

State of New Mexico

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

For the Fiscal Year ended June 30, 2009

Deming Public Schools  
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Deming Public Schools  
**DIRECTORY OF OFFICIALS**  
June 30, 2009

**BOARD OF EDUCATION**

David McSherry	President
Anne Keeler	Vice-President
Bayne Anderson	Secretary
Ruben S. Torres	Member
Andy 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, 2009, 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 non-major 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, 2009, 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 *Governmental 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 statements 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, 2009, and the respective changes in financial position, where applicable, thereof and the respective budgetary comparison for the General, Entitlement, State Grants, and SB-9 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 non-major governmental fund of Deming Public Schools as of June 30, 2009, and the respective changes in financial position, where applicable, thereof and the respective budgetary comparisons for the components of the General Fund, the non-major special revenue funds, the Debt Service Fund, and the capital projects funds for

the year then ended in accordance with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2009, 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

October 31, 2009

**DEMING PUBLIC SCHOOLS**  
**Management Discussion and Analysis**  
**For the Fiscal Year Ending June 30, 2009**

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, 2008 and 2009. 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.

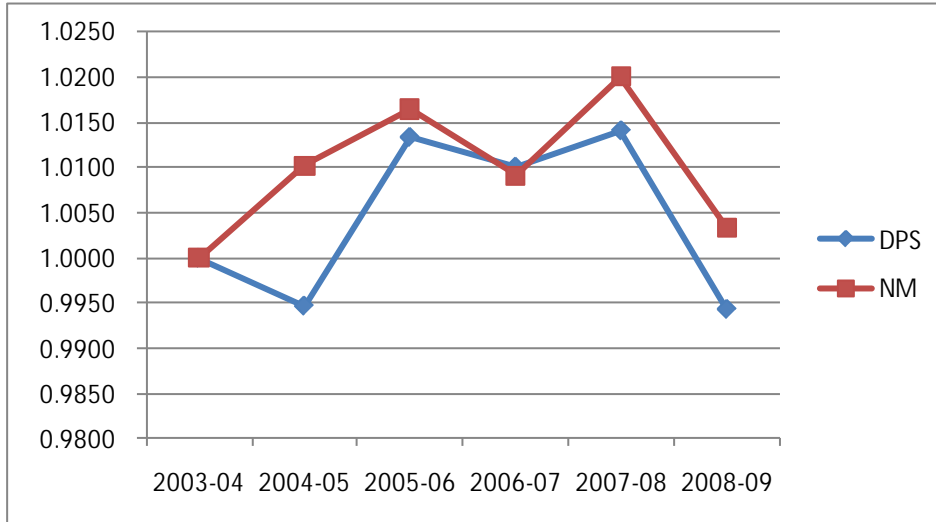
This annual report consists of a series of detailed, audited financial statements and the notes to those statements. Also included is the Independent Auditor's Report, The Independent Auditor's Report on Compliance on Internal Control (Governmental Accounting Standards), The Independent Auditor's Report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

**About the Deming Public School District**

Deming Public School District covers all of Luna County, New Mexico, 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 2008-2009 student membership of 5,291 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 108 students for the 2008-2009 school year. District five year enrollment decreased 1% while the state wide enrollment was flat at 0.03% growth. 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 2003-2004 Enrollment



As of FY-09 student enrollment for the district including charter school is down 31 students since the 2003-2004 fiscal year.

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, 2009**

- Capital Outlay increased by \$15,478,071 in the year ending June 30, 2008 and \$7,676,901 in the year ending June 30, 2009. The primary reasons for these increases are new school buildings funded by bond proceeds and New Mexico Public Schools Capital Outlay Council awards.
- Accumulated depreciation has increased by \$2,445,854 to \$33,309,402 as of June 30, 2009 from \$30,863,548 for June 30, 2008.
- Total revenues increased from \$61,422,650 in the year ending June 30, 2008 to \$61,629,766 in the year ending June 30, 2009. This is an increase of \$207,116 or 0.3%.
- Total expenditures, inclusive of all capital expenditures from general obligation bond proceeds, decreased from \$65,420,308 for the year ending June 30 2008 to \$61,040,084 for the year ending June 30 2009. This is a decrease in expenditures of \$4,380,224 or 7%. Decrease of \$7,296,819 in Capital Outlay for year ended June 30, 2009 compared to June 30, 2008 was offset by increases in Instruction, and Student Support.

## 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 \$83,168,831 and \$89,952,583 as of June 30, 2008 and 2009, respectively. The School District cash and cash equivalents on hand as of June 30, 2009 increased by 6% to \$735,491 to prepare for affects on revenue because of the failing economy. Accounts payable decreased by 32% to \$566,783 as of June 30, 2009 compared to June 30, 2008 accounts payable of \$834,334. Accounts payable for FY 2009 is comprised of employee benefits obligated during June and due within 3 months. Net Assets restricted for various purposes totaling \$(702,013) and \$8,344,550 as of June 30, 2008 and 2009 respectively, increased by \$9 million. Restricted for capital projects and other increased by \$8.7 million with the remaining \$0.3 million increase in restrictions for debt service.

### **District, without Component Unit, Statement of Net Assets**

<b>Assets</b>	<b>June 30, 2008</b>	<b>June 30, 2009</b>
Cash Assets	13,300,864	13,860,956
All Other Current Assets	3,139,501	3,957,225
Capital Assets	97,767,413	105,444,314
Depreciation	(30,863,548)	(33,309,912)
<b>Total Assets</b>	<b>83,344,230</b>	<b>89,952,583</b>
<b>Liabilities</b>		
Accounts Payable	834,334	566,783
Other Current Liabilities	3,515,580	4,217,699
Long Term Liabilities	17,520,911	16,092,530
<b>Total Liabilities</b>	<b>21,870,825</b>	<b>20,877,012</b>
<b>Net Assets</b>		
Invested in Capital Assets	59,397,068	57,599,517
Restricted	(702,013)	8,344,550
Unrestricted	2,778,350	3,131,504
<b>Total Net Assets</b>	<b>61,473,405</b>	<b>69,075,571</b>

This statement includes accumulated depreciation of the School District's capital assets in the amount of \$30,863,548 and \$33,309,912 as of June 30, 2008 and 2009 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 \$402,880 total net assets compared to \$343,327 as of June 30, 2008. This is an increase of \$59,553 or 17%. This is the third year the component unit has served students.

**Component Unit Statement of Net Assets**

<b>Assets</b>	<b>June 30, 2008</b>	<b>June 30, 2009</b>
Cash Assets	273,248	218,740
All Other Current Assets	21,237	21,237
Equipment	54,269	188,254
Less Accumulated Depreciation	(5,427)	(17,621)
<b>Total Assets</b>	<b>343,327</b>	<b>410,610</b>
<b>Liabilities</b>		
Accounts Payable	-	7,730
<b>Total Liabilities</b>	<b>-</b>	<b>7,730</b>
<b>Net Assets</b>		
Invested in Capital Assets	48,842	170,633
Restricted for capital projects	20,558	27,659
Unrestricted	273,927	204,588
<b>Total Net Assets</b>	<b>343,327</b>	<b>402,880</b>

**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, 2009. As of June 30, 2009 the School District, exclusive of the component unit, had net assets of \$69,075,571 compared to \$61,473,405 for 2008. Net assets increased \$7,602,166 and \$11,110,703 for the years ending June 30, 2009 and 2008.

<b>Governmental Activities</b>	<b>June 30, 2008</b>	<b>June 30, 2009</b>
Total Government Activities Expense	\$ 50,446,186	\$ 53,464,077
Charges For Services Revenue	461,252	666,640
Operating Grants and Contributions Revenue	12,312,211	12,710,792
Grants and Contributions Revenue	<u>9,789,916</u>	<u>8,408,481</u>
<b>Net (Expenses) Revenues and</b>		
<b>Changes in Net Assets</b>	<b>\$ (27,882,807)</b>	<b>\$ (31,678,164)</b>
<b>General Revenues</b>		
Taxes –general, debt service	\$ 3,502,762	\$ 3,610,018
State aid	34,674,884	36,343,387
Investment earnings	441,235	134,499
Recoveries and refunds	171,410	14,447
Gain (Loss) on disposition of assets	<u>203,219</u>	<u>(822,021)</u>
<b>Total General Revenues &amp; Special Item</b>	<b>\$ 38,993,510</b>	<b>\$ 39,280,330</b>
<b>Changes in Net Assets</b>	<b>\$ 11,110,703</b>	<b>\$ 7,602,166</b>
Net Assets beginning	<u>50,362,702</u>	<u>61,473,405</u>
<b>Net Assets – ending</b>	<b>\$ 61,473,405</b>	<b>\$ 69,075,571</b>

The \$822,021 loss on disposition of assets was created by expensing capitalized intangible items.

The component unit net assets increased by \$59,553 and \$90,255 for the years ending June 30, 2008 and 2009, respectively.

The component unit Statement of Activities is summarized on below.

<b>Component Unit Activities</b>	<b>June 30, 2008</b>	<b>June 30, 2008</b>
Total Government Activities Expense	<u>1,074,927</u>	<u>1,865,172</u>
<b>Net (Expenses) Revenues and</b>		
<b>Changes in Net Assets</b>	<b><u>(1,074,927)</u></b>	<b><u>(1,865,172)</u></b>
<b>General Revenues</b>		
State aid	1,144,558	1,898,185
Miscellaneous	20,624	26,540
<b>Total General Revenues &amp; Special Item</b>	<b><u>1,165,182</u></b>	<b><u>1,924,725</u></b>
<b>Changes in Net Assets</b>	<b>90,255</b>	<b>59,553</b>
Net Assets beginning	<u>253,072</u>	<u>343,327</u>
<b>Net Assets – ending</b>	<b><u>343,327</u></b>	<b><u>402,880</u></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 all sources were \$61,422,650 and \$61,629,766 for fiscal years 2008 and 2009 respectively. Total expenditures for the School District were \$65,420,308 and \$61,040,084 for fiscal years 2008 and 2009 respectively. The total ending fund balance was \$13,241,276 and \$14,445,958 for fiscal years 2008 and 2009, respectively, an increase of \$1,204,682.

### 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 2008 increased revenue without increasing expenses while construction expenses in subsequent years increased expenses.

Year	Total Revenues *	Increase %	Total Expenditures*	Increase %
2003/04	\$43,926,367	6%	\$45,624,772	31%
2004/05	\$48,349,070	10%	\$50,632,574	11%
2005/06 a	\$57,729,448	19%	\$55,903,546	10%
2006/07 b	\$56,254,831	-3%	\$58,557,155	5%
2007/08	\$61,422,680	9%	\$65,420,308	12%
2008/09	\$61,629,766	0%	\$61,040,084	-7%

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

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

(b). 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 2008 and 2009**

	<b>FY-08</b>		<b>FY-09</b>		<b>Increase</b>	
<b>General Fund</b>	37,103,127	57%	39,518,451	65%	2,415,324	7%
<b>Title I</b>	3,046,093	5%	3,243,678	5%	197,585	6%
<b>Construction</b>	16,143,574	25%	7,995,087	13%	(8,148,487)	-50%
<b>Debt Service</b>	2,108,172	3%	2,186,275	4%	78,103	4%
<b>All Other</b>	7,019,342	11%	8,096,593	13%	1,077,251	15%
<b>Total</b>	65,420,308	100%	61,040,084	100%	(4,380,224)	-7%

The reader will note that construction decreased to 13% of all funds for FY-09 from a high of 25% in FY-08. The District has completed the final school funded with the 2007 bond issue. The General Fund increased 7% from fiscal year 2008 to 2009. 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 65% and 62% of the School District’s revenue for fiscal years 2008 and 2009, respectively . The General Fund is predominately funded by revenues form 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 2008 and 2009.

<b>General Fund Expenditures by Functions</b>				
<b>Function</b>	<b>FY 2008</b>		<b>FY 2009</b>	
Instruction	21,646,415	58%	23,135,689	59%
Pupil & Instructional Support	6,549,304	18%	6,844,995	17%
Maintenance & Operations	4,386,615	12%	4,669,328	12%
Transportation	1,994,463	5%	2,151,591	5%
Administration & Business	2,526,330	7%	2,716,848	7%
Total	37,103,127	100%	39,518,451	100%

The proportion of General Fund expended for Instruction increased while Pupil & Instructional Support decreased. Instruction received 62% of the General Fund FY-09 increase.



The percentage of the General Fund spent on the instruction function increased for fiscal year 2009 from 58% to 59%. Instruction spending increased \$1,489,274 or 7% 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 2009 \$295,691 for 17% 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 2009 \$282,713 and is 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 remained at 12% of the total General Fund for fiscal years 2009.

### **Capital Assets**

In the fiscal year ending June 30, 2009 the Statement of Revenues, Expenditures and Changes in Fund Balances shows the School District expended \$7,676,901 for capital outlay. This is down from \$15,478,071 for the previous fiscal year and reflects the completion of the forth new school constructed since 2004.

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 zero for FY-09. This represents that the District's new construction is coming to completion. The final school constructed opened July 2009 in Columbus, NM and replaces a school that started construction in 1912.

<b>Capital assets:</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>Changes</b>	
Land and improvements	\$ 5,986,393	\$ 6,126,970	\$ 140,577	2%
Building and improvements	73,726,691	89,652,598	15,925,907	22%
Furniture and equipment	9,684,107	9,664,746	(19,361)	0%
Construction in progress	8,370,222	-	(8,370,222)	
Less: Accumulated depreciation	(30,863,548)	(33,309,402)	(2,445,854)	8%
<b>Total capital assets, net of depreciation</b>	<b>\$ 66,903,865</b>	<b>\$ 72,134,912</b>	<b>\$ 5,231,047</b>	<b>8%</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, 2009.

<b>Deming Public Schools General Obligation Bonds</b>			
<b>Projected Principal and Interest Payments</b>			
<b>Fiscal YR</b>	<b>Principal Payment</b>	<b>Interest Payment</b>	<b>Total Payments</b>
2010	2,090,000	625,902	2,715,902
2011	2,135,000	552,612	2,687,612
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

Continued on following page through fiscal year 2021

Continued.

Deming Public Schools General Obligation Bonds			
Projected Principal and Interest Payments			
Fiscal YR	Principal Payment	Interest Payment	Total Payments
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
Total	\$ 18,375,000	\$ 3,611,902	\$ 21,986,902

### **Future Trends**

September, 2009 the Board of Education approved a second Education Technology Lease-Purchase General Obligation Certificates of Participation, (Ed Tech). This issue will provide approximately \$515,000 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 \$22 million general obligation bonds without having to increase property taxes. The District's high school requires major renovation or replacement and the \$22 million in bonds would provide the matching funds that would allow the District to access State grants. However, the current economy in New Mexico raises doubt if the State would be able to provide the necessary match in fiscal year 2010. The NM Legislature concluded a special session where they passed HB-17 that requires a 2% reduction in State Equalization Guarantee, the primary source of the District's General Fund Revenue. At this time Governor Richardson has not signed the bill into law. If the bill is signed the district FY-10 revenue will be decreased up to \$750,000.

### **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, 2009

	Governmental Activities	Component Unit
<b>Assets</b>		
Cash and cash equivalents	\$ 13,860,956	\$ 218,740
Interest receivable	157	
Property taxes receivable	899,931	
Accounts receivable		2,150
Due from other governments	2,810,016	19,087
Inventory	179,001	
Notes receivable	7,953	
Bond issue costs	60,167	
Capital assets:		
Land and improvements	6,126,970	
Buildings and improvements	89,652,598	
Equipment	9,664,746	188,254
Construction in progress	-	
Less accumulated depreciation	(33,309,912)	(17,621)
Total capital assets, net of depreciation	\$ 72,134,402	\$ 170,633
Total assets	\$ 89,952,583	\$ 410,610
<b>Liabilities</b>		
Cash overdraft	\$ 1,820,847	\$ -
Accounts payable	566,783	7,730
Deferred revenue	40,169	
Long-term liabilities:		
Portion due or payable within one year:		
Capital lease payable	615,000	
Bonds payable	1,475,000	
Accrued interest payable	266,683	
Portion due or payable after one year:		
Bonds payable	15,700,000	
Compensated absences	392,530	
Total liabilities	\$ 20,877,012	\$ 7,730
<b>Net Assets</b>		
Invested in capital assets, net of related debt	\$ 57,599,517	\$ 170,633
Restricted for:		
Debt service	2,789,220	
Capital projects	2,326,615	27,659
Other purposes	3,228,715	
Unrestricted	3,131,504	204,588
Total net assets	\$ 69,075,571	\$ 402,880

The accompanying notes are an integral part of these financial statements

Deming Public Schools  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2009

<b><u>Functions/Programs</u></b>	Expenses	Charges for Services
Governmental activities:		
Instruction	\$ 30,274,608	\$ 307,855
Support services - Students	4,716,505	
Support services - Instruction	1,197,320	
General administration	2,013,386	308,969
School administration	2,615,864	
Central services	1,576,199	
Operation of plant	5,434,330	13,692
Food services	2,716,234	36,124
Transportation	2,304,074	
Community services	7,468	
Interest on long-term debt	608,089	
	\$ 53,464,077	\$ 666,640

General revenues:

Property taxes:

- Levied for general purposes
- Levied for debt service
- Levied for capital improvements

State aid - formula grants

Recoveries and refunds

Loss 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
\$ 6,026,179	\$ 7,444,092	\$ (16,496,482)	\$ (963,421)
1,063,407		(3,653,098)	(190,282)
176,602		(1,020,718)	(21,752)
643,497		(1,060,920)	(36,539)
45,538		(2,570,326)	(306,729)
11,963		(1,564,236)	(38,042)
46,268	964,389	(4,409,981)	(308,407)
2,555,247		(124,863)	
2,134,623		(169,451)	
7,468		-	
		(608,089)	
<u>\$ 12,710,792</u>	<u>\$ 8,408,481</u>	<u>\$ (31,678,164)</u>	<u>\$ (1,865,172)</u>
		\$ 216,315	\$ -
		2,498,385	
		895,318	
		36,343,387	1,898,185
		14,447	26,540
		(822,021)	
		134,499	
		<u>\$ 39,280,330</u>	<u>\$ 1,924,725</u>
		\$ 7,602,166	\$ 59,553
		61,473,405	343,327
		<u>\$ 69,075,571</u>	<u>\$ 402,880</u>

Deming Public Schools  
**BALANCE SHEETS**  
**GOVERNMENTAL FUNDS**  
June 30, 2009

	General Fund	Entitlement	State Grants	SB-9
<b>Assets</b>				
Cash and investments	\$ 3,273,328	\$ -	\$ -	\$ 2,075,321
Interest receivable	155			
Taxes receivable	15,240			63,171
Inventory	171,096			
Due from other governments		541,825	453,053	
Notes receivable	7,953			
Interfund receivable	241,372	11,537	1,136	39,524
Total assets	\$ 3,709,144	\$ 553,362	\$ 454,189	\$ 2,178,016
 <b>Liabilities and Fund Balances</b>				
Cash overdraft	\$ -	\$ 551,056	\$ 88,326	\$ -
Accounts payable	240,869	2,306	6,533	93,810
Interfund payable	4,408		39,524	
Deferred revenue	19,239		407,551	46,230
Total liabilities	\$ 264,516	\$ 553,362	\$ 541,934	\$ 140,040
Fund balance:				
Reserved for inventory	\$ 171,096	\$ -	\$ -	\$ -
Reserved for debt service				
Reserved for capital projects				
Unreserved, reported in:				
General fund	3,273,532			
Special revenue funds			(87,745)	2,037,976
Total fund balances	\$ 3,444,628	\$ -	\$ (87,745)	\$ 2,037,976
Total liabilities and fund balances	\$ 3,709,144	\$ 553,362	\$ 454,189	\$ 2,178,016

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



<u>Bond Building</u>	<u>Public School Capital Outlay</u>	<u>Debt Service</u>	<u>Ed Tech Debt Service</u>	<u>Other Funds</u>
\$ 3,239,207 2	\$ 2,128,739	\$ 1,601,206	\$ 633,177	\$ 909,978
		289,422	532,098	7,905
		500,182		1,815,138
		<u>500,182</u>		<u>76,986</u>
<u>\$ 3,239,209</u>	<u>\$ 2,128,739</u>	<u>\$ 2,390,810</u>	<u>\$ 1,165,275</u>	<u>\$ 2,810,007</u>
\$ - 27,052	\$ -	\$ -	\$ -	\$ 1,181,465
			500,182	196,213
		250,992	39,840	326,623
		<u>250,992</u>	<u>39,840</u>	<u>160,574</u>
<u>\$ 27,052</u>	<u>\$ -</u>	<u>\$ 250,992</u>	<u>\$ 540,022</u>	<u>\$ 1,864,875</u>
\$ - 3,212,157	\$ - 2,128,739	\$ - 2,139,818	\$ - 625,253	\$ 7,905 240,834
				696,393
<u>\$ 3,212,157</u>	<u>\$ 2,128,739</u>	<u>\$ 2,139,818</u>	<u>\$ 625,253</u>	<u>\$ 945,132</u>
<u>\$ 3,239,209</u>	<u>\$ 2,128,739</u>	<u>\$ 2,390,810</u>	<u>\$ 1,165,275</u>	<u>\$ 2,810,007</u>

Deming Public Schools  
**BALANCE SHEETS**  
**GOVERNMENTAL FUNDS (concluded)**  
June 30, 2009

	<u>Total Governmental Funds</u>
<b>Assets</b>	
Cash and investments	\$ 13,860,956
Interest receivable	157
Taxes receivable	899,931
Inventory	179,001
Due from other governments	2,810,016
Notes receivable	7,953
Interfund receivable	<u>870,737</u>
Total assets	<u><u>\$ 18,628,751</u></u>
 <b>Liabilities and Fund Balances</b>	
Cash overdraft	\$ 1,820,847
Accounts payable	566,783
Interfund payable	870,737
Deferred revenue	<u>924,426</u>
Total liabilities	<u>\$ 4,182,793</u>
Fund balance:	
Reserved for inventory	\$ 179,001
Reserved for debt service	2,765,071
Reserved for capital projects	5,581,730
Unreserved, reported in:	
General fund	3,273,532
Special revenue funds	<u>2,646,624</u>
Total fund balances	<u>\$ 14,445,958</u>
Total liabilities and fund balances	<u><u>\$ 18,628,751</u></u>

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

Deming Public Schools  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE  
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES**  
June 30, 2009

Total governmental fund balances	\$	14,445,958
<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.		72,134,402
Bond issue costs are capitalized and amortized over the life of the bonds		60,167
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		348,348
Miscellaneous receivables subject to the 60 day availability period		7,953
Intergovernmental receivables subject to the 60 day availability period		527,956
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:		
Capital lease payable		(615,000)
Bonds payable		(17,175,000)
Accrued interest payable		(266,683)
Compensated absences payable		(392,530)
		(18,449,113)
<i>Net Assets of Governmental Activities</i>	\$	69,075,571

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, 2009

	General Fund	Entitlement	State Grants	SB-9
Revenues:				
Property taxes	\$ 212,309	\$ -		\$ 900,205
Fees and charges	331,012			
State aid	39,004,633		631,203	964,389
Federal aid	271,292	1,084,393		
Earnings on investments	14,526		922	24,208
Miscellaneous	21,859		208,679	
	<u>\$ 39,855,631</u>	<u>\$ 1,084,393</u>	<u>\$ 840,804</u>	<u>\$ 1,888,802</u>
Expenditures:				
Current:				
Instruction	\$ 23,135,689	\$ 603,641	\$ 767,423	\$ -
Support service - Students	3,445,216	427,283	171,261	
Support services - Instruction	996,479		13,339	
General administration	1,266,895	48,056		
School administration	2,403,300			
Central services	1,449,953		15,014	
Operation of plant	4,498,538	5,413	42,851	255,689
Food service			27,054	
Transportation	2,151,591		7,987	
Community services				
Debt service:				
Principal				
Interest				
Capital outlay	170,790		34,196	240,952
	<u>\$ 39,518,451</u>	<u>\$ 1,084,393</u>	<u>\$ 1,079,125</u>	<u>\$ 496,641</u>
Revenues over (under) expenditures	\$ 337,180	\$ -	\$ (238,321)	\$ 1,392,161
Other financing sources (uses):				
Loan proceeds				
Transfer out				(8,135)
Transfer in				
	<u></u>	<u></u>	<u></u>	<u></u>
Net change in fund balances	\$ 337,180	\$ -	\$ (238,321)	\$ 1,384,026
Fund balance, July 1, 2008	3,107,448		150,576	653,950
Fund balance, June 30, 2009	<u>\$ 3,444,628</u>	<u>\$ -</u>	<u>\$ (87,745)</u>	<u>\$ 2,037,976</u>

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

<u>Bond Building</u>	<u>Columbus Elementary</u>	<u>Public School Capital Outlay</u>	<u>Debt Service</u>	<u>Ed Tech Debt Service</u>
\$ -	\$ -	\$ -	\$ 1,820,264	\$ 631,648
	5,548,067	1,230,005		
86,394			6,049	
<u>\$ 86,394</u>	<u>\$ 5,548,067</u>	<u>\$ 1,230,005</u>	<u>\$ 1,826,313</u>	<u>\$ 631,648</u>
\$ -	\$ -	\$ -	\$ -	\$ -
			13,950	6,395
8,000				
			1,500,000	
			672,325	
<u>27,052</u>	<u>7,498,446</u>			
<u>\$ 35,052</u>	<u>\$ 7,498,446</u>	<u>\$ -</u>	<u>\$ 2,186,275</u>	<u>\$ 6,395</u>
\$ 51,342	\$ (1,950,379)	\$ 1,230,005	\$ (359,962)	\$ 625,253
(2,007,403)				
	<u>1,950,379</u>			
\$ (1,956,061)	\$ -	\$ 1,230,005	\$ (359,962)	\$ 625,253
<u>5,168,218</u>		<u>898,734</u>	<u>2,499,780</u>	
<u>\$ 3,212,157</u>	<u>\$ -</u>	<u>\$ 2,128,739</u>	<u>\$ 2,139,818</u>	<u>\$ 625,253</u>

Deming Public Schools  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS (concluded)**  
For the fiscal year ended June 30, 2009

	Other Funds	Total Governmental Funds
Revenues:		
Property taxes	\$ -	\$ 3,564,426
Fees and charges	64,336	395,348
State aid	706,821	48,085,118
Federal aid	7,864,152	9,219,837
Earnings on investments	2,400	134,499
Miscellaneous		230,538
Total revenues	\$ 8,637,709	\$ 61,629,766
Expenditures:		
Current:		
Instruction	\$ 4,167,701	\$ 28,674,454
Support service - Students	450,811	4,494,571
Support services - Instruction	137,019	1,146,837
General administration	594,865	1,930,161
School administration	46,114	2,449,414
Central services	265	1,465,232
Operation of plant	318,680	5,129,171
Food service	2,550,472	2,577,526
Transportation	787	2,160,365
Community services	7,468	7,468
Debt service:		
Principal		1,500,000
Interest		672,325
Capital outlay	861,124	8,832,560
Total expenditures	\$ 9,135,306	\$ 61,040,084
Revenues over (under) expenditures	\$ (497,597)	\$ 589,682
Other financing sources (uses):		
Loan proceeds	615,000	615,000
Transfer out		(2,015,538)
Transfer in	65,159	2,015,538
Net change in fund balances	\$ 182,562	\$ 1,204,682
Fund balance, July 1, 2008	762,570	13,241,276
Fund balance, June 30, 2009	\$ 945,132	\$ 14,445,958

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

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, 2009

Net change in fund balances- total governmental funds	\$ 1,204,682
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
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	8,832,560
Depreciation expense	(2,774,170)
Bond and loan proceeds are reported as financing sources in the funds, In the Statement of Activities, however, issuing debt increased long term liabilities	
	(615,000)
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	45,592
Miscellaneous receivables subject to the 60 day availability period	(1,580)
Intergovernmental grants subject to the 60 day availability period	220,318
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets	
	1,500,000
Bond issue costs are expenditures in the funds but are capitalized and amortized in the Statement of Activities:	
Amortization	(5,926)
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.	
	(827,853)
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.	
	70,162
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.	
	<u>(46,619)</u>
<i>Change in Net Assets of Governmental Activities</i>	<u><u>\$ 7,602,166</u></u>

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

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 30,2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
Federal sources	\$ 185,780	\$ 185,780	\$ 271,292	\$ 85,512
State sources	38,316,614	39,518,417	39,004,633	(513,784)
Local sources	741,670	741,670	570,487	(171,183)
Earnings on investments	35,045	35,045	15,756	(19,289)
<b>Total revenues</b>	<b>\$ 39,279,109</b>	<b>\$ 40,480,912</b>	<b>\$ 39,862,168</b>	<b>\$ (618,744)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Instruction	\$ 23,105,437	\$ 23,656,187	\$ 23,081,000	\$ 575,187
Support services - Students	3,738,190	3,711,690	3,479,383	232,307
Support services - Instruction	960,060	1,018,616	996,479	22,137
General administration	1,366,583	1,366,583	1,258,125	108,458
School administration	2,594,240	2,594,240	2,420,115	174,125
Central services	1,440,730	1,530,730	1,448,571	82,159
Operation of plant	4,915,710	4,915,710	4,414,804	500,906
Transportation	1,904,726	2,183,723	2,151,662	32,061
Capital outlay	7,420	257,420	170,788	86,632
Non-operating	24,643	24,643	-	24,643
<b>Total expenditures</b>	<b>\$ 40,057,739</b>	<b>\$ 41,259,542</b>	<b>\$ 39,420,927</b>	<b>\$ 1,838,615</b>
Revenues over (under) expenditures	\$ (778,630)	\$ (778,630)	\$ 441,241	\$ 1,219,871
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
<b>Net change in fund balance</b>	<b>\$ (778,630)</b>	<b>\$ (778,630)</b>	<b>\$ 441,241</b>	<b>\$ 1,219,871</b>
Fund balance, July 1, 2008	1,440,183	1,440,183	3,073,459	1,633,276
<b>Fund balance, June 30, 2009</b>	<b>\$ 661,553</b>	<b>\$ 661,553</b>	<b>\$ 3,514,700</b>	<b>\$ 2,853,147</b>

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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 1,120,749	\$ 1,120,749	\$ 698,892	\$ (421,857)
Expenditures:				
Current:				
Instruction	\$ 613,589	\$ 613,589	\$ 604,170	\$ 9,419
Support services - Students	175,220	439,735	425,844	13,891
General administration	50,500	50,500	48,056	2,444
School administration	264,515			-
Operational plant maintenance	8,500	8,500	5,666	2,834
Capital outlay	8,425	8,425	-	8,425
Total expenditures	<u>\$ 1,120,749</u>	<u>\$ 1,120,749</u>	<u>\$ 1,083,736</u>	<u>\$ 37,013</u>
Net change in fund balance	\$ -	\$ -	\$ (384,844)	\$ (384,844)
Fund balance, July 1, 2008	<u>-</u>	<u>-</u>	<u>(166,212)</u>	<u>(166,212)</u>
Fund balance, June 30, 2009	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (551,056)</u></u>	<u><u>\$ (551,056)</u></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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 130,194	\$ 1,274,079	\$ 707,414	\$ (566,665)
Local sources		395,938	208,679	(187,259)
Earnings on investments				-
<b>Total revenues</b>	<b>\$ 130,194</b>	<b>\$ 1,670,017</b>	<b>\$ 916,093</b>	<b>\$ (753,924)</b>
Expenditures:				
Current:				
Instruction	\$ 100,015	\$ 850,639	\$ 772,680	\$ 77,959
Support services - Students	5,989	226,343	171,261	55,082
Support services - Instruction		163,227	13,339	149,888
General administration		8,378		8,378
School administration	11,694	5,278		5,278
Pupil transportation	9,800	8,406	7,987	419
Operational plant maintenance	2,696	290,244	41,848	248,396
Food service		27,054	27,054	-
Central services		41,936	14,316	27,620
Capital outlay		48,512	48,512	-
<b>Total expenditures</b>	<b>\$ 130,194</b>	<b>\$ 1,670,017</b>	<b>\$ 1,096,997</b>	<b>\$ 573,020</b>
Net change in fund balance	\$ -	\$ -	\$ (180,904)	\$ (180,904)
Fund balance, July 1, 2008	-	-	92,578	92,578
Fund balance, June 30, 2009	\$ -	\$ -	\$ (88,326)	\$ (88,326)

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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local sources	\$ 870,443	\$ 870,443	\$ 903,987	\$ 33,544
State sources	522,725	1,021,389	964,389	(57,000)
Earnings on investments	50,000	50,000	24,208	(25,792)
 Total revenues	 \$ 1,443,168	 \$ 1,941,832	 \$ 1,892,584	 \$ (49,248)
Expenditures:				
Current:				
Operational plant maintenance	\$ 335,980	\$ 876,236	\$ 255,689	\$ 620,547
Capital outlay	2,167,581	2,167,581	163,714	2,003,867
 Total expenditures	 \$ 2,503,561	 \$ 3,043,817	 \$ 419,403	 \$ 2,624,414
 Net change in fund balance	 \$ (1,060,393)	 \$ (1,101,985)	 \$ 1,473,181	 \$ 2,575,166
 Fund balance, July 1, 2008	 1,624,583	 1,624,583	 602,140	 (1,022,443)
 Fund balance, June 30, 2009	 \$ 564,190	 \$ 522,598	 \$ 2,075,321	 \$ 1,552,723

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

Deming Public Schools  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
June 30, 2009

	Primary Government Agency	Component Unit Agency
<b>Assets</b>		
Cash and investments	\$ 121,105	\$ 2,505
Total assets	\$ 121,105	\$ 2,505
 <b>Liabilities</b>		
Deposits held for others	\$ 121,105	\$ 2,505
Total liabilities	\$ 121,105	\$ 2,505

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, 2009

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 acquisitions 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. Non-major 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.

Entitlement – accounts for federal resources for the improvement of educational opportunities for deprived children, and is a Special Revenue Fund. (P.L. 94-142 and P.L. 99-457)

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

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). This is a Special Revenue Fund.

Debt Services – See above description.

Ed Tech Debt Service – to account for the financial resources and the payment of principal and interest on educational technology debt. This is a Debt Service Fund.

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

Public Schools Capital Outlay – to account for state resources to be used for specific construction projects. This 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 recognized 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 utilized 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 bases 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, Chaparral Roof, Red Mountain Kitchen,

and RTS/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 function 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 require, 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 costs (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 purchase.

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, 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, 2009 was \$.500 per \$1,000 for non-residential property and \$.463 for residential property. The District's tax rate for debt service was \$4.081 per \$1,000 for both residential and nonresidential property. The District's tax rate for District improvements was \$3.50 per \$1,000 for residential and \$3.50 for nonresidential property.

### **L. INTERFUND ACTIVITY**

Inter-fund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as inter-fund 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 inter-fund transactions are treated as transfers. Inter-fund 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, 2009 \$1,803,530 of the government bank balance of \$17,499,528 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized \$ 1,803,530

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 \$709,696 on deposit in the pool at June 30, 2009, which is AAAM rated with a weighted average maturity of 43 days.

Note 3 Investments

At June 30, 2009, the District had the following investments:

<u>Investment Type</u>	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Months)</u>
U.S. Government Money Market	<u>\$ 846,080</u>	<u>\$ 846,080</u>	N/A
Total investments	<u>\$ 846,080</u>	<u>\$ 846,080</u>	

Portfolio weighted average maturity

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 investments 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 current investments have no credit risk since they are all in U.S. Government Securities.

*Concentration of Credit Risk* – The District places no limits on the amount it may invest in any one issuer. The District’s currently has 100% 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, 2009, was as follows:

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
Capital assets not being depreciated:				
Land	\$ 2,308,686	\$ 253	\$ -0-	\$ 2,308,939
Construction in progress	<u>8,370,222</u>	<u>8,270,426</u>	<u>16,640,648</u>	<u>-0-</u>
Total assets not being depreciated	<u>\$ 10,678,908</u>	<u>\$ 8,270,679</u>	<u>\$ 16,640,648</u>	<u>\$ 2,308,939</u>
Other capital assets:				
Buildings and improvements	\$ 73,726,692	\$ 16,754,013	\$ 828,107	\$ 89,652,598
Land improvements	3,677,707	140,324		3,818,031
Furniture and equipment	<u>9,684,107</u>	<u>308,445</u>	<u>327,806</u>	<u>9,664,746</u>
Total other capital assets at historical cost	<u>\$ 87,088,506</u>	<u>\$ 17,202,782</u>	<u>\$ 1,155,913</u>	<u>\$ 103,135,375</u>
Less accumulated depreciation for:				
Buildings and improvements	\$(21,653,302)	\$(2,181,315)		\$(23,834,617)
Land improvements	(847,922)	(179,619)		(1,027,541)
Furniture and equipment	<u>(8,362,325)</u>	<u>(413,236)</u>	<u>327,806</u>	<u>(8,442,755)</u>
Total accumulated depreciation	<u>\$(30,863,579)</u>	<u>\$(2,774,170)</u>	<u>\$ 327,806</u>	<u>\$(33,309,913)</u>
Other capital assets, net	<u>\$ 56,224,957</u>	<u>\$ 14,428,612</u>	<u>\$ 828,107</u>	<u>\$ 69,825,462</u>
Total capital assets, net	<u>\$ 66,903,865</u>	<u>\$ 22,699,291</u>	<u>\$ 17,468,755</u>	<u>\$ 72,134,401</u>

Depreciation expense was charged to the governmental activities as follows:

Instruction	\$ 1,553,536
Support Services – Students	221,934
Support Services – Instruction	50,483
General Administration	83,225
School Administration	166,450
Central Services	110,967
Operation of plant	305,159
Food Services	138,708
Transportation	<u>143,708</u>
	<u>\$ 2,774,170</u>

Note 5 Long-term Debt

Changes in long-term debt were as follows during the year end June 30, 2009:

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletion</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Due In</u> <u>One Year</u>
Capital lease	\$	\$ 615,000	\$	\$ 615,000	\$ 615,000
G.O. Bonds, series 1998	2,675,000		950,000	1,725,000	1,000,000
G.O. Bonds, series 2003	5,025,000		200,000	4,825,000	250,000
Compensated absences payable	325,911	212,283	165,664	392,530	-0-
G.O. Bonds, series 2006	4,975,000		500,000	4,925,000	125,000
G.O. Bonds, series 2007	<u>6,000,000</u>		<u>300,000</u>	<u>5,700,000</u>	<u>100,000</u>
	<u>\$19,020,911</u>	<u>\$ 827,283</u>	<u>\$ 1,665,664</u>	<u>\$ 18,182,530</u>	<u>\$ 2,090,000</u>

Annual debt service for bonds payable requirements are as follows:

Due in fiscal year ending June 30:

	<u>Principal</u>	<u>Interest</u>
2010	\$ 2,090,000	\$ 625,902
2011	1,550,000	540,069
2012	1,800,000	475,225
2013	1,300,000	423,000
2014	1,400,000	376,451
2015-2019	7,650,000	1,101,087
2020-2021	<u>2,000,000</u>	<u>57,625</u>
	<u>\$ 17,790,000</u>	<u>\$ 3,599,359</u>

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

On October 21, 2008, the District entered into a capital lease to acquire educational technology equipment. The economic substance of the lease is that the District is financing the acquisition of the equipment and, accordingly, they are recorded in the District's assets and liabilities. The obligations under the lease have been recorded in the accompanying financial statements at the present value of future minimum lease payments, discounted at an interest rate of 3.8%. Payments under this lease are to be funded by enacted property taxes.

The following is the schedule of future minimum lease payments required under the lease together with its present value at June 30, 2009.

Due in Year Ending:

June 30, 2009	\$ 633,177
Less amounts representing imputed interest	<u>(18,117)</u>
Present value of future lease payments	<u>\$ 615,000</u>

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 \$1,000,000 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 \$125,000 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 \$100,000 are due in the next 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, 2009, 2008, and 2007 were \$5,106,566 \$4,723,983 and \$4,267,803 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 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 even 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. 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 Card 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 included 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.

The contributions to the RHCA for the years ended June 30, 2009, 2008, and 2007 were \$349,922 and \$330,931 and \$313,049, respectively, which equal the required contributions for each year.

#### Note 8 Risk Management

The District's is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors; 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 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 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, 2009 is as follows:

	<u>General</u>	<u>Entitlement</u>	<u>State Grants</u>	<u>SB-9</u>
Changes in net assets GAAP basis	\$ 337,180	\$ -0-	\$ (238,321)	\$1,384,026
Increases (decreases):				
Revenue accruals (net)	6,537	(385,501)	75,289	3,782
Expenditure accruals (net)	97,524	657	(17,872)	77,238
Other financing sources (users)	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>8,135</u>
Changes in net assets (NON-GAAP Budgetary basis)	<u>\$ 441,241</u>	<u>\$ (384,844)</u>	<u>\$ (180,904)</u>	<u>\$1,473,181</u>

Note 11 Deficit Fund Balance

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 Inter-fund Activity

Inter-fund balances at June 30, 2009, consisted of the following:

	<u>General</u>	<u>Inter-fund Payable</u>			<u>Total</u>
		<u>State Grants</u>	<u>Ed Tech Debt Service</u>	<u>Other Funds</u>	
<u>Inter-fund Receivable</u>					
General	\$	\$	\$	\$ 241,372	\$ 241,372
Entitlement				11,537	11,537
State Grants				1,136	1,136
SB-9		39,524			39,524

Debt Service			500,182	500,182
Other Funds	\$ 4,408	\$ _____	\$ _____	\$ 76,986
	\$ 4,408	\$ 39,524	\$ 500,182	\$ 870,737

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>	<u>SB-9</u>	<u>Total</u>
Columbus Elementary	\$1,950,379	\$ _____	\$ 1,950,379
SB-9		8,135	8,135
Other Funds	<u>57,024</u>	<u>_____</u>	<u>57,024</u>
	<u>\$2,007,403</u>	<u>\$ 8,135</u>	<u>\$ 2,015,538</u>

Transfers were made to fund construction projects, or for operating purposes, and were within the fund's intended purpose.

Note 13 Restricted Net Assets

At June 30, 2009, net assets restricted for other purposes included the following balances in special revenue funds:

SB-9	\$ 2,037,976
Cafeteria	530,496
Other	487,541
Medicaid	<u>172,702</u>
	<u>\$ 3,228,715</u>

## Notes Related to Component Unit of DPS

### Note A **Summary of Significant Accounting Policies**

Cesar Chavez High School Charter School, 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 grad, including but not limited to classroom and vocational studies; as well as school oriented social and athletic activities.

The School'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 School 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 School'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 School implemented GASB 34 effective July 1, 2006. 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 School does not own any infrastructure assets and therefore is unaffected by this provision.

#### **A. REPORTING ENTITY**

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

relationships with the School. Based on the criterion in GASBS No. 14, the School had no component units.

## **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 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 School 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 the General fund are sub-funds; Operational, the Unrestricted District Fund; Instructional Materials, which accounts for State Source Funds used to purchase textbooks; Charter Planning, which accounts for federal funds to charter schools; and Microsoft Settlement, which accounts for funds received in settlement which are unrestricted.

#### *Capital Outlay Funds*

Capital Outlay Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for capital purposes.

#### *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 School 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. Non-major funds are summarized into a single column.

The School'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.

Public School Capital Outlay – accounts for the state resources for various capital projects.

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

#### **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 utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recover), 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 recognized liabilities and expenses and the recipient recognized 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.

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 recognized all long-term assets and receivables as well as long-term debt and obligations. The School's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The School first utilized restricted resources when an expense is incurred and for purposes for which both restricted and unrestricted net assets area available.

The government-wide Statement of Activities reports both the gross and net cost of each of the School's functions. The functions are also supported by general government revenues (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 (intergovernmental revenues, interest income, etc.).

The School does not allocate indirect costs.

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

### **C. BUDGETS**

Budget for the General Fund is prepared by management and approved by the local governing council and the Public Finance School Division of the Department of Education.

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 reappropriated 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 governing council 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.

### **D. 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%.

### **E. 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.

**F. 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	03-05 years
Machinery and equipment	05-10 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 statement. 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.

**G. COMPENSATED ABSENCES**

The School's policies, regarding vacation time, permit employees to accumulate earned but unusual 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.

**H. EQUITY CLASSIFICATIONS**

*Governments-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 borrowing 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.

**I. INTERFUND ACTIVITY**

Inter-fund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as inter-fund 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 inter-fund transactions are treated as transfers. Inter-fund activity between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

**J. 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 B Custodial Credit Risk**

Custodial credit risk is the risk in the event of a bank failure the School’s deposits may not be returned to it. The School does not have a deposit policy for credit risk beyond that disclosed in Note 1. As of June 30, 2009 \$44,907 of the School’s bank balance of \$294,907 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ <u>44,907</u>
Total	\$ <u><u>44,907</u></u>

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Deposits by custodial risk category:		
Insured	\$ 250,000	\$ 221,245
Collateral held by the pledging bank’s		

agent in the District's names		
Uninsured and uncollateralized	<u>44,907</u>	<u>-0-</u>
	<u>\$ 294,907</u>	<u>\$ 221,245</u>

Note C Capital Assets

Capital asset activity for the year ended June 30, 2009, was as follows:

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
Capital assets being depreciated				
Other capital assets:				
Furniture and equipment	\$ 54,269	\$	\$	\$ 54,269
Leasehold improvements	<u>-0-</u>	<u>133,985</u>	<u></u>	<u>133,985</u>
Total other capital assets at historical cost	<u>\$ 54,269</u>	<u>\$ 133,985</u>	<u>\$ -0-</u>	<u>\$ 188,254</u>
Less accumulated depreciation for:				
Furniture and equipment	\$ (5,427)	\$ (10,854)	\$	\$ (16,281)
	<u>-0-</u>	<u>(1,340)</u>	<u></u>	<u>(1,340)</u>
Total accumulated depreciation	<u>\$ (5,427)</u>	<u>\$ (12,194)</u>	<u>\$ -0-</u>	<u>\$ (17,621)</u>
Total capital assets, net	<u>\$ 48,842</u>	<u>\$ 121,791</u>	<u>\$ -0-</u>	<u>\$ 170,633</u>

Depreciation expense was charged to the governmental activities as follows:

Instruction	<u>\$ 12,194</u>
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Note D Retirement Plan

Plan Description

Substantially all of the Cesar Chavez High School Charter School 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 7.9% of their gross salary. The School is required to contribute 11.65% of the gross covered salary. The contribution requirements of plan members and the Cesar Chavez High School Charter School are established in Chapter 22, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Cesar Chavez High School Charter School contributions to ERA for the year ending June 30, 2009 and 2008 were \$144,869 and \$88,095, respectively, equal to the amount of the required contributions for each year:

### Note E Retiree Health Care Act Contributions

The Retiree Health Care Act (Act) (Chapter 10, Article 7C NMSA 1978) provided 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 employees 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 participants 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 included 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 included the approximate number of retirees participating in the plan. That report may be obtained by writing to the Retiree Health Care Authority, Albuquerque State Government Center, 4308 Carlisle Blvd., N.E., Ste. 104, Albuquerque, New Mexico 87107.

The contributions to the RHCA for the years ended June 30, 2009, 2008 and 2007 were \$7,319 and \$6,606 and \$4,518, respectively, which equal the required contributions for each year.

#### Note F Risk Management

The School 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 is 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 purchased 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 G 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 H Budgetary Reconciliations

The Statements of Revenues, Expenditures and Changes in Fund Balance Budget (NON-GAAP Budgetary Basis) and Actual, General Funds present comparisons of legally adopted budgets with actual data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of revenues and other sources over (under) expenditures and other uses by

General Funds for the year ended June 30, 2009 is as follows:

	<u>General</u>
Revenues and other sources over (under) and other used GAAP basis	\$ (69,339)
Increase (decreases):	
Revenue accruals (net)	(37,677)
Expenditures accruals (net)	<u>45,407</u>
Revenues and other sources over (under) expenditures and other uses (NON-GAAP budgetary basis)	<u>\$ (61,609)</u>

Note I Budgetary Authority

The School exceeded budgetary authority in the following functional categories:

General Fund:	
Instruction	\$ 5,740
Support Services – Students	87,882
Operation of Plant	99,685
Special Revenue:	
TANF GRADS – Operation	40,000
Public School Capital Outlay	
Operation of Plant	51,150

The School has adopted a budget adjustment approval policy which will alleviate these budget overruns in the future.

Note J Inter-fund Activity

<u>Inter-fund Receivable</u>	<u>Inter-fund Payable</u> <u>Special Capital Outlay - State</u>
General	<u>\$ 6,460</u>

The purpose of the inter-fund activity was to fund Operations, and will be repaid in the next fiscal year.

Note K Fund Balance Deficits

Fund balance deficits occur through the application of modified accrual accounting to cash basis budgeting. As funds are received in the subsequent year, the deficit fund balance will be reduced. The Special Capital Outlay-State Fund had a fund balance deficit of \$6,460 at June 30, 2009.

## 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 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/Stimulus** – 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 Educational 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 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 1678)

**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 to substantially improving students 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 State 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.

**Title III** – Implement district-wide bilingual education programs or special alternative instruction programs to improve, reform, and upgrade relevant programs and operations, within an entire local educational agency, that serve a significant number of children and youth limited English proficiency in local educational agencies with significant concentrations of such children and youth. The program is authorized by Title III, P.L. 107-116.

**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 American 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 Principle** – 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 Kitchen/Memorial School/Smith Martin/Chaparral Roof/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, 2009

	Special Revenue Funds		
	Cafeteria	Athletics	Title I
<b>Assets</b>			
Cash and investments	\$ 406,469	\$ 1,100	\$ -
Taxes receivable			
Inventory	7,905		
Interfund receivable	8,967		
Due from other governments	309,254		399,708
Total assets	\$ 732,595	\$ 1,100	\$ 399,708
<b>Liabilities and Fund Balances</b>			
Cash overdraft	\$ -	\$ -	\$ 149,514
Accounts payable	81,694		8,822
Interfund payable			241,372
Deferred revenue	120,405		
Total liabilities	\$ 202,099	\$ -	\$ 399,708
Fund balance:			
Reserved for inventory	\$ 7,905	\$ -	\$ -
Reserved for capital projects			
Unreserved	522,591	1,100	
Total fund balances	\$ 530,496	\$ 1,100	\$ -
Total liabilities and fund balances	\$ 732,595	\$ 1,100	\$ 399,708

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

Special Revenue Funds

Migrant	Idea B Competitive	Discretionary	Emergency Response	ROTC
\$ -	\$ -	\$ -	\$ -	\$ -
220,028	3,564	325	1,376	691
\$ 220,028	\$ 3,564	\$ 325	\$ 1,376	\$ 691
\$ 220,028	\$ 3,564	\$ 325	\$ - 1,376	\$ 691
\$ 220,028	\$ 3,564	\$ 325	\$ 1,376	\$ 691
\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 220,028	\$ 3,564	\$ 325	\$ 1,376	\$ 691

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Preschool

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\$ -

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2,265

\$ 2,265

\$ 2,265

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\$ 2,265

\$ -

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\$ -

\$ 2,265

Deming Public Schools  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS (continued)**  
June 30, 2009

	Special Revenue Funds		
	Goals 2000	Education of Homeless	Title II
<b>Assets</b>			
Cash and investments	\$ -	\$ -	\$ 619
Taxes receivable			
Inventory			
Interfund receivable			
Due from other governments	25,409	23,094	
Total assets	\$ 25,409	\$ 23,094	\$ 619
<b>Liabilities and Fund Balances</b>			
Cash overdraft	\$ 25,409	\$ 23,034	\$ -
Accounts payable		60	
Interfund payable			
Deferred revenue			619
Total liabilities	\$ 25,409	\$ 23,094	\$ 619
Fund balance:			
Reserved for inventory	\$ -	\$ -	\$ -
Reserved for capital projects			
Unreserved			
Total fund balances	\$ -	\$ -	\$ -
Total liabilities and fund balances	\$ 25,409	\$ 23,094	\$ 619

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

Special Revenue Funds

Emergency Immigrant	Title I Federal Stimulus	Carl Perkins	Enhancing Education	School Reform	Education Technology
\$ 1,253	\$ -	\$ -	\$ 28,806	\$ -	\$ -
	<u>91,249</u>	<u>46,783</u>		<u>31,309</u>	<u>187,088</u>
<u>\$ 1,253</u>	<u>\$ 91,249</u>	<u>\$ 46,783</u>	<u>\$ 28,806</u>	<u>\$ 31,309</u>	<u>\$ 187,088</u>
\$ -	\$ 86,164 5,085	\$ 27,446 19,337	\$ -	\$ 23,044 8,265	\$ 187,088
<u>1,253</u>			<u>28,806</u>		
<u>\$ 1,253</u>	<u>\$ 91,249</u>	<u>\$ 46,783</u>	<u>\$ 28,806</u>	<u>\$ 31,309</u>	<u>\$ 187,088</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 1,253</u>	<u>\$ 91,249</u>	<u>\$ 46,783</u>	<u>\$ 28,806</u>	<u>\$ 31,309</u>	<u>\$ 187,088</u>



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Title III  
Incentive

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\$ -

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6,596

\$ 6,596

\$ 6,596

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\$ 6,596

\$ -

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\$ -

\$ 6,596

Deming Public Schools  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS (continued)**  
June 30, 2009

	Special Revenue Funds		
	Reading Excellence	Innovative Programs	English Language
<b>Assets</b>			
Cash and investments	\$ 2,023	\$ -	\$ 52,270
Taxes receivable			
Inventory			
Interfund receivable			
Due from other governments		115	19,432
Total assets	\$ 2,023	\$ 115	\$ 71,702
<b>Liabilities and Fund Balances</b>			
Cash overdraft	\$ -	\$ 115	\$ -
Accounts payable			3,683
Interfund payable			68,019
Deferred revenue	2,023		
Total liabilities	\$ 2,023	\$ 115	\$ 71,702
<b>Fund balance:</b>			
Reserved for inventory	\$ -	\$ -	\$ -
Reserved for capital projects			
Unreserved			
Total fund balances	\$ -	\$ -	\$ -
Total liabilities and fund balances	\$ 2,023	\$ 115	\$ 71,702

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

Special Revenue Funds

Teacher Training	Teacher Quality	Safe and Drug Free	Rural Schools	Reading First	School Improvement
\$ -	\$ 3	\$ -	\$ -	\$ -	\$ -
64,885		3,134			
185,277		13,479	45,054	56,192	112,185
<u>\$ 250,162</u>	<u>\$ 3</u>	<u>\$ 16,613</u>	<u>\$ 45,054</u>	<u>\$ 56,192</u>	<u>\$ 112,185</u>
\$ 205,035	\$ -	\$ 15,771	\$ 45,054	\$ 54,503	\$ 105,819
45,127		842		1,689	6,366
	<u>3</u>				
<u>\$ 250,162</u>	<u>\$ 3</u>	<u>\$ 16,613</u>	<u>\$ 45,054</u>	<u>\$ 56,192</u>	<u>\$ 112,185</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 250,162</u>	<u>\$ 3</u>	<u>\$ 16,613</u>	<u>\$ 45,054</u>	<u>\$ 56,192</u>	<u>\$ 112,185</u>

Emergency  
Food

\$ 2,749

\$ 2,749

\$ -

2,749

\$ 2,749

\$ -

\$ -

\$ 2,749

Deming Public Schools  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS (concluded)**  
June 30, 2009

	Immigrant Funding	Special Revenue Funds Child/Adult Food
<b>Assets</b>		
Cash and investments	\$ 4,716	\$ 8,967
Taxes receivable		
Inventory		
Interfund receivable		
Due from other governments		
Total assets	\$ 4,716	\$ 8,967
<b>Liabilities and Fund Balances</b>		
Cash overdraft	\$ -	\$ -
Accounts payable		
Interfund payable		8,967
Deferred revenue	4,716	
Total liabilities	\$ 4,716	\$ 8,967
Fund balance:		
Reserved for inventory	\$ -	\$ -
Reserved for capital projects		
Unreserved		
Total fund balances	\$ -	\$ -
Total liabilities and fund balances	\$ 4,716	\$ 8,967

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

Capital Projects Funds		
Medicaid	Ed Tech Equip Grant	Total
\$ 139,964	\$ 261,039	\$ 909,978
		-
		7,905
		76,986
<u>34,665</u>		<u>1,815,138</u>
<u>\$ 174,629</u>	<u>\$ 261,039</u>	<u>\$ 2,810,007</u>
\$ -	\$ -	\$ 1,181,465
1,927	20,205	196,213
		326,623
		<u>160,574</u>
<u>\$ 1,927</u>	<u>\$ 20,205</u>	<u>\$ 1,864,875</u>
\$ -	\$ -	\$ 7,905
	240,834	240,834
<u>172,702</u>		<u>696,393</u>
<u>\$ 172,702</u>	<u>\$ 240,834</u>	<u>\$ 945,132</u>
<u>\$ 174,629</u>	<u>\$ 261,039</u>	<u>\$ 2,810,007</u>



Deming Public Schools  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
For The Fiscal Year Ended June 30, 2009

	Special Revenue Funds			
	Cafeteria	Athletics	Title I	Migrant
Revenues:				
Fees and charges	\$ 36,124	\$ 28,212	\$ -	\$ -
Property taxes				
State aid				
Federal aid	2,413,763		3,243,678	360,073
Earnings on investments	2,359			
Miscellaneous				
<b>Total revenues</b>	<b>\$ 2,452,246</b>	<b>\$ 28,212</b>	<b>\$ 3,243,678</b>	<b>\$ 360,073</b>
Expenditures:				
Current:				
Instruction	\$ -	\$ 23,537	\$ 2,565,535	\$ 139,680
Support services - Students			161,108	105,197
Support services - Instruction			43,114	91,109
General administration			439,483	15,971
School administration			31,011	
Central services				
Operation of plant			3,400	648
Food services	2,550,472			
Transportation			27	
Community services				7,468
Capital outlay		16,595		
<b>Total expenditures</b>	<b>\$ 2,550,472</b>	<b>\$ 40,132</b>	<b>\$ 3,243,678</b>	<b>\$ 360,073</b>
Revenues over (under) expenditures	\$ (98,226)	\$ (11,920)	\$ -	\$ -
Other financing sources:				
Loan proceeds				
Operating transfers in (out)				
Net change in fund balances	\$ (98,226)	\$ (11,920)	\$ -	\$ -
Fund balance, July 1, 2008	628,722	13,020		
Fund balance, June 30, 2009	<u>\$ 530,496</u>	<u>\$ 1,100</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>Goals 2000</u>	<u>Education of Homeless</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
325	2,796	79,302	49,352	21,325	28,252	89,403
<u>\$ 325</u>	<u>\$ 2,796</u>	<u>\$ 79,302</u>	<u>\$ 49,352</u>	<u>\$ 21,325</u>	<u>\$ 28,252</u>	<u>\$ 89,403</u>
\$ 311	\$ -	\$ 62,055	\$ 49,352	\$ 10,222	\$ 27,000	\$ 17,395
	2,796			10,143		37,173
14		14,527		960	1,252	33,967
		2,720				108
						760
<u>\$ 325</u>	<u>\$ 2,796</u>	<u>\$ 79,302</u>	<u>\$ 49,352</u>	<u>\$ 21,325</u>	<u>\$ 28,252</u>	<u>\$ 89,403</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, 2009

	Special Revenue Funds			
	Title I Federal Stimulus	Carl Perkins	Education Technology	English Language
Revenues:				
Fees and charges	\$ -	\$ -	\$ -	\$ -
Property taxes				
State aid				
Federal aid	91,249	87,037	241,513	116,734
Earnings on investments				
Miscellaneous				
Total revenues	<u>\$ 91,249</u>	<u>\$ 87,037</u>	<u>\$ 241,513</u>	<u>\$ 116,734</u>
Expenditures:				
Current:				
Instruction	\$ 87,216	\$ 84,019	\$ 221,619	\$ 110,666
Support services - Students				5,492
Support services - Instruction				
General administration	3,768	3,018	10,339	
School administration				576
Central services	265			
Operation of plant				
Food services				
Transportation				
Community services				
Capital outlay			9,555	
Total expenditures	<u>\$ 91,249</u>	<u>\$ 87,037</u>	<u>\$ 241,513</u>	<u>\$ 116,734</u>
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Loan proceeds				
Operating transfers in (out)				
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2008	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2009	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

Special Revenue Funds

<u>Teacher Training</u>	<u>Safe and Drug Free</u>	<u>Rural Schools</u>	<u>Reading First</u>	<u>School Improvement</u>	<u>Emergency Food</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
443,732	48,946	267,840	30,066	81,504	4,778
<u>\$ 443,732</u>	<u>\$ 48,946</u>	<u>\$ 267,840</u>	<u>\$ 30,066</u>	<u>\$ 81,504</u>	<u>\$ 4,778</u>
\$ 372,743	\$ 27,197 18,542	\$ 255,943	\$ 30,066	\$ 81,504	\$ - 4,778
70,989	3,207	11,897			
<u>\$ 443,732</u>	<u>\$ 48,946</u>	<u>\$ 267,840</u>	<u>\$ 30,066</u>	<u>\$ 81,504</u>	<u>\$ 4,778</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, 2009

	Special Revenue Funds	Capital Projects Funds		
	Medicaid	Memorial School	RTS Smith/Martin	Chaparral Roof
Revenues:				
Fees and charges	\$ -	\$ -	\$ -	\$ -
Property taxes				
State aid		94,576	330,988	4,638
Federal aid	162,484			
Earnings on investments				
Miscellaneous				
Total revenues	<u>\$ 162,484</u>	<u>\$ 94,576</u>	<u>\$ 330,988</u>	<u>\$ 4,638</u>
Expenditures:				
Current:				
Instruction	\$ 1,641	\$ -	\$ -	\$ -
Support services - Students	108,378			
Support services - Instruction				
General administration				
School administration				
Central services				
Operation of plant	591			
Food services				
Transportation				
Community services				
Capital outlay		158,377	330,988	5,996
Total expenditures	<u>\$ 110,610</u>	<u>\$ 158,377</u>	<u>\$ 330,988</u>	<u>\$ 5,996</u>
Revenues over (under) expenditures	\$ 51,874	\$ (63,801)	\$ -	\$ (1,358)
Other financing sources (uses):				
Loan proceeds				
Operating transfers in (out)		\$ 63,801		\$ 1,358
Net change in fund balance	\$ 51,874	\$ -	\$ -	\$ -
Fund balance, July 1, 2008	<u>120,828</u>			
Fund balance, June 30, 2009	<u><u>\$ 172,702</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

Capital Projects Funds

Red Mountain Kitchen	Ed Tech Equip Grant	Total
\$ -	\$ -	\$ 64,336
276,619		-
		706,821
	41	7,864,152
		2,400
		-
\$ 276,619	\$ 41	\$ 8,637,709
\$ -	\$ -	\$ 4,167,701
		450,811
		137,019
		594,865
		46,114
		265
	311,213	318,680
		2,550,472
		787
		7,468
276,619	62,994	861,124
\$ 276,619	\$ 374,207	\$ 9,135,306
\$ -	\$ (374,166)	\$ (497,597)
	615,000	615,000
		65,159
\$ -	\$ 240,834	\$ 182,562
	-	762,570
\$ -	\$ 240,834	\$ 945,132

Deming Public Schools  
**GENERAL FUND**  
**COMBINING BALANCE SHEET**  
June 30, 2009

	Operational	Transportation	Instructional Materials
<b>Assets</b>			
Cash and investments	\$ 2,611,935	\$ 9,661	\$ 371,877
Interest receivable	155		
Taxes receivable	15,240		
Inventory	171,096		
Interfund receivable	259,945		
Notes receivable	7,953		
	<u>\$ 3,066,324</u>	<u>\$ 9,661</u>	<u>\$ 371,877</u>
<b>Liabilities and Fund Balances</b>			
Accounts payable	\$ 240,869	\$ -	\$ -
Interfund payable	4,408		
Deferred revenue	19,239		
	<u>\$ 264,516</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance:			
Reserved for inventory	\$ 171,096	\$ -	
Unreserved, reported in:			
General fund	2,630,712	9,661	371,877
	<u>\$ 2,801,808</u>	<u>\$ 9,661</u>	<u>\$ 371,877</u>
Total liabilities and fund balances	<u>\$ 3,066,324</u>	<u>\$ 9,661</u>	<u>\$ 371,877</u>

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

<u>Non - Instructional Support</u>	<u>Total</u>
\$ 261,282	\$ 3,254,755 155 15,240 171,096 259,945 7,953
<u>\$ 261,282</u>	<u>\$ 3,709,144</u>
\$ -	\$ 240,869 4,408 19,239
<u>\$ -</u>	<u>\$ 264,516</u>
261,282	\$ 171,096 <u>3,273,532</u>
<u>\$ 261,282</u>	<u>\$ 3,444,628</u>
<u>\$ 261,282</u>	<u>\$ 3,709,144</u>

Deming Public Schools  
**GENERAL FUND**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
For The Fiscal Year Ended June 30, 2009

	<u>Operational</u>	<u>Transportation</u>	<u>Instructional Materials</u>
Revenues:			
Property taxes	\$ 212,309	\$ -	\$ -
Fees and charges	58,161		
State aid	36,357,387	2,127,613	519,633
Federal aid	271,292		
Earnings on investments	12,373	805	
Miscellaneous	21,859		
	<hr/>	<hr/>	<hr/>
Total revenues	<u>\$ 36,933,381</u>	<u>\$ 2,128,418</u>	<u>\$ 519,633</u>
Expenditures:			
Current:			
Instruction	\$ 22,453,637	\$ -	\$ 370,979
Support services - Students	3,445,216		
Support services - Instruction	967,289		29,190
General administration	1,266,895		
School administration	2,403,302		
Central services	1,449,953		
Operation of plant	4,498,538		
Transportation	23,978	2,127,613	
Capital outlay	170,788		
	<hr/>	<hr/>	<hr/>
Total expenditures	<u>\$ 36,679,596</u>	<u>\$ 2,127,613</u>	<u>\$ 400,169</u>
Revenues over (under) expenditures	\$ 253,785	\$ 805	\$ 119,464
Other financing sources:			
Loan proceeds			
Operating transfers in (out)			
	<hr/>	<hr/>	<hr/>
Net change in fund balances	\$ 253,785	\$ 805	\$ 119,464
Fund balance, July 1, 2008	<u>2,548,023</u>	<u>8,856</u>	<u>252,413</u>
Fund balance, June 30, 2009	<u><u>\$ 2,801,808</u></u>	<u><u>\$ 9,661</u></u>	<u><u>\$ 371,877</u></u>

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



<u>Non-Instructional Support</u>	<u>Total</u>
\$ -	\$ 212,309
272,851	331,012
	39,004,633
	271,292
1,348	14,526
	21,859
<u>\$ 274,199</u>	<u>\$ 39,855,631</u>
\$ 311,073	\$ 23,135,689
	3,445,216
	996,479
	1,266,895
	2,403,302
	1,449,953
	4,498,538
	2,151,591
	170,788
<u>\$ 311,073</u>	<u>\$ 39,518,451</u>
\$ (36,874)	\$ 337,180
	-
	-
<u>\$ (36,874)</u>	<u>\$ 337,180</u>
298,156	3,107,448
<u>\$ 261,282</u>	<u>\$ 3,444,628</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 30,2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
Federal sources	\$ 185,780	\$ 185,780	\$ 271,292	\$ 85,512
State sources	36,427,998	36,868,678	36,357,387	(511,291)
Local sources	214,172	214,172	297,636	83,464
Earnings on investments	30,570	30,570	13,603	(16,967)
<b>Total revenues</b>	<b>\$ 36,858,520</b>	<b>\$ 37,299,200</b>	<b>\$ 36,939,918</b>	<b>\$ (359,282)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Instruction	\$ 22,411,149	\$ 22,471,829	\$ 22,398,948	\$ 72,881
Support services - Students	3,738,190	3,711,690	3,479,383	232,307
Support services - Instruction	960,060	986,560	967,289	19,271
General administration	1,366,583	1,366,583	1,258,125	108,458
School administration	2,594,240	2,594,240	2,420,115	174,125
Central services	1,440,730	1,530,730	1,448,571	82,159
Operation of plant	4,915,710	4,915,710	4,414,804	500,906
Transportation	16,110	56,110	24,049	32,061
Capital outlay	7,420	257,420	170,788	86,632
Non-operating	24,643	24,643		24,643
<b>Total expenditures</b>	<b>\$ 37,474,835</b>	<b>\$ 37,915,515</b>	<b>\$ 36,582,072</b>	<b>\$ 1,333,443</b>
Revenues over (under) expenditures	\$ (616,315)	\$ (616,315)	\$ 357,846	\$ 974,161
<b>Other financing sources (uses):</b>				
Transfers in				-
Net change in fund balance	\$ (616,315)	\$ (616,315)	\$ 357,846	\$ 974,161
Fund balance, July 1, 2008	1,142,027	1,142,027	2,514,034	1,372,007
Fund balance, June 30, 2009	<u>\$ 525,712</u>	<u>\$ 525,712</u>	<u>\$ 2,871,880</u>	<u>\$ 2,346,168</u>
<b>Budgetary reconciliation:</b>				
Net change in fund balance, GAAP basis				\$ 253,785
Revenue accruals (net)				6,537
Expenditure accruals (net)				<u>97,524</u>
Net change in fund balance, NON-GAAP budgetary basis				<u><u>357,846</u></u>

The accompanying notes are an integral part of these financial statements

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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 1,888,616	\$ 2,127,613	\$ 2,127,613	\$ -
Local sources				-
Earnings on investments			805	805
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total revenues	<u>\$ 1,888,616</u>	<u>\$ 2,127,613</u>	<u>\$ 2,128,418</u>	<u>\$ 805</u>
Expenditures:				
Current:				
Transportation	\$ 1,888,616	\$ 2,127,613	\$ 2,127,613	\$ -
Capital outlay				-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total expenditures	<u>\$ 1,888,616</u>	<u>\$ 2,127,613</u>	<u>\$ 2,127,613</u>	<u>\$ -</u>
Net change in fund balance	\$ -	\$ -	\$ 805	\$ 805
Fund balance, July 1, 2008	<u>-</u>	<u>-</u>	<u>8,856</u>	<u>8,856</u>
Fund balance, June 30, 2009	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,661</u></u>	<u><u>\$ 9,661</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 805	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 805</u></u>	

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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 522,126	\$ 519,633	\$ (2,493)
Expenditures:				
Current:				
Instruction	\$ -	\$ 490,070	\$ 370,979	\$ 119,091
Support services - Instruction	-	32,056	29,190	2,866
Total expenditures	<u>\$ -</u>	<u>\$ 522,126</u>	<u>\$ 400,169</u>	<u>\$ 121,957</u>
Net change in fund balance	\$ -	\$ -	\$ 119,464	\$ 119,464
Fund balance, July 1, 2008	<u>-</u>	<u>-</u>	<u>252,413</u>	<u>252,413</u>
Fund balance, June 30, 2009	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 371,877</u></u>	<u><u>\$ 371,877</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 119,464	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 119,464</u></u>	

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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local sources	\$ 527,498	\$ 527,498	\$ 272,851	\$ (254,647)
Earnings on investments	4,475	4,475	1,348	(3,127)
Total revenues	\$ 531,973	\$ 531,973	\$ 274,199	\$ (257,774)
Expenditures:				
Current:				
Instruction	\$ 694,288	\$ 694,288	\$ 311,073	\$ 383,215
Net change in fund balance	\$ (162,315)	\$ (162,315)	\$ (36,874)	\$ 125,441
Fund balance, July 1, 2008	298,156	298,156	298,156	-
Fund balance, June 30, 2009	\$ 135,841	\$ 135,841	\$ 261,282	\$ 125,441
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (36,874)	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (36,874)	

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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 2,569,371	\$ 2,569,371	\$ 2,308,177	\$ (261,194)
Local sources	30,764	30,764	36,124	5,360
Earnings on investments	<u>2,660</u>	<u>2,660</u>	<u>2,359</u>	<u>(301)</u>
Total revenues	<u>\$ 2,602,795</u>	<u>\$ 2,602,795</u>	<u>\$ 2,346,660</u>	<u>\$ (256,135)</u>
Expenditures:				
Current:				
Food services	\$ 2,704,758	\$ 2,704,758	\$ 2,351,067	\$ 353,691
Capital outlay	<u>35,000</u>	<u>35,000</u>	<u>-</u>	<u>35,000</u>
Total expenditures	<u>\$ 2,739,758</u>	<u>\$ 2,739,758</u>	<u>\$ 2,351,067</u>	<u>\$ 388,691</u>
Net change in fund balance	\$ (136,963)	\$ (136,963)	\$ (4,407)	\$ 132,556
Fund balance, July 1, 2008	<u>410,876</u>	<u>410,876</u>	<u>410,876</u>	<u>-</u>
Fund balance, June 30, 2009	<u>\$ 273,913</u>	<u>\$ 273,913</u>	<u>\$ 406,469</u>	<u>\$ 132,556</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (98,226)	
Revenue accruals (net)			(105,586)	
Expenditure accruals (net)			<u>199,405</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (4,407)</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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local sources	\$ 67,116	\$ 67,116	\$ 28,212	\$ (38,904)
Expenditures:				
Current:				
Instruction	77,825	77,825	40,132	37,693
Net change in fund balance	\$ (10,709)	\$ (10,709)	\$ (11,920)	\$ (1,211)
Fund balance, July 1, 2008	13,020	13,020	13,020	-
Fund balance, June 30, 2009	\$ 2,311	\$ 2,311	\$ 1,100	\$ (1,211)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (11,920)	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (11,920)	

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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 175,000	\$ 360,265	\$ 291,706	\$ (68,559)
Expenditures:				
Current:				
Instruction	\$ 64,107	\$ 139,707	\$ 139,680	\$ 27
Support services - Students	92,505	105,201	105,197	4
Support services - Instruction		91,158	91,158	-
General administration	8,120	16,045	15,971	74
Operation of plant	2,800	686	686	-
Transportation				-
Community services	7,468	7,468	7,468	-
Total expenditures	\$ 175,000	\$ 360,265	\$ 360,160	\$ 105
Net change in fund balance	\$ -	\$ -	\$ (68,454)	\$ (68,454)
Fund balance, July 1, 2008	-	-	(151,574)	(151,574)
Fund balance, June 30, 2009	\$ -	\$ -	\$ (220,028)	\$ (220,028)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(68,367)	
Expenditure accruals (net)			(87)	
Net change in fund balance, NON-GAAP budgetary basis			\$ (68,454)	

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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 21,995	\$ 21,995	\$ 23,570	\$ 1,575
Expenditures:				
Current:				
Instruction	\$ 10,603	\$ 10,603	\$ 10,542	\$ 61
Support services - Students	2,142	10,392	10,143	249
General administration	1,000	1,000	960	40
School administration	8,250	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>\$ 21,995</u>	<u>\$ 21,995</u>	<u>\$ 21,645</u>	<u>\$ 350</u>
Net change in fund balance	\$ -	\$ -	\$ 1,925	\$ 1,925
Fund balance, July 1, 2008	<u>-</u>	<u>-</u>	<u>(4,190)</u>	<u>(4,190)</u>
Fund balance, June 30, 2009	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (2,265)</u></u>	<u><u>\$ (2,265)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			2,245	
Expenditure accruals (net)			<u>(320)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 1,925</u></u>	

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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 89,467	\$ 104,660	\$ 15,193
Expenditures:				
Current:				
Instruction	\$ -	\$ 17,481	\$ 17,481	\$ -
Support services - Students		37,173	37,173	-
General administration		33,967	33,967	-
Support services - Schools				-
Operational plant maintenance		145	145	-
Transportation		701	700	1
Community services				-
Total expenditures	\$ -	\$ 89,467	\$ 89,466	\$ 1
Net change in fund balance	\$ -	\$ -	\$ 15,194	\$ 15,194
Fund balance, July 1, 2008	-	-	(38,228)	(38,228)
Fund balance, June 30, 2009	\$ -	\$ -	\$ (23,034)	\$ (23,034)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			15,257	
Expenditure accruals (net)			(63)	
Net change in fund balance, NON-GAAP budgetary basis			\$ 15,194	

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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 69,306	\$ 88,948	\$ 100,912	\$ 11,964
Expenditures:				
Current:				
Instruction	\$ 69,306	\$ 84,863	\$ 65,040	\$ 19,823
General administration	-	4,085	3,018	1,067
Total expenditures	<u>\$ 69,306</u>	<u>\$ 88,948</u>	<u>\$ 68,058</u>	<u>\$ 20,890</u>
Net change in fund balance	\$ -	\$ -	\$ 32,854	\$ 32,854
Fund balance, July 1, 2008	<u>-</u>	<u>-</u>	<u>(60,300)</u>	<u>(60,300)</u>
Fund balance, June 30, 2009	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (27,446)</u></u>	<u><u>\$ (27,446)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			13,875	
Expenditure accruals (net)			<u>18,979</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 32,854</u></u>	

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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
Support services - Instruction				-
General administration				-
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2008	<u>-</u>	<u>-</u>	<u>28,806</u>	<u>28,806</u>
Fund balance, June 30, 2009	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 28,806</u></u>	<u><u>\$ 28,806</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 - 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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
General administration				-
School administration				-
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2008	<u>-</u>	<u>-</u>	<u>(23,044)</u>	<u>(23,044)</u>
Fund balance, June 30, 2009	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (23,044)</u></u>	<u><u>\$ (23,044)</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 III**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
General administration	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2008	<u>-</u>	<u>-</u>	<u>(6,596)</u>	<u>(6,596)</u>
Fund balance, June 30, 2009	<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)			-	
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 FIRST**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 28,377	\$ -	\$ (28,377)
Expenditures:				
Current:				
Instruction	-	28,377	28,377	-
Net change in fund balance	\$ -	\$ -	\$ (28,377)	\$ (28,377)
Fund balance, July 1, 2008	-	-	(26,126)	(26,126)
Fund balance, June 30, 2009	\$ -	\$ -	\$ (54,503)	\$ (54,503)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(30,066)	
Expenditure accruals (net)			1,689	
Net change in fund balance, NON-GAAP budgetary basis			\$ (28,377)	

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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ -	\$ 295	\$ 295
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
General administration				
Total expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balance	\$ -	\$ -	\$ 295	\$ 295
Fund balance, July 1, 2008	-	-	(410)	(410)
Fund balance, June 30, 2009	\$ -	\$ -	\$ (115)	\$ (115)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			295	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 295	

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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 116,019	\$ 153,748	\$ 197,441	\$ 43,693
Expenditures:				
Current:				
Instruction	\$ 95,898	\$ 131,876	\$ 131,876	\$ -
Support services - Students	5,000	4,686	4,377	309
General administration	15,121	16,610	15,770	840
School administration		576	576	-
Total expenditures	\$ 116,019	\$ 153,748	\$ 152,599	\$ 1,149
Net change in fund balance	\$ -	\$ -	\$ 44,842	\$ 44,842
Fund balance, July 1, 2008	-	-	7,428	7,428
Fund balance, June 30, 2009	\$ -	\$ -	\$ 52,270	\$ 52,270
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			80,707	
Expenditure accruals (net)			(35,865)	
Net change in fund balance, NON-GAAP budgetary basis			\$ 44,842	

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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 465,895	\$ 465,895	\$ 407,007	\$ (58,888)
Expenditures:				
Current:				
Instruction	\$ 339,228	\$ 339,228	\$ 327,616	\$ 11,612
General administration	126,667	126,667	70,989	55,678
School administration				-
Central services				-
	\$ 465,895	\$ 465,895	\$ 398,605	\$ 67,290
Net change in fund balance	\$ -	\$ -	\$ 8,402	\$ 8,402
Fund balance, July 1, 2008	-	-	(213,437)	(213,437)
Fund balance, June 30, 2009	\$ -	\$ -	\$ (205,035)	\$ (205,035)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(36,725)	
Expenditure accruals (net)			45,127	
Net change in fund balance, NON-GAAP budgetary basis			\$ 8,402	

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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 290,497	\$ 290,497	\$ 289,450	\$ (1,047)
Expenditures:				
Current:				
Instruction	\$ 281,734	\$ 278,599	\$ 256,411	\$ 22,188
General administration	8,763	11,898	11,897	1
Total expenditures	\$ 290,497	\$ 290,497	\$ 268,308	\$ 22,189
Net change in fund balance	\$ -	\$ -	\$ 21,142	\$ 21,142
Fund balance, July 1, 2008	-	-	(66,196)	(66,196)
Fund balance, June 30, 2009	\$ -	\$ -	\$ (45,054)	\$ (45,054)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			21,610	
Expenditure accruals (net)			(468)	
Net change in fund balance, NON-GAAP budgetary basis			\$ 21,142	

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

Deming Public Schools  
**SPECIAL REVENUE FUND - IDEA B COMPETITIVE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2009

	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, 2008	-	-	(3,564)	(3,564)
Fund balance, June 30, 2009	\$ -	\$ -	\$ (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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 215,923	\$ 127,819	\$ (88,104)
Expenditures:				
Current:				
Instruction	\$ -	\$ 28,802	\$ 1,641	\$ 27,161
Support services - Students		183,121	106,451	76,670
General administration		4,000	783	3,217
Operational plant maintenance				-
Total expenditures	<u>\$ -</u>	<u>\$ 215,923</u>	<u>\$ 108,875</u>	<u>\$ 107,048</u>
Net change in fund balance	\$ -	\$ -	\$ 18,944	\$ 18,944
Fund balance, July 1, 2008	<u>-</u>	<u>-</u>	<u>121,020</u>	<u>121,020</u>
Fund balance, June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,964</u>	<u>\$ 139,964</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 51,874	
Revenue accruals (net)			(34,665)	
Expenditure accruals (net)			<u>1,735</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 18,944</u>	

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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 49,352	\$ 49,513	\$ 161
Expenditures:				
Current:				
Instruction	-	49,352	49,352	-
Net change in fund balance	\$ -	\$ -	\$ 161	\$ 161
Fund balance, July 1, 2008	-	-	(852)	(852)
Fund balance, June 30, 2009	\$ -	\$ -	\$ (691)	\$ (691)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			161	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 161	

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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ -	\$ 44,621	\$ 44,621
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
General administration	-	-	-	-
Total expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balance	\$ -	\$ -	\$ 44,621	\$ 44,621
Fund balance, July 1, 2008	-	-	(39,905)	(39,905)
Fund balance, June 30, 2009	\$ -	\$ -	\$ 4,716	\$ 4,716
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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 50,505	\$ 119,995	\$ 62,833	\$ (57,162)
Expenditures:				
Current:				
Instruction	\$ 26,136	\$ 92,402	\$ 26,355	\$ 66,047
Support services - Students	17,000	19,224	18,871	353
General administration	7,369	8,369	3,207	5,162
Central services	-	-	-	-
Total expenditures	\$ 50,505	\$ 119,995	\$ 48,433	\$ 71,562
Net change in fund balance	\$ -	\$ -	\$ 14,400	\$ 14,400
Fund balance, July 1, 2008	-	-	(30,171)	(30,171)
Fund balance, June 30, 2009	\$ -	\$ -	\$ (15,771)	\$ (15,771)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			13,887	
Expenditure accruals (net)			513	
Net change in fund balance, NON-GAAP budgetary basis			\$ 14,400	

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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	\$ 4,880	\$ 5,090	\$ 210
Expenditures:				
Current:				
Support services - Students	<u>-</u>	<u>4,880</u>	<u>4,778</u>	<u>102</u>
Net change in fund balance	\$ -	\$ -	\$ 312	\$ 312
Fund balance, July 1, 2008	<u>-</u>	<u>-</u>	<u>2,437</u>	<u>2,437</u>
Fund balance, June 30, 2009	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,749</u></u>	<u><u>\$ 2,749</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			312	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 312</u></u>	

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

Deming Public Schools  
**SPECIAL REVENUE FUND - TITLE I FEDERAL STIMULUS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	\$ 2,345,445	\$ -	\$ (2,345,445)
Expenditures:				
Current:				
Instruction	\$ -	\$ 2,195,122	\$ 82,396	\$ 2,112,726
Support services - Students		31,320		31,320
General administration		104,003	3,768	100,235
Support services - Schools				-
Operational plant maintenance				-
Transportation		15,000		15,000
Community services				-
Total expenditures	<u>\$ -</u>	<u>\$ 2,345,445</u>	<u>\$ 86,164</u>	<u>\$ 2,259,281</u>
Net change in fund balance	\$ -	\$ -	\$ (86,164)	\$ (86,164)
Fund balance, July 1, 2008	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (86,164)</u>	<u>\$ (86,164)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(91,249)	
Expenditure accruals (net)			<u>5,085</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (86,164)</u>	

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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 100,000	\$ 3,323	\$ (96,677)
Expenditures:				
Current:				
Instruction	\$ -	\$ 100,000	\$ 75,138	\$ 24,862
Support services - Students				-
General administration				-
Total expenditures	\$ -	\$ 100,000	\$ 75,138	\$ 24,862
Net change in fund balance	\$ -	\$ -	\$ (71,815)	\$ (71,815)
Fund balance, July 1, 2008	-	-	(34,004)	(34,004)
Fund balance, June 30, 2009	\$ -	\$ -	\$ (105,819)	\$ (105,819)
Budgetary reconciliation:				
Net change in fund balance, GAAP			\$ -	
Revenue accruals (net)			(78,181)	
Expenditure accruals (net)			6,366	
Net change in fund balance, NON-GAAP budgetary basis			\$ (71,815)	

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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2008	-	-	8,967	8,967
Fund balance, June 30, 2009	\$ -	\$ -	\$ 8,967	\$ 8,967
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 - 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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 242,000	\$ 123,807	\$ (118,193)
Expenditures:				
Current:				
Instruction	\$ -	\$ 231,358	\$ 231,174	\$ 184
Support services - Instruction				-
General administration		10,642	10,339	303
Total expenditures	\$ -	\$ 242,000	\$ 241,513	\$ 487
Net change in fund balance	\$ -	\$ -	\$ (117,706)	\$ (117,706)
Fund balance, July 1, 2008	-	-	(69,382)	(69,382)
Fund balance, June 30, 2009	\$ -	\$ -	\$ (187,088)	\$ (187,088)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(117,706)	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (117,706)	

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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 3,276,568	\$ 3,276,568	\$ 3,559,556	\$ 282,988
Expenditures:				
Current:				
Instruction	\$ 2,752,655	\$ 2,574,837	\$ 2,562,858	\$ 11,979
Support services - Students	26,698	167,828	161,758	6,070
Support services - Instruction	42,896	45,316	43,114	2,202
General administration	451,319	449,779	440,668	9,111
School administration	-	31,130	31,011	119
Operation of plant	-	4,678	3,369	1,309
Transportation	3,000	3,000		3,000
Capital outlay				-
Total expenditures	\$ 3,276,568	\$ 3,276,568	\$ 3,242,778	\$ 33,790
Net change in fund balance	\$ -	\$ -	\$ 316,778	\$ 316,778
Fund balance, July 1, 2008	-	-	(707,664)	(707,664)
Fund balance, June 30, 2009	\$ -	\$ -	\$ (390,886)	\$ (390,886)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			315,878	
Expenditure accruals (net)			900	
Net change in fund balance, NON-GAAP budgetary basis			\$ 316,778	

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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 28,253	\$ -	\$ (28,253)
Expenditures:				
Current:				
Instruction	\$ -	\$ 27,000	\$ 27,000	\$ -
Support services - Students				-
General administration		1,253	1,252	1
School administration				-
Capital outlay				-
Total expenditures	\$ -	\$ 28,253	\$ 28,252	\$ 1
Net change in fund balance	\$ -	\$ -	\$ (28,252)	\$ (28,252)
Fund balance, July 1, 2008	-	-	2,843	2,843
Fund balance, June 30, 2009	\$ -	\$ -	\$ (25,409)	\$ (25,409)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(28,252)	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (28,252)	

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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2008	-	-	619	619
Fund balance, June 30, 2009	\$ -	\$ -	\$ 619	\$ 619
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 - 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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2008	-	-	1,253	1,253
Fund balance, June 30, 2009	\$ -	\$ -	\$ 1,253	\$ 1,253
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 - 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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2008	-	-	2,023	2,023
Fund balance, June 30, 2009	\$ -	\$ -	\$ 2,023	\$ 2,023
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 - 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, 2009

	<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, 2008	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>
Fund balance, June 30, 2009	<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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 7,500	\$ 1,821	\$ (5,679)
Expenditures:				
Current:				
Instruction	\$ -	\$ 7,152	\$ 311	\$ 6,841
General administration		348	14	334
Total expenditures	\$ -	\$ 7,500	\$ 325	\$ 7,175
Net change in fund balance	\$ -	\$ -	\$ 1,496	\$ 1,496
Fund balance, July 1, 2008	-	-	(1,821)	(1,821)
Fund balance, June 30, 2009	\$ -	\$ -	\$ (325)	\$ (325)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			1,496	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 1,496	

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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 2,796	\$ 6,216	\$ 3,420
Expenditures:				
Current:				
Support services - Instruction	\$ -	\$ 2,796	\$ 2,796	\$ -
General administration				-
Capital outlay	-	-	-	-
Total expenditures	\$ -	\$ 2,796	\$ 2,796	\$ -
Net change in fund balance	\$ -	\$ -	\$ 3,420	\$ 3,420
Fund balance, July 1, 2008	-	-	(3,420)	(3,420)
Fund balance, June 30, 2009	\$ -	\$ -	\$ -	\$ -
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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	\$ 87,347	\$ 87,686	\$ 339
Expenditures:				
Current:				
Instruction	\$ -	\$ 68,157	\$ 60,679	\$ 7,478
School administration		14,535	14,527	8
Operation of plant		<u>4,655</u>	<u>3,973</u>	<u>682</u>
Total expenditures	<u>\$ -</u>	<u>\$ 87,347</u>	<u>\$ 79,179</u>	<u>\$ 8,168</u>
Net change in fund balance	\$ -	\$ -	\$ 8,507	\$ 8,507
Fund balance, July 1, 2008	<u>-</u>	<u>-</u>	<u>(8,507)</u>	<u>(8,507)</u>
Fund balance, June 30, 2009	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			8,384	
Expenditure accruals (net)			<u>123</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 8,507</u></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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
Local sources	\$ 2,172,325	\$ 2,172,325	\$ 1,395,079	\$ (777,246)
Earnings on investments	<u>8,104</u>	<u>8,104</u>	<u>6,049</u>	<u>(2,055)</u>
Total revenues	<u>\$ 2,180,429</u>	<u>\$ 2,180,429</u>	<u>\$ 1,401,128</u>	<u>\$ (779,301)</u>
Expenditures:				
Current:				
Administration	\$ 21,724	\$ 21,724	\$ 13,950	\$ 7,774
Principal	1,500,000	1,500,000	1,500,000	-
Interest	672,325	672,325	672,325	-
Special revenue bonds reserve	<u>2,385,077</u>	<u>2,385,077</u>	<u>        </u>	<u>2,385,077</u>
Total expenditures	<u>\$ 4,579,126</u>	<u>\$ 4,579,126</u>	<u>\$ 2,186,275</u>	<u>\$ 2,392,851</u>
Net change in fund balance	\$ (2,398,697)	\$ (2,398,697)	\$ (785,147)	\$ 1,613,550
Fund balance, July 1, 2008	<u>2,398,697</u>	<u>2,398,697</u>	<u>2,386,353</u>	<u>(12,344)</u>
Fund balance, June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,601,206</u>	<u>\$ 1,601,206</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP			\$ (359,962)	
Revenue accruals (net)			(425,185)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (785,147)</u>	

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

Deming Public Schools  
**EQUIPMENT GRANT 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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Local sources	\$ -	\$ 630,307	\$ 639,572	\$ 9,265
Earnings on investments				-
<b>Total revenues</b>	<u>\$ -</u>	<u>\$ 630,307</u>	<u>\$ 639,572</u>	<u>\$ 9,265</u>
Expenditures:				
Current:				
Administration	\$ -	\$ 6,395	\$ 6,395	\$ -
Principal				-
Interest				-
Special revenue bonds reserve		623,912		623,912
<b>Total expenditures</b>	<u>\$ -</u>	<u>\$ 630,307</u>	<u>\$ 6,395</u>	<u>\$ 623,912</u>
Net change in fund balance	\$ -	\$ -	\$ 633,177	\$ 633,177
Fund balance, July 1, 2008	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 633,177</u>	<u>\$ 633,177</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP			\$ 625,253	
Revenue accruals (net)			7,924	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 633,177</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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
Earnings on investments	<u>461,867</u>	<u>461,867</u>	<u>86,411</u>	<u>(375,456)</u>
Total revenues	<u>\$ 461,867</u>	<u>\$ 461,867</u>	<u>\$ 86,411</u>	<u>\$ (375,456)</u>
Expenditures:				
Current:				
Operation of plant	\$ 484,442	\$ 484,442	\$ 67,906	\$ 416,536
Bond issue costs				-
Capital outlay	<u>5,891,477</u>	<u>5,891,477</u>	<u>2,427,603</u>	<u>3,463,874</u>
Total expenditures	<u>\$ 6,375,919</u>	<u>\$ 6,375,919</u>	<u>\$ 2,495,509</u>	<u>\$ 3,880,410</u>
Revenues over (under) expenditures	\$ (5,914,052)	\$ (5,914,052)	\$ (2,409,098)	\$ 3,504,954
Other financing sources (uses):				
Bond proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ (5,914,052)	\$ (5,914,052)	\$ (2,409,098)	\$ 3,504,954
Fund balance, July 1, 2008	<u>5,914,052</u>	<u>5,914,052</u>	<u>5,648,305</u>	<u>(265,747)</u>
Fund balance, June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,239,207</u>	<u>\$ 3,239,207</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (1,956,061)	
Revenue accruals (net)			17	
Expenditure accruals (net)			(2,460,457)	
Other financing uses (net)			<u>2,007,403</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (2,409,098)</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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ -	\$ 1,230,005	\$ 1,230,005
Expenditures:				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ -	\$ -	\$ 1,230,005	\$ 1,230,005
Fund balance, July 1, 2008	<u>-</u>	<u>-</u>	<u>898,734</u>	<u>898,734</u>
Fund balance, June 30, 2009	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,128,739</u></u>	<u><u>\$ 2,128,739</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 1,230,005	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 1,230,005</u></u>	

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

Deming Public Schools  
**CAPITAL PROJECTS FUND - EDUCATION TECH EQUIPMENT GRANT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
Earnings on investments			41	41
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41</u>	<u>\$ 41</u>
Total revenues				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41</u>	<u>\$ 41</u>
Expenditures:				
Current:				
Operation of plant	\$ -	\$ 552,005	\$ 291,008	\$ 260,997
Bond issue costs				-
Capital outlay		62,995	62,994	1
	<u>\$ -</u>	<u>\$ 615,000</u>	<u>\$ 354,002</u>	<u>\$ 260,998</u>
Total expenditures				
	<u>\$ -</u>	<u>\$ 615,000</u>	<u>\$ 354,002</u>	<u>\$ 260,998</u>
Revenues over (under) expenditures	\$ -	\$ (615,000)	\$ (353,961)	\$ 261,039
Other financing sources (uses):				
Bond proceeds	-	615,000	615,000	-
	<u>-</u>	<u>615,000</u>	<u>615,000</u>	<u>-</u>
Net change in fund balance	\$ -	\$ -	\$ 261,039	\$ 261,039
Fund balance, July 1, 2008	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 261,039</u>	<u>\$ 261,039</u>
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 261,039</u></u>	<u><u>\$ 261,039</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 240,834	
Revenue accruals (net)				
Expenditure accruals (net)			20,205	
			<u>20,205</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 261,039</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, 2009

	<u>Balance</u> <u>July 1, 2008</u>	<u>Receipts</u>	<u>Disburse-</u> <u>ments</u>	<u>Balance</u> <u>June 30, 2009</u>
<b>Assets</b>				
Cash and investments:				
Deming High School	\$ 61,660	\$ 290,533	\$ 285,010	\$ 67,183
Hofacket Mid High School	17,076	39,011	34,376	21,711
Red Mountain Middle School	32,984	109,657	118,325	24,316
Deming Middle School	<u>7,727</u>	<u>45,159</u>	<u>44,991</u>	<u>7,895</u>
Total assets	<u><u>\$ 119,447</u></u>	<u><u>\$ 484,360</u></u>	<u><u>\$ 482,702</u></u>	<u><u>\$ 121,105</u></u>
<b>Liabilities</b>				
Deposits held for others:				
Deming High School	\$ 61,660	\$ 290,533	\$ 285,010	\$ 67,183
Hofacket Mid High School	17,076	39,011	34,376	21,711
Red Mountain Middle School	32,984	109,657	118,325	24,316
Deming Middle School	<u>7,727</u>	<u>45,159</u>	<u>44,991</u>	<u>7,895</u>
Total liabilities	<u><u>\$ 119,447</u></u>	<u><u>\$ 484,360</u></u>	<u><u>\$ 482,702</u></u>	<u><u>\$ 121,105</u></u>

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

Deming Public Schools  
**SCHEDULE OF DEPOSITORY COLLATERAL**  
June 30, 2009

	<u>1st Savings Bank</u>	<u>Wells Fargo</u>	<u>1st NM Bank</u>	<u>Wells Fargo Brokerage</u>
Checking and CD's	\$ 3,277,845	\$ 2,163,639	\$ 8,502,268	\$ 2,000,000
Total on deposit	\$ 3,277,845	\$ 2,163,639	\$ 8,502,268	\$ 2,000,000
Less: FDIC insurance	(250,000)	(250,000)	(250,000)	(2,000,000)
Total uninsured public funds	<u>\$ 3,027,845</u>	<u>\$ 1,913,639</u>	<u>\$ 8,252,268</u>	<u>\$ -</u>
102% collateralization requirement	\$ -	\$ -	\$ -	\$ -
50% collateralization requirement (Section 6-10-17 NMSA)	<u>1,513,923</u>	<u>956,820</u>	<u>4,126,134</u>	<u>-</u>
Total collateralization requirement	<u>\$ 1,513,923</u>	<u>\$ 956,820</u>	<u>\$ 4,126,134</u>	<u>\$ -</u>

Pledged Securities:

FHLB 3133XENX3 3-11-11	\$ -	\$ -	\$ 2,000,000
FHLB 3133XES91 3-8-13			1,000,000
Carrizozo NM 144627CX2 8-1-13			100,000
Jemez Vally 475868CL7 8-1-11			100,000
FHLMC 3134A4FM1 6-15-11			1,000,000
Torrance 891400LW1 7-15-15			400,000
Clovis 189414FJ9 8-1-12			350,000
Dulce 264430GS2 6-1-16			300,000
Gallup 364010PJ1 8-1-22			550,000
Roswell 778550FS7 8-1-18			400,000
Eastern NM 276785UF7 4-1-19			505,000
Los Lunas NM 545562KZ2 7-15-15			350,000
St Joseph's 790739SJ6 12-1-14	134,856		
La Salle Cnty 504516BE4 12-15-15	467,535		
Norwood 669738DU7 2-1-16	732,802		
North Huron 660113BG5 5-1-16	647,478		
MBS FNMA 31404NHR0 7-1-19	792,874		

	<u>Total</u>
\$	<u>15,943,752</u>
\$	15,943,752
	<u>(2,750,000)</u>
\$	<u>13,193,752</u>
\$	-
	<u>6,596,876</u>
\$	<u>6,596,876</u>

\$	2,000,000
	1,000,000
	100,000
	100,000
	1,000,000
	400,000
	350,000
	300,000
	550,000
	400,000
	505,000
	350,000
	134,856
	467,535
	732,802
	647,478
	792,874

Deming Public Schools  
**SCHEDULE OF DEPOSITORY COLLATERAL (Concluded)**  
 June 30, 2009

	<u>1st Savings Bank</u>	<u>Wells Fargo</u>	<u>1st NM Bank</u>	<u>Wells Fargo Brokerage</u>
MBS FHLMC 31282CBA4 4-1-20	905,853			
MBS FNMA 31403CSG1 12-1-20	1,451,193			
FNCL 31368H3Q4 5-1-24		407,644		
FNCL 31368H3Q4 5-1-24		75,308		
FNCL 31368H3Q4 5-1-24		81,856		
FNCL 31371MQD2 3-1-36		549,629		
FNION 31371MQ75 3-1-36		82,892		
FNCL 31407HW93 5-1-36		110,048		
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total pledged securities	<u>\$ 5,132,591</u>	<u>\$ 1,307,377</u>	<u>\$ 7,055,000</u>	<u>\$ -</u>
Pledged securities over (under) requirement	<u>\$ 3,618,669</u>	<u>\$ 350,558</u>	<u>\$ 2,928,866</u>	<u>\$ -</u>
Uninsured and Uncollateralized	<u>\$ (2,104,746)</u>	<u>\$ 606,262</u>	<u>\$ 1,197,268</u>	<u>\$ -</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.

Wells Fargo Brokerage has CD's invested in different banks across the country, all FDIC insured.

Total

905,853

1,451,193

407,644

75,308

81,856

549,629

82,892

110,048

\$ 13,494,968

\$ 6,898,092



Deming Public Schools  
**SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS AND INVESTMENTS**  
 June 30, 2009

	Type of Account	Bank Balance	Reconciled Balance
<u>First Savings Bank</u>			
Operational	Checking	\$ 3,277,845	\$ 1,899,827
Total First Savings Bank		\$ 3,277,845	\$ 1,899,827
<u>Wells Fargo</u>			
Payroll	Checking	\$ 1,482,247	\$ 643,931
Building fund	Checking	681,392	644,470
Total Wells Fargo		\$ 2,163,639	\$ 1,288,401
<u>First NM Bank</u>			
Debt service	Checking	\$ 2,234,383	\$ 2,234,383
SB-9 savings	Savings	1,381,027	1,381,027
SB-9	Checking	2,842,709	2,823,032
Transportation	Checking	196,117	9,661
Special grants	Checking	48,479	(88,326)
Cafeteria	Checking	597,995	406,468
Gate receipts	Checking	270,512	262,381
General activity	Checking	126,496	121,105
Federal projects	Checking	804,550	(1,732,521)
Total First NM Bank		\$ 8,502,268	\$ 5,417,210
<u>NM Local Government Investment Pool</u>			
Operational	Investment	\$ 700,000	\$ 700,000
Bond building	Investment	9,696	9,696
Total NM Local Government Investment Pool		\$ 709,696	\$ 709,696

Deming Public Schools  
**SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS AND INVESTMENTS**  
 June 30, 2009

	<u>Type of Account</u>	<u>Bank Balance</u>	<u>Reconciled Balance</u>
<u>Wells Fargo Brokerage Services</u>			
Bond building	Gov Sec		
Bond building	Money Mkt	\$ 846,080	\$ 846,080
	CD's	<u>2,000,000</u>	<u>2,000,000</u>
Total Wells Fargo Brokerage Services		<u>\$ 2,846,080</u>	<u>\$ 2,846,080</u>
Total cash and investments		<u><u>\$ 17,499,528</u></u>	<u><u>\$ 12,161,214</u></u>

Deming Public Schools  
**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS**  
**ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION**  
For The Fiscal Year Ended June 30, 2009

	<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, 2008	\$ 2,514,034	\$ 8,856	\$ 252,413	\$ 410,876	\$ 13,020
Add: Current year receipts	36,939,918	2,128,418	519,633	2,346,661	28,212
Chargebacks					
Voided warrants					
Less: Current year expenditures	(36,581,949)	(2,127,613)	(400,169)	(2,351,068)	(40,132)
Outstanding loans					
Abatements					
Overdrafts	(123)				
Transfers					
Total cash and investments as of June 30, 2009	<u>\$ 2,871,880</u>	<u>\$ 9,661</u>	<u>\$ 371,877</u>	<u>\$ 406,469</u>	<u>\$ 1,100</u>

Deming Public Schools  
**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS (continued)**  
**ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION**  
For The Fiscal Year Ended June 30, 2009

	<u>State Direct</u>	<u>Local/State Fund</u>	<u>Bond Building Fund</u>	<u>Public School Capital Outlay</u>	<u>Ed Tech Debt Service</u>
Total cash and investments as of July 1, 2008	\$ (102,015)	\$ 191,298	\$ 5,648,305	\$ 898,734	\$ -
Add: Current year receipts	136,753	269,599	86,412	1,230,005	639,572
Chargebacks					
Voided warrants					
Less: Current year expenditures	(84,869)	(291,015)	(2,495,510)		(6,395)
Outstanding loans					
Abatements					
Overdrafts					
Transfers					
Total cash and investments as of June 30, 2009	<u>\$ (50,131)</u>	<u>\$ 169,882</u>	<u>\$ 3,239,207</u>	<u>\$ 2,128,739</u>	<u>\$ 633,177</u>

Deming Public Schools  
**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS (continued)**  
**ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION**  
For The Fiscal Year Ended June 30, 2009

	Non Instructional Support	Federal Projects	Federal Direct	Local Grants	State Flowthrough
Total cash and investments as of July 1, 2008	\$ 298,156	\$ (1,599,850)	\$ 119,650	\$ 245	\$ 3,051
Add: Current year receipts	274,199	5,909,904	276,323	10,000	499,742
Chargbacks					
Voided warrants					
Less: Current year expenditures	(310,494)	(6,193,567)	(244,981)	(5,347)	(715,768)
Outstanding loans					
Abatements					
Overdrafts	(580)				
Transfers					
Total cash and investments as of June 30, 2009	\$ 261,281	\$ (1,883,513)	\$ 150,992	\$ 4,898	\$ (212,975)

Deming Public Schools  
**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS (concluded)**  
**ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION**  
For The Fiscal Year Ended June 30, 2009

	Capital Improvements <u>SB-9</u>	Ed Tech Equip Act <u>          </u>	<u>PSCOC</u>	Debt Service <u>          </u>	<u>Agency</u>
Total cash and investments as of July 1, 2008	560,548	-	41,592	2,386,353	\$ 119,447
Add: Current year receipts	1,892,584	615,041		1,401,128	484,360
Chargebacks					
Voided warrants					
Less: Current year expenditures	(415,533)	(354,002)	(3,871)	(2,186,275)	(482,702)
Outstanding loans					
Abatements					
Overdrafts					
Transfers					
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total cash and investments as of June 30, 2009	<u>\$ 2,037,599</u>	<u>\$ 261,039</u>	<u>\$ 37,721</u>	<u>\$ 1,601,206</u>	<u>\$ 121,105</u>

Deming Public Schools  
**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS (concluded)**  
**ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION**  
For The Fiscal Year Ended June 30, 2009

	Total
Total cash and investments as of July 1, 2008	\$ 11,764,713
Add: Current year receipts	55,688,464
Chargebacks	-
Voided warrants	-
Less: Current year expenditures	(55,291,260)
Outstanding loans	-
Abatements	-
Overdrafts	(703)
Transfers	-
	-
Total cash and investments as of June 30, 2009	\$ 12,161,214

Deming Public Schools  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For The Fiscal Year Ended June 30, 2009

<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	\$ 2,796
Emergency Response Plan	84.184	25.249	79,302
Passed through N.M. Department of Education:			
Title I Grants to Lea's	84.010	24.101	3,243,678
Migrant Education-Basic State Grant Program	84.011	24.103	360,073
Special Education-Grants to States	84.027	24.106	1,084,718
Special Education-Preschool Grants	84.173	24.109	21,325
Technology Literacy Challenge Funds	84.318	24.133	270,319
Education of the Homeless	84.196	24.113	89,403
English Language Acquisition grants	84.365	24.153	116,734
Reading First	84.357	24.167	30,066
Vocational Education	84.048	24.119	87,037
Safe and Drug-Free Schools and Communities	84.186	24.157	32,272
Rural Education	84.358	24.160	267,840
Title I Grants to Lea's, Recovery Act	84.389	24.201	91,249
Teacher Quality State Grants	84.367	24.154	443,732
Title I School Improvement	84.256	24.162	81,504
Migrant Education-Coordination Program	84.144	24.127	<u>28,252</u>
Total U.S. Department of Education			<u>\$ 6,330,300</u>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
Passed through N.M. Department of Education:			
National School Lunch Program	10.555	N/A	\$ 1,712,402
School Breakfast Program	10.553	N/A	659,775
Passed through N.M. Department of Human Svc's:			
Emergency Food Assistance Program	10.569	N/A	<u>161,991</u>
Total U.S. Department of Agriculture			<u>\$ 2,534,168</u>



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>\$ 162,484</u>
<b><u>U.S. DEPARTMENT OF DEFENSE</u></b>			
Direct Programs: ROTC	12.100	25.200	<u>\$ 49,352</u>
<b><u>U.S. DEPT. OF HOMELAND SECURITY</u></b>			
Direct Programs: Emergency Food and Shelter National Board	97.024	25.246	<u>\$ 4,778</u>
Total expenditures of federal awards			<u><u>\$ 9,081,082</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, 2009

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 State, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2    Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. The District received \$161,991 in food commodities during the 2008-2009 fiscal year.

Note 3    The District had the following insurance coverages during the year ended June 30, 2009:

Workers compensation	\$ 1,050,000
Property	500,000,000
Liability	1,000,000
Auto	10,000,000

Deming Public Schools  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
For the Fiscal Year Ended June 30, 2009

<b>Findings – Financial Statement Audit</b>	<u>Current Status</u>
07-1 Agency Receipts not in numerical order	Resolved
08-3 Expenditures in excess of budgetary authority	Resolved
 <b>FINDINGS RELATED TO THE COMPONENT UNIT</b>	
08-1 General ledger balances were not reconciled to cash in the bank	Resolved
08-2 Trust fund receipts were not receipted	Resolved
08-3 Teacher employee files were incomplete	Repeated
08-4 Goods and services purchased without appropriate approval.	Repeated
08-5 Expenditures incurred in excess of budgetary authority.	Repeated

**Findings and Questioned Costs – Major Federal Award programs**

None

MIKE STONE, C.P.A.  
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  
GOVERNMENTAL 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, 2009, which collectively comprise Deming Public School's basic financial statements and have issued our report thereon dated October 31, 2009. We have also audited the financial statements of each of the District's non-major governmental funds presented as other supplementary information as of and for the year ended June 30, 2009 and have issued our report thereon dated October 31, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 a 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 component unit findings 09-1 and 08-3.

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 that none of 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, non-compliance 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 component unit findings 08-4 and 09-2.

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.



October 31, 2009

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, 2009. 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, 2009.

## 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., CPAs*

October 31, 2009



Deming Public Schools  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Fiscal Year Ended June 30, 2009

**SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of Deming Public Schools.
2. Two significant deficiencies relating to the audit of the financial statements are reported in the "Findings – Financial Statement Audit" section of this report. Neither is considered a material weakness.
3. No instances of noncompliance material to the financial statements of 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 related to the audit of the major federal award 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 auditor's report on compliance for the major federal award programs for Deming Public Schools expresses an unqualified opinion on all major programs.
6. No audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 were noted during the audit.
7. The programs tested as major programs included: Title I Grants to Lea's, CFDA No. 84.010.
8. The threshold for distinguishing types A and B programs was \$300,000.
9. Deming Public Schools qualified as a low-risk auditee.

**FINDINGS – FINANCIAL STATEMENT AUDIT**

**FINDINGS RELATED TO THE COMPONENT UNIT**

**SIGNIFICANT DEFICIENCIES**

**09-1 Payroll Records**

Condition - The School has not managed its payroll reporting system in accordance with Internal Revenue Service regulations. Payroll reports have not been timely filed, and payroll tax deposits have not been made within the required time frame.

Criteria – Internal Revenue Service regulations require deposit of payroll taxes within three banking days of the date of the payroll. New Mexico regulations require deposit of state withholding monthly.

Effect – The School has incurred penalties for late filing of reports, and federal and state regulations have been violated.

Cause – The School’s accountant had some difficulty in submitting the New Mexico deposits on-line, and was unaware of the three day deposit rule for federal deposits.

Recommendation – We recommend that the School comply with the payroll tax deposit deadlines promulgated by regulations.

Agency Response – The School is now aware of the required deadlines, and will comply with them in the future.

### 08-3 Employee Files

Condition – In a test of 25 employee files, we noted 4 instances of no W-4 on file, 3 instances of no I-9 on file, and 10 instances where portions or all of the employee file were unavailable. In addition, in a test of 8 certified personnel files, we noted 4 instances where teaching certificates were not on file, 3 instances where transcripts were either unavailable or did not support the education level claimed, and 3 instances where the file could not be located.

Criteria – The New Mexico public Education Department’s *Manual of Procedures* requires that certified personnel be paid in accordance with an approved salary schedule, which matches pay rates to experience, and that experience be verified by School personnel. Internal Revenue Service regulations require that W-4s and I-9s be maintained for all employees, and available for inspection.

Effect – Certified personnel may have been paid incorrect amounts, and there is an increased likelihood that experience not earned could be claimed as a means of increasing the pay rate. In addition, the School is at risk of substantial fines for failure to maintain W-4s and I-9s.

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

Recommendation – We recommend that as a final step in the contracting process, the Director compare contract amounts to the approved salary schedule, and inspect personnel files to insure that experience has been verified. We further recommend that all employee records be maintained in one file, for ease of inspection and production.

Agency Response – The recommendation will be adopted.

## OTHER INSTANCES OF NONCOMPLIANCE

### 08-4 Purchasing Procedures

Condition – In a test of 41 purchase vouchers, we noted 21 instances where the purchase order date was either missing or subsequent to the date of the purchase, and 6 instances where the invoice 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 personnel prior to purchase, and that vouchers be approved for payment prior to payment.

Effect – The controls established by budgetary management and managerial authorization for purchasing have been compromised, and New Mexico statutes have been violated.

Cause – The School has not established an adequate internal control system over purchasing to insure compliance with regulations.

Recommendation – We recommend that the School revisit its purchasing procedures to insure compliance with purchasing regulations.

Agency Response – We have established purchasing procedures, and the majority of these transactions occurred early in the year. We believe the system is now operational.

## 09-2 Budgetary Controls

Condition – The School incurred expenditures in the following funds and functions;

General Fund:	
Instruction	\$ 5,740
Support Services – Students	87,882
Operation of Plant	99,685
TANF/GRADS:	
Operation	40,000
Public School Capital Outlay;	
Operation of Plant	51,150

Criteria – Sections 6-3-1 through 6-3-25 NMSA 1978 require, in part, that expenditures not exceed budgetary authority. The function is the legal level of budgetary control.

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 adjustments at year end to alleviate these budget overruns.

Recommendation – We recommend that the District adhere to their policy of reviewing year end expenditures and requesting budget adjustments where necessary.

Agency Response – The policy is currently in place, but was not complied with during the 2008-2009 fiscal year. The School intends to comply with the policy in future years.

## FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

None

## OTHER – FINANCIAL STATEMENT PREPARATION

The financial statements were prepared by Stone, McGee & Co., C.P.A.'s.

## **EXIT CONFERENCE**

The contents of this report were discussed November 5, 2009. Present at this exit conference were:

<u>Name</u>	<u>Title</u>	<u>Affiliation</u>
Bayne Anderson	Board Secretary	Deming Public Schools
Harvielee Moore	Superintendent	Deming Public Schools
Ted Burr	Assoc. Supt. of Finance	Deming Public Schools
Diana Petersen	Director of Accounting	Deming Public Schools
Gloria Lopez	Council President	Cesar Chavez High School
Arlene Trujillo	Director	Cesar Chavez High School
Chris Masters	Accountant	Cesar Chavez High School
Mike Stone	Shareholder	Stone, McGee & Co., CPA's