -	\$ 121,020	\$ 121,020
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (109,117)	
Revenue accruals (net)			3,454	
Expenditure accruals (net)			(241)	
Net change in fund balance, NON-GAAP budgetary basis			\$ (105,904)	

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

Deming Public Schools  
**SPECIAL REVENUE FUND - ROTC**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 47,560	\$ 47,560	\$ -
Expenditures:				
Current:				
Instruction	-	47,560	47,560	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2007	-	-	(852)	(852)
Fund balance, June 30, 2008	\$ -	\$ -	\$ (852)	\$ (852)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Deming Public Schools  
**SPECIAL REVENUE FUND - IMMIGRANT FUNDING**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 45,000	\$ -	\$ (45,000)
Expenditures:				
Current:				
Instruction	\$ -	\$ 44,424	\$ 44,057	\$ 367
General administration		576	564	12
Total expenditures	\$ -	\$ 45,000	\$ 44,621	\$ 379
Net change in fund balance	\$ -	\$ -	\$ (44,621)	\$ (44,621)
Fund balance, July 1, 2007	-	-	4,716	4,716
Fund balance, June 30, 2008	\$ -	\$ -	\$ (39,905)	\$ (39,905)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(44,621)	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (44,621)	

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

Deming Public Schools  
**SPECIAL REVENUE FUND - TITLE IV**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 73,113	\$ 58,443	\$ 4,737	\$ (53,706)
Expenditures:				
Current:				
Instruction	\$ 50,290	\$ 35,620	\$ 11,255	\$ 24,365
Support services - Students	17,691	17,691	19,252	(1,561)
General administration	2,132	2,132	1,436	696
Central services	3,000	3,000		3,000
Total expenditures	<u>\$ 73,113</u>	<u>\$ 58,443</u>	<u>\$ 31,943</u>	<u>\$ 26,500</u>
Net change in fund balance	\$ -	\$ -	\$ (27,206)	\$ (27,206)
Fund balance, July 1, 2007	<u>-</u>	<u>-</u>	<u>(2,965)</u>	<u>(2,965)</u>
Fund balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (30,171)</u>	<u>\$ (30,171)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(27,535)	
Expenditure accruals (net)			<u>329</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (27,206)</u>	

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



Deming Public Schools  
**SPECIAL REVENUE FUND - EMERGENCY FOOD**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 5,545	\$ 7,985	\$ 2,440
Expenditures:				
Current:				
Support services - Students	-	5,545	5,457	88
Net change in fund balance	\$ -	\$ -	\$ 2,528	\$ 2,528
Fund balance, July 1, 2007	-	-	(91)	(91)
Fund balance, June 30, 2008	\$ -	\$ -	\$ 2,437	\$ 2,437
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			2,528	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 2,528	

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

Deming Public Schools  
**SPECIAL REVENUE FUND - ENERGY EFFICIENCY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Earnings on investments	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Operation of plant	\$ 672	\$ 672	\$ 3	\$ 669
Capital outlay	-	-	-	-
Total expenditures	\$ 672	\$ 672	\$ 3	\$ 669
Revenues over (under) expenditures	\$ (672)	\$ (672)	\$ (3)	\$ 669
Other financing sources (uses):				
Transfer out	-	-	-	-
Net change in fund balance	\$ (672)	\$ (672)	\$ (3)	\$ 669
Fund balance, July 1, 2007	672	672	3	(669)
Fund balance, June 30, 2008	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (3)	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (3)	

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

Deming Public Schools  
**SPECIAL REVENUE FUND - SCHOOL IMPROVEMENT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 34,637	\$ -	\$ (34,637)
Expenditures:				
Current:				
Instruction	\$ -	\$ 34,193	\$ 33,005	\$ 1,188
Support services - Students				-
General administration		444		444
Total expenditures	<u>\$ -</u>	<u>\$ 34,637</u>	<u>\$ 33,005</u>	<u>\$ 1,632</u>
Net change in fund balance	\$ -	\$ -	\$ (33,005)	\$ (33,005)
Fund balance, July 1, 2007	<u>-</u>	<u>-</u>	<u>(999)</u>	<u>(999)</u>
Fund balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (34,004)</u>	<u>\$ (34,004)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP			\$ -	
Revenue accruals (net)			(33,005)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (33,005)</u>	

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

Deming Public Schools  
**SPECIAL REVENUE FUND - CHILD AND ADULT FOOD**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2007	-	-	8,967	8,967
Fund balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,967</u>	<u>\$ 8,967</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ -</u>	

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

Deming Public Schools  
**SPECIAL REVENUE FUND - ENHANCING EDUCATION THROUGH TECHNOLOGY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 64,556	\$ -	\$ (64,556)
Expenditures:				
Current:				
Instruction	\$ -	\$ 9,044	\$ 8,078	\$ 966
Support services - Instruction		54,665	17,194	37,471
General administration		847	323	524
Total expenditures	\$ -	\$ 64,556	\$ 25,595	\$ 38,961
Net change in fund balance	\$ -	\$ -	\$ (25,595)	\$ (25,595)
Fund balance, July 1, 2007	-	-	(43,787)	(43,787)
Fund balance, June 30, 2008	\$ -	\$ -	\$ (69,382)	\$ (69,382)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(25,595)	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (25,595)	

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

Deming Public Schools  
**SPECIAL REVENUE FUND - ENTITLEMENT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 1,079,678	\$ 1,477,316	\$ 1,241,263	\$ (236,053)
Expenditures:				
Current:				
Instruction	\$ 648,845	\$ 941,271	\$ 780,511	\$ 160,760
Support services - Students	153,185	153,185	211,071	(57,886)
General administration	21,338	26,550	15,447	11,103
School administration	246,510	346,510	251,624	94,886
Operational plant maintenance	9,800	9,800	6,328	3,472
Capital outlay	-	-	-	-
Total expenditures	\$ 1,079,678	\$ 1,477,316	\$ 1,264,981	\$ 212,335
Net change in fund balance	\$ -	\$ -	\$ (23,718)	\$ (23,718)
Fund balance, July 1, 2007	-	-	(142,494)	(142,494)
Fund balance, June 30, 2008	\$ -	\$ -	\$ (166,212)	\$ (166,212)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(19,566)	
Expenditure accruals (net)			(4,152)	
Net change in fund balance, NON-GAAP budgetary basis			\$ (23,718)	

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

Deming Public Schools  
**SPECIAL REVENUE FUND - GOALS 2000**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2007	<u>-</u>	<u>-</u>	<u>2,843</u>	<u>2,843</u>
Fund balance, June 30, 2008	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,843</u></u>	<u><u>\$ 2,843</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ -</u></u>	

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

Deming Public Schools  
**SPECIAL REVENUE FUND - TITLE II**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2007	-	-	619	619
Fund balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 619</u>	<u>\$ 619</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ -</u>	

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



Deming Public Schools  
**SPECIAL REVENUE FUND - EMERGENCY IMMIGRANT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2007	<u>-</u>	<u>-</u>	<u>1,253</u>	<u>1,253</u>
Fund balance, June 30, 2008	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,253</u></u>	<u><u>\$ 1,253</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ -</u></u>	

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

Deming Public Schools  
**SPECIAL REVENUE FUND - READING EXCELLENCE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2007	<u>-</u>	<u>-</u>	<u>2,023</u>	<u>2,023</u>
Fund balance, June 30, 2008	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,023</u></u>	<u><u>\$ 2,023</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ -</u></u>	

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

Deming Public Schools  
**SPECIAL REVENUE FUND - TEACHER QUALITY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2007	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>
Fund balance, June 30, 2008	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3</u></u>	<u><u>\$ 3</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ -</u></u>	

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

Deming Public Schools  
**SPECIAL REVENUE FUND - DISCRETIONARY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	\$ 4,500	\$ -	\$ (4,500)
Expenditures:				
Current:				
Instruction	\$ -	\$ 4,442	\$ 1,798	\$ 2,644
General administration		58	23	35
Total expenditures	<u>\$ -</u>	<u>\$ 4,500</u>	<u>\$ 1,821</u>	<u>\$ 2,679</u>
Net change in fund balance	\$ -	\$ -	\$ (1,821)	\$ (1,821)
Fund balance, July 1, 2007	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2008	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (1,821)</u></u>	<u><u>\$ (1,821)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(1,821)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (1,821)</u></u>	

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

Deming Public Schools  
**SPECIAL REVENUE FUND - LITERACY THROUGH SCHOOL**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 299,555	\$ 293,339	\$ (6,216)
Expenditures:				
Current:				
Support services - Instruction	\$ -	\$ 296,680	\$ 293,339	\$ 3,341
General administration		2,875	3,420	(545)
Capital outlay	-	-	-	-
Total expenditures	\$ -	\$ 299,555	\$ 296,759	\$ 2,796
Net change in fund balance	\$ -	\$ -	\$ (3,420)	\$ (3,420)
Fund balance, July 1, 2007	-	-	-	-
Fund balance, June 30, 2008	\$ -	\$ -	\$ (3,420)	\$ (3,420)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(3,420)	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (3,420)	

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

Deming Public Schools  
**SPECIAL REVENUE FUND - EMERGENCY RESPONSE PLAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 95,854	\$ -	\$ (95,854)
Expenditures:				
Current:				
Instruction	\$ -	\$ 57,049	\$ 3,943	\$ 53,106
General administration		1,211	-	1,211
Support services - Schools		18,397	1,593	16,804
Operation of plant		19,197	2,971	16,226
Total expenditures	\$ -	\$ 95,854	\$ 8,507	\$ 87,347
Net change in fund balance	\$ -	\$ -	\$ (8,507)	\$ (8,507)
Fund balance, July 1, 2007	-	-	-	-
Fund balance, June 30, 2008	\$ -	\$ -	\$ (8,507)	\$ (8,507)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(9,760)	
Expenditure accruals (net)			1,253	
Net change in fund balance, NON-GAAP budgetary basis			\$ (8,507)	

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

Deming Public Schools  
**SPECIAL REVENUE FUND - SENATE BILL 9**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local sources	\$ 724,627	\$ 885,083	\$ 893,919	\$ 8,836
State sources	461,664	984,389	21,776	(962,613)
Earnings on investments	10,000	10,000	9,743	(257)
 Total revenues	 \$ 1,196,291	 \$ 1,879,472	 \$ 925,438	 \$ (954,034)
Expenditures:				
Current:				
Operational plant maintenance	\$ 460,100	\$ 704,737	\$ 359,261	\$ 345,476
Capital outlay	1,834,442	2,272,986	2,101,002	171,984
 Total expenditures	 \$ 2,294,542	 \$ 2,977,723	 \$ 2,460,263	 \$ 517,460
Net change in fund balance	\$ (1,098,251)	\$ (1,098,251)	\$ (1,534,825)	\$ (436,574)
Fund balance, July 1, 2007	1,098,251	1,098,251	2,136,965	1,038,714
Fund balance, June 30, 2008	\$ -	\$ -	\$ 602,140	\$ 602,140
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (1,476,748)	
Revenue accruals (net)			(2,224)	
Expenditure accruals (net)			(55,853)	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (1,534,825)</u>	

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

Deming Public Schools  
**DEBT SERVICE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local sources	\$ 2,105,516	\$ 2,359,364	\$ 2,369,646	\$ 10,282
Earnings on investments			9,189	9,189
<b>Total revenues</b>	<b>\$ 2,105,516</b>	<b>\$ 2,359,364</b>	<b>\$ 2,378,835</b>	<b>\$ 19,471</b>
Expenditures:				
Current:				
Administration	\$ 21,060	\$ 23,832	\$ 23,696	\$ 136
Principal	1,400,000	1,400,000	1,400,000	-
Interest	684,461	684,461	684,476	(15)
Special revenue bonds reserve	1,586,577	1,837,653		1,837,653
<b>Total expenditures</b>	<b>\$ 3,692,098</b>	<b>\$ 3,945,946</b>	<b>\$ 2,108,172</b>	<b>\$ 1,837,774</b>
Net change in fund balance	\$ (1,586,582)	\$ (1,586,582)	\$ 270,663	\$ 1,857,245
Fund balance, July 1, 2007	1,586,582	1,586,582	2,115,690	529,108
Fund balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,386,353</u>	<u>\$ 2,386,353</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP			\$ 329,100	
Revenue accruals (net)			(58,437)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 270,663</u>	

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



Deming Public Schools  
**CAPITAL PROJECTS FUND - BOND BUILDING**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
Earnings on investments	<u>163,300</u>	<u>163,300</u>	<u>380,415</u>	<u>217,115</u>
Total revenues	<u>\$ 163,300</u>	<u>\$ 163,300</u>	<u>\$ 380,415</u>	<u>\$ 217,115</u>
Expenditures:				
Current:				
Operation of plant	\$ -	\$ -	\$ 76,296	\$ (76,296)
Bond issue costs				-
Capital outlay	<u>8,328,963</u>	<u>8,328,963</u>	<u>4,823,390</u>	<u>3,505,573</u>
Total expenditures	<u>\$ 8,328,963</u>	<u>\$ 8,328,963</u>	<u>\$ 4,899,686</u>	<u>\$ 3,429,277</u>
Revenues over (under) expenditures	\$ (8,165,663)	\$ (8,165,663)	\$ (4,519,271)	\$ 3,646,392
Other financing sources (uses):				
Bond proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ (8,165,663)	\$ (8,165,663)	\$ (4,519,271)	\$ 3,646,392
Fund balance, July 1, 2007	<u>8,165,663</u>	<u>8,165,663</u>	<u>10,167,576</u>	<u>2,001,913</u>
Fund balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,648,305</u>	<u>\$ 5,648,305</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (4,999,398)	
Revenue accruals (net)			21	
Expenditure accruals (net)			<u>480,106</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (4,519,271)</u>	

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

Deming Public Schools  
**CAPITAL PROJECT FUND - PUBLIC SCHOOL CAPITAL OUTLAY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ -	\$ 943,327	\$ 943,327
Expenditures:				
Capital outlay			44,593	(44,593)
Net change in fund balance	\$ -	\$ -	\$ 898,734	\$ 898,734
Fund balance, July 1, 2007			-	-
Fund balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 898,734</u>	<u>\$ 898,734</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 898,734	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 898,734</u>	

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

Deming Public Schools  
**CAPITAL PROJECT FUND - SPECIAL CAPITAL OUTLAY STATE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Local sources	\$ -	\$ -	\$ 37,947	\$ 37,947
Expenditures:				
Capital outlay	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ 37,947	\$ 37,947
Fund balance, July 1, 2007	-	-	(37,947)	(37,947)
Fund balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 37,947	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 37,947</u>	

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

Deming Public Schools  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
For the Fiscal Year Ended June 30, 2008

	<u>Balance</u> <u>July 1, 2007</u>	<u>Receipts</u>	<u>Disburse-</u> <u>ments</u>	<u>Balance</u> <u>June 30, 2008</u>
<b>Assets</b>				
Cash and investments:				
Deming High School	\$ 84,578	\$ 282,531	\$ 305,449	\$ 61,660
Hofacket Mid High School	26,311	37,129	46,364	17,076
Deming Middle School	5,174	43,703	41,150	7,727
Red Mountain Middle School	-	92,457	59,473	32,984
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 116,063</u>	<u>\$ 455,820</u>	<u>\$ 452,436</u>	<u>\$ 119,447</u>
<b>Liabilities</b>				
Deposits held for others:				
Deming High School	\$ 84,578	\$ 282,531	\$ 305,449	\$ 61,660
Hofacket Mid High School	26,311	37,129	46,364	17,076
Deming Middle School	5,174	43,703	41,150	7,727
Red Mountain Middle School	-	92,457	59,473	32,984
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>\$ 116,063</u>	<u>\$ 455,820</u>	<u>\$ 452,436</u>	<u>\$ 119,447</u>

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

Deming Public Schools  
**SCHEDULE OF DEPOSITORY COLLATERAL**  
June 30, 2008

	<u>1st Savings Bank</u>	<u>Wells Fargo</u>	<u>1st NM Bank</u>	<u>Total</u>
Checking and CD's	\$ 1,796,306	\$ 2,700,647	\$ 5,865,661	\$ 10,362,614
Total on deposit	\$ 1,796,306	\$ 2,700,647	\$ 5,865,661	\$ 10,362,614
Less: FDIC insurance	(100,000)	(100,000)	(100,000)	(300,000)
Total uninsured public funds	<u>\$ 1,696,306</u>	<u>\$ 2,600,647</u>	<u>\$ 5,765,661</u>	<u>\$ 10,062,614</u>
102% collateralization requirement	\$ -	\$ 2,287,051	\$ -	\$ 2,287,051
50% collateralization requirement (Section 6-10-17 NMSA)	<u>848,153</u>	<u>179,220</u>	<u>2,882,831</u>	<u>3,910,204</u>
Total collateralization requirement	<u>\$ 848,153</u>	<u>\$ 2,466,271</u>	<u>\$ 2,882,831</u>	<u>\$ 6,197,255</u>
Pledged Securities:				
FHLB 3133XENX3 3-11-11			\$ 2,000,000	\$ 2,000,000
FHLB 3133XES91 3-8-13			1,000,000	1,000,000
Carrizozo NM 144627CX2 8-1-13			100,000	100,000
Jemez Vally 475868CL7 8-1-11			100,000	100,000
FNCL 31368H3Q4 5-1-24	483,600			483,600
FNCL 31368H3Q4 5-1-24	89,340			89,340
FNCL 31368H3Q4 5-1-24	97,108			97,108
FNCL 31407HW93 5-1-36	147,998			147,998
FNCL 31371MQD2 3-1-36	620,028			620,028
FNION 31371MQ75 3-1-36	88,905			88,905
FNBP 669738DU7 2-1-16		722,081		722,081
FED 31282CBA4 4-1-20		1,088,209		1,088,209
FED 31403CXG1 12-1-20		1,686,053		1,686,053
FNBP 31394HZIP9 3-15-23		596,874		596,874
Total pledged securities	<u>\$ 1,526,979</u>	<u>\$ 4,093,217</u>	<u>\$ 3,200,000</u>	<u>\$ 8,820,196</u>
Pledged securities over (under) requirement	<u>\$ 678,826</u>	<u>\$ 1,626,946</u>	<u>\$ 317,170</u>	<u>\$ 2,622,942</u>
Uninsured and Uncollateralized	<u>\$ 169,327</u>	<u>\$ -</u>	<u>\$ 2,565,661</u>	<u>\$ 2,734,988</u>

Securities pledged for Wells Fargo are held by the Wells Fargo trust department in Minneapolis, Minnesota for First Savings Bank by the Federal Home Loan Bank in Dallas, Texas, and for First NM by the Independent Bankers Bank in Dallas, Texas. Safekeeping receipts are held by the District.

Deming Public Schools  
**SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS AND INVESTMENTS**  
 June 30, 2008

	<u>Type of Account</u>	<u>Bank Balance</u>	<u>Reconciled Balance</u>
<u>First Savings Bank</u>			
Operational	Checking	\$ 1,796,306	\$ 1,845,362
Total First Savings Bank		<u>\$ 1,796,306</u>	<u>\$ 1,845,362</u>
<u>Wells Fargo</u>			
Payroll	Checking	\$ 2,342,207	\$ 221,085
Building fund	Checking	<u>358,440</u>	<u>358,440</u>
Total Wells Fargo		<u>\$ 2,700,647</u>	<u>\$ 579,525</u>
<u>First NM Bank</u>			
Debt service	Checking	\$ 2,386,353	\$ 2,386,353
SB-9 savings	Savings	137,101	137,101
SB-9	Checking	1,364,621	1,363,773
Transportation	Checking	203,186	8,856
Special grants	Checking	263,882	92,578
Cafeteria	Checking	412,051	410,876
Gate receipts	Checking	320,323	311,176
General activity	Checking	131,836	119,447
Federal projects	Checking	<u>646,308</u>	<u>(1,480,204)</u>
Total First NM Bank		<u>\$ 5,865,661</u>	<u>\$ 3,349,956</u>
<u>NM Local Government Investment Pool</u>			
Operational	Investment	\$ 700,000	\$ 700,000
Bond building	Investment	<u>9,563</u>	<u>9,563</u>
Total NM Local Government Investment Pool		<u>\$ 709,563</u>	<u>\$ 709,563</u>

Deming Public Schools  
**SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS AND INVESTMENTS**  
 June 30, 2007

	<u>Type of Account</u>	<u>Bank Balance</u>	<u>Reconciled Balance</u>
<u>Wells Fargo Brokerage Services</u>			
	Gov Sec		
Bond building	Money Mkt	\$ 2,477,819	\$ 2,477,819
Bond building	FHLB Note	500,087	500,087
Bond building	FHLB Note	500,142	500,142
Bond building	FHLB Note	499,784	499,784
Bond building	FHLB Note	<u>1,302,470</u>	<u>1,302,470</u>
Total Wells Fargo Brokerage Services		<u>\$ 5,280,302</u>	<u>\$ 5,280,302</u>
Total cash and investments		<u>\$ 16,352,479</u>	<u>\$ 11,764,708</u>

Deming Public Schools  
**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS**  
**ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION**  
For The Fiscal Year Ended June 30, 2008

	<u>Operational</u>	<u>Transportation</u>	<u>Instructional Materials</u>	<u>Food Services</u>	<u>Athletics</u>
Total cash and investments as of July 1, 2007	\$ 1,714,094	\$ 167,343	\$ 147,888	\$ 173,995	\$ 10,391
Add: Current year receipts	35,111,213	1,858,272	596,435	2,547,793	29,583
Chargebacks					
Voided warrants					
Less: Current year expenditures	(34,311,271)	(2,016,759)	(491,910)	(2,310,756)	(26,953)
Outstanding loans				(156)	
Abatements	(1)				
Receivables/payables					
Transfers					
Total cash and investments as of June 30, 2008	<u>\$ 2,514,035</u>	<u>\$ 8,856</u>	<u>\$ 252,413</u>	<u>\$ 410,876</u>	<u>\$ 13,021</u>



Deming Public Schools  
**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS (continued)**  
**ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION**  
For The Fiscal Year Ended June 30, 2008

	<u>State Direct</u>	<u>Local/State Fund</u>	<u>Bond Building Fund</u>	<u>Public School Capital Outlay</u>	<u>Special Capital Outlay State</u>
Total cash and investments as of July 1, 2007	\$ (76,101)	\$ 241,602	\$ 10,167,598	\$ -	\$ (37,947)
Add: Current year receipts	81,315	159,430	380,415	943,327	37,947
Chargebacks					
Voided warrants					
Less: Current year expenditures	(107,229)	(209,734)	(4,899,669)	(44,593)	
Outstanding loans					
Abatements			(39)		
Receivables/payables					
Transfers					
Total cash and investments as of June 30, 2008	<u>\$ (102,015)</u>	<u>\$ 191,298</u>	<u>\$ 5,648,305</u>	<u>\$ 898,734</u>	<u>\$ -</u>

Deming Public Schools  
**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS (continued)**  
**ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION**  
For The Fiscal Year Ended June 30, 2008

	Non Instructional Support	Federal Projects	Federal Direct	Local Grants	State Grants
Total cash and investments as of July 1, 2007	\$ 162,046	\$ (1,602,361)	\$ 234,952	\$ 245	\$ (102,444)
Add: Current year receipts	521,039	5,858,396	379,906		763,610
Chargbacks					
Voided warrants					
Less: Current year expenditures	(384,597)	(5,855,893)	(495,208)		(658,115)
Outstanding loans	(332)				
Abatements					
Receivables/payables					
Transfers					
Total cash and investments as of June 30, 2008	<u>\$ 298,156</u>	<u>\$ (1,599,858)</u>	<u>\$ 119,650</u>	<u>\$ 245</u>	<u>\$ 3,051</u>

Deming Public Schools  
**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS (concluded)**  
**ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION**  
For The Fiscal Year Ended June 30, 2008

	Capital Improvements <u>SB-9</u>	Energy Efficiency <u>                    </u>	PSCOC <u>                    </u>	Debt Service <u>                    </u>	Agency <u>                    </u>
Total cash and investments as of July 1, 2007	2,072,956	3	64,009	2,115,690	\$ 116,063
Add: Current year receipts	925,438			2,378,835	455,820
Chargebacks					
Voided warrants					
Less: Current year expenditures	(2,437,845)		(22,417)	(2,108,172)	(452,436)
Outstanding loans					
Abatements					
Receivables/payables					
Transfers		(3)			
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total cash and investments as of June 30, 2008	<u>\$ 560,549</u>	<u>\$ -</u>	<u>\$ 41,592</u>	<u>\$ 2,386,353</u>	<u>\$ 119,447</u>

Deming Public Schools  
**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS (concluded)**  
**ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION**  
For The Fiscal Year Ended June 30, 2008

	Total
Total cash and investments as of July 1, 2007	\$ 15,570,022
Add: Current year receipts	53,028,774
Chargebacks	-
Voided warrants	-
Less: Current year expenditures	(56,833,557)
Outstanding loans	(488)
Abatements	(40)
Receivables/payables	-
Transfers	(3)
	\$ 11,764,708
Total cash and investments as of June 30, 2008	\$ 11,764,708

Deming Public Schools  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For The Fiscal Year Ended June 30, 2008

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
Direct:			
Literacy Through School	84.364	25.235	\$ 296,759
Emergency Response Plan	84.184	25.249	9,760
Passed through N.M. Department of Education:			
Title I Grants to Lea's	84.010	24.101	3,046,093
Migrant Education-Basic State Grant Program	84.011	24.103	267,413
Special Education-Grants to States	84.027	24.106	1,262,650
Innovative Strategies-Title VI	84.298	24.150	9,746
Special Education-Preschool Grants	84.173	24.109	19,129
Technology Literacy Challenge Funds	84.318	24.133	41,777
Education of the Homeless	84.196	24.113	140,622
English Language Acquisition grants	84.365	24.153	96,329
Reading First	84.357	24.167	74,559
Vocational Education	84.048	24.119	80,245
Safe and Drug-Free Schools and Communities	84.186	24.157	32,272
Rural Education	84.358	24.160	161,665
Rehabilitation Services-Service Projects	84.128	24.163	44,621
Teacher Quality State Grants	84.367	24.154	583,603
Title I School Improvement	84.256	24.162	33,005
Title III - Incentives	84.374	24.143	995
			<hr/>
Total U.S. Department of Education			\$ 6,201,243
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
Passed through N.M. Department of Education:			
National School Lunch Program	10.555	N/A	\$ 1,635,948
School Breakfast Program	10.553	N/A	610,169
Passed through N.M. Department of Human Svc's:			
Emergency Food Assistance Program	10.569	N/A	160,063
			<hr/>
Total U.S. Department of Agriculture			\$ 2,406,180

Deming Public Schools  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS(concluded)**  
For The Fiscal Year Ended June 30, 2007

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>
 <b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
Passed through N.M. Dept. of Human Services: Medical Assistance Program	93.778	24.253	<u>\$ 27,567</u>
 <b><u>U.S. DEPARTMENT OF DEFENSE</u></b>			
Direct Programs: ROTC	12.100	25.200	<u>\$ 47,560</u>
 <b><u>U.S. DEPT. OF HOMELAND SECURITY</u></b>			
Direct Programs: Emergency Food and Shelter National Board	97.024	25.246	<u>\$ 5,457</u>
Total expenditures of federal awards			<u><u>\$ 8,688,007</u></u>

See the accompanying notes to Schedule of Expenditures of Federal Awards.



Deming Public Schools  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For The Fiscal Year Ended June 30, 2008

Note 1      Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Deming Public Schools and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2      Emergency Food Assistance Program

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. The District received \$160,063 in food commodities during the 2007-2008 fiscal year.

Note 3      Insurance Coverage

The District had the following insurance coverages during the year ended June 30, 2008:

Worker's compensation	\$ 1,050,000
Property	500,000,000
Liability	10,000,000
Auto	10,000,000



Deming Public Schools  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
For The Fiscal Year Ended June 30, 2008

Current Status

**Findings - Financial Statement Audit**

- |      |  |          |
|------|--|----------|
| 07-1 | The District had non-centralized receipts for agency funds which were not properly receipted.    | Repeated |
| 07-2 | The component unit's depository collateral was not sufficient to collateralize the bank accounts | Resolved |

**Findings - Major Federal Awards Programs Audit**

NONE.

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LINDA STONE MCGEE, C.P.A.  
KAY STONE, C.P.A.  
JARROD MASON, C.P.A.

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**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**

Hector H. Balderas, State Auditor  
and  
Board of Education  
Deming Public Schools  
Deming, New Mexico

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Deming Public Schools as of and for the year ended June 30, 2008, which collectively comprise Deming Public School's basic financial statements and have issued our report thereon dated November 13, 2008. We have also audited the financial statements of each of the District's nonmajor governmental funds presented as other supplementary information as of and for the year ended June 30, 2008 and have issued our report thereon dated November 13, 2008. 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 Deming Public School'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 Deming Public School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Deming Public School'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 Deming Public School'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 Deming Public School's financial statements that is more than inconsequential will not be prevented or detected by Deming Public School's internal control. We consider deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. The findings are identified in the accompanying Schedule of Findings and Questioned Costs as 08-1 and 08-2.

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 Deming Public School's internal control.

Our consideration of the 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 the internal control that might be significant deficiencies and, accordingly would not necessarily disclose all significant deficiencies that are also considered material weaknesses. However, we believe the significant deficiencies described above are material weaknesses.

### Compliance And Other Matters

As part of obtaining reasonable assurance about whether Deming Public School'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that are required to be reported under *Government Auditing Standards January 2007 Revision* paragraphs 5.14 and 5.16 and Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as findings 07-2, 08-3 through 08-6.

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

This report is intended solely for the information and use of the Board of Education, management, others within the organization, the New Mexico State Auditor, the New Mexico Legislature, 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.

*Stone, McGee & Co., CPAs*

November 13, 2008

Stone, McGee & Co.  
Certified Public Accountants

MIKE STONE, C.P.A.  
LINDA STONE MCGEE, C.P.A.  
KAY STONE, C.P.A.  
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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Hector H. Balderas, State Auditor  
and  
Board of Education  
Deming Public Schools  
Deming, New Mexico

**Compliance**

We have audited the compliance of the Deming Public Schools 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 Deming Public School'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 Deming Public School's management. Our responsibility is to express an opinion on the Deming Public School'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 Deming Public School'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 Deming Public School's compliance with those requirements.

In our opinion, Deming Public Schools 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.

## Internal Control Over Compliance

The management of the Deming Public Schools is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Deming Public School'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 Deming Public School'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 a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is a more than a remote likelihood that noncompliance 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 a 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 considered to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Education, others within the organization, the New Mexico State Auditor, the New Mexico Legislature, 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.

*Stone, McGee & Co., CPA's*

November 13, 2008

Deming Public Schools  
**Schedule of Findings and Questioned Costs**  
For The Fiscal Year Ended June 30, 2008

**Summary of Audit Results**

1. The auditors' report expresses an unqualified opinion on the financial statements of Deming Public Schools.
2. Two significant deficiencies related to the component unit disclosed during the audit of the financial statements are reported in the "Findings-Financial Statement Audit" section of this report. The conditions are considered material weaknesses.
3. No instances of noncompliance material to the financial statements of the Deming Public Schools, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal awards programs are reported in the *Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133*.
5. The auditors' report on compliance for the major federal awards programs for the Deming Public Schools expresses an unqualified opinion on all major programs.
6. No findings required to be reported in accordance with section 510(a) of OMB Circular A-133 were noted.
7. The programs tested as major programs included: Title I Grants to LEA's, CFDA No. 84.010 and Special Education – Grants to States, CFDA No. 84.027.
8. The threshold for distinguishing types A and B programs was \$300,000.
9. The Deming Public Schools qualified as a low-risk auditee.

**Findings – Financial Statement Audit**

**Significant Deficiencies**

FINDINGS RELATED TO THE COMPONENT UNIT

08-1 Cash Reconciliations

Condition – Cash in banks has not been reconciled to general ledger accounts.

Criteria – Sound accounting practices require that cash in banks be reconciled to general ledger amounts monthly.

Effect – The general ledger cash balance and the cash reports did not reflect accurate cash balances. The amounts differed from the amounts actually in the bank accounts by in excess of \$200,000.

Cause – This is the initial year that the Component Unit maintained its own accounting records. Accounting personnel were unaware of the fact that the cash amounts should be reconciled to the general ledger and cash reports.

Recommendation – We recommend that the accounting personnel perform the monthly cash balance to general ledger reconciliation, and make any adjustments necessary to balance the two amounts.

Agency response – The recommendation will be adopted.

#### 08-2 Trust Fund Receipts

Condition – Trust fund receipts (Activity receipts) do not follow a receipting procedure, they are simply deposited into the bank account.

Criteria – Sound financial management and PED regulations require that receipts be written for all receipts, and that those receipts be maintained in a manner where they can be traced to actual bank deposits.

Effect – The internal control established by receipting trust funds has been compromised, and there is an increased likelihood of conversion of cash without the necessity of collusion.

Cause – The School personnel were unaware that receipting of cash was required.

Recommendation – We recommend that receipts be issued to each depositor, and that duplicate numbered receipts be maintained in School records, which are traceable to bank deposits.

Agency Response – There is only one trust fund, and it was felt that depositing the funds was sufficient. However, we will begin receipting trust funds immediately, and will maintain the records for review.

#### **Other Instances of Noncompliance**

##### 07-1 Agency Receipts

Condition –The Red Mountain Middle School has not maintained the integrity of its receipting process for agency funds. Receipts are not maintained in numerical sequence, and cannot be easily reconciled to recap sheets sent to the Central Office.

Criteria – Sound management and the NMPED Manual of Procedures require receipting of all monies received, with an accounting for the numerical sequence of receipts.

Effect – There is an increased likelihood of conversion of funds without the necessity of collusion.

Cause – Personnel at the school in question were not following established procedures.

Recommendation – We recommend that central office personnel review each school's receipting function to insure compliance with established procedures.

Agency Response – The District holds district-wide training sessions for employees involved in the agency receipting process annually. This isolated instance was caused by a turnover in personnel. Procedures will be established to indoctrinate new personnel that are hired after the training session has been held.

##### 08-3 Budgetary Controls

Condition – The District incurred expenditures in excess of budgetary authority in several functions as disclosed in Note 14 to the financial statements. These excess expenditures totaled \$340,374 for all funds and functions.

Criteria – Sections 6-3-1 through 6-3-25 NMSA 1978 require, in part that expenditures not exceed budgetary authority.

Effect – The internal controls established by adherence to budgets has been compromised, and excess spending could result. In addition, New Mexico statutes have been violated.

Cause – The District did not request the budget adjustment at year end to alleviate these budget overruns.

Recommendation: We recommend that the District establish a policy of reviewing year end expenditures, and requesting budget adjustments where necessary.

Agency Response – The Policy recommended is already in place. These overruns were unusual circumstances caused by expenditures late in the fiscal year. We believe this problem is isolated, and will not occur in the future.

#### FINDINGS RELATED TO THE COMPONENT UNIT

##### 08-4 Teacher Files

Condition – In a test of 25 teacher files, we noted 5 instances where I-9's were missing, 7 instances where W-4's could not be located, 5 instances where teaching certificates could not be located, and 3 instances where certified personnel transcripts were not available.

Criteria – I-9's and w-W-4's are documents required by Internal Revenue Service regulations to be in each employee file and available for inspection. PED regulations require that certified personnel files contain teaching certificates and transcripts as proof of the qualifications of certified personnel.

Effect – The School is subject to substantial fines for failure maintain I-9's and W-4's should the Internal Revenue Service request such items. In addition, there is an increased likelihood that non-qualified personnel could be hired in certified positions if documentation of their qualifications is not requested or maintained.

Cause – School Personnel have filed documents in various locations, and were unable to produce the requested documents.

Recommendation – We recommend that the School establish a checklist of items that are required to be in employee files, and that these checklists be used to review employee files periodically to insure compliance with Internal Revenue Service regulations and PED Requirements.

Agency Response – The files will be reviewed and updated as necessary.

##### 08-5 Purchasing Procedures

Condition – The School has purchased goods and services without appropriate approval. In a test of 40 expenditures we noted 11 purchase orders dated after the date of the invoice, and 36 instances where the voucher was not approved for payment.

Criteria – Sound budgetary control and Sections 13-1-1 through 13-1-199 NMSA 1978 require that purchases be authorized by the appropriate purchasing personnel prior to purchase, and that vouchers be approved for payment prior to cash disbursement.

Effect – The controls established by budgetary management and managerial authorization for



purchasing have been compromised, as well as violations of the New Mexico Procurement Code.

Cause – The School had not established the purchasing procedures required by sound management and New Mexico statutes.

Recommendation – We recommend that the School establish the purchasing procedures required by statute and PED regulations. Use of the PED Manual of Procedures would be helpful.

Agency Response – Purchasing procedures have now been established, and we will refer to the PED Manual of Procedures for clarification.

#### 08-6 Budgetary Controls

Condition – The School incurred expenditures in excess of budgetary authority in several functions of the General Fund, for a total of \$45,224, and one function in the Public School Capital Outlay fund, for a total of \$1,709.

Criteria – Sections 6-3-1 through 6-3-25 NMSA 1978 require, in part that expenditures not exceed budgetary authority.

Effect – The internal controls established by adherence to budgets has been compromised, and excess spending could result. In addition, New Mexico statutes have been violated.

Cause – The School did not request the budget adjustment at year end to alleviate these budget overruns.

Recommendation: We recommend that the School establish a policy of reviewing year end expenditures, and requesting budget adjustments where necessary.

Agency Response – The policy recommended is now in place, and will be followed in future years.

#### **Findings and Questioned Costs – Major Federal Awards Programs**

None

#### **Other – Financial Statement Preparation**

The financial statements were prepared by Stone, McGee & Co., C.P.A.'s with substantial assistance from District personnel.

## Exit Conference

The contents of this report were discussed August 26 and September 2, 2008. Present at this exit conference were:

<u>Name</u>	<u>Title</u>	<u>Affiliation</u>
David McSherry	Board President	Deming Public Schools
Harvielee Moore	Superintendent	Deming Public Schools
Ted Burr	Associate Superintendent of Finance	Deming Public Schools
Diana Peterson	Accounting Manager	Deming Public Schools
Phillip Almanza	Board Member	Cesar Chavez Charter School
Arlene Trujillo	Principal	Cesar Chavez Charter School
Chris Masters	Accountant	Cesar Chavez Charter School
Mike Stone	Shareholder	Stone, McGee & Co., C.P.A.'s
Kay Stone	Shareholder	Stone, McGee & Co., C.P.A.'s