

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 JUNE 30, 2008

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SUPPLEMENTAL INFORMATION
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CLAYTON MUNICIPAL SCHOOLS
JUNE 30, 2008

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STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
JUNE 30, 2008

OFFICIAL ROSTER

BOARD OF EDUCATION

Lorenzo Montoya	President
Andrea Naranjo	Vice President
Janae Vandiver	Secretary
Deano Arellano	Member
Terri Trujillo	Member

SCHOOL OFFICIALS

Jack Wiley	Superintendent
Bobby Spinelli	Business Manager

INDEPENDENT AUDITOR'S REPORT

Mr. Hector Balderas
New Mexico State Auditor
The Board of Directors
Clayton Municipal Schools

We have audited the accompanying financial statements of the governmental activities, each major fund, the budgetary comparisons of the general fund and the major special revenue funds, and the aggregate remaining fund information of Clayton Municipal Schools, as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of Clayton Municipal Schools' non major governmental funds and all the budgetary comparisons presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of Clayton Municipal Schools' management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Clayton Municipal Schools, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and major special revenue 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 Clayton Municipal Schools as of June 30, 2008, and the respective changes in financial position, where applicable, and the respective budgetary comparisons for the non major governmental funds and for the major HB-33 capital project funds for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 7, 2008, on our consideration of Clayton Municipal Schools' internal control over financial reporting and 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.

Clayton Municipal Schools has not presented the managements discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Clayton Municipal Schools and component unit, combining and individual fund financial statements, and budgetary comparisons. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. of Management and Budget Circular A-133, Audits of State, Local Government, and Non-Profit Organizations. The other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Clayton Municipal Schools. This information and the statement of expenditures of federal awards are not a required part of the basic financial statements of Clayton Municipal Schools. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects, in relation to the financial statements taken as a whole.

Ray Woodard & Associates

Portales, New Mexico
November 7, 2008

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 STATEMENT OF NET ASSETS

June 30, 2008

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 2,611,200
Taxes Receivable	18,681
Due from other Governments	72,543
Food Inventory	3,016
Non-current:	
Capital assets, net	<u>5,940,811</u>
Total assets	<u>8,646,251</u>
<u>LIABILITIES</u>	
Deferred Revenue	33,957
Compensated Absences	<u>48,861</u>
Total liabilities	<u>82,818</u>
<u>NET ASSETS</u>	
Invested in capital assets	5,940,811
Restricted For:	
Debt Service	90,108
Capital Projects	761,064
SB-9-Capital Improvements	444,595
Transportation	33
Instructional Materials	1,740
Unrestricted	<u>1,325,082</u>
Total net assets	<u>\$ 8,563,433</u>

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

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue & Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities
Primary government:	\$	\$	\$	\$	\$
Governmental activities:					
Instruction	3,374,337	35,153	379,751	-	(2,959,433)
Support Services-Students	559,445	-	5,336	-	(554,109)
Support Services Instruction	266,382	-	189,242	-	(77,140)
Support Services-School Admin	524,913	-	50,537	-	(474,376)
Support Services-General Admin	233,551	-	4,341	-	(229,210)
Central Services	150,875	-	10,850	-	(140,025)
Operation & Maintenance of Plant	796,258	-	-	-	(796,258)
Student Transportation	697,674	-	697,683	-	9
Food Service	196,691	48,451	159,318	-	11,078
Community Service	-	-	-	-	-
Depreciation	230,419	-	-	-	(230,419)
Unallocated	-	36,849	-	-	36,849
Total governmental activities	\$ 7,030,545	\$ 120,453	\$ 1,497,058	\$ -	\$ (5,413,034)

General revenues:

Property Taxes:	
General purpose	14,273
Debt service	21
Capital projects	313,108
State & Federal Operating Grants	5,040,993
Capital Grants	763,238
Donations	9,944
Unrestricted investment earnings	112,107
Miscellaneous income	27,626
Total general revenues and special item	6,281,310
Change in net assets	868,276
Net assets - beginning	7,671,000
Restatement	24,157
Restated Beginning Balance	7,695,157
Net assets - ending	\$ 8,563,433

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

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS

BALANCE SHEET-- GOVERNMENTAL FUNDS

June 30, 2008

	GENERAL	TECHNOLOGY FOR EDUCATION	SENATE BILL NINE	HOUSE BILL 33
ASSETS				
Cash on Deposit	\$ 912,102	\$ 12,088	\$ 511,399	\$ 1,020,387
Due from Other Funds	72,543	-	-	-
Due from other Governments	-	-	-	-
Taxes Receivable	1,645	-	10,222	6,814
Inventory	-	-	-	-
TOTAL ASSETS	<u>\$ 986,290</u>	<u>\$ 12,088</u>	<u>\$ 521,621</u>	<u>\$ 1,027,201</u>
LIABILITIES AND FUND BALANCE				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	-	12,088	-	-
Due to Other Funds	-	-	-	-
TOTAL LIABILITIES	-	12,088	-	-
Fund Balance				
Reserved for Debt Service	-	-	-	-
Reserved for Inventory	-	-	-	-
Unreserved, Designated for Subsequent Years Expenditures	-	-	-	-
General Fund	986,290	-	-	-
Special Revenue Funds	-	-	521,621	-
Capital Projects Funds	-	-	-	1,027,201
TOTAL FUND BALANCE	<u>986,290</u>	<u>-</u>	<u>521,621</u>	<u>1,027,201</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 986,290</u>	<u>\$ 12,088</u>	<u>\$ 521,621</u>	<u>\$ 1,027,201</u>

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

TITLE I	LEGISLATIVE APPROPRIATIONS LAWS OF 2007	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ -	\$ -	\$ 155,223	\$ 2,611,199
-	-	-	72,543
48,102	11,066	13,375	72,543
-	-	-	18,681
-	-	3,016	3,016
<u>\$ 48,102</u>	<u>\$ 11,066</u>	<u>\$ 171,614</u>	<u>\$ 2,777,982</u>
\$ -	\$ -	\$ -	\$ -
-	-	21,869	33,957
<u>48,102</u>	<u>11,066</u>	<u>13,375</u>	<u>72,543</u>
48,102	11,066	35,244	106,500
-	-	94,147	94,147
-	-	3,016	3,016
-	-	-	-
-	-	-	986,290
-	-	39,207	560,828
-	-	-	1,027,201
<u>-</u>	<u>-</u>	<u>136,370</u>	<u>2,671,482</u>
<u>\$ 48,102</u>	<u>\$ 11,066</u>	<u>\$ 171,614</u>	<u>\$ 2,777,982</u>

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
RECONCILIATION OF THE BALANCE SHEET
ALL GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS

June 30, 2008

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

Net assets - total governmental funds	\$	2,671,482
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		5,940,811
Compensated Absences		(48,860)
Net assets of governmental activities	\$	<u>8,563,433</u>

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE— GOVERNMENTAL FUNDS

Year Ended June 30, 2008

	GENERAL	TECHNOLOGY FOR EDUCATION	SENATE BILL NINE	HOUSE BILL 33
REVENUE				
Federal Programs	\$ 47,574	\$ -	\$ -	\$ -
State Programs	774,212	8,639	14,258	285,703.00
Miscellaneous	12,377	-	-	-
State Equalization	4,916,890	-	-	-
Sale Of Equipment	15,800	-	-	-
Interest Income	51,761	-	19,076	36,586
Donations	9,393	-	-	-
Fees & Charges For Services	36,849	-	-	-
Taxes	14,273	-	242,956	70,152
TOTAL REVENUES	<u>5,879,129</u>	<u>8,639</u>	<u>276,290</u>	<u>392,441</u>
EXPENDITURES				
Current				
Instruction	2,973,931	8,639	-	-
Support Services-Students	554,109	-	-	-
Support Services Instruction	77,140	-	-	-
Support Services-School Admin	474,376	-	-	-
Support Services-General Admin	214,648	-	1,825	2,736
Central Services	150,025	-	-	-
Operation & Maintenance of Plant	601,503	-	-	-
Student Transportation	697,674	-	-	-
Food Service	-	-	-	-
Community Service	-	-	-	-
Acquisition & Construction	-	-	197,439	120,501
TOTAL EXPENDITURES	<u>5,743,406</u>	<u>8,639</u>	<u>199,264</u>	<u>123,237</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	135,723	-	77,026	269,204
Other Financing Sources				
Transfers In<Out>	-	-	-	-
Total Other Financial Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change In Fund Balances	135,723	-	77,026	269,204
FUND BALANCE				
June 30, 2007	850,567	-	444,595	757,997
FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
June 30, 2008	<u>\$ 986,290</u>	<u>\$ -</u>	<u>\$ 521,621</u>	<u>\$ 1,027,201</u>

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

TITLE 1	LEGISLATIVE APPROPRIATIONS LAWS OF 2007	OTHER GOVERNMENTAL FUNDS	Total GOVERNMENTAL FUNDS
\$ 206,278	\$ -	\$ 547,517	\$ 801,369
-	13,373	486,845	1,583,030
-	-	-	12,377
-	-	-	4,916,890
-	-	-	15,800
-	-	4,683	112,106
-	-	551	9,944
-	-	83,054	119,903
-	-	21	327,402
<u>206,278</u>	<u>13,373</u>	<u>1,122,671</u>	<u>7,898,821</u>
197,121	13,373	193,256	3,386,320
-	-	5,336	559,445
-	-	189,242	266,382
4,815	-	45,722	524,913
4,342	-	10,000	233,551
-	-	850	150,875
-	-	-	601,503
-	-	-	697,674
-	-	196,691	196,691
-	-	-	-
-	-	466,343	784,283
<u>206,278</u>	<u>13,373</u>	<u>1,107,440</u>	<u>7,401,637</u>
-	-	15,231	497,184
-	-	-	-
-	-	-	-
-	-	15,231	497,184
-	-	121,139	2,174,298
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 136,370</u>	<u>\$ 2,671,482</u>

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCE -
 ALL GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2008

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

Net change in fund balance - total governmental funds	\$ 497,184
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 and reported as depreciation expense. This is the amount which was expended for capital outlays in the current year.	589,528
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds are as follows:	-
Depreciation	(230,419)
Decrease in Compensated Absences	11,983
Change in Net Assets	<u>\$ 868,276</u>

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS
 COMBINED STATEMENT OF REVENUE AND EXPENDITURES--BUDGET
 (NON-GAAP) AND ACTUAL-GENERAL FUND
 Year Ended June 30, 2008

	General Fund			VARIANCE Favorable (Unfavorable)
	ORIGINAL BUDGET	BUDGET	ACTUAL	
REVENUE				
Residential/Non-Residential Taxes	\$ 47,170	\$ 47,170	\$ 57,008	\$ 9,838
Fees - Educational	20,000	20,000	25,111	5,111
Rent and Leases	500	500	-	(500)
Fees Activities	-	-	651	651
Fees-Users	-	-	1,087	1,087
Donations/Gifts	-	-	9,393	9,393
Interest Income	50,000	50,000	51,005	1,005
State Equalization	4,588,209	4,753,893	4,916,890	162,997
State Flow Through Grants	651,595	763,274	774,968	11,694
Sale of Property/Equipment	-	-	15,800	15,800
Refunds	-	-	3,975	3,975
Indirect Cost - (DFG)	10,000	10,000	10,000	-
Indirect Cost - (Flow Through Grants)	3,000	3,000	4,342	1,342
Insurance Recoveries	-	-	8,401	8,401
TOTAL REVENUE	<u>5,370,474</u>	<u>5,647,837</u>	<u>\$ 5,878,631</u>	<u>\$ 230,794</u>

Cash Balance Budgeted	<u>840,876</u>	<u>840,876</u>		
TOTAL REVENUE & CASH	<u>\$ 6,211,350</u>	<u>\$ 6,488,713</u>		

EXPENDITURES				
Current				
Instruction	\$ 3,224,204	\$ 3,266,018	\$ 2,991,324	\$ 274,694
Support Services	-	-	-	-
Support Services-Students	559,160	609,160	554,109	55,051
Support Services-Instruction	94,397	85,056	77,140	7,916
Support Services-General Administration	216,419	236,419	214,648	21,771
Support Services-School Administration	572,600	578,600	474,376	104,224
Central Services	166,030	166,030	150,025	16,005
Operation & Maintenance of Plant	769,650	769,650	601,502	168,148
Student Transportation	602,477	771,367	697,674	73,693
Other Support Services	5,913	5,913	-	5,913
Community Services-operations	500	500	-	500
TOTAL EXPENDITURES	<u>\$ 6,211,350</u>	<u>\$ 6,488,713</u>	<u>\$ 5,760,798</u>	<u>\$ 727,915</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 5,878,631
Differences-Budget to GAAP	
Property tax Receivable	1,645
Prior Year Tax Receivables	(1,147)
Total Revenues (GAAP Basis)	<u>\$ 5,879,129</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 5,760,798
Differences-budget to GAAP	
Cost of Commodities Used	(17,392)
Total Expenditures (GAAP Basis)	<u>\$ 5,743,406</u>

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

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--TECHNOLOGY FOR EDUCATION

Year Ended June 30 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ 9,615	\$ 9,615	\$ 20,727	\$ 11,112
TOTAL REVENUE	<u>9,615</u>	<u>9,615</u>	<u>20,727</u>	<u>11,112</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 9,615</u>	<u>\$ 9,615</u>		
EXPENDITURES				
Current				
Instruction	\$ 9,615	\$ 9,615	\$ 8,639	\$ 976
TOTAL EXPENDITURES	<u>9,615</u>	<u>9,615</u>	<u>8,639</u>	<u>976</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 20,727
Differences-Budget to GAAP	
Current Year Deferral	(12,088)
Total Revenues (GAAP Basis)	<u>\$ 8,639</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 8,639
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 8,639</u>

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

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--SPECIAL REVENUE FUND--SENATE BILL 9

Year Ended June 30 2008

	<u>ORIGINAL BUDGET</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Favorable (Unfavorable)</u>
REVENUE				
Residential/Non-Residential Taxes	\$ 197,362	\$ 197,362	\$ 237,552	\$ 40,190
Interest Income	15,000	15,000	19,076	4,076
State Flow Through Grants	-	14,258	14,258	-
TOTAL REVENUE	<u>212,362</u>	<u>226,620</u>	<u>\$ 270,886</u>	<u>\$ 44,266</u>
Cash Balance Budgeted	<u>397,277</u>	<u>397,277</u>		
TOTAL REVENUE & CASH	<u>\$ 609,639</u>	<u>\$ 623,897</u>		
 EXPENDITURES				
Current				
Support Services-General Administration	\$ 2,300	\$ 2,300	\$ 1,825	\$ 475
Acquisition & Construction	607,339	621,597	199,594	422,003
TOTAL EXPENDITURES	<u>\$ 609,639</u>	<u>\$ 623,897</u>	<u>\$ 201,419</u>	<u>\$ 422,478</u>
 Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures				
Sources/inflows of resources				
Actual amounts (budgetary basis)			\$ 270,886	
Differences-Budget to GAAP				
Property tax Receivable			10,222	
Prior Year Tax Receivables			(4,818)	
Total Revenues (GAAP Basis)			<u>\$ 276,290</u>	
 Uses/outflows of resources				
Actual amounts (budgetary basis)			\$ 201,419	
Differences-budget to GAAP				
Prior Year Accounts Payable			(2,155)	
Total Expenditures (GAAP Basis)			<u>\$ 199,264</u>	

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

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (A)

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 NOTES TO FINANCIAL STATEMENTS

June 30, 2008

IV. Detailed notes on all funds (continued)

E. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 474,345	\$ -	\$ -	\$ 474,345
Total Capital Assets not being depreciated	474,345	-	-	474,345
Capital assets, being depreciated				
Buildings & Improvements	6,999,173	578,214	-	7,577,387
Equipment	1,949,376	151,618	-	2,100,994
Total Capital assets being depreciated	8,948,549	589,528	-	9,678,381
Less accumulated depreciation for:				
Buildings & Improvements	2,533,210	121,683	-	2,654,893
Equipment	1,398,110	158,912	-	1,557,022
Total accumulated depreciation	3,931,320	230,419	-	4,211,915
Total Capital assets, being depreciated, net	5,017,229	449,237	-	5,466,466
Governmental activities capital assets, net – Clayton Schools	5,491,574	449,237	-	5,940,811

The Schedule of Capital Assets by Function and Activity, and the Schedule of Changes in Capital Assets by Function and Activity have not been prepared because the detailed information is unavailable.

Depreciation expense was not charged to function/programs of the School District because the detail information was not available.

F. Long-Term Debt

The District's 12-month employees are allowed to accrue unused sick leave and are paid up to one half the total days accrued upon their retirement from the district. This is the first of year of this benefit from the District. Activity for the fiscal year ended June 30, 2008 was as follows:

<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amount Due in one year</u>
\$ 60,844	\$17,762	\$ 29,745	\$48,861	\$48,861

In past periods, payment of accrued annual leave has been made from the General Fund.

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS

June 30, 2008

V. Other information

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injury to employees; and natural disasters. The New Mexico Public Schools Insurance Authority (NMSIA) was formed on April 5, 1985 under the New Mexico Public Schools Insurance Authority Act, Chapter 22, Section 2 of the New Mexico Statutes Annotated (NMSA 1978), as amended, as an insurance fund to provide health, disability and life insurance coverage (benefits coverage), and property, casualty and workers' compensation insurance coverage (risk coverage) to participating public schools, school board members, public school employees, and retirees within the State of New Mexico. The District is one of 91 members that participate in NMPSIA. Participation in NMPSIA is mandatory for all K-12 public schools except those with enrollment exceeding 60,000 students. Participation is voluntary for other public education institutions. The District pays an annual premium to the pool for its general insurance coverage. The agreement for formation of NMPSIA provides that the pool will be self-sustaining through member premiums. NMPSIA establishes self-insured retentions by line of coverage and procures insurance or reinsurance, where indicated, in excess of the self-insured retention on a per occurrence basis. NMPSIA will publish its own financial report for the year ended June 30, 2008.

B. Contingent liabilities

Amounts received or receivable from grant 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 that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the government.

C. Employee retirement plan

Plan Description: Substantially all of the District's 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 (ERB) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges and universities) and beneficiaries. ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to ERB, P.O. Box 26129, Santa Fe, NM 87502. The report is also available on ERB's website at www.nmerb.org.

Funding Policy: Plan members are required to contribute 7.42% of their gross salary. The District is required to contribute 10.9% of the gross covered salary. Effective July 1, 2008, plan members are required to contribute 7.9% of their gross salary. The employer contribution will increase .75% each year until July 1, 2011 when the employer contribution will be 13.9%. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2008, 2007, and 2006, were \$359,141, \$318,289, and \$342,751, respectively, which equal the amount of the required contributions for each fiscal year.

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS

June 30, 2008

V. Other information (continued)

D. Post-retirement health care benefits

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

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary. Employers joining the program after 1/1/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

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

The District's contributions to the RHCA for the years ended June 30, 2008, 2007 and 2006 were \$43,522, \$40,812 and \$37,886, respectively, which equal the required contributions for each year.

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS

June 30, 2008

V. Other information (continued)

E. Restatement of Net Assets

Balance as of June 30, 2007	\$ 7,671,000
Prior year Capital Asset Addition Error	(5,127)
Prior year Compensated Absence Ending Balance not included in statement	(60,844)
Addition of Capital Assets Transferred From Component Unit Net	<u>90,128</u>
Restated Balance at June 30, 2007	<u>\$ 7,695,157</u>

NON-MAJOR CAPITAL PROJECT FUNDS

PUBLIC SCHOOL CAPITAL OUTLAY – To account for financing and construction of school improvements funded from appropriations from the State of New Mexico.

PUBLIC SCHOOL CAPITAL OUTLAY (PSCO) 20% - To account for monies to be set aside out of Impact Aid, Forest Revenue, and local taxes for capital improvements in public schools. The authority for the creation of this fund is Section 22-8-5 NMSA 1978.

NON-MAJOR SPECIAL REVENUE FUNDS

FOOD SERVICES – to account for financing for school hot lunch program. Funding is provided from fees from patrons and USDA food reimbursements, under the National School Lunch Act of 1946, as amended, New Mexico Statutes Annotated, State Law 22-13-13.

ATHLETICS – to account for revenues received from non-instructional activities for use in the district's athletic and other non-instructional programs. Required by the New Mexico State Department of Education Manual of Procedures for New Mexico School Districts to be accounted for as a separate fund. Authority for this fund is the New Mexico Administrative Code 6.20.2.

IDEA B ENTITLEMENT – P.L. 94-142, Individuals with Disabilities Education Act—to account for a federal grant restricted to the operation and maintenance of meeting the special education need of children with disabilities. Authority for the creation of this fund is Individuals with Disabilities Act, Part B, Sec. 611, as amended; Public Laws 91-230,93-380,94-142,98-199,99-457,100-630 and 101-476; 20 U.S.C. 1401-1419, Public Law 105-17.

IDEA B DISCRETIONARY – P.L. 94-142, individuals with Disabilities Education Act—to account for a federal grant restricted to the operation and maintenance of meeting the special education need of children with disabilities. Authority for the creation of this fund is Individuals with Disabilities Act, Part B, Sec. 611, as amended; Public Laws 91-230,93-380,94-142,98-199,99-457,100-630 and 101-476; 20 U.S.C. 1401-1419, Public Law 105-17.

PRESCHOOL – P.L. 94-142, Individuals with Disabilities Education Act—to account for a federal grant restricted to the operation and maintenance of meeting the special education need of children with disabilities. Authority for the creation of this fund is Individuals with Disabilities Act, Part B, Sec. 611, as amended; Public Law 105-17.

TITLE II – to account for monies used to strengthen the skill of teachers and instruction in mathematics, science, foreign languages, and computer learning. Authority for the creation of this fund is Title II of the Elementary and Secondary Education Act (ESEA) of 1965, as amended.

FRESH FRUITS AND VEGETABLES – To account for the expenditures and revenue for a Fresh Fruit and Vegetable Program as authorized by Public Law 109-97 and Section 420 of the Child Nutrition and WIC Reauthorization Act 2004. The FFVP provides all children in participating schools with a variety of free fresh fruits and vegetables throughout the school day as a means of introducing fresh fruits and vegetables as healthy snack alternatives.

GOALS 2000 LOCAL REFORM – To provide grants to non-profit organizations in consortia with local education agencies to assist them in establishing parental information and resource centers. These centers would: 1) increase parents' knowledge of and confidence in child-rearing activities such as teaching and nurturing their young children; 2) strengthen partnerships between parents and professionals in meeting the educational needs of children aged birth through five and the working relationships between home and school; and 3) enhance the developmental progress of the children assisted under this program. The project is funded by the Office of Elementary and Secondary Education of the Department of Education and authorized by Goals 2000 Educate America Act, Title IV, Public Law 103-227.

ENHANCING EDUCATION THROUGH EDUCATION – To provide grants to State Education Agencies on a formula basis to improve student academic achievement through the use of technology in schools, assist all students in becoming technologically literate by the end of the eighth grade and encourage the effective integration of technology with teacher training and curriculum development to establish successful research-based instructional methods. The authority for the creation of this fund is the Elementary and Secondary Education Act of 1965, Title II, Part D, Subparts 1 and 2 as amended.

LEADERSHIP – Vocational Education (Special Revenue Fund) – To develop more fully the academic, vocational, and technical skills of secondary and post secondary students who elect to enroll in vocational and technical program. Authority for the creation of this fund is the Carl D Perkins Vocational and Technical Act of 1998, Title I, Workforce Investment Act, Section 503.

TITLE V — To assist state and local educational agencies in the reform of elementary and secondary education. The authority for the creation of this fund is the Elementary and Secondary Education Act of 1965, Title VI, as amended, 20 U.S.C. 7301-7373.

TEACHER/PRINCIPAL TRAINING – To provide grants to State Education Agencies on a formula basis to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in student academic achievement. The authority for the creation of this fund is the Elementary and Secondary Education Act of 1965 as amended, Title I, Part A, Public Law 107-110.

NON-MAJOR SPECIAL REVENUE FUNDS (continued)

SAFE AND DRUG FREE SCHOOLS— To offer a disciplined environment conducive to learning, by preventing violence in and around schools and strengthen programs that prevent the illegal use of alcohol, tobacco and drugs, involve parents, and coordinated with related Federal, State and community efforts and resources.

MEDICAID – to account for reimbursement of health-related services of medial eligible students receiving related services, for administrative time study, and for a statement of service costs study. The fund is administered by the Lea Regional Cooperative Center #7. It is included in this report to identify the loan from operational to cover cost not yet reimbursed by the Cooperative. Authorized by Public Law 92-222, Public Law 104-208.

DISTANCE LEARNING – to encourage and improve the use of telemedicine, telecommunications, computer networks, and related advanced technologies to provide educational and medical benefits through distance learning and telemedicine projects to people living in rural areas and to improve rural opportunities. The authority for the creation of this fund is the Federal Agriculture Improvement and Reform Act of 1996, Title VII, Public Law 104-127, 7 U.S.C. 950.

RURAL EDUCATION ACHEIVEMENT PROGRAM – To provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. The authority for the creation of this fund is the Elementary and Secondary Education Act of 1965 (ESEA), Title VI, Part B, as amended.

GATES FOUNDATION- to account for funds used to purchase hardware and software for use in the classroom from the Institute of Computer Technology. The authority for this fund is the New Mexico State Department of Education.

NORTHERN NM NETWORK – to assist the school district with purchasing test materials. The authority for the creation of this fund is the Northern New Mexico Network for Rural Education.

SAFETY IN SCHOOLS – The State Board of Education recognizes the need to implement programs and activities, as well as strengthen infrastructure that will increase school safety. To assist the school in this effort the State Board of Education included in their 2001 Legislative package a request for monies toward this effort. The authority for the creation of this fund is the New Mexico State Department of Education Policies and Procedures Manuel.

TRANSITION TO TEACHING – To provide grants to support the recruitment, training and placement of talented individuals from other fields into teaching positions in K-12 classrooms and support tem during their first years in the classroom. The authority for the creation of this fund is the Elementary and Secondary Education Act (ESEA), Title II Part C, Subpart 1, Chapter B.20 U.S.C. 6621

INCENTIVE FOR SCHOOL IMPROVEMENT – to account for a legislative appropriation to recognize top improving schools in New Mexico which provided funds for supplies, materials, and/or purchased services, excluding salaries and benefits. Required by the State Department of Education Manual of Procedures for New Mexico School districts to be accounted for as a separate fund. The authority for this fund is NMSA 22-13A-5.

MID SCHOOL TUTORING – to improve basic academic skills and to enhance opportunities for students to develop interest beyond what present curricular programs provide. State funds appropriated through the legislature for a one-year project.

BEGINNING TEACHER MENTORING – to assist school districts in the design, implementation, and evaluation of beginning teacher-mentoring programs. Funding is provided through the 2000 legislative session, with appropriated funds from the General Appropriations Act.

LIBRARIES SB301 G.O. BONDS — To account for funds received to update and to expand library collections in order to circulate and provide access of materials to students and teachers. Funding provided by election of SB301.

SCHOOL HEALTH – The purpose of this contract is to provide support for Coordinated School Health (CHS) programs in the Health Services at Clayton Municipal Schools. The contract supports programs for prevention, health promotion and early intervention. Funds are provided through the New Mexico Department of Health. The authority for creating this fund is the New Mexico State Department of Education Policies and Procedures Manuel.

CHILD & ADULT FOOD PROGRAM – To provide federal funds to provide food to extended day care program. Authority for the creation of this fund is Public Law 105-336.

PRIVATE DIRECT GRANTS – to enhance interactive education through innovative educational programs and to take part in the interactive education innovators network. The authority for the creation of this fund is the AOL Foundation.

SATURDAY SCHOOL – To account for private grant funds used to provide Saturday tutoring services to students. The formation of this fund is provided by local city and county funding.

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

	PUBLIC SCHOOL CAPITAL OUTLAY	CAPITAL OUTLAY 20%	TOTAL NONMAJOR CAPITAL PROJECTS	TOTAL NONMAJOR SPECIAL REVENUE	TOTAL NONMAJOR DEBT SERVICE	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS						
Cash on Deposit	\$ -	\$ -	\$ -	\$ 61,076	\$ 94,147	\$ 155,223
Accounts Receivable	-	-	-	13,375	-	13,375
Inventory	-	-	-	3,016	-	3,016
TOTAL ASSETS	\$ -	\$ -	\$ -	77,467	94,147	171,614
LIABILITIES AND OTHER CREDITS						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Credits	-	-	-	21,869	-	21,869
Due to Other Funds	-	-	-	13,375	-	13,375
TOTAL LIABILITIES	-	-	-	35,244	-	35,244
FUND BALANCE						
Reserved for Inventory	-	-	-	3,016	-	3,016
Reserved for Debt Service	-	-	-	-	-	-
Unreserved-Designated for Subsequent Years Expenditures	-	-	-	39,207	94,147	133,354
TOTAL FUND BALANCE	-	-	-	42,223	94,147	136,370
TOTAL LIABILITIES AND FUND BALANCE	\$ -	\$ -	\$ -	\$ 77,467	\$ 94,147	\$ 171,614

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

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

	PUBLIC SCHOOL CAPITAL OUTLAY	CAPITAL OUTLAY 20%	TOTAL NONMAJOR CAPITAL PROJECTS	TOTAL NONMAJOR SPECIAL REVENUE	TOTAL NONMAJOR DEBT SERVICE	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUE						
Federal Programs	\$ -	-	\$ -	\$ 547,517	\$ -	\$ 547,517
State Programs	463,277	-	463,277	23,568	-	486,845
Fees & Charges For Services	-	-	-	83,054	-	83,054
Interest Earned	-	-	-	665	4,018	4,683
Donations	-	-	-	551	-	551
Taxes	-	-	-	-	21	21
TOTAL REVENUES	<u>463,277</u>	<u>-</u>	<u>463,277</u>	<u>655,355</u>	<u>4,039</u>	<u>1,122,671</u>
EXPENDITURES						
Current						
Instruction	-	-	-	193,256	-	193,256
Support Services-Students	-	-	-	5,336	-	5,336
Support Services Instruction	-	-	-	189,242	-	189,242
Support Services-School Admin	-	-	-	45,722	-	45,722
Support Services-General Admin	-	-	-	10,000	-	10,000
Central Services	-	-	-	850	-	850
Operation & Maintenance of Plant	-	-	-	-	-	-
Student Transportation	-	-	-	-	-	-
Food Service	-	-	-	196,691	-	196,691
Community Service	-	-	-	-	-	-
Acquisition & Construction	463,277	3,066	466,343	-	-	466,343
TOTAL EXPENDITURES	<u>463,277</u>	<u>3,066</u>	<u>466,343</u>	<u>641,097</u>	<u>-</u>	<u>1,107,440</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(3,066)	(3,066)	14,258	4,039	15,231
OTHER FINANCING SOURCES (USES)						
Transfers In (Out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change In Fund Balance	-	(3,066)	(3,066)	14,258	4,039	15,231
FUND BALANCE						
June 30, 2007	-	3,066	3,066	27,965	90,108	121,139
FUND BALANCE						
June 30, 2008	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 42,223</u>	<u>\$ 94,147</u>	<u>\$ 136,370</u>

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

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET--NON-MAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS
 JUNE 30, 2008

	<u>FOOD SERVICES</u>	<u>ATHLETICS</u>	<u>ENTITLEMENT</u>	<u>DISCRETIONARY</u>	<u>PRESCHOOL</u>	<u>TITLE II</u>
ASSETS						
Cash on Deposit	\$ 25,073	\$ 14,134	\$ -	\$ -	\$ 1,558	\$ 674
Due from Other Funds	-	-	-	-	-	-
Due from other Governments	-	-	1,439	3,575	-	-
Inventory	<u>3,016</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 28,089</u>	<u>\$ 14,134</u>	<u>\$ 1,439</u>	<u>\$ 3,575</u>	<u>\$ 1,558</u>	<u>\$ 674</u>
LIABILITIES AND OTHER CREDITS						
Deferred Revenue	-	-	-	-	1,558	\$ 674
Due to Other Funds	-	-	1,439	3,575	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>1,439</u>	<u>3,575</u>	<u>1,558</u>	<u>674</u>
FUND BALANCE						
Reserved for Inventory	3,016	-	-	-	-	-
Unreserved-Designated for Subsequent Years Expenditures	<u>25,073</u>	<u>14,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCE	<u>28,089</u>	<u>14,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 28,089</u>	<u>\$ 14,134</u>	<u>\$ 1,439</u>	<u>\$ 3,575</u>	<u>\$ 1,558</u>	<u>\$ 674</u>

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

FRESH FRUITS & VEGETABLES	GOALS 2000	ENHANCING EDUCATION	LEADERSHIP	TITLE V	TEACHER PRINCIPAL TRAINING	SAFE & DRUG FREE SCHOOLS	MEDICAID	DISTANCE LEARNING
\$ -	\$ 1	\$ -	\$ 7,988	\$ -	\$ -	\$ -	\$ 29	\$ 273
-	-	-	-	-	-	-	-	-
-	-	335	-	2,119	739	3,099	-	-
-	-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 335</u>	<u>\$ 7,988</u>	<u>\$ 2,119</u>	<u>\$ 739</u>	<u>\$ 3,099</u>	<u>\$ 29</u>	<u>\$ 273</u>
-	1	-	7,988	-	-	-	29	273
-	-	335	-	2,119	739	3,099	-	-
<u>-</u>	<u>1</u>	<u>335</u>	<u>7,988</u>	<u>2,119</u>	<u>739</u>	<u>3,099</u>	<u>29</u>	<u>273</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 335</u>	<u>\$ 7,988</u>	<u>\$ 2,119</u>	<u>\$ 739</u>	<u>\$ 3,099</u>	<u>\$ 29</u>	<u>\$ 273</u>

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET--NON-MAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS
 JUNE 30, 2008

	RURAL EDUCATION ACHIEVEMENT	BILL GATES FOUNDATION	NORTHERN NEW MEXICO NETWORK	SAFETY IN SCHOOLS	TRANSITION TO TEACHING	INCENTIVES FOR SCHOOL IMPROVEMENT
ASSETS						
Cash on Deposit	\$ -	\$ 17	\$ 1	\$ 36	\$ -	\$ 1,677
Due from Other Funds	-	-	-	-	-	-
Due from other Governments	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 17</u>	<u>\$ 1</u>	<u>\$ 36</u>	<u>\$ -</u>	<u>\$ 1,677</u>
LIABILITIES AND OTHER CREDITS						
Deferred Revenue	-	17	1	36	-	1,677
Due to Other Funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>17</u>	<u>1</u>	<u>36</u>	<u>-</u>	<u>1,677</u>
FUND BALANCE						
Reserved for Inventory	-	-	-	-	-	-
Unreserved-Designated for Subsequent Years Expenditures	-	-	-	-	-	-
TOTAL FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ -</u>	<u>\$ 17</u>	<u>\$ 1</u>	<u>\$ 36</u>	<u>\$ -</u>	<u>\$ 1,677</u>

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

MID SCHOOL TUTORING	BEGINNING TEACHER	LIBRARIES SB301 GO BONDS	SCHOOL HEALTH	CHILD & ADULT FOOD PROGRAM	PRIVATE GRANTS	SATURDAY SCHOOL	Total Nonmajor Special Revenue Funds
\$ 685	\$ 6,503	\$ -	\$ 1,090	\$ 717	\$ 14	\$ 606	\$ 61,076
-	-	2,069	-	-	-	-	13,375
-	-	-	-	-	-	-	3,016
<u>\$ 685</u>	<u>\$ 6,503</u>	<u>\$ 2,069</u>	<u>\$ 1,090</u>	<u>\$ 717</u>	<u>\$ 14</u>	<u>\$ 606</u>	<u>\$ 77,467</u>
685	6,503	-	1,090	717	14	606	21,869
-	-	2,069	-	-	-	-	13,375
<u>685</u>	<u>6,503</u>	<u>2,069</u>	<u>1,090</u>	<u>717</u>	<u>14</u>	<u>606</u>	<u>35,244</u>
-	-	-	-	-	-	-	3,016
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	39,207
-	-	-	-	-	-	-	42,223
<u>\$ 685</u>	<u>\$ 6,503</u>	<u>\$ 2,069</u>	<u>\$ 1,090</u>	<u>\$ 717</u>	<u>\$ 14</u>	<u>\$ 606</u>	<u>\$ 77,467</u>

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
JUNE 30, 2008

	FOOD SERVICES	ATHLETICS	ENTITLEMENT	DISCRETIONARY	PRESCHOOL	TITLE II
REVENUE						
Federal Program	\$ 156,781	\$ -	\$ 124,301	\$ 16,634	\$ 15,008	\$ -
State Program	-	-	-	-	-	-
Interest Income	665	-	-	-	-	-
Donations	-	551	-	-	-	-
Fees & Charges for Services	48,451	34,603	-	-	-	-
TOTAL REVENUES	<u>205,897</u>	<u>35,154</u>	<u>124,301</u>	<u>16,634</u>	<u>15,008</u>	<u>-</u>
EXPENDITURES						
Current						
Instruction	-	32,639	74,142	16,634	15,008	-
Support Services-Students	-	-	5,336	-	-	-
Support Services Instruction	-	-	-	-	-	-
Support Services-School Admin	-	-	44,823	-	-	-
Support Services-General Admin	-	-	-	-	-	-
Central Services	-	-	-	-	-	-
Food Service	194,154	-	-	-	-	-
TOTAL EXPENDITURES	<u>194,154</u>	<u>32,639</u>	<u>124,301</u>	<u>16,634</u>	<u>15,008</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	11,743	2,515	-	-	-	-
OTHER FINANCING SOURCES (USES)						
TRANSFERS IN/ TRANSFERS OUT	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	11,743	2,515	-	-	-	-
FUND BALANCE						
June 30, 2007	16,346	11,619	-	-	-	-
FUND BALANCE						
June 30, 2008	<u>\$ 28,089</u>	<u>\$ 14,134</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
JUNE 30, 2008

	RURAL EDUCATION ACHIEVEMENT	BILL GATES FOUNDATION	NORTHERN NEW MEXICO NETWORK	SAFETY IN SCHOOLS	TRANSITION TO TEACHING	INCENTIVES FOR SCHOOL IMPROVEMENT
REVENUE						
Federal Program	\$ 3,870	\$ -	\$ -	\$ -	\$ 199,242	\$ -
State Program	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-
Donations	-	-	-	-	-	-
Fees & Charges for Services	-	-	-	-	-	-
TOTAL REVENUES	<u>3,870</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>199,242</u>	<u>-</u>
EXPENDITURES						
Current						
Instruction	3,870	-	-	-	-	-
Support Services-Students	-	-	-	-	-	-
Support Services Instruction	-	-	-	-	189,242	-
Support Services-School Admin	-	-	-	-	-	-
Support Services-General Admin	-	-	-	-	10,000	-
Central Services	-	-	-	-	-	-
Food Service	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>3,870</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>199,242</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-	-	-
OTHER FINANCING SOURCES (USES) TRANSFERS IN/ TRANSFERS OUT	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
Net Change in Fund Balance	-	-	-	-	-	-
FUND BALANCE June 30, 2007	-	-	-	-	-	-
FUND BALANCE June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

MID SCHOOL TUTORING	BEGINNING TEACHER	LIBRARIES SB301 GO BONDS	SCHOOL HEALTH	CHILD & ADULT FOOD PROGRAM	PRIVATE GRANTS	SATURDAY SCHOOL	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ 2,537	\$ -	\$ -	\$ 547,517
-	-	11,794	-	-	-	11,774	23,568
-	-	-	-	-	-	-	665
-	-	-	-	-	-	-	551
-	-	-	-	-	-	-	83,054
<u>-</u>	<u>-</u>	<u>11,794</u>	<u>-</u>	<u>2,537</u>	<u>-</u>	<u>11,774</u>	<u>655,355</u>
-	-	11,794	-	-	-	10,025	193,256
-	-	-	-	-	-	-	5,336
-	-	-	-	-	-	-	189,242
-	-	-	-	-	-	899	45,722
-	-	-	-	-	-	-	10,000
-	-	-	-	-	-	850	850
-	-	-	-	2,537	-	-	196,691
<u>-</u>	<u>-</u>	<u>11,794</u>	<u>-</u>	<u>2,537</u>	<u>-</u>	<u>11,774</u>	<u>641,097</u>
-	-	-	-	-	-	-	14,258
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	14,258
-	-	-	-	-	-	-	27,965
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,223</u>

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--CAPITAL PROJECTS FUND--PUBLIC SCHOOL CAPITAL OUTLAY

Year Ended June 30 2008

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ 463,277	\$ 463,277	\$ 463,277	\$ -
TOTAL REVENUE	<u>463,277</u>	<u>463,277</u>	<u>463,277</u>	<u>-</u>
Cash Balance Budgeted	_____	_____		
TOTAL REVENUE & CASH	<u>\$ 463,277</u>	<u>\$ 463,277</u>		
EXPENDITURES				
Current				
Acquisition & Construction	\$ 463,277	\$ 463,277	\$ 463,277	\$ -
TOTAL EXPENDITURES	<u>463,277</u>	<u>463,277</u>	<u>463,277</u>	<u>-</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 463,277
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 463,277</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 463,277
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 463,277</u>

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

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--CAPITAL PROJECTS FUND--PUBLIC SCHOOL CAPITAL OUTLAY 20%

Year Ended June 30 2008

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
TOTAL REVENUE	-	-	\$ -	\$ -
Cash Balance Budgeted	3,066	3,066		
TOTAL REVENUE & CASH	\$ 3,066	\$ 3,066		
EXPENDITURES				
Current				
Acquisition & Construction	\$ 3,066	\$ 3,066	\$ 3,066	\$ -
TOTAL EXPENDITURES	\$ 3,066	\$ 3,066	\$ 3,066	\$ -

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ -
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	\$ -

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 3,066
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	\$ 3,066

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

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--SPECIAL REVENUE FUND--CAFETERIA

Year Ended June 30 2008

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Fees-Users	\$ 43,500	\$ 43,500	\$ 48,451	\$ 4,951
Donations/Gifts	12,000	12,000	12,498	498
Interest Income	300	300	665	365
Federal Revenue	140,000	140,000	144,646	4,646
TOTAL REVENUE	<u>195,800</u>	<u>195,800</u>	<u>\$ 206,260</u>	<u>\$ 10,460</u>
Cash Balance Budgeted	<u>16,970</u>	<u>16,970</u>		
TOTAL REVENUE & CASH	<u>\$ 212,770</u>	<u>\$ 212,770</u>		
EXPENDITURES				
Current				
Food Services-Operations	\$ 212,770	\$ 212,770	\$ 179,259	\$ 33,511
TOTAL EXPENDITURES	<u>\$ 212,770</u>	<u>\$ 212,770</u>	<u>\$ 179,259</u>	<u>\$ 33,511</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 206,260
Differences-Budget to GAAP	
Prior Year Receivable	(12,861)
Commodities Received	12,498
Total Revenues (GAAP Basis)	<u>\$ 205,897</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 179,259
Differences-budget to GAAP	
Cost of Commodities Used	12,498
Inventory Adjustment	2,397
Total Expenditures (GAAP Basis)	<u>\$ 194,154</u>

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

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--SPECIAL REVENUE FUND--ATHLETICS

Year Ended June 30 2008

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Fees Activities	\$ 38,000	\$ 38,000	\$ 34,603	\$ (3,397)
Donations/Gifts	500	500	551	51
TOTAL REVENUE	<u>38,500</u>	<u>38,500</u>	<u>\$ 35,154</u>	<u>\$ (3,346)</u>
Cash Balance Budgeted	<u>13,270</u>	<u>13,270</u>		
TOTAL REVENUE & CASH	<u>\$ 51,770</u>	<u>\$ 51,770</u>		
EXPENDITURES				
Current				
Instruction	\$ 51,770	\$ 51,770	\$ 32,639	\$ 19,131
TOTAL EXPENDITURES	<u>\$ 51,770</u>	<u>\$ 51,770</u>	<u>\$ 32,639</u>	<u>\$ 19,131</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 35,154
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 35,154</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 32,639
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 32,639</u>

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

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--SPECIAL REVENUE FUND--ENTITLEMENT

Year Ended June 30, 2008

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 143,031	\$ 162,313	\$ 122,450	\$ (39,863)
TOTAL REVENUE	<u>143,031</u>	<u>162,313</u>	<u>122,450</u>	<u>(39,863)</u>
Cash Balance Budgeted	_____	_____		
TOTAL REVENUE & CASH	<u>\$ 143,031</u>	<u>\$ 162,313</u>		
EXPENDITURES				
Current				
Instruction	\$ 110,231	109,288	74,142	35,146
Support Services-Students	4,800	5,350	5,336	14
Support Services-School Administration	28,000	47,675	44,823	2,852
TOTAL EXPENDITURES	<u>\$ 143,031</u>	<u>\$ 162,313</u>	<u>\$ 124,301</u>	<u>\$ 38,012</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 122,450
Differences-Budget to GAAP	
Current Year Receivable	1,439
Prior Year Deferral	412
Total Revenues (GAAP Basis)	<u>\$ 124,301</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 124,301
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 124,301</u>

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

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--DISCRETIONARY

Year Ended June 30, 2008

	<u>ORIGINAL BUDGET</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Favorable (Unfavorable)</u>
REVENUE				
Federal Revenue	\$ 17,250	\$ 17,250	\$ 12,054	\$ (5,196)
TOTAL REVENUE	<u>17,250</u>	<u>17,250</u>	<u>12,054</u>	<u>(5,196)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 17,250</u>	<u>\$ 17,250</u>		
EXPENDITURES				
Current				
Instruction	\$ 17,250	\$ 17,250	\$ 16,634	\$ 616
TOTAL EXPENDITURES	<u>17,250</u>	<u>17,250</u>	<u>16,634</u>	<u>616</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 12,054
Differences-Budget to GAAP	
Current Year Receivable	3,575
Prior Year Deferral	1,005
Total Revenues (GAAP Basis)	<u>\$ 16,634</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 16,634
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 16,634</u>

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

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--ENHANCING ED THRU TECHNOLOGY

Year Ended June 30, 2008

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 1,847	\$ 1,847	\$ -	\$ (1,847)
TOTAL REVENUE	<u>1,847</u>	<u>1,847</u>	<u>-</u>	<u>(1,847)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 1,847</u>	<u>\$ 1,847</u>		
EXPENDITURES				
Current				
Instruction	\$ 1,847	1,847	335	1,512
TOTAL EXPENDITURES	<u>\$ 1,847</u>	<u>1,847</u>	<u>335</u>	<u>1,512</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ -
Differences-Budget to GAAP	
Current Year Receivable	335
Total Revenues (GAAP Basis)	<u>\$ 335</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 335
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 335</u>

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

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--SPECIAL REVENUE FUND--TITLE V

Year Ended June 30 , 2008

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 3,909	\$ 8,171	\$ 3,733	\$ (4,438)
TOTAL REVENUE	<u>3,909</u>	<u>8,171</u>	<u>3,733</u>	<u>(4,438)</u>
 Cash Balance Budgeted	 <u>-</u>	 <u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 3,909</u>	<u>\$ 8,171</u>		
EXPENDITURES				
Current				
Instruction	\$ 3,909	8,171	5,852	\$ 2,319
TOTAL EXPENDITURES	<u>3,909</u>	<u>8,171</u>	<u>5,852</u>	<u>2,319</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 3,733
Differences-Budget to GAAP	
Current Year Receivable	2,119
Total Revenues (GAAP Basis)	<u>\$ 5,852</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 5,852
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 5,852</u>

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

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--TEACHER/PRINCIPAL TRAINING & RECRUITING

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 20,000	\$ 20,080	\$ 19,119	\$ (961)
TOTAL REVENUE	<u>20,000</u>	<u>20,080</u>	<u>19,119</u>	<u>(961)</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 20,000</u>	<u>\$ 20,080</u>		
EXPENDITURES				
Current				
Instruction	\$ 20,000	20,080	19,858	222
TOTAL EXPENDITURES	<u>\$ 20,000</u>	<u>20,080</u>	<u>19,858</u>	<u>222</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 19,119
Differences-Budget to GAAP	
Current Year Receivable	739
Total Revenues (GAAP Basis)	<u>\$ 19,858</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 19,858
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 19,858</u>

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

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--SPECIAL REVENUE FUND--SAFE & DRUG FREE SCHOOLS & COMMUNITIES

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 3,220	\$ 4,052	\$ -	\$ (4,052)
TOTAL REVENUE	<u>3,220</u>	<u>4,052</u>	<u>-</u>	<u>(4,052)</u>
Cash Balance Budgeted				
TOTAL REVENUE & CASH	<u>\$ 3,220</u>	<u>\$ 4,052</u>		
EXPENDITURES				
Current				
Instruction	\$ 3,220	4,052	3,099	\$ 953
TOTAL EXPENDITURES	<u>\$ 3,220</u>	<u>4,052</u>	<u>3,099</u>	<u>\$ 953</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ -
Differences-Budget to GAAP	
Current Year Receivable	3,099
Total Revenues (GAAP Basis)	<u>\$ 3,099</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 3,099
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 3,099</u>

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

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND-- RURAL EDUCATION ACHIEVEMMENT PROGRAM

Year Ended June 30 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 8,074	\$ 8,074	\$ 3,870	\$ (4,204)
TOTAL REVENUE	<u>8,074</u>	<u>8,074</u>	<u>3,870</u>	<u>(4,204)</u>
 Cash Balance Budgeted	<u> </u>	<u> </u>		
 TOTAL REVENUE & CASH	<u>\$ 8,074</u>	<u>\$ 8,074</u>		
 EXPENDITURES				
Current				
Instruction	\$ 8,074	\$ 8,074	\$ 3,870	\$ 4,204
TOTAL EXPENDITURES	<u>8,074</u>	<u>8,074</u>	<u>3,870</u>	<u>4,204</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 3,870
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 3,870</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 3,870
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 3,870</u>

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

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--SPECIAL REVENUE FUND--TRANSITION TO TEACHING

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 294,931	\$ 294,931	199,242	\$ (95,689)
TOTAL REVENUE	<u>294,931</u>	<u>294,931</u>	<u>199,242</u>	<u>\$ (95,689)</u>
 Cash Balance Budgeted	 <u>-</u>	 <u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 294,931</u>	<u>\$ 294,931</u>		
EXPENDITURES				
Current				
Support Services-Instruction	\$ 284,931	\$ 284,931	\$ 189,242	\$ 95,689
Support Services-General Administration	10,000	10,000	10,000	-
TOTAL EXPENDITURES	<u>\$ 294,931</u>	<u>\$ 294,931</u>	<u>\$ 199,242</u>	<u>\$ 95,689</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 199,242
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 199,242</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 199,242
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 199,242</u>

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

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--LIBRARIES SB 301 G.O. BONDS

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ 12,862	\$ 12,862	\$ 9,725	\$ (3,137)
TOTAL REVENUE	<u>12,862</u>	<u>12,862</u>	<u>9,725</u>	<u>(3,137)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 12,862</u>	<u>\$ 12,862</u>		
EXPENDITURES				
Current				
Support Services-Instruction	\$ 12,862	\$ 12,862	\$ 11,794	\$ 1,068
TOTAL EXPENDITURES	<u>12,862</u>	<u>12,862</u>	<u>11,794</u>	<u>1,068</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 9,725
Differences-Budget to GAAP	
Current Year Receivable	2,069
Total Revenues (GAAP Basis)	<u>\$ 11,794</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 11,794
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 11,794</u>

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--Child & Adult Food Program

Year Ended June 30, 2008

	ORIGINAL BUDGET	ACTUAL BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ 5,527	\$ 5,527	\$ 2,537	\$ (2,990)
TOTAL REVENUE	<u>5,527</u>	<u>5,527</u>	<u>2,537</u>	<u>(2,990)</u>
 Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 5,527</u>	<u>\$ 5,527</u>		
EXPENDITURES				
Current				
Food Services-Operations	\$ 5,527	\$ 5,527	\$ 2,537	\$ 2,990
TOTAL EXPENDITURES	<u>5,527</u>	<u>5,527</u>	<u>2,537</u>	<u>2,990</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 2,537
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 2,537</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 2,537
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 2,537</u>

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

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--SATURDAY SCHOOL

Year Ended June 30, 2008

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ 16,200	\$ 16,200	\$ 12,380	\$ (3,820)
TOTAL REVENUE	<u>16,200</u>	<u>16,200</u>	<u>12,380</u>	<u>(3,820)</u>
 Cash Balance Budgeted	 <u>-</u>	 <u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 16,200</u>	<u>\$ 16,200</u>		
EXPENDITURES				
Current				
Instruction	\$ 14,450	\$ 14,450	\$ 10,025	\$ 4,425
Support Services-School Administration	900	900	899	1
Central Services	850	850	850	-
TOTAL EXPENDITURES	<u>\$ 16,200</u>	<u>\$ 16,200</u>	<u>\$ 11,774</u>	<u>\$ 4,426</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 12,380
Differences-Budget to GAAP	
Current Year Deferral	(606)
Total Revenues (GAAP Basis)	<u>\$ 11,774</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 11,774
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 11,774</u>

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

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 COMBINING BALANCE SHEET -- GENERAL FUND

June 30, 2008

	<u>OPERATIONAL</u>	<u>TRANSPORTATION</u>	<u>INSTRUCTIONAL MATERIALS</u>	<u>TOTALS</u>
ASSETS				
Cash on Deposit	\$ 880,141	\$ 42	\$ 31,919	\$ 912,102
Due from Other Funds	72,543	-	-	72,543
Taxes Receivable	1,645	-	-	1,645
Inventory	-	-	-	-
TOTAL ASSETS	<u>\$ 954,329</u>	<u>\$ 42</u>	<u>\$ 31,919</u>	<u>\$ 986,290</u>
LIABILITIES AND FUND BALANCE				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Deferred Credits	-	-	-	-
Due to Other Funds	-	-	-	-
TOTAL LIABILITIES AND OTHER CREDITS	-	-	-	-
Fund Balance				
Unreserved-Designated for Subsequent Years Expenditures	<u>954,329</u>	<u>42</u>	<u>31,919</u>	<u>986,290</u>
TOTAL FUND BALANCE	<u>954,329</u>	<u>42</u>	<u>31,919</u>	<u>986,290</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 954,329</u>	<u>\$ 42</u>	<u>\$ 31,919</u>	<u>\$ 986,290</u>

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

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE -- GENERAL FUND

Year Ended June 30, 2008

	OPERATIONAL	TRANSPORTATION	INSTRUCTIONAL MATERIALS	TOTALS
REVENUE				
Federal Programs	\$ 47,574	\$ -	\$ -	\$ 47,574
State Programs	-	697,683	76,529	774,212
Miscellaneous	12,377	-	-	12,377
State Equalization	4,916,890	-	-	4,916,890
Sale Of Equipment	15,800	-	-	15,800
Interest Income	51,005	-	756	51,761
Fees & Charges For Services	36,849	-	-	36,849
Donations	9,393	-	-	9,393
Taxes	14,273	-	-	14,273
TOTAL REVENUES	5,104,161	697,683	77,285	5,879,129
EXPENDITURES				
Current				
Instruction	2,929,869	-	44,062	2,973,931
Support Services-Students	554,109	-	-	554,109
Support Services Instruction	74,096	-	3,044	77,140
Support Services-School Admin	474,376	-	-	474,376
Support Services-General Admin	214,648	-	-	214,648
Central Services	150,025	-	-	150,025
Operation & Maintenance of Plant	601,503	-	-	601,503
Student Transportation	-	697,674	-	697,674
TOTAL EXPENDITURES	4,998,626	697,674	47,106	5,743,406
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	105,535	9	30,179	135,723
Other Financial Sources (Uses)				
Transfer In/Transfers (Out)	-	-	-	-
Total Other Financial Sources	-	-	-	-
Net Change in Fund Balance	105,535	9	30,179	135,723
FUND BALANCE				
June 30, 2007	848,794	33	1,740	850,567
Prior Period Adjustment	-	-	-	-
FUND BALANCE	-	-	-	-
June 30, 2008	\$ <u>954,329</u>	\$ <u>42</u>	\$ <u>31,919</u>	\$ <u>986,290</u>

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

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--GENERAL FUND--OPERATIONAL

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Residential/Non-Residential Taxes	\$ 47,170	47,170	57,008	9,838
Fees - Educational	20,000	20,000	25,111	5,111
Rent and Leases	500	500		(500)
Fees Activities			651	651
Fees-Users	-	-	1,087	1,087
Donations/Gifts	-	-	9,393	9,393
Interest Income	50,000	50,000	51,005	1,005
State Equalization	4,588,209	4,753,893	4,916,890	162,997
Sale of Property/Equipment	-	-	15,800	15,800
Refunds	-	-	3,975	3,975
Indirect Cost - (DFG)	10,000	10,000	10,000	-
Indirect Cost - (Flow Through Grants)	3,000	3,000	4,342	1,342
Insurance Recoveries			8,401	8,401
TOTAL REVENUE	4,718,879	4,884,563	\$ 5,103,663	\$ 219,100
Cash Balance Budgeted	<u>840,876</u>	<u>840,876</u>		
TOTAL REVENUE & CASH	\$ 5,559,755	\$ 5,725,439		
EXPENDITURES				
Current				
Instruction	\$ 3,179,063	3,205,563	2,947,262	258,301
Support Services				-
Support Services-Students	559,160	609,160	554,109	55,051
Support Services-Instruction	90,420	79,920	74,096	5,824
Support Services-General Administration	216,419	236,419	214,648	21,771
Support Services-School Administration	572,600	578,600	474,376	104,224
Central services	166,030	166,030	150,025	16,005
Operation & Maintenance of Plant	769,650	769,650	601,502	168,148
Student Transportation		73,684	-	73,684
Other Support Services	5,913	5,913	-	5,913
Community Services-operations	500	500	-	500
TOTAL EXPENDITURES	\$ 5,559,755	\$ 5,725,439	\$ 5,016,018	\$ 709,421

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 5,103,663
Differences-Budget to GAAP	
Property tax Receivable	1,645
Prior Year Tax Receivables	(1,147)
Total Revenues (GAAP Basis)	\$ 5,104,161

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 5,016,018
Differences-budget to GAAP	
Prior Year Accounts Payable	(17,392)
Total Expenditures (GAAP Basis)	\$ 4,998,626

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--GENERAL FUND--TRANSPORTATION FUND

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ 602,477	\$ 697,683	\$ 697,683	\$ -
TOTAL REVENUE	<u>602,477</u>	<u>697,683</u>	<u>697,683</u>	<u>-</u>
 Cash Balance Budgeted	 -	 -		
TOTAL REVENUE & CASH	<u>\$ 602,477</u>	<u>\$ 697,683</u>		
EXPENDITURES				
Current				
Student Transportation	\$ 602,477	\$ 697,683	\$ 697,674	\$ 9
TOTAL EXPENDITURES	<u>602,477</u>	<u>697,683</u>	<u>697,674</u>	<u>9</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 697,683
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 697,683</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 697,674
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 697,674</u>

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

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--GENERAL FUND--TRANSPORTATION FUND

Year Ended June 30, 2008

	<u>ORIGINAL BUDGET</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Favorable (Unfavorable)</u>
REVENUE				
State Flow Through Grants	\$ 49,118	\$ 65,591	\$ 77,285	\$ 11,694
TOTAL REVENUE	<u>49,118</u>	<u>65,591</u>	<u>77,285</u>	<u>11,694</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 49,118</u>	<u>\$ 65,591</u>		
EXPENDITURES				
Current				
Instruction	\$ 45,141	\$ 60,455	\$ 44,062	\$ 16,393
Support Services-Instruction	3,977	5,136	3,044	2,092
TOTAL EXPENDITURES	<u>\$ 49,118</u>	<u>\$ 65,591</u>	<u>\$ 47,106</u>	<u>\$ 18,485</u>
Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures				
Sources/inflows of resources				
Actual amounts (budgetary basis)			\$ 77,285	
Differences-Budget to GAAP				
Total Revenues (GAAP Basis)			<u>\$ 77,285</u>	
Uses/outflows of resources				
Actual amounts (budgetary basis)			\$ 47,106	
Differences-budget to GAAP				
Total Expenditures (GAAP Basis)			<u>\$ 47,106</u>	

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

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--CAPITAL PROJECTS FUND-- CAPITAL IMPROVEMENTS HB-33

Year Ended June 30, 2008

	<u>ORIGINAL BUDGET</u>	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE Favorable (Unfavorable)
REVENUE				
Residential/Non-Residential Taxes	\$ 296,044	\$ 296,044	\$ 356,269	\$ 60,225
Interest Income	<u>40,000</u>	<u>40,000</u>	<u>36,586</u>	<u>(3,414)</u>
TOTAL REVENUE	<u>336,044</u>	<u>336,044</u>	<u>\$ 392,855</u>	<u>\$ 56,811</u>
Cash Balance Budgeted	<u>785,531</u>	<u>785,531</u>		
TOTAL REVENUE & CASH	<u>\$ 1,121,575</u>	<u>\$ 1,121,575</u>		
EXPENDITURES				
Current				
Support Services-General Administration	\$ 3,500	\$ 3,500	\$ 2,736	\$ 764
Acquisition & Construction	<u>1,118,075</u>	<u>1,118,075</u>	<u>132,613</u>	<u>985,462</u>
TOTAL EXPENDITURES	<u>\$ 1,121,575</u>	<u>\$ 1,121,575</u>	<u>\$ 135,349</u>	<u>\$ 986,226</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 392,855
Differences-Budget to GAAP	
Property tax Receivable	6,814
Prior Year Tax Receivables	<u>(7,228)</u>
Total Revenues (GAAP Basis)	<u>\$ 392,441</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 135,349
Differences-budget to GAAP	
Prior Year Accounts Payable	<u>(12,112)</u>
Total Expenditures (GAAP Basis)	<u>\$ 123,237</u>

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

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS

STATEMENT OF CHANGES IN ACCOUNT BALANCES -- AGENCY FUND

Year Ended June 30, 2008

	Balance <u>6/30/2007</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	Balance <u>6/30/2008</u>
Clayton High School	\$ 76,430	\$ 202,292	\$ 193,541	\$ 85,181
Clayton Jr. High School	42,335	25,225	20,065	47,495
Total	<u>\$ 118,765</u>	<u>\$ 227,517</u>	<u>\$ 213,606</u>	<u>\$ 132,676</u>

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

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2008

	FEDERAL CFDA NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PRIMARY GOVERNMENT PROGRAM EXPENDITURES
<u>US DEPARTMENT OF EDUCATION</u>			
Passed through the State Department of Education			
Title I	<1> 84.010	24101	\$ 206,275
Enhancing Education	84.318	24133	335
Transition to Teaching	84.350	25236	199,242
IDEA-B-Entitlement	84.352	24106	124,301
IDEA-B-Discretionary	84.0270	24107	16,634
IDEA-B Preschool	84.173	24109	15,008
Title V	84.2980	24150	5,852
Teacher/Principal Training	84.367	24154	19,858
Safe & Drug Free Schools	84.186A	24157	3,099
Rural Ed Achievement	84.358A	25233	3,870
TOTAL PASS-THROUGH GRANTS			<u>594,474</u>
TOTAL DEPARTMENT OF EDUCATION			<u>594,474</u>
<u>US DEPARTMENT OF AGRICULTURE</u>			
Passed Through State Department of Education			
National School Lunch Program	10.555	21000	191,756
Donated Commodities	10.555	21000	12,498
TOTAL DEPARTMENT OF AGRICULTURE			<u>204,254</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u>\$ 798,728</u>

<1> Major Program

Note 1 This schedule is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with OMB Circular A-133, Audits of States, Local Governments, and Non- Profit Organizations.

Note 2 Non-Monetary assistance is reported in the schedule at the fair market value of the commodities received.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS

SCHEDULE OF PLEDGED COLLATERAL

JUNE 30, 2008

	<u>TOTAL DEPOSITS</u>	<u>FDIC INSURANCE</u>	<u>UNINSURED DEPOSITS</u>	<u>COLLATERAL REQUIRED</u>
First National Bank of New Mexico	\$ 891,052	\$ 100,000	\$ 791,052	\$ 445,526

COLLATERAL		MATURES		
FHLB31339XZ56	\$ 99,932	06/30/09		
FNMA31371MEG8	159,239	07/01/15		
	<u>\$ 259,171</u>			

Collateral is held at the Federal Home Loan Bank of Dallas, Texas.

Farmers & Stockmen's Bank	\$ 2,392,438	\$ 100,000	\$ 2,292,438	\$ 1,196,219
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COLLATERAL		MATURES		
FHLB3133XDTA9	\$ 1,231,990	12/10/10		
	<u>\$ 1,231,990</u>			

Collateral is held at the Federal Home Loan Bank of Dallas, Texas.

Total all Accounts	\$ 3,283,490	\$ 200,000	\$ 3,083,490	\$ 1,641,745
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COLLATERAL PLEGDED	UNDER COLLATERALIZED DEPOSITS	UNINSURED & UNCOLLATERALIZED DEPOSITS
\$ 259,171	\$ 186,355	\$ 345,526

\$ 1,231,990	-	\$ 1,060,448
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\$ 1,491,161	\$ 186,355	\$ 1,405,974
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STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS

BANK SUMMARY

JUNE 30, 2008

Bank	ACCT TYPE	FUND		BANK BALANCE	OUTSTANDING CHECKS	DEPOSITS IN TRANSIT	ENDING BOOK BALANCE
First National Bank of New Mexico	Checking	Activity	*	\$ 54,314	\$ 2,828	\$ -	\$ 51,486
	Checking	Investment Account	*	96,738			96,738
	C.D.	Activity	*	40,000			40,000
	C.D.	Operational	*	700,000			700,000
Total First National Bank of New Mexico				<u>891,052</u>	<u>2,828</u>	<u>-</u>	<u>888,224</u>
Farmers & Stockmen's Bank	Checking	Operational	*	2,337,115	536,787	-	1,800,328
	Checking	Activity	*	49,323	-	-	49,323
	C.D.	Activities	*	6,000	-	-	6,000
Total Farmers & Stockmen's Bank				<u>2,392,438</u>	<u>536,787</u>	<u>-</u>	<u>1,855,651</u>
Total				<u>\$ 3,283,490</u>	<u>\$ 539,615</u>	<u>\$ -</u>	<u>\$ 2,743,875</u>

* Interest Bearing

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS

BANK RECONCILIATION

JUNE 30, 2008

	<u>OPERATIONAL</u>	<u>TRANSP.</u>	<u>FOOD SERVICES</u>	<u>ATHLETICS</u>	<u>FEDERAL PROJECTS</u>	<u>LOCAL STATE</u>
Audited Net Cash						
JUNE 30, 2007	\$ 865,039	\$ 33	\$ (1,929)	\$ 11,619	\$ 11,918	\$ 3,520
Investments on hand/Loans	-	-	-	-	-	-
TOTAL CASH BALANCE	-	-	-	-	-	-
JUNE 30, 2008	865,039	33	(1,929)	11,619	11,918	3,520
Add: Prior year void checks	-	-	-	-	-	-
2007-2008 Revenue	5,103,663	697,683	218,758	35,153	553,500	51,642
Transfers In & Due From	-	-	-	-	-	-
TOTAL AVAILABLE CASH	5,968,702	697,716	216,829	46,772	565,418	55,162
Net Change						
2007-2008 Expenditures	5,016,018	697,674	191,756	32,640	613,586	45,580
Transfers Out & Due To	-	-	-	-	-	-
	<u>5,016,018</u>	<u>697,674</u>	<u>191,756</u>	<u>32,640</u>	<u>613,586</u>	<u>45,580</u>
NET CASH, JUNE 30, 2008	952,684	42	25,073	14,132	(48,168)	9,582
Cash On hand	-	-	-	-	-	-
Investments on Hand	<u>(700,000)</u>	-	-	-	-	-
CHECKING ACCOUNT CASH	\$ 252,684	\$ 42	\$ 25,073	\$ 14,132	\$ (48,168)	\$ 9,582

SB-9	CAPITAL IMPRV HB 33	DEBT SERVICE	ACTIVITIES	INSTRUCT- IONAL MATERIALS	PSCO 20%	PUBLIC SCHOOL CAPITAL OUTLAY
\$ 441,932	\$ 762,881	\$ 90,108	\$ 118,765	\$ 1,740	\$ 3,067	\$ -
-	-	-	-	-	-	-
441,932	762,881	90,108	118,765	1,740	3,067	-
270,886	392,854	4,039	227,517	77,285	-	463,277
-	-	-	-	-	-	-
712,818	1,155,735	94,147	346,282	79,025	3,067	463,277
201,419	135,349	-	213,606	47,106	3,066	463,277
-	-	-	-	-	-	-
201,419	135,349	-	213,606	47,106	3,066	463,277
-	-	-	-	-	-	-
511,399	1,020,386	94,147	132,676	31,919	1	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 511,399</u>	<u>\$ 1,020,386</u>	<u>\$ 94,147</u>	<u>\$ 132,676</u>	<u>\$ 31,919</u>	<u>\$ 1</u>	<u>\$ -</u>

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

Mr. Hector H Balderas, State Auditor
The Board of Directors
Clayton Municipal Schools
Clayton, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, the budgetary comparisons of the general fund and major special revenue funds, and the aggregate remaining fund information of Clayton Municipal Schools, as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents and have issued our report thereon dated November 7, 2008. We also have audited the financial statements of each of Clayton Municipal Schools non major governmental and the budgetary comparisons for the HB 33 major capital project fund and the remaining nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of an for the year ended June 30, 2008, as listed in the table of contents. We conducted our audit in accordance with auditing 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 an performing our audit, we considered Clayton Municipal Schools 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 Clayton Municipal Schools' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Clayton Municipal Schools' internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the agency's internal control.

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

Our consideration of the internal control over financial reporting was for the limited purpose of 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 to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clayton Municipal Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and responses as item 2008-01.

Clayton Municipal Schools' responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Clayton Municipal Schools' 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, the office of the New Mexico State Auditor, the New Mexico Public Education Department, the New Mexico Legislator, 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.

Trey Woodward & Associates

Portales, New Mexico
November 7, 2008

Roy Woodard & Associates

Certified Public Accountants

305 S. Ave B, P.O. Box 445, Portales New Mexico Office (575) 356-8564 Fax (575) 356-2453

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

Mr. Hector Balderas, State Auditor
The Board of Directors,
Clayton Municipal Schools
Clayton, New Mexico

Compliance

We have audited the compliance of Clayton Municipal Schools with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Clayton Municipal Schools' 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 Clayton Municipal Schools' management. Our responsibility is to express an opinion on Clayton Municipal 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 Clayton Municipal 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 Clayton Municipal Schools' compliance with those requirements.

In our opinion, Clayton Municipal Schools complied, in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Clayton Municipal Schools is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Clayton Municipal Schools' 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 opinions 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 Clayton Municipal Schools' internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is 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 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 do not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Education, Management, the Office of the New Mexico State Auditor, the New Mexico Public Education Department, the New Mexico Legislator, 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.

Roy Woodard & Associates

Portales, New Mexico
November 7, 2008

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2008

PRIOR YEAR AUDIT FINDINGS

Clayton Municipal Schools

LATE REPORT – CLAYTON MUNICIPAL SCHOOLS – 2006-04

Statement of Condition:	NMAC 2.2.2.9 A(1)(C) establishes November 15 as the due date for school district audit reports. The report was submitted after this date.
Recommendation:	Schedule fieldwork to be performed at an earlier date.
Response:	Management concurs with recommendation.
Current Status:	Resolved

Amistad Charter School

ACCOUNTING RECORDS – AMISTAD CHARTER SCHOOL – 2006-02

Statement of Condition:	Accounting records are not being maintained in a manner that allows for the production of a complete trial balance and thus the creation reliable financial statements. In addition, the payroll records were not being maintained.
Recommendation:	The Charter School should seek competent personnel to correct and maintain the accounting system so that reliable financial information will be available.
Response:	Resolved as Amistad Charter School's charter was revoked in June of 2007.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2008

I. SUMMARY OF AUDITORS RESULTS:

Report on Financial Statements	Qualified
Significant deficiencies on GAGAS	None
Material weakness involving significant deficiency	None
Material Noncompliance	None
Questioned Cost	None
Type A & Type B dollar threshold	\$300,000
Entity Risk	Low Risk
Major Federal Program	Title I CFDA # 84.010
Significant deficiencies on Internal Control over Major Programs	None
Report on Compliance with Major Programs	Unqualified

II. FEDERAL PROGRAM FINDINGS – NONE

III. FINANCIAL STATEMENT FINDINGS

UNDER COLLATERALIZATION OF PUBLIC FUNDS, 2008-01

Statement of Condition:	Funds held by financial institution (First National Bank of New Mexico) were under collateralized. The account was uncollateralized by \$186,355.
Criteria:	Violation of 6-10-17 NMSA 1978 Compilation.
Cause:	Part of the pledged collateral was mortgage backed securities which had lost significant market value which fell below the required coverage.
Effect:	Risk of loss if bank fails.
Recommendation:	Review pledged collateral at least monthly and compare to bank balance.
Response:	The bank and management are aware of collateral required.

OTHER DISCLOSURES

AUDITOR PREPARED FINANCIAL STATEMENTS

These financial statements and related footnotes and supplemental information were prepared by the auditor. The auditor cannot be a part of the District's internal control, thus the preparation of the report is not a substitute for managements internal control and is not considered in the auditors evaluation of the severity of the internal control deficiency.

EXIT CONFERENCE

An Exit Conference was held on November 7, 2008. Present were Jack Wiley, Superintendent; Bobbie Spinelli, Business Manager; and Lorenzo Montoya, Board President. Our firm was represented by John McKinley, Jr., CPA.