

STATE OF NEW MEXICO
 DES MOINES MUNICIPAL SCHOOLS

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JUNE 30, 2008

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STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS

JUNE 30, 2008

OFFICIAL ROSTER

BOARD OF EDUCATION

Gerard Karr	President
Kirk Kennedy	Vice President
Cindy Kennedy	Secretary
Damon Brown	Member
Alfred Newkirk	Member

SCHOOL OFFICIALS

Jayne Burchard	Superintendent
Justin Sumpter	Business Manager

INDEPENDENT AUDITORS' REPORT

Hector H. Balderas
New Mexico State Auditor
The Board of Education
Des Moines Municipal Schools
Des Moines, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Des Moines Municipal Schools (District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of Des Moines Municipal School's non-major governmental and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of Des Moines Municipal School's management. Our responsibility is to express an opinion 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 with 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 opinion.

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 Des Moines Municipal Schools, as of June 30, 2008, and the respective changes in financial position, thereof and the respective budgetary comparison statements for the General, Title I, REAP, NM Community Foundation, and School Based Health 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 and fiduciary fund of Des Moines Municipal Schools, as of June 30, 2008, and the respective changes in financial position thereof and the respective budgetary comparison statements for Special Capital Outlay State, Ed Tech Equipment Act, and Debt Service Funds, each non-major special revenue fund, capital projects fund and debt service fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 16, 2009, on our consideration of Des Moines Municipal School's 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.

Des Moines municipal Schools have not presented the Management Discussion and Analysis that accounting principles generally accepted in the United States of America has determined necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was performed for the purpose of forming opinions on the basic financial statements and the combining and individual fund financial statements and budgetary comparisons of Des Moines Municipal Schools. The accompanying other supplementary 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 Des Moines Municipal Schools. This information and the schedule of change in assets and liabilities agency funds are not a required part of the basic financial statements of Des Moines 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 basic financial statements taken as a whole.

October 16, 2009

STATE OF NEW MEXICO
 DES MOINES MUNICIPAL SCHOOLS

EXHIBIT A

STATEMENT OF NET ASSETS

JUNE 30, 2008

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 810,353
Due from other governments	21,221
Food Inventory	18
Non-current:	
Bond issuance costs, net	46,893
Capital assets, net	<u>4,929,019</u>
Total assets	<u>5,807,504</u>
<u>LIABILITIES</u>	
Interest payable	7,290
Deferred revenue	124,993
Noncurrent liabilities:	
Due within one year	180,000
Due in more than one year	<u>460,000</u>
Total liabilities	<u>772,283</u>
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	4,289,019
Restricted:	
Debt service	253,789
Capital projects	266,799
Unrestricted	<u>225,614</u>
Total net assets	<u>\$ 5,035,221</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS

EXHIBIT B

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue & Changes in Net Assets
Primary government:					
Governmental activities:					
Instruction	\$ 1,170,974	\$ 9,574	\$ 56,867	\$ -	\$ (1,104,533)
Support Services	-	-	-	-	-
Support Services Students	193,011	-	49,909	-	(143,102)
Support Services Instruction	4,193	31	1,156	-	(3,006)
Support Services General Administration	135,307	-	-	-	(135,307)
Support Services School Administration	59,815	-	-	-	(59,815)
Central Services	81,768	-	-	-	(81,768)
Operation and Maintenance of Plant	246,130	-	4,604	-	(241,526)
Student Transportation	201,195	-	229,422	-	28,227
Other Support Services	-	-	-	-	-
Food Services Operations	64,252	17,137	29,767	-	(17,348)
Bond interest paid	29,844	-	-	-	(29,844)
Depreciation/Amortization-unallocated	199,616	193	6,584	-	(192,839)
Total governmental activities	\$ 2,386,105	\$ 26,935	\$ 378,309	\$ -	(1,980,861)

General revenues:

Property Taxes:

General purpose	9,881
Debt service	314,425
Capital projects	44,139
Grant & contributions not restricted	239,549
State equalization	1,316,169
Unrestricted investment earnings	23,919
Miscellaneous income	12,061
Total general revenues	1,960,143

Change in net assets (20,718)

Net assets - beginning 5,055,939

Net assets - ending \$ 5,035,221

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS

BALANCE SHEET-- GOVERNMENTAL FUNDS

JUNE 30, 2008

	<u>GENERAL</u>	<u>TITLE I</u>	<u>R.E.A.P</u>	<u>NM COMMUNITY FOUNDATION</u>
ASSETS				
Cash on Deposit	\$ 124,446	\$ 21,791	\$ 29,516	\$ 33,230
Investments	-	-	-	-
Accounts Receivable				
Property Taxes	47	-	-	-
State	-	-	-	-
Federal	-	17,523	-	-
Inventories	-	-	-	-
Due from Other Funds	45,000	-	-	-
Prepaid expenditures	-	-	-	-
TOTAL ASSETS	<u>\$ 169,493</u>	<u>\$ 39,314</u>	<u>\$ 29,516</u>	<u>\$ 33,230</u>
LIABILITIES				
Interest Payable	-	-	-	-
Deferred Revenue	-	-	29,516	33,230
Due to Other Funds	-	39,314	-	-
TOTAL LIABILITIES	-	39,314	29,516	33,230
FUND BALANCE				
Fund Balance				
Reserved for Debt Service	-	-	-	-
Reserved for Inventory	-	-	-	-
Unreserved, reported in:				
General Funds	169,493	-	-	-
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
TOTAL FUND BALANCE	<u>169,493</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 169,493</u>	<u>\$ 39,314</u>	<u>\$ 29,516</u>	<u>\$ 33,230</u>

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

EXHIBIT C

<u>SCHOOL BASED HEALTH</u>	<u>SCO - STATE</u>	<u>ED. TECH EQUIPMENT ACT</u>	<u>DEBT SERVICE</u>	<u>NON MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
\$ 38,786	\$ -	\$ 153,916	\$ 180,243	\$ 228,425	\$ 810,353
-	-	-	-	-	-
-	-	-	1,017	1,031	2,095
-	-	-	-	917	917
-	-	-	-	686	18,209
-	-	-	-	18	18
-	-	26,322	-	917	72,239
-	-	-	-	-	-
<u>\$ 38,786</u>	<u>\$ -</u>	<u>\$ 180,238</u>	<u>\$ 181,260</u>	<u>\$ 231,994</u>	<u>\$ 903,831</u>
-	-	-	3,717	3,573	7,290
38,786	-	-	-	23,461	124,993
-	26,322	-	-	6,603	72,239
<u>38,786</u>	<u>26,322</u>	<u>-</u>	<u>3,717</u>	<u>33,637</u>	<u>204,522</u>
-	-	-	177,543	76,246	253,789
-	-	-	-	18	18
-	-	-	-	-	169,493
-	-	-	-	9,210	9,210
-	(26,322)	180,238	-	112,883	266,799
<u>-</u>	<u>(26,322)</u>	<u>180,238</u>	<u>177,543</u>	<u>198,357</u>	<u>699,309</u>
<u>\$ 38,786</u>	<u>\$ -</u>	<u>\$ 180,238</u>	<u>\$ 181,260</u>	<u>\$ 231,994</u>	<u>\$ 903,831</u>

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS

EXHIBIT D

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:

Fund Balances - total governmental funds	\$	699,309
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		4,929,019
Bond issuance costs used are not current period financial resources and are not reported in the funds		46,893
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds		<u>(640,000)</u>
Net assets of governmental activities	\$	<u><u>5,035,221</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS

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

Year Ended June 30, 2008

	GENERAL	TITLE I	R.E.A.P.	NM COMMUNITY FOUNDATION
REVENUE				
Federal Programs	\$ 2,549	\$ 18,265	\$ 12,662	\$ -
State Programs	479,081	-	-	-
Local Programs	-	-	-	5,048
State Equalization	1,316,169	-	-	-
Taxes	9,881	-	-	-
Service Revenues	193	-	-	-
Interest	18,918	-	-	-
Other revenue sources	-	-	-	-
TOTAL REVENUES	1,826,791	18,265	12,662	5,048
EXPENDITURES				
Current				
Instruction	952,521	18,265	493	-
Support Services	-	-	-	-
Support Services Students	143,102	-	12,169	5,048
Support Services Instruction	3,476	-	-	-
Support Services General Administration	128,113	-	-	-
Support Services School Administration	59,815	-	-	-
Central Services	81,768	-	-	-
Operation and Maintenance of Plant	241,526	-	-	-
Student Transportation	201,195	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	82	-	-	-
Capital Outlay	36,102	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and Fiscal Charge	-	-	-	-
TOTAL EXPENDITURES	1,847,700	18,265	12,662	5,048
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(20,909)	-	-	-
Other Financing Sources				
Bond Proceeds	-	-	-	-
Total Other Financial Sources	-	-	-	-
Net Change In Fund Balances	(20,909)	-	-	-
FUND BALANCE				
June 30, 2007	190,402	-	-	-
Prior Year Adjustment	-	-	-	-
FUND BALANCE	-	-	-	-
June 30, 2008	\$ 169,493	\$ -	\$ -	\$ -

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

EXHIBIT E

SCHOOL BASED HEALTH	SCO - STATE	ED TECH EQUIPMENT ACT	DEBT SERVICE	NON MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ -	\$ -	\$ -	\$ -	\$ 40,152	\$ 73,628
39,617	-	-	-	13,154	531,852
-	-	-	-	7,361	12,409
-	-	-	-	-	1,316,169
-	-	-	170,207	188,357	368,445
-	-	-	-	26,711	26,904
-	-	925	2,309	1,767	23,919
-	-	-	-	12,061	12,061
<u>39,617</u>	<u>-</u>	<u>925</u>	<u>172,516</u>	<u>289,563</u>	<u>2,365,387</u>
-	-	-	-	55,496	1,026,775
-	-	-	-	-	-
32,692	-	-	-	-	193,011
-	-	-	-	717	4,193
-	-	-	5,314	1,880	135,307
-	-	-	-	-	59,815
-	-	-	-	-	81,768
4,604	-	-	-	-	246,130
-	-	-	-	-	201,195
-	-	-	-	-	-
-	-	-	-	64,170	64,252
2,321	26,322	34,063	-	103,433	202,241
-	-	-	125,000	50,000	175,000
-	-	-	20,221	9,623	29,844
<u>39,617</u>	<u>26,322</u>	<u>34,063</u>	<u>150,535</u>	<u>285,319</u>	<u>2,419,531</u>
-	(26,322)	(33,138)	21,981	4,244	(54,144)
-	-	-	-	-	-
-	-	-	-	-	-
-	(26,322)	(33,138)	21,981	4,244	(54,144)
-	-	213,376	155,562	194,113	753,453
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ (26,322)</u>	<u>\$ 180,238</u>	<u>\$ 177,543</u>	<u>\$ 198,357</u>	<u>\$ 699,309</u>

STATE OF NEW MEXICO
 DES MOINES MUNICIPAL SCHOOLS

EXHIBIT F

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	\$ (54,144)
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 of capital outlays expended in the current year	58,042
Government funds report bond issuance costs as expenditures. However, in the statement of activities bond issuance costs are amortized over the life of the bond. This is the amount of bond issuance costs in the current year	-
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds	
The issuance of long-term debt (e.g., bonds) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items	-
Expenses in Statement of Activities which do not require use of current financial resources i.e. Depreciation, Amortization	(199,616)
Bond Principal	<u>175,000</u>
Change in Net Assets	<u>\$ (20,718)</u>

The accompanying notes are an integral part of these financial statements

COMBINED STATEMENT OF REVENUE, EXPENDITURES--BUDGET
(NON-GAAP) AND ACTUAL--GENERAL FUND

Year Ended June 30, 2008

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Federal Sources	\$ 2,500	\$ 2,500	\$ 2,549	\$ 49
State Sources	1,801,375	1,818,688	1,795,250	(23,438)
Local Sources	21,163	21,163	29,046	7,883
TOTAL REVENUE	<u>1,825,038</u>	<u>1,842,351</u>	<u>\$ 1,826,845</u>	<u>\$ (15,506)</u>
BUDGETED CASH BALANCE	<u>133,642</u>	<u>133,642</u>		
TOTAL REVENUE & CASH	<u>\$ 1,958,680</u>	<u>\$ 1,975,993</u>		
EXPENDITURES				
Current				
Instruction	\$ 998,055	\$ 998,055	\$ 934,111	\$ 63,944
Support Services	-	-	-	-
Support Services Students	126,513	126,513	143,102	(16,589)
Support Services Instruction	32,574	32,634	3,476	29,158
Support Services General Administration	132,682	132,682	128,113	4,569
Support Services School Administration	59,941	59,941	59,815	126
Central Services	57,068	57,068	81,768	(24,700)
Operation and Maintenance of Plant	247,445	264,698	241,526	23,172
Student Transportation	252,489	252,489	194,027	58,462
Other Support Services	1,413	1,413	-	1,413
Non-Instructional Support	-	-	-	-
Food Services Operations	10,500	10,500	82	10,418
Community Services Operations	-	-	-	-
Capital Outlay	40,000	40,000	36,102	3,898
Debt Service				
Principal	-	-	-	-
Interest and Fiscal Charge	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 1,958,680</u>	<u>\$ 1,975,993</u>	<u>\$ 1,822,122</u>	<u>\$ 153,871</u>

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

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS

EXHIBIT H

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

Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE				
Federal Revenue	\$ 26,396	\$ 26,396	\$ 839	\$ (25,557)
State Revenue	-	-	-	-
Local Revenue	-	-	-	-
TOTAL REVENUE	<u>26,396</u>	<u>\$ 26,396</u>	<u>\$ 839</u>	<u>\$ (25,557)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>692</u>		
TOTAL REVENUE & CASH	<u>\$ 26,396</u>	<u>\$ 27,088</u>		
EXPENDITURES				
Current				
Instruction	\$ 26,396	\$ 27,088	\$ 18,265	\$ 8,823
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Non-Instructional Support	-	-	-	-
Food Services Operations	-	-	-	-
Community Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and Fiscal Charge	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 26,396</u>	<u>\$ 27,088</u>	<u>\$ 18,265</u>	<u>\$ 8,823</u>

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

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS

EXHIBIT I

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

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 15,464	\$ 15,464	\$ 45,317	\$ 29,853
State Revenue	-	-	-	-
Local Revenue	-	-	-	-
TOTAL REVENUE	<u>15,464</u>	<u>15,464</u>	<u>\$ 45,317</u>	<u>\$ 29,853</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 15,464</u>	<u>\$ 15,464</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ 493	\$ (493)
Support Services	-	-	-	-
Support Services Students	15,464	15,464	12,169	3,295
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Non-Instructional Support	-	-	-	-
Food Services Operations	-	-	-	-
Community Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and Fiscal Charge	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 15,464</u>	<u>\$ 15,464</u>	<u>\$ 12,662</u>	<u>\$ 2,802</u>

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

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS

EXHIBIT J

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--SPECIAL REVENUE FUND--NM COMMUNITY FOUNDATION

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
State Revenue	19,000	19,000	19,278	278
Local Revenue	-	-	-	-
TOTAL REVENUE	<u>19,000</u>	<u>19,000</u>	<u>\$ 19,278</u>	<u>\$ 278</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 19,000</u>	<u>\$ 19,000</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services	-	-	-	-
Support Services Students	19,000	19,000	5,048	13,952
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Non-Instructional Support	-	-	-	-
Food Services Operations	-	-	-	-
Community Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and Fiscal Charge	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 19,000</u>	<u>\$ 19,000</u>	<u>\$ 5,048</u>	<u>\$ 13,952</u>

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

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

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
State Revenue	-	-	72,575	72,575
Local Revenue	60,000	60,000	-	(60,000)
TOTAL REVENUE	<u>60,000</u>	<u>60,000</u>	<u>\$ 72,575</u>	<u>\$ 12,575</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 60,000</u>	<u>\$ 60,000</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services	-	-	-	-
Support Services Students	46,870	46,870	32,692	14,178
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	13,130	13,130	4,604	8,526
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Non-Instructional Support	-	-	-	-
Food Services Operations	-	-	-	-
Community Services Operations	-	-	-	-
Capital Outlay	-	-	2,321	(2,321)
Debt Service				
Principal	-	-	-	-
Interest and Fiscal Charge	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>\$ 39,617</u>	<u>\$ 20,383</u>

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

STATE OF NEW MEXICO
 DES MOINES MUNICIPAL SCHOOLS

EXHIBIT L

STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2008

	<u>Employee Retirement Plan</u>	<u>AGENCY FUNDS</u>
ASSETS		
Cash on Deposit	\$ -	\$ 30,114
Investments, at fair value		
Certificates of Deposit	-	55,382
Mutual Funds	52,591	
TOTAL ASSETS	<u>\$ 52,591</u>	<u>\$ 85,496</u>
LIABILITIES		
Deposits held for others	\$ -	\$ 85,496
TOTAL LIABILITIES	<u>-</u>	<u>\$ 85,496</u>
NET ASSETS		
Held in trust for pension benefits and other purposes	52,591	
TOTAL NET ASSETS	<u>\$ 52,591</u>	

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

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS

EXHIBIT M

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

JUNE 30, 2008

	<u>Employee Retirement Plan</u>
ADDITIONS:	
Contributions:	
Plan Members	\$ 16,664
Total contributions	<u>16,664</u>
Investment earnings:	
Net increase (decrease) in fair value of investments	(2,098)
Total investment earnings	<u>(2,098)</u>
Less investment expense	-
Net investment earnings	<u>(2,098)</u>
TOTAL ADDITIONS	<u>14,566</u>
DEDUCTIONS	
Benefits	-
Refunds of contributions	-
Administrative expenses	-
TOTAL DEDUCTIONS	<u>-</u>
CHANGE IN NET ASSETS	14,566
Net Assets -- beginning of the year	38,025
Net Assets -- end of the year	<u>\$ 52,591</u>

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

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Implementation of New Accounting Policies

For the fiscal year 2007 the Des Moines Municipal Schools has implemented GASB Statements No. 33 (GASB 33), Accounting and Financial Reporting for Non-exchange Transactions, GASB Statement No. 34 (GASB 34), Basic Financial Statements – Management’s Discussion and Analysis – for State and Local Governments, GASB Statement No. 37 (GASB 37), Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus and GASB Statement No. 38 (GASB 38), Certain Financial Statements Disclosure. At July 1, 2001, there was no effect on fund balance as a result of implementing GASB 33, GASB 34, GASB 37 and GASB 38.

Under GASB Statement 33, property taxes are impressed non-exchange revenue. Assets from impressed non-exchange transactions are reported when the School District has an enforceable legal claim to the asset. The enforceable legal claim date for property taxes is the assessment date. Taxes are payable in two equal installments on November 10 and April 10 following the levy and become delinquent after thirty (30) days.

GASB – 34 creates new basic financial statements for reporting on the School District’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column.

B. Reporting Entity

Des Moines Municipal School District is a special purpose government corporation governed by an elected five-member Board of Education. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to the public school education in the City of Des Moines and surrounding area. The District is responsible for all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

The summary of significant accounting policies of the District is presented to assist in the understanding of the District’s financial statements. The financial statements and notes are the representation of Des Moines Municipal School District’s management who is responsible for their integrity and objectivity. The financial statements of the District conform to generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government’s accounting policies are described below.

The District does not have any component units required to be disclosed.

C. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the school district. For the most part, the effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, liabilities, and net assets or equity (continued)

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

Investments for the District are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. As of June 30, 2008 the District had no funds invested with the State Treasurer.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e. the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due to/from other funds."

The School District's property taxes are levied each year on the assessed valuation of property located in the School District as of the preceding January 1st. The assessed valuation for the 2008 fiscal year was \$21,266,258. Mill levy rates are set by the State of New Mexico each year for the General Fund, SB – 9 Capital Improvements Fund, 20% Capital Outlay Fund and Debt Service Fund. Taxes are payable in two equal installments on November 10th and April 10th following the levy and become delinquent after 30 days

3. Inventories

The food inventories are valued at cost using the first-in/first-out (FIFO) method. USDA Commodities are recorded at estimated costs. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

4. Capital assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. The District is capitalizing qualifying software, library books, and assets constructed by District personnel as required. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, liabilities, and net assets or equity (continued)

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings & Improvements	50
Land Improvements	50
Equipment	10

5. Compensated absences

The District does not allow employees to accumulate vacation or annual leave. Thus, there are no compensated absences.

6. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discounts. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as capital projects expenditures.

7. Fund equity

For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either 1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; 2) imposed by law through constitutional provisions or enabling legislation. Total restricted net assets of \$520,588 are comprised of Capital Projects \$266,799 and Debt Service \$253,789.

8. Indirect Costs

The School District's General Fund receives indirect cost reimbursements from the various federal programs it administers. These reimbursements are for expenses incurred in performing administrative functions on behalf of the Special Revenue Funds. They are shown as expenditures in the Special Revenue Funds, and as other special federal revenue in the General Fund.

9. Salaries and Wages

The School District pays all salaries and wages due teachers on or before June 30th of each year.

10. Estimates

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

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, liabilities, and net assets or equity (continued)

11. Revenues

State Equalization Guarantee: School districts in the State of New Mexico receive a 'state equalization guarantee distribution' which is defined as "that amount of money distributed to each school district to insure that the school district's operating revenue, including its local and federal revenues as defined (in Chapter 22, Section 825, NMSA 1978) is at least equal to the school district's program cost".

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education, 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$1,316,169 in state equalization guarantee distributions during the year ended June 30, 2008, which included additional supplement.

Transportation Distribution: School districts in the State of New Mexico received student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$229,422 in transportation distributions during the year ended June 30, 2008, which included an emergency fuel supplement.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes reconciliation between fund *balance total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of the \$640,000 difference are as follows:

Bonds Payable	<u>\$ 640,000</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 640,000</u>

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "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." The details of the amount by which capital outlays exceeded depreciation in the current period are as follows:

Capital Outlay	\$ 58,042
Depreciation expense	<u>(187,207)</u>
Net adjustment to increase net changes in fund balances – total government funds to arrive at changes in net assets of governmental activities	<u>\$(129,165)</u>

Another element of that reconciliation explains that "government funds report bond issuance costs as expenditures. However, in the statement of activities the cost of these expenditures are allocated over the term of the bonds as amortization expense." The details of the amount by which bond issuance costs exceeded amortization in the current period are as follows:

Bond issuance cost	\$
Amortization expense	<u>(12,409)</u>
Net adjustment to increase net changes in Balances – total government funds to Arrive at changes in net assets of Governmental activities	<u>\$(12,409)</u>

A third element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." This amount is the net effect of these differences in the treatment of long-term debt and related items.

General obligation debt retired	<u>\$ 175,000</u>
Net adjustment to decrease net changes in fund balances- total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 175,000</u>

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are prepared by management and are approved by the local Board of Education and the Public School Budget and Planning Unit of the Department of Education. Auxiliary student activity accounts are not budgeted.

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. The budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year. Such appropriated balance is legally restricted and is therefore presented as a reserved portion of fund balance.

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

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

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

- In April or May, the superintendent submits to the Board of Education a proposed operating budget of the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them, and has approval by the Department of Education.
- In May or June, the budget is approved by the Board of Education
- The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called for.
- The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Department of Education.
- The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Department of Education.
- Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for Budget purposes.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

A. Budgetary information (continued)

- The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. The appropriated budget for the year ended June 30, 2008, was properly amended by the Board through the year. New Mexico state law prohibits a Governmental Agency to exceed an individual line item. These amendments resulted in the following changes:

	<u>Original Budget</u>	<u>Final Budget</u>
General Fund	\$ 1,958,680	\$ 1,975,993
Special Revenue Fund	373,567	510,682
Debt Service Fund	328,276	328,276
Capital Projects Fund	<u>505,053</u>	<u>505,053</u>
Totals	<u>\$ 3,165,576</u>	<u>\$ 3,320,004</u>

B. Deficit fund equity

At June 30, 2008 deficit fund balances consisted of:

REAP - \$493, Healthy Schools \$3,340, SB-9 \$44, Debt Service \$215, and Ed Tech Debt Service \$786.

The District is evaluating the need to transfer cash from the operational fund to eliminate the deficit balance.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and temporary investments

At June 30, 2008, the carrying amount of the District's deposits was \$1,014,357 and the bank balance was \$895,853. Of this balance \$144,786 was covered by federal depository insurance and \$869,571 was covered by collateral held in joint safekeeping by a third party in the entities name.

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for at least one half of the amount on deposit with the institution. The collateral pledged is listed on page 61 of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

According to the Federal Deposit Insurance Authority, public unit deposits are funds owned by the schools. Time deposits, savings deposits and interest bearing Now accounts of a public unit in an institution in the same state will be insured up to \$100,000 in aggregate and separate from the \$100,000 coverage for public unit demand deposits at the same institution.

Collateral requirements are as follows:

Farmers & Stockman's Bank	Total Deposits	\$ 1,014,357
	Less: FDIC coverage	<u>(144,786)</u>
	Uninsured Public Funds	869,571
	Pledged collateral held by pledging bank's agent in the District's name	<u>981,457</u>
	Uninsured and un-collateralized	<u><u>-0-</u></u>

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

IV. DETAILED NOTES ON ALL FUNDS (continued)

A. Cash and temporary investments (continued)

Investments held by the New Mexico State Treasurer are valued at fair value based on quoted market prices as of the valuation date. The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the direct obligations of the United States government or are agencies sponsored by the United States government. The pool does not have unit shares. Per Section 6-10-10.1 F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts were invested. Participation in the local government investment pool is voluntary.

B. Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2008, none of the government's bank balance of \$1,014,357 was exposed to custodial credit risk. As of June 30, 2008 the government bank governments bank balance was 100% collateralized.

Uninsured and un-collateralized \$ --

C. Receivables

Receivables as of year end for the government's individual major funds and non-major funds in the aggregate, including the following:

	<u>General</u>	<u>Title I</u>	<u>Debt Service</u>	<u>Non Major Governmental</u>	<u>TOTAL</u>
Taxes:					
Property	\$ 47	\$ -	\$ 1,017	\$ 1,031	\$ 2,095
Intergovernmental					
Grants:					
Federal	-	17,523	-	686	18,209
State	-	-	-	917	917
	<u>\$ 47</u>	<u>\$ 17,523</u>	<u>\$ 1,017</u>	<u>\$ 2,634</u>	<u>\$ 21,221</u>

Governmental funds reported *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Amount due to the District from delinquent property tax due to the County Treasurers were not available. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>
Grant draw downs prior to meeting all eligibility requirements	\$ <u>124,993</u>
Total deferred/unearned revenue for governmental funds	\$ <u>124,993</u>

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

IV. DETAILED NOTES ON ALL FUNDS (continued)

D. 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	\$ 1,000	\$ -	\$ -	\$ 1,000
Capital assets, being depreciated:				
Land improvements	427,136	22,321	-	449,457
Buildings & building improvements	5,666,511	-	-	5,666,511
Furniture & Fixtures	157,016	-	-	157,016
Vehicles	177,508	35,721	-	213,229
Equipment	537,212	-	-	537,212
Total Capital Assets being depreciated	<u>6,965,383</u>	<u>58,042</u>	<u>-</u>	<u>7,023,425</u>
Less accumulated depreciation for:				
Land improvements	54,514	25,908	-	80,422
Buildings & building improvements	1,182,894	129,064	-	1,311,958
Furniture & Fixtures	78,314	9,038	-	87,352
Vehicles	133,702	10,016	-	143,718
Equipment	458,775	13,181	-	471,956
Total accumulated depreciation	<u>1,908,199</u>	<u>187,207</u>	<u>-</u>	<u>2,095,406</u>
Total Capital assets, being depreciated, net	<u>5,057,184</u>	<u>(129,165)</u>	<u>-</u>	<u>4,928,019</u>
Governmental activities capital assets, net	<u>\$ 5,058,184</u>	<u>\$ (129,165)</u>	<u>\$ -</u>	<u>\$ 4,929,019</u>

The School District has prepared the capital asset listing for the GASB 34 implementation, and has taken the inventory and adjusted the capital assets to the cost or estimated cost, and also deleted all assets with a cost of less than \$1,000.

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.

Bond issuance costs are capitalized and amortized on straight line. Amortization 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>
Bond issuance costs	\$ 75,035	\$ -	\$ -	\$ 75,035
Less accumulated amortization	15,733	12,409	-	\$ 28,142
Bond issuance costs, net	<u>\$ 59,302</u>	<u>\$ (12,409)</u>	<u>\$ -</u>	<u>\$ 46,893</u>

STATE OF NEW MEXICO
DES MOINES CONSOLIDATED SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

IV. DETAILED NOTES ON ALL FUNDS (continued)

E. Long-Term Debt

Governmental Activities
Bonds Payable

A summary in changes in long-term obligations follows:

	Balance 7-1-2007	Bonds Issued	Bonds Redeemed	Balance 6-30-2008	Due in 2008-09
\$500,000 1998 GO Building Bonds due in annual installments of \$10,000 to \$70,000 through May 2010, interest at 4.4% to 6.4%	\$ 195,000	\$ -	\$ 60,000	\$ 135,000	\$ 65,000
\$100,000 1999 GO Building Bonds due in annual installments of \$25,000 through October 2007, interest at 4.05% to 4.75%	25,000	-	25,000	-	-
\$200,000 2003 GO Building Bonds due in annual installments of \$20,000 to \$30,000 thru October 2013, interest at 2.85% to 4.35%	180,000	-	25,000	155,000	25,000
\$175,000 2004 GO Building Bonds due in annual installments of \$15,000 to \$20,000 through October 2014, interest at 3%	155,000	-	15,000	140,000	20,000
\$260,000 2006 ED TECH Notes due in annual installments of \$50,000 to \$70,000 thru August 2010, interest at 4.0% to 4.125%	260,000	-	50,000	210,000	70,000
Total	<u>\$ 815,000</u>	<u>\$ -</u>	<u>\$ 175,000</u>	<u>\$ 640,000</u>	<u>\$ 180,000</u>

GO Bonds have been liquidated in prior years by the Debt Service Fund. The District has no compensated absences.

The annual requirements to amortize all bonded debt outstanding as of June 30, 2008, including interest of \$ 57,634 are shown below:

Fiscal Year Ended June 30, 2008	5/1/1998 GO	4/15/2003 GO	8/20/2004 GO	8/15/2006 ED. TECH.	Total
6/30/2009	\$ 71,750	\$ 30,711	\$ 23,900	\$ 77,175	\$ 203,536
6/30/2010	73,500	29,799	23,300	74,331	\$ 200,930
6/30/2011	-	28,861	22,700	71,444	\$ 123,005
6/30/2012	-	27,874	22,100	-	\$ 49,974
2013-2016	-	57,489	62,700	-	120,189
TOTAL	<u>145,250.00</u>	<u>174,734</u>	<u>154,700</u>	<u>222,950</u>	<u>697,634</u>
LESS PRINCIPAL	<u>135,000</u>	<u>155,000</u>	<u>140,000</u>	<u>210,000</u>	<u>640,000</u>
INTEREST	<u>\$ 10,250</u>	<u>\$ 19,734</u>	<u>\$ 14,700</u>	<u>\$ 12,950</u>	<u>\$ 57,634</u>

STATE OF NEW MEXICO
DES MOINES CONSOLIDATED 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.

C. Employee retirement plan

Plan Description – Substantially all of Des Moines Municipal School 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 (ERA) is the administrator of the plan, which is a cost-sharing multiple employer defined benefit retirement plan. The plan provides for retirement, disability benefits and cost-of-living adjustments to plan members and beneficiaries. ERA issues a separate, publicly available financial report that includes the financial statements and required supplementary information. That report may be obtained by writing to ERA, P.O. Box 26129, Santa Fe, New Mexico 87502-6129.

Funding Policy – Plan members are required to contribute 10.15% of their gross salary. Des Moines Municipal School District is required to contribute 7.75% of the gross covered salary. The contribution requirements of plan members and the Des Moines Municipal School District are established in Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of legislature. The Des Moines Municipal School District's contributions to the ERA for the years ended June 30, 2008, 2007 and 2006 were: \$116,443, \$106,203, and \$96,655 respectively, equal to the amount of the required contribution for the year.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

IV. DETAILED NOTES ON ALL FUNDS (continued)

D. Post-retirement health care benefits

The Retiree Health Care Act (Act) (Chapter 10, Article 7C NMSA 1978) provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The Retiree Health Care Authority is the administrator of the plan. The purpose is to provide eligible retirees, their spouses, dependents, and surviving spouses and dependents with health insurance consisting of a plan, or optional plans, of benefits that can be purchased by funds flowing into the Retiree Health Care Fund and by co-payments or the out-of-pocket payments of eligible retirees.

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

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

Each participating employer makes contributions to the fund in the amount of 1.3% of each participating employee's annual salary. Each participating employee contributes to the fund an employee contribution equal to .065% of the employee's annual salary. Each participating retiree pays a monthly premium for the medical plus basic life plan and an additional participation fee of five dollars (\$5.00) if the eligible participant retired prior to the employer's NMRHCA effective date or is a former legislator. Participants may also enroll in optional plans of coverage.

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

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

The Des Moines Municipal School's contributions to the RHCA for the years ended June 30, 2008, 2007, and 2006 were \$14,062, \$13,606, and \$13,367 respectively, which equal the required contributions for each year.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

IV. DETAILED NOTES ON ALL FUNDS (continued)

E. Restatement of Beginning Net Assets for Governmental Funds

No restatement of Net Assets was made to the District's prior year balances.

F. Transfers

Transfers are used to move revenue from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. These transfers are not routine in nature and are not consistent with the activities of the fund making transfer. There were no permanent transfers made between funds during the year ending June 30, 2008

G. Inter-fund Receivables

Temporary loans between funds typically arise from one fund loaning another fund cash to cover a deficit bank balance. These are short term in nature and are expected to be paid back within one year. They are classified as Due to or Due from in the Balance Sheet.

DUE TO:	
OPERATIONAL	\$ 45,000
ED TECH EQUIPMENT ACT	26,322
CITY/COUNTY GRANTS	917
TOTAL	<u>\$ 72,239</u>
DUE FROM:	
FOOD SERVICES	\$ 5,000
TITLE 1	39,314
TITLE V	686
SCHOOL IMPROVEMENT FRAMEWORK	886
LIBRARIES SB - 301 GO BONDS	31
SCO - STATE	26,322
TOTAL	<u>\$ 72,239</u>

As of June 30, 2008, temporary loans consisted of:

H. Prior Period Adjustments

No adjustments were made to the District's prior year fund balances.

I. Deferred Compensation Plan

Des Moines School District has adopted a deferred compensation plan under code section 457. Employees can contribute up to 25% of their salary. The plan is managed by First Administrators Inc. with One America being the transfer agent holding the funds. Employee Contributions to this plan for June 30, 2008 were \$16,664.

STATE OF NEW MEXICO
 DES MOINES MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2008

J. Reconciliation of Budgetary and GAAP Basis Amounts

	General Fund	Title I	REAP
REVENUES			
Budgetary Basis	\$ 1,826,845	\$ 839	\$ 45,317
Add:			
Current Year Receivables & Other Credits	47	17,523	-
Deduct:			
Prior Year Receivables & Other Debits	101	97	32,655
REVENUE --GAAP BASIS	<u>\$ 1,826,791</u>	<u>\$ 18,265</u>	<u>\$ 12,662</u>
EXPENDITURES			
Budgetary Basis	\$ 1,822,123	\$ 18,265	\$ 12,662
Add:			
Current Year Payables & Other Debits	28,168	-	-
Deduct:			
Prior Year Payables & Other Credits	2,590	-	-
EXPENDITURES --GAAP BASIS	<u>\$ 1,847,701</u>	<u>\$ 18,265</u>	<u>\$ 12,662</u>

The individual fund reconciliations for the General fund and the Non-major funds are detailed in this report as Schedule 4 and Schedule 5, respectively.

	<u>New Mexico Community</u>	<u>School Based Health</u>	<u>Special Capital Outlay State</u>	<u>Ed Tech Equipment Act</u>	<u>Debt Service</u>	<u>Non-Major Funds</u>
\$	19,278	\$ 72,575	\$ -	\$ 925	\$ 174,044	\$ 303,665
	-	-	-	-	1,017	1,803
	<u>14,230</u>	<u>32,958</u>	<u>-</u>	<u>-</u>	<u>2,545</u>	<u>15,905</u>
\$	<u>5,048</u>	<u>\$ 39,617</u>	<u>\$ -</u>	<u>\$ 925</u>	<u>\$ 172,516</u>	<u>\$ 289,563</u>
\$	5,048	\$ 39,617	\$ 26,322	\$ 34,063	\$ 151,638	\$ 284,400
	-	-	-	-	3,716	9,731
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,820</u>	<u>8,812</u>
\$	<u>5,048</u>	<u>\$ 39,617</u>	<u>\$ 26,322</u>	<u>\$ 34,063</u>	<u>\$ 150,534</u>	<u>\$ 285,319</u>

GENERAL FUND

To account for resources traditionally associated with governments, which are not required to be accounted for in any other fund.

STATE OF NEW MEXICO
 DES MOINES MUNICIPAL SCHOOLS

EXHIBIT A-1

COMBINING BALANCE SHEET -- GENERAL FUND

JUNE 30, 2008

	OPERATIONAL	TRANSPORTATION	INSTRUCTIONAL MATERIALS	TOTALS
ASSETS				
Cash on Deposit	\$ 52,440	\$ 56,955	\$ 15,051	\$ 124,446
Investments	-	-	-	-
Accounts Receivable				
Property Taxes	47	-	-	47
Interest	-	-	-	-
State	-	-	-	-
Federal	-	-	-	-
Inventories	-	-	-	-
Due from Other Funds	45,000	-	-	45,000
Prepaid expenditures	-	-	-	-
TOTAL ASSETS	\$ 97,487	\$ 56,955	\$ 15,051	\$ 169,493
LIABILITIES				
Cash Deficit	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	-	-	-
Deferred Revenue	-	-	-	-
Due to Other Funds	-	-	-	-
Due to Student Groups	-	-	-	-
G.O. Bonds Payable	-	-	-	-
TOTAL LIABILITIES	-	-	-	-
FUND BALANCE				
Fund Balance				-
Reserved for Text Books	-	-	-	-
Reserved for Debt Service	-	-	-	-
Reserved for Inventory	-	-	-	-
Unreserved, reported in:				
General Funds	97,487	56,955	15,051	169,493
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
TOTAL FUND BALANCE	97,487	56,955	15,051	169,493
TOTAL LIABILITIES AND FUND BALANCE	\$ 97,487	\$ 56,955	\$ 15,051	\$ 169,493

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

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS

EXHIBIT A-2

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	\$ 2,549	\$ -	\$ -	\$ 2,549
State Programs	237,000	229,422	12,659	479,081
Local Programs	-	-	-	-
State Equalization	1,316,169	-	-	1,316,169
Taxes	9,881	-	-	9,881
Service Revenues	193	-	-	193
Interest	18,918	-	-	18,918
Other revenue sources	-	-	-	-
TOTAL REVENUES	1,584,710	229,422	12,659	1,826,791
EXPENDITURES				
Current				
Instruction	944,595	-	7,926	952,521
Support Services	-	-	-	-
Support Services Students	143,102	-	-	143,102
Support Services Instruction	3,006	-	470	3,476
Support Services General Administration	128,113	-	-	128,113
Support Services School Administration	59,815	-	-	59,815
Central Services	81,768	-	-	81,768
Operation and Maintenance of Plant	241,526	-	-	241,526
Student Transportation	22	201,173	-	201,195
Other Support Services	-	-	-	-
Food Services Operations	82	-	-	82
Capital Outlay	36,102	-	-	36,102
Debt Service	-	-	-	-
Principal	-	-	-	-
Interest and Fiscal Charge	-	-	-	-
TOTAL EXPENDITURES	1,638,131	201,173	8,396	1,847,700
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(53,421)	28,249	4,263	(20,909)
Other Financial Sources (Uses)				
Transfer In/Transfers (Out)	-	-	-	-
Total Other Financial Sources	-	-	-	-
NET CHANGE IN FUND BALANCE	(53,421)	28,249	4,263	(20,909)
FUND BALANCE				
June 30, 2007	150,908	28,706	10,788	190,402
Prior Period Adjustment	-	-	-	-
FUND BALANCE June 30, 2008	\$ 97,487	\$ 56,955	\$ 15,051	\$ 169,493

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

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS

EXHIBIT A-3

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	\$ 8,693	\$ 8,693	\$ 9,935	\$ 1,242
Fees - Users	-	-	-	-
Fees - Activities	-	-	-	-
Fees - Educational	1,500	1,500	193	(1,307)
Rent and Leases	-	-	-	-
Fees-Summer School	-	-	-	-
Interest Income	10,970	10,970	18,918	7,948
Instructional - Categorical	-	-	-	-
State Equalization	1,306,281	1,316,540	1,316,169	(371)
Refunds Prior Year	-	-	-	-
Royalties	-	-	-	-
Insurance Recoveries	-	-	-	-
Donations	-	-	-	-
Emergency Supplemental	230,006	237,000	237,000	-
Access Rate	2,500	2,500	2,549	49
Distribution for Heating	-	-	-	-
Restricted 20%	-	-	-	-
TOTAL REVENUE	<u>1,559,950</u>	<u>1,577,203</u>	<u>\$ 1,584,764</u>	<u>\$ 7,561</u>
BUDGETED CASH BALANCE	<u>133,642</u>	<u>133,642</u>		
TOTAL REVENUE & CASH	<u>\$ 1,693,592</u>	<u>\$ 1,710,845</u>		
EXPENDITURES				
Current				
Instruction	\$ 986,476	\$ 986,476	\$ 926,185	\$ 60,291
Support Services	-	-	-	-
Support Services Students	126,513	126,513	143,102	(16,589)
Support Services Instruction	31,554	31,554	3,006	28,548
Support Services General Administration	132,682	132,682	128,113	4,569
Support Services School Administration	59,941	59,941	59,815	126
Central Services	57,068	57,068	81,768	(24,700)
Operation and Maintenance of Plant	247,445	264,698	241,526	23,172
Student Transportation	-	-	22	(22)
Other Support Services	1,413	1,413	-	1,413
Non-Instructional Support	-	-	-	-
Food Services Operations	10,500	10,500	82	10,418
Community Services Operations	-	-	-	-
Capital Outlay	40,000	40,000	36,102	3,898
Debt Service				
Principal	-	-	-	-
Interest and Fiscal Charge	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 1,693,592</u>	<u>\$ 1,710,845</u>	<u>\$ 1,619,721</u>	<u>\$ 91,124</u>

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

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS

EXHIBIT A-4

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

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
State Revenue	252,489	252,489	229,422	(23,067)
Local Revenue	-	-	-	-
TOTAL REVENUE	<u>252,489</u>	<u>252,489</u>	<u>\$ 229,422</u>	<u>\$ (23,067)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 252,489</u>	<u>\$ 252,489</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	252,489	252,489	194,005	58,484
Other Support Services	-	-	-	-
Non-Instructional Support	-	-	-	-
Food Services Operations	-	-	-	-
Community Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and Fiscal Charge	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 252,489</u>	<u>\$ 252,489</u>	<u>\$ 194,005</u>	<u>\$ 58,484</u>

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

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

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
State Revenue	12,599	12,659	12,659	-
Local Revenue	-	-	-	-
TOTAL REVENUE	<u>12,599</u>	<u>12,659</u>	<u>\$ 12,659</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 12,599</u>	<u>\$ 12,659</u>		
EXPENDITURES				
Current				
Instruction	\$ 11,579	\$ 11,579	\$ 7,926	\$ 3,653
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	1,020	1,080	470	610
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Non-Instructional Support	-	-	-	-
Food Services Operations	-	-	-	-
Community Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and Fiscal Charge	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 12,599</u>	<u>\$ 12,659</u>	<u>\$ 8,396</u>	<u>\$ 4,263</u>

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

SPECIAL REVENUE FUNDS

CAFETERIA – 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 BUDGET—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 Act – The purpose of this fund is 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.

E2T2 ENHANCING EDUCATION THROUGH TECHNOLOGY – F - 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.

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, 20U.S.C. 7301-7373.

MEDICAID TITLE XIX – this fund is used for reimbursement of health-related services of Medicaid eligible students receiving related services, for administrative time study, and for a statement of service costs study. Authorized by the Social Security Act.

HEALTHY SCHOOL COMMUNITIES –to account for monies to be used to create healthy school environments. Authority for this fund is provided by the grantor the Association for Supervision and Curriculum Development and the Des Moines School Board.

TECHNOLOGY FOR EDUCATION—to account for distributions received from the Educational Technology fund for the expansion and improvement of technology in education. These funds are restricted to expenditure by New Mexico Statutes and the schools approved long-term technology plan. Authority for the creation of this fund is NMSA 22-15A-1 to 22-15A-10.

CITY/COUNTY GRANTS – to account for grant monies received from Union County to educate students, educators, and parents about alcohol, DWI and tobacco. The authority for creation of this from the grantor and the Des Moines school board.

INCENTIVES FOR SCHOOL IMPROVEMENT – to account for monies received to be used as determined by the school principal and teachers in cooperation with other school employees and the community. It shall not be used for salaries, salary increases or bonuses. Financing and authority is provided by NMSA 22-13A-5.

LIBRARY GO BONDS LAW 2004 – to account for the revenue and expenditures to acquire supplementary library books, equipment, and library resources.

TECH GRANT – to account for monies provided by the state to be used for technology. Authority for the creation of this fund is provided by the grantor and the Des Moines School Board.

SCHOOL IMPROVEMENT FRAME WORK – to account for monies provided by the state to be used to support the District's strategic plan to improve student achievement, focusing on reading and math. Authority for the creation of this fund is provided by the grantor and the Des Moines School Board.

LEG. APPROP. LAWS OF NM 2005 – to account for monies provided by a special appropriation to help with costs incurred with the conversion to the new chart of accounts as required by the state. Authority of this fund is the legislature and the Des Moines school board.

SENATE BILL NINE SPECIAL REVENUE FUND – to account for 2.0 mill levy restricted by board resolution for erecting, remodeling, making additions to, providing equipment for, and furnishing school buildings, improving school grounds and maintenance of school buildings and grounds, exclusive of salary expense of employees. Authority for the creation of this fund is NMSA 22-25-1 to 22-25-10.

STATE OF NEW MEXICO
 DES MOINES MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET--NON-MAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS

JUNE 30, 2008

	CAFETERIA	ATHLETICS	IDEA - B ENTITLEMENT	TITLE V INNOVATION ED
ASSETS				
Cash on Deposit	\$ 5,974	\$ 625	\$ 778	\$ -
Investments	-	-	-	-
Accounts Receivable				
Property Taxes	-	-	-	-
Interest	-	-	-	-
State	-	-	-	-
Federal	-	-	-	686
Inventories	18	-	-	-
Due from Other Funds	-	-	-	-
Prepaid expenditures	-	-	-	-
TOTAL ASSETS	\$ 5,992	\$ 625	\$ 778	\$ 686
LIABILITIES				
Cash Deficit	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	-	-	-
Deferred Revenue	-	-	778	-
Due to Other Funds	5,000	-	-	686
Due to Student Groups	-	-	-	-
Due to Other Entities	-	-	-	-
TOTAL LIABILITIES	5,000	-	778	686
FUND BALANCE				
Reserved for Text Books	-	-	-	-
Reserved for Debt Service	-	-	-	-
Reserved for Inventory	18	-	-	-
Unreserved, reported in:				
General Funds	-	-	-	-
Special Revenue Funds	974	625	-	-
Capital Projects Funds	-	-	-	-
TOTAL FUND BALANCE	992	625	-	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 5,992	\$ 625	\$ 778	\$ 686

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

MEDICAID XIX	HEALTHY SCHOOL COMMUNITIES	TECHNOLOGY FOR ED.	INCENTIVES FOR SCHOOL IMPROVEMENT	TECH GRANT	SCHOOL IMPROVEMENT FRAMEWORK	LEG APPROP. LAWS OF NM 2005
\$ 1	\$ 6,902	\$ 7,019	\$ 6,619	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	886	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 1</u>	<u>\$ 6,902</u>	<u>\$ 7,019</u>	<u>\$ 6,619</u>	<u>\$ -</u>	<u>\$ 886</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
1	6,902	7,019	6,619	-	-	-
-	-	-	-	-	886	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1</u>	<u>6,902</u>	<u>7,019</u>	<u>6,619</u>	<u>-</u>	<u>886</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 1</u>	<u>\$ 6,902</u>	<u>\$ 7,019</u>	<u>\$ 6,619</u>	<u>\$ -</u>	<u>\$ 886</u>	<u>\$ -</u>

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS

EXHIBIT B-1
CON'D

COMBINING BALANCE SHEET--NON-MAJOR GOVERNMENT
SPECIAL REVENUE FUNDS-CONTINUED

JUNE 30, 2008

	LIBRARIES SB- 301 GO BONDS	YOUTH CONSERVATIO N CORP	CITY/COUNTY GRANTS	SB-9	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
ASSETS					
Cash on Deposit	\$ -	\$ 937	\$ 288	\$ 7,353	\$ 36,496
Investments	-	-	-	-	-
Accounts Receivable					
Property Taxes	-	-	-	258	258
Interest	-	-	-	-	-
State	31	-	-	-	917
Federal	-	-	-	-	686
Inventories	-	-	-	-	18
Due from Other Funds	-	-	917	-	917
Prepaid expenditures	-	-	-	-	-
TOTAL ASSETS	\$ 31	\$ 937	\$ 1,205	\$ 7,611	\$ 39,292
LIABILITIES					
Cash Deficit	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	-	-	-	-
Deferred Revenue	-	937	1,205	-	23,461
Due to Other Funds	31	-	-	-	6,603
Due to Student Groups	-	-	-	-	-
Due to Other Entities	-	-	-	-	-
TOTAL LIABILITIES	31	937	1,205	-	30,064
FUND BALANCE					
Reserved for Text Books	-	-	-	-	-
Reserved for Debt Service	-	-	-	-	-
Reserved for Inventory	-	-	-	-	18
Unreserved, reported in:					
General Funds	-	-	-	-	-
Special Revenue Funds	-	-	-	7,611	9,210
Capital Projects Funds	-	-	-	-	-
TOTAL FUND BALANCE	-	-	-	7,611	9,228
TOTAL LIABILITIES AND FUND BALANCE	\$ 31	\$ 937	\$ 1,205	\$ 7,611	\$ 39,292

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

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS

JUNE 30, 2008

	CAFETERIA	ATHLETICS	IDEA - B ENTITLEMENT	TITLE V INNOVATION ED
REVENUE				
Federal Programs	\$ 22,406	\$ -	\$ 17,060	\$ 686
State Programs	-	-	-	-
Local Programs	-	-	-	-
State Equalization	-	-	-	-
Taxes	-	-	-	-
Service Revenues	17,137	9,574	-	-
Interest	-	-	-	-
Other revenue sources	3,153	810	-	-
TOTAL REVENUES	42,696	10,384	17,060	686
EXPENDITURES				
Current				
Instruction	-	19,155	17,060	-
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	686
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	56,809	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	56,809	19,155	17,060	686
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(14,113)	(8,771)	-	-
OTHER FINANCING SOURCES (USES)				
TRANSFERS IN/ TRANSFERS OUT	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCE	(14,113)	(8,771)	-	-
FUND BALANCE				
June 30, 2007	15,105	9,396	-	-
Prior Year Voided Checks	-	-	-	-
FUND BALANCE June 30, 2008	\$ 992	\$ 625	\$ -	\$ -

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

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS

EXHIBIT B-2
CON'D

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS-CONTINUED

JUNE 30, 2008

	LIBRARIES SB- 301 GO BONDS	YOUTH CONSERVATIO N CORP	CITY/COUNTY GRANTS	SB-9	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
REVENUE					
Federal Programs	\$ -	\$ -	\$ -	\$ -	\$ 40,152
State Programs	31	11,508	55	-	13,154
Local Programs	-	-	-	-	7,361
State Equalization	-	-	-	-	-
Taxes	-	-	-	44,139	44,139
Service Revenues	-	-	-	-	26,711
Interest	-	-	-	184	184
Other revenue sources	-	-	-	8,098	12,061
TOTAL REVENUES	31	11,508	55	52,421	143,762
EXPENDITURES					
Current					
Instruction	-	11,508	55	-	55,496
Support Services	-	-	-	-	-
Support Services Students	-	-	-	-	-
Support Services Instruction	31	-	-	-	717
Support Services General Administrator	-	-	-	444	444
Support Services School Administration	-	-	-	-	-
Central Services	-	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-	-
Student Transportation	-	-	-	-	-
Other Support Services	-	-	-	-	-
Food Services Operations	-	-	-	-	64,170
Capital Outlay	-	-	-	63,090	63,090
TOTAL EXPENDITURES	31	11,508	55	63,534	183,917
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	(11,113)	(40,155)
OTHER FINANCING SOURCES (USES)					
TRANSFERS IN/ TRANSFERS OUT	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	-	(11,113)	(40,155)
FUND BALANCE					
June 30, 2007	-	-	-	18,724	49,383
Prior Year Voided Checks	-	-	-	-	-
FUND BALANCE	-	-	-	-	-
June 30, 2008	\$ -	\$ -	\$ -	\$ 7,611	\$ 9,228

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

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

Year Ended June 30, 2008

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 35,000	\$ 35,000	\$ 22,406	\$ (12,594)
State Revenue	-	-	-	-
Local Revenue	19,906	19,906	20,290	384
TOTAL REVENUE	<u>54,906</u>	<u>\$ 54,906</u>	<u>\$ 42,696</u>	<u>\$ (12,210)</u>
BUDGETED CASH BALANCE	<u>17,759</u>	<u>17,759</u>		
TOTAL REVENUE & CASH	<u>\$ 72,665</u>	<u>\$ 72,665</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Non-Instructional Support	-	-	-	-
Food Services Operations	72,665	72,665	56,809	15,856
Community Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and Fiscal Charge	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 72,665</u>	<u>\$ 72,665</u>	<u>\$ 56,809</u>	<u>\$ 15,856</u>

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

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

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
State Revenue	-	-	-	-
Local Revenue	11,500	11,500	10,384	(1,116)
TOTAL REVENUE	<u>11,500</u>	<u>11,500</u>	<u>\$ 10,384</u>	<u>\$ (1,116)</u>
BUDGETED CASH BALANCE	<u>8,365</u>	<u>8,365</u>		
TOTAL REVENUE & CASH	<u>\$ 19,865</u>	<u>\$ 19,865</u>		
EXPENDITURES				
Current				
Instruction	\$ 19,865	\$ 19,865	\$ 19,155	\$ 710
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Non-Instructional Support	-	-	-	-
Food Services Operations	-	-	-	-
Community Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and Fiscal Charge	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 19,865</u>	<u>\$ 19,865</u>	<u>\$ 19,155</u>	<u>\$ 710</u>

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

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

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 17,487	\$ 17,487	\$ 17,060	\$ (427)
State Revenue	-	-	-	-
Local Revenue	-	-	-	-
TOTAL REVENUE	<u>17,487</u>	<u>\$ 17,487</u>	<u>\$ 17,060</u>	<u>\$ (427)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 17,487</u>	<u>\$ 17,487</u>		
EXPENDITURES				
Current				
Instruction	\$ 17,487	\$ 17,487	\$ 17,060	\$ 427
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Non-Instructional Support	-	-	-	-
Food Services Operations	-	-	-	-
Community Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and Fiscal Charge	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 17,487</u>	<u>\$ 17,487</u>	<u>\$ 17,060</u>	<u>\$ 427</u>

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

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

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 1,046	\$ 1,046	\$ -	\$ (1,046)
State Revenue	-	-	-	-
Local Revenue	-	-	-	-
TOTAL REVENUE	<u>1,046</u>	<u>1,046</u>	<u>\$ -</u>	<u>\$ (1,046)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>128</u>		
TOTAL REVENUE & CASH	<u>\$ 1,046</u>	<u>\$ 1,174</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	1,046	1,174	686	488
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Non-Instructional Support	-	-	-	-
Food Services Operations	-	-	-	-
Community Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and Fiscal Charge	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 1,046</u>	<u>\$ 1,174</u>	<u>\$ 686</u>	<u>\$ 488</u>

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

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--IDEA-B PRESCHOOL

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
State Revenue	-	-	-	-
Local Revenue	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ -</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Non-Instructional Support	-	-	-	-
Food Services Operations	-	-	-	-
Community Services Operations	-	-	-	-
Facilities Acquisition and Construction	-	-	-	-
Building Acquisition and Construction	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

Year Ended June 30, 2008

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
State Revenue	-	-	-	-
Local Revenue	-	-	10,000	10,000
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>
BUDGETED CASH BALANCE	<u>4,021</u>	<u>4,021</u>		
TOTAL REVENUE & CASH	<u>\$ 4,021</u>	<u>\$ 4,021</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Non-Instructional Support	-	-	-	-
Food Services Operations	4,021	4,021	7,361	(3,340)
Community Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and Fiscal Charge	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 4,021</u>	<u>\$ 4,021</u>	<u>\$ 7,361</u>	<u>\$ (3,340)</u>

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

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				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
State Revenue	3,750	3,750	5,045	1,295
Local Revenue	-	-	-	-
TOTAL REVENUE	<u>3,750</u>	<u>3,750</u>	<u>\$ 5,045</u>	<u>\$ 1,295</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 3,750</u>	<u>\$ 3,750</u>		
EXPENDITURES				
Current				
Instruction	\$ 3,750	\$ 3,750	\$ 1,560	\$ 2,190
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Non-Instructional Support	-	-	-	-
Food Services Operations	-	-	-	-
Community Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and Fiscal Charge	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 3,750</u>	<u>\$ 3,750</u>	<u>\$ 1,560</u>	<u>\$ 2,190</u>

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

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

Year Ended June 30, 2008

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
State Revenue	-	-	5,735	5,735
Local Revenue	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>\$ 5,735</u>	<u>\$ 5,735</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ -</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administratio	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Non-Instructional Support	-	-	-	-
Food Services Operations	-	-	-	-
Community Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and Fiscal Charge	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

Year Ended June 30, 2008

	ORIGINAL ACTUAL	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
State Revenue	-	111,085	2,440	(108,645)
Local Revenue	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>111,085</u>	<u>\$ 2,440</u>	<u>\$ (108,645)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 111,085</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 111,085	\$ -	\$ 111,085
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Non-Instructional Support	-	-	-	-
Food Services Operations	-	-	-	-
Community Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and Fiscal Charge	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 111,085</u>	<u>\$ -</u>	<u>\$ 111,085</u>

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

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

Year Ended June 30, 2008

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
State Revenue	-	-	-	-
Local Revenue	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ -</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Non-Instructional Support	-	-	-	-
Food Services Operations	-	-	-	-
Community Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and Fiscal Charge	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--SPECIAL REVENUE FUND--LEGISLATIVE APPROPRIATION LAWS OF 2005

Year Ended June 30, 2008

	ORIGINAL ACTUAL	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
State Revenue	-	10,909	-	(10,909)
Local Revenue	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>10,909</u>	<u>\$ -</u>	<u>\$ (10,909)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 10,909</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 10,909	\$ -	\$ 10,909
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Non-Instructional Support	-	-	-	-
Food Services Operations	-	-	-	-
Community Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and Fiscal Charge	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 10,909</u>	<u>\$ -</u>	<u>\$ 10,909</u>

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

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

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	-	\$ -
State Revenue	-	6,203	-	(6,203)
Local Revenue	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>6,203</u>	<u>\$ -</u>	<u>\$ (6,203)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 6,203</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	6,203	31	6,172
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Non-Instructional Support	-	-	-	-
Food Services Operations	-	-	-	-
Community Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and Fiscal Charge	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 6,203</u>	<u>\$ 31</u>	<u>\$ 6,172</u>

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

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--SPECIAL REVENUE FUND--YOUTH CONSERVATION CORP

Year Ended June 30, 2008

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
State Revenue	12,446	12,446	12,445	(1)
Local Revenue	-	-	-	-
TOTAL REVENUE	<u>12,446</u>	<u>12,446</u>	<u>\$ 12,445</u>	<u>\$ (1)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 12,446</u>	<u>\$ 12,446</u>		
EXPENDITURES				
Current				
Instruction	\$ 12,446	\$ 12,446	\$ 11,508	\$ 938
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Non-Instructional Support	-	-	-	-
Food Services Operations	-	-	-	-
Community Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and Fiscal Charge	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 12,446</u>	<u>\$ 12,446</u>	<u>\$ 11,508</u>	<u>\$ 938</u>

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

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--SPECIAL REVENUE FUND--CITY/COUNTY GRANT

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
State Revenue	-	-	-	-
Local Revenue	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>2,501</u>	<u>2,501</u>		
TOTAL REVENUE & CASH	<u>\$ 2,501</u>	<u>\$ 2,501</u>		
EXPENDITURES				
Current				
Instruction	\$ 2,501	\$ 2,501	\$ 55	\$ 2,446
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Non-Instructional Support	-	-	-	-
Food Services Operations	-	-	-	-
Community Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and Fiscal Charge	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 2,501</u>	<u>\$ 2,501</u>	<u>\$ 55</u>	<u>\$ 2,446</u>

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

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--SPECIAL REVENUE FUND--CAPITAL IMPROVEMENTS SB-9

Year Ended June 30, 2008

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
State Revenue	-	-	-	-
Local Revenue	39,183	47,281	52,692	5,411
TOTAL REVENUE	<u>39,183</u>	<u>47,281</u>	<u>\$ 52,692</u>	<u>\$ 5,411</u>
BUDGETED CASH BALANCE	<u>17,190</u>	<u>17,190</u>		
TOTAL REVENUE & CASH	<u>\$ 56,373</u>	<u>\$ 64,471</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	400	400	444	(44)
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Non-Instructional Support	-	-	-	-
Food Services Operations	-	-	-	-
Community Services Operations	-	-	-	-
Capital Outlay	55,973	64,071	63,090	981
Debt Service				
Principal	-	-	-	-
Interest and Fiscal Charge	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 56,373</u>	<u>\$ 64,471</u>	<u>\$ 63,534</u>	<u>\$ 937</u>

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

DEBT SERVICE FUND

EDUCATIONAL TECHNOLOGY DEBT SERVICE – to receive revenue for the payment of interest and principal on debt incurred in the expansion of technology in the District.

STATE OF NEW MEXICO
DES MOINES SCHOOLS

EXHIBIT C-1

COMBINING BALANCE SHEET -- NON-MAJOR GOVERNMENTAL FUNDS
DEBT SERVICE FUND

June 30, 2008

	<u>ED TECH DEBT SERVICE</u>	<u>TOTAL NON MAJOR DEBT SERVICE</u>
ASSETS		
Cash on Deposit	\$ 79,046	\$ 79,046
Investments	-	-
Accounts Receivable		
Property Taxes	773	773
Interest	-	-
State	-	-
Federal	-	-
Inventories	-	-
Due from Other Funds	-	-
Prepaid expenditures	-	-
TOTAL ASSETS	<u>\$ 79,819</u>	<u>\$ 79,819</u>
LIABILITIES		
Cash Deficit	\$ -	\$ -
Interest Payable	3,573	3,573
Deferred Revenue	-	-
Due to Other Funds	-	-
Due to Student Groups	-	-
Due to Other Entities	-	-
TOTAL LIABILITIES	<u>3,573</u>	<u>3,573</u>
FUND BALANCE		
Fund Balance	3,573	
Reserved for Text Books	-	-
Reserved for Debt Service	76,246	76,246
Reserved for Inventory	-	-
Unreserved, reported in:		
General Funds	-	-
Special Revenue Funds	-	-
Capital Projects Funds	-	-
TOTAL FUND BALANCE	<u>79,819</u>	<u>76,246</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 83,392</u>	<u>\$ 79,819</u>

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

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS

EXHIBIT C-2

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE -- NON-MAJOR GOVERNMENTAL FUNDS
DEBT SERVICE FUND

Year Ended June 30, 2008

	ED TECH DEBT SERVICE	TOTAL NON MAJOR DEBT SERVICE
	<u> </u>	<u> </u>
REVENUE		
Federal Sources	\$ -	\$ -
State Sources	-	-
Local Sources	-	-
Taxes	144,218	144,218
Interest	233	233
TOTAL REVENUES	<u>144,451</u>	<u>-</u>
EXPENDITURES		
Support Services General Administration	1,436	1,436
Debt Service		
Principal	50,000	50,000
Interest and Fiscal Charge	9,623	9,623
TOTAL EXPENDITURES	<u>61,059</u>	<u>61,059</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	83,392	(61,059)
Other Financial Sources (Uses)		
Transfer/Refunds	-	-
Total Other Financial Sources	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	83,392	(61,059)
FUND BALANCE		
June 30, 2007	<u>(7,146)</u>	<u>(7,146)</u>
FUND BALANCE		
June 30, 2008	<u>76,246</u>	<u>\$ 76,246</u>

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

STATE OF NEW MEXICO
 DES MOINES MUNICIPAL SCHOOLS

EXHIBIT C-3

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--ED TECH DEBT SERVICE FUND

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Property Taxes	\$ 65,513	\$ 65,513	\$ 143,586	\$ 78,073
Interest	-	-	-	-
TOTAL REVENUE	<u>65,513</u>	<u>\$ 65,513</u>	<u>\$ 143,586</u>	<u>\$ 78,073</u>
BUDGETED CASH BALANCE	<u>1,128</u>	<u>1,128</u>		
TOTAL REVENUE & CASH	<u>\$ 66,641</u>	<u>\$ 66,641</u>		
EXPENDITURES				
Support Services General Administration	\$ 650	\$ 650	\$ 1,436	\$ (786)
Debt Service				
Principal	51,128	51,128	50,000	1,128
Interest and Fiscal Charge	14,863	14,863	14,863	-
TOTAL EXPENDITURES	<u>\$ 66,641</u>	<u>\$ 66,641</u>	<u>\$ 66,299</u>	<u>\$ 342</u>

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

CAPITAL PROJECTS FUND

BOND BUILDING CAPITAL PROJECTS FUND – to account for the costs of capital improvements, such as erecting, remodeling, making additions to, providing equipment for, and furnishing school buildings, purchasing and improving school grounds funded by bond proceeds.

STATE OF NEW MEXICO
DES MOINES SCHOOL

COMBINING BALANCE SHEET--NON-MAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS

JUNE 30, 2008

	<u>BOND BUILDING</u>	<u>NONMAJOR CAPITAL PROJECTS</u>
ASSETS		
Cash on Deposit	\$ 112,883	\$ 112,883
Investments	-	-
Accounts Receivable		
Property Taxes	-	-
Interest	-	-
State	-	-
Federal	-	-
Inventories	-	-
Due from Other Funds	-	-
Prepaid expenditures	-	-
TOTAL ASSETS	<u>\$ 112,883</u>	<u>\$ 112,883</u>
LIABILITIES		
Cash Deficit	\$ -	\$ -
Interest Payable	-	-
Deferred Revenue	-	-
Due to Other Funds	-	-
Due to Student Groups	-	-
Due to Other Entities	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
FUND BALANCE		
Reserved for Text Books	-	-
Reserved for Debt Service	-	-
Reserved for Inventory	-	-
Unreserved, reported in:		
General Funds	-	-
Special Revenue Funds	-	-
Capital Projects Funds	112,883	112,883
TOTAL FUND BALANCE	<u>112,883</u>	<u>112,883</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 112,883</u>	<u>\$ 112,883</u>

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

EXHIBIT D-1

	TOTAL NONMAJOR SPECIAL REVENUE	TOTAL NONMAJOR DEBT SERVICE	TOTAL NONMAJOR GOVERNMENTAL
\$	36,496	\$ 79,046	\$ 228,425
	-	-	-
	258	773	1,031
	-	-	-
	917	-	917
	686	-	686
	18	-	18
	917	-	917
	-	-	-
\$	<u>39,292</u>	<u>79,819</u>	<u>231,994</u>
\$	-	\$ -	\$ -
	-	3,573	3,573
	23,461	-	23,461
	6,603	-	6,603
	-	-	-
	-	-	-
	<u>30,064</u>	<u>3,573</u>	<u>33,637</u>
	-	-	-
	-	76,246	76,246
	18	-	18
	-	-	-
	-	-	-
	9,210	-	9,210
	-	-	112,883
	<u>9,228</u>	<u>76,246</u>	<u>198,357</u>
\$	<u>39,292</u>	<u>79,819</u>	<u>231,994</u>

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE --NON-MAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS

JUNE 30, 2008

	BOND BUILDING	NONMAJOR CAPITAL PROJECTS
REVENUE		
Federal Programs	\$ -	\$ -
State Programs	-	-
Local Programs	-	-
State Equalization	-	-
Taxes	-	-
Service Revenues	-	-
Interest	1,350	1,350
Other revenue sources	-	-
TOTAL REVENUES	<u>1,350</u>	<u>1,350</u>
EXPENDITURES		
Current		
Instruction	-	-
Support Services	-	-
Support Services Students	-	-
Support Services Instruction	-	-
Support Services General Administration	-	-
Support Services School Administration	-	-
Central Services	-	-
Operation and Maintenance of Plant	-	-
Food Services Operations	-	-
Capital Outlay	40,343	40,343
Debt Service		
Principal	-	-
Interest	-	-
TOTAL EXPENDITURES	<u>40,343</u>	<u>40,343</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(38,993)	(38,993)
OTHER FINANCING SOURCES (USES)		
Transfers In (Out)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(38,993)	(38,993)
FUND BALANCE		
June 30, 2007	151,876	151,876
PRIOR YEAR VOID CHECK	-	-
FUND BALANCE		
June 30, 2008	<u>\$ 112,883</u>	<u>\$ 112,883</u>

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

EXHIBIT D-2

	TOTAL NONMAJOR SPECIAL REVENUE	TOTAL NONMAJOR DEBT SERVICE	TOTAL NONMAJOR GOVERNMENTAL
\$	40,152	\$ -	\$ 40,152
	13,154	-	13,154
	7,361	-	7,361
	-	-	-
	44,139	144,218	188,357
	26,711	-	26,711
	184	233	1,767
	12,061	-	12,061
	<u>143,762</u>	<u>144,451</u>	<u>289,563</u>
	55,496	-	55,496
	-	-	-
	-	-	-
	717	-	717
	444	1,436	1,880
	-	-	-
	-	-	-
	-	-	-
	64,170	-	64,170
	63,090	-	103,433
	-	50,000	50,000
	-	9,623	9,623
	<u>183,917</u>	<u>61,059</u>	<u>285,319</u>
	(40,155)	83,392	4,244
	-	-	-
	-	-	-
	(40,155)	83,392	4,244
	49,383	(7,146)	194,113
	-	-	-
\$	<u>9,228</u>	<u>76,246</u>	<u>198,357</u>

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--BOND BUILDING--CAPITAL PROJECTS FUND

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Bond Proceeds	\$ -	\$ -	\$ -	\$ -
State Revenues	-	-	-	
Interest	7,500	7,500	1,350	(6,150)
TOTAL REVENUE	<u>7,500</u>	<u>7,500</u>	<u>\$ 1,350</u>	<u>\$ (6,150)</u>
BUDGETED CASH BALANCE	<u>175,262</u>	<u>175,262</u>		
TOTAL REVENUES & CASH	<u>\$ 182,762</u>	<u>\$ 182,762</u>		
EXPENDITURES				
Support Services General Administration	\$ -	\$ -	\$ -	\$ -
Capital Outlay	182,762	182,762	40,343	142,419
TOTAL EXPENDITURES	<u>\$ 182,762</u>	<u>\$ 182,762</u>	<u>\$ 40,343</u>	<u>\$ 142,419</u>

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

AGENCY FUNDS

AGENCY FUND—To account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS

EXHIBIT E-1

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -- AGENCY FUND

Year Ended June 30, 2008

	Balance 6/30/2007	Additions	Subtractions	Balance 6/30/2008
SCHOLASTIC MISCELLANEOUS	\$ 417	\$ 160	\$ 201	\$ 376
IN/OUT	532	13,970	11,628	2,874
GRADUATED SRS	1,572	367	1,913	26
SENIORS	1,732	277	2,009	-
JUNIORS	1,731	2,517	4,196	52
SOPHOMORES	2,494	520	112	2,902
FRESHMEN	1,173	229	-	1,402
8TH GRADE	1,089	-	-	1,089
7TH GRADE	209	703	829	83
6TH GRADE	-	1,562	1,513	49
BOOSTER CLUB	-	-	-	-
YEARBOOK	2,198	7,935	8,729	1,404
FFA	3,307	21,700	22,180	2,827
FFA INVESTMENT <1>	3,363	-	-	3,363
STUDENT COUNCIL	1,193	676	969	900
CHEERLEADERS	43	5,440	5,458	25
FCCLA	274	478	426	326
HONOR SOCIETY	-	952	-	952
BPAA	545	-	-	545
SUPER COMPUTING	177	93	270	-
LIBRARY	1,876	3,350	1,926	3,300
PEER HELPERS	436	-	110	326
DIST C FCCLA	96	-	-	96
SCHOLARSHIP	9,391	7,285	8,952	7,724
SCHOLARSHIP INVESTMENT <1>	51,844	175	-	52,019
DIST III FFA	1,186	2,432	2,372	1,246
SCIENCE CLUB	-	-	-	-
COUNSELOR FUND	854.00	3,133	3,167	820
GEAR UP	-	1,200	430	770
	<u>\$ 87,732</u>	<u>\$ 75,154</u>	<u>\$ 77,390</u>	<u>\$ 85,496</u>

<1> - C.D.

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

OTHER MAJOR FUND INFORMATION

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

Year Ended June 30, 2008

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	VARIANCE Favorable (Unfavorable)
REVENUE				
State Revenues	\$ 125,000	\$ 125,000	\$ -	\$ (125,000)
Interest	-	-	-	-
TOTAL REVENUE	<u>125,000</u>	<u>125,000</u>	<u>\$ -</u>	<u>\$ (125,000)</u>
 BUDGETED CASH BALANCE	 <u>-</u>	 <u>-</u>		
 TOTAL CASH & REVENUE	 <u>\$ 125,000</u>	 <u>\$ 125,000</u>		
 EXPENDITURES				
Support Services General Administration	-	-	-	-
Capital Outlay	\$ 125,000	\$ 125,000	\$ 26,322	\$ 98,678
TOTAL EXPENDITURES	<u>\$ 125,000</u>	<u>\$ 125,000</u>	<u>\$ 26,322</u>	<u>\$ 98,678</u>

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

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL-- ED TECH EQUIPMENT ACT--CAPITAL PROJECTS FUND

Year Ended June 30, 2008

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Favorable (Unfavorable)</u>
REVENUE				
Local Revenues	\$ -	\$ -	\$ -	\$ -
State Revenues	-	-	-	
Interest	8,650	8,650	925	(7,725)
TOTAL REVENUE	<u>8,650</u>	<u>8,650</u>	<u>\$ 925</u>	<u>\$ (7,725)</u>
BUDGETED CASH BALANCE	<u>188,641</u>	<u>188,641</u>		
TOTAL REVENUES & CASH	<u>\$ 197,291</u>	<u>\$ 197,291</u>		
EXPENDITURES				
Support Services General Administration	\$ -	\$ -	\$ -	\$ -
Capital Outlay	197,291	197,291	34,063	163,228
TOTAL EXPENDITURES	<u>\$ 197,291</u>	<u>\$ 197,291</u>	<u>\$ 34,063</u>	<u>\$ 163,228</u>

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

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS

EXHIBIT F-3

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--DEBT SERVICE FUND

Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE				
Property Taxes	\$ 146,324	\$ 146,324	\$ 171,735	\$ 25,411
Interest	1,500	1,500	2,309	809
TOTAL REVENUE	<u>147,824</u>	<u>\$ 147,824</u>	<u>\$ 174,044</u>	<u>\$ 26,220</u>
BUDGETED CASH BALANCE	<u>113,811</u>	<u>113,811</u>		
TOTAL REVENUE & CASH	<u>\$ 261,635</u>	<u>\$ 261,635</u>		
EXPENDITURES				
Support Services General Administration	\$ 1,500	\$ 1,500	\$ 5,314	\$ (3,814)
Debt Service				
Principal	238,811	238,811	125,000	113,811
Interest and Fiscal Charge	21,324	21,324	21,324	-
TOTAL EXPENDITURES	<u>\$ 261,635</u>	<u>\$ 261,635</u>	<u>\$ 151,638</u>	<u>\$ 109,997</u>

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

OTHER SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS

SCHEDULE 1

BANK SUMMARY

JUNE 30, 2008

<u>Bank</u>	<u>ACCT TYPE</u>	<u>FUND</u>	<u>BANK BALANCE</u>	<u>OUTSTANDING (CHECKS) DEPOSITS</u>	<u>NET CASH BALANCE</u>
Farmers & Stockmans	Checking	General Fund	* \$ 221,595	\$ (97,149)	\$ 124,446
Bank of Clayton	Checking	Cafeteria	10,845	(4,870)	5,975
	Checking	Athletics	3,434	(2,809)	625
	Checking	Activity	30,508	(393)	30,115
	Checking	Federal Project	* 56,828	(4,742)	52,086
	Savings	State & Local	* 96,971	(3,191)	93,780
	Checking	Capital Projects	* 279,504	(5,350)	274,154
	Checking	Debt Service	* 259,290	-	259,290
Total F&S Bank		Total Checking Accts.	<u>958,975</u>	<u>(118,504)</u>	<u>840,471</u>
Farmers & Stockmans	CD's	Activity	* 23,002	-	23,002
Bank of Clayton	CD's	Activity	* 3,363	-	3,363
	CD's	Activity	* 29,017	-	29,017
		Total CD Accounts:	<u>55,382</u>	<u>-</u>	<u>55,382</u>
Total All Accounts			<u>\$ 1,014,357</u>	<u>\$ (118,504)</u>	<u>\$ 895,853</u>

* Interest Bearing

STATE OF NEW MEXICO
 DES MOINES MUNICIPAL SCHOOLS

SCHEDULE 2

SCHEDULE OF PLEDGED COLLATERAL

JUNE 30, 2008

	Total Deposits	FDIC Insurance	Uninsured Deposits	Collateral Required	Collateral Pledged	Uninsured & Uncollateralized Deposits
Farmers & Stockmans Bank	<u>\$ 1,014,357</u>	<u>\$ 144,786</u>	<u>\$ 869,571</u>	<u>\$ 434,786</u>	<u>\$ 981,457</u>	<u>\$ -</u>
<u>Collateral</u>	<u>Amount</u>	<u>Matures</u>				
FFCB31331X2Q4 CPN 5.00%	<u>\$ 981,457</u>	09/04/13				
Total	<u>\$ 981,457</u>					

All pledged securities are held by the financial institutions agent, the Federal Home Loan Bank of Dallas, Texas, in the name of the School District.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS

BANK RECONCILIATION

JUNE 30, 2008

	OPERAT.	TRANS- PORTATION	INSTRU. MATER.	FOOD SERVICES	ATHLETICS	FEDERAL PROJECTS
Audited Net Cash						
JUNE 30, 2007	\$ 132,397	\$ 21,538	\$ 10,788	\$ 15,087	\$ 9,396	\$ (2,457)
Investments on hand/Loans	-	-	-	-	-	-
TOTAL CASH BALANCE						
JUNE 30, 2007	132,397	21,538	10,788	15,087	9,396	(2,457)
Add: Prior year void checks	-	-	-	-	-	-
2007-2008 Revenue	1,584,764	229,422	12,659	42,696	10,384	63,216
Transfers In & Due From	-	-	-	5,000	-	40,000
TOTAL AVAILABLE CASH						
Net Change	1,717,161	250,960	23,447	62,783	19,780	100,759
2007-2008 Expenditures	1,619,721	194,005	8,396	56,809	19,155	48,673
Transfers Out & Due To	45,000	-	-	-	-	-
	1,664,721	194,005	8,396	56,809	19,155	48,673
NET CASH, JUNE 30, 2008						
Cash On hand	52,440	56,955	15,051	5,974	625	52,086
Investments on Hand	-	-	-	-	-	-
TOTAL CASH, JUNE 30, 2008	<u>\$ 52,440</u>	<u>\$ 56,955</u>	<u>\$ 15,051</u>	<u>\$ 5,974</u>	<u>\$ 625</u>	<u>\$ 52,086</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

Hector H. Balderas
New Mexico State Auditor
The Board of Education
Des Moines Municipal Schools
Des Moines, New Mexico

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information of Des Moines Municipal School District, as of and for the year ended June 30, 2008, which collectively comprise the Des Moines Municipal School District's basic financial statements as listed in the table of contents and have issued our report thereon dated October 16, 2009. We also have audited the financial statements of each of the non major governmental and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008, as listed in the table of contents. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Des Moines Municipal School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Des Moines Municipal School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Des Moines Municipal School District's 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 Des Moines Municipal School District'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 Des Moines Municipal Schools District's financial statements is more than inconsequential will not be prevented or detected by the Des Moines Municipal School District's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses significant deficiencies in internal control over financial reporting, 2008-1.

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 Des Moines Municipal Schools District's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Des Moines Municipal School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that are required to be reported under Government Auditing Standards paragraph 5.14 and 5.16, and Section 12-6-5 NMSA 1978, which are described in the accompanying Schedule of Findings and Responses as items 2007-1, 2007-3, and 2008-2.

The Des Moines Municipal School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Recommendations. We did not audit the Des Moines Municipal School District's responses and, accordingly, we express no opinion on them.

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

October 16, 2009

STATE OF NEW MEXICO
 DES MOINES MUNICIPAL SCHOOLS

SCHEDULE OF FINDINGS AND RESPONSES

JUNE 30, 2008

I. SUMMARY OF AUDITORS RESULTS:

Report on Financial Statements	Unqualified
Significant Deficiencies on GAGAS	2008-2
Material weakness involving Significant Deficiencies	None
Material Noncompliance	None
Questioned Cost	None

II. FINANCIAL STATEMENT FINDINGS

Control

2008-1 Bank Reconciliations

Condition: Bank reconciliation's did not tie to the bank balance at year end for the Debt Service and Activity funds. Also, the documentation of reconciling items was not accurate at year end.

Criteria: The process of bank reconciliation must tie to the bank balance. Records of the reconciling items must be adequate to provide a clear audit trail and prove that a cash record is maintained pursuant to NMSA 6-10-2. Reconciliations should also be made in a timely manner after month end.

Cause: The District had new staff in charge of the reconciling process and did not ensure they had adequate training on the accounting software and other elements of financial reporting that are unique to school districts.

Effect: Unreconciled balances and/or untimely prepared reconciliations of bank balances could result in delays in finding errors or irregularities in bank account balances. It also weakens controls designed to prevent errors, misstatements, and the possibility of misappropriations.

Recommendation: The District should develop policies for training new staff, especially in use of the accounting software system and the reconciliation process using that software.

Response: The District concurs and will re-evaluate all training within the District and work to provide additional training to those charged with reconciliation of bank accounts to the general ledger.

STATE OF NEW MEXICO
 DES MOINES MUNICIPAL SCHOOLS

SCHEDULE OF FINDINGS AND RESPONSES (continued)

JUNE 30, 2008

Compliance

2007-1 Overspent Budget

Condition: Expenditures exceeded the approved budget amounts for the following funds:

<u>Fund</u>	<u>Function</u>	<u>Amount</u>
REAP	1000	\$ 493
Healthy Schools	3100	\$ 3,340
SB-9	2300	\$ 44
Debt Service	2300	\$ 215
Ed Tech Debt Service	2300	\$ 786

Criteria: Any funds expended by the District shall have an approved budget for the expenditure per Chapter 22 Article 8 of NMSA 1978.

Cause: The District was not entering the approved BAR's into the accounting program on a timely basis. As a result, the interim reports were not correct as to the amount of budget remained in each fund and some functions were overspent.

Effect: Violation of state statutes regarding expenditures could result in a loss of future funding or repayment of funding already received and expended.

Recommendation: The District should re-evaluate training procedures for staff in charge of inputting budget information into the accounting system, and develop procedures to allow someone to check or verify information inputted is both timely and correct.

Response: The District concurs with the recommendation and will work on developing additional control procedures to prevent compliance violations within the budget process in the future.

2007-3 Commodities Inventory

Condition: Ending inventory for food service was not completed, however, it is considered immaterial as prior years inventory amounted to \$18.

Criteria: Ending inventory is to be maintained pursuant to USDA Regulations and Policies--Food Distribution under 7 CFR part 250.

Cause: A change in staffing in the food service department resulted in the inventory not being taken. Staff were unaware of the requirements.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS

SCHEDULE OF FINDINGS AND RESPONSES (continued)

June 30, 2008

Effect: Failure to maintain records required by 7 CFR Section 250.16 shall be considered prima fascia evidence of improper distribution or loss of donated foods, and the District could be liable for the value of the food or replacement of the food in kind.

Recommendation: The District should reevaluate training procedures of all new staff in the food service department and should develop a system of controls to allow for someone outside of the food service department to review the inventory calculations for timeliness and accuracy pursuant to USDA guidelines.

Response: The District will evaluate training procedures for all District personnel and work to develop procedures to ensure that new staff are aware of all duties for their positions. The District will also re-evaluate control policies and develop procedures to include a supervisory review of inventories.

2008-2 Late Audit

Condition: The June 30, 2008 audit report was received by the New Mexico State Auditor's Office on November 3, 2009.

Criteria: The New Mexico State Auditor's office has issued 2. NMAC 2.2, Requirements for Contracting and Conducting Audits of Agencies, setting due dates for public school district audits to be submitted by November 15, 2009.

Cause: The business manager for the District was new to the position and was unaware of the requirements for contracting and conducting audits, and as a result did not submit the auditor recommendation to the State Auditors Office until late October 2008 and the contract was not finalized and received by the auditing firm until November 2008. Because of the lateness in being able to even start the audit process the auditors did not have time to complete the fieldwork do to prior commitments. Once fieldwork commenced then issues arose with respect to reconciliations and other items which delayed the report further.

Recommendation: The District should provide the time off and funding to allow the Business Manager to attend the State Auditors seminars about contracting for audits in New Mexico, which the State Auditors office provides each spring.

Response: The District will make sure the Business Manager attends the recommended seminar before the next audit contract period for FY 2009-10.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS

SCHEDULE OF FINDINGS AND RESPONSES (continued)

June 30, 2008

IV. PRIOR YEAR AUDIT FINDINGS

2008-1 Overspent Budget	Repeated
2008-2 Purchase Vouchers	Resolved
2008-3 Commodities Inventory	Repeated

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS

OTHER DISCLOSURES

Year Ended June 30, 2008

PREPARATION OF FINANCIAL STATEMENTS

We prepared the draft financial statements based on management's chart of accounts and trial balances and any adjusting, correcting, and closing entries have been approved by management. We also have prepared the draft footnotes based on the information determined and approved by management. These services are allowable under SAS 112.

Exit Conference

An Exit Conference was held on October 16, 2009. Present were Damon Brown, Board Member, Garrett Bosarge, Superintendent, Justin Sumpter, Business Manager, and D. Brent Woodard, CPA.

SUMMARY OF PASSED ADJUSTMENTS

Re: Des Moines Municipal Schools

None