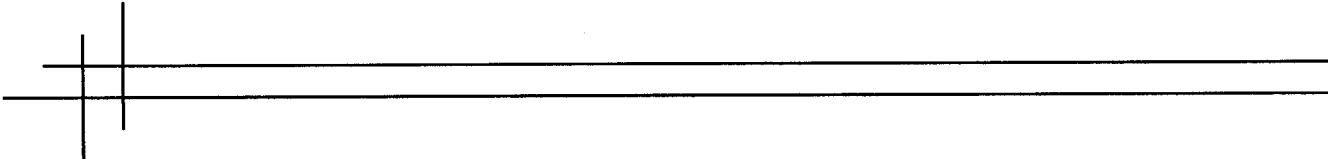




**STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS**

ANNUAL FINANCIAL REPORT
June 30, 2008

De'Aun Willoughby CPA, PC
Certified Public Accountant
Melrose, New Mexico



STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
 Table of Contents
 For the Year Ended June 30, 2008

	<u>Page</u>
Official Roster.....	6
Independent Auditor's Report.....	7-8

FINANCIAL SECTION

Basic Financial Statements

Government Wide Financial Statements

Statement of Net Assets.....	10
Statement of Activities.....	11

Fund Financial Statements

Government Funds - Balance Sheet.....	12-14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets.....	15

Statement of Revenues, Expenditures, and Changes in Fund Balances.....	16-18
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities.....	19

MAJOR FUNDS

General Fund - 11000

Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Non-GAAP Budgetary Basis).....	20-22
---	-------

Teacherage-12000

Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Non-GAAP Budgetary Basis).....	23
---	----

Transportation-13000

Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Non-GAAP Budgetary Basis).....	24
---	----

Instructional Material-14000

Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Non-GAAP Budgetary Basis).....	25
---	----

Title I-24101

Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Non-GAAP Budgetary Basis).....	26
---	----

Statement of Fiduciary Net Assets and Liabilities-Agency Funds	27
--	----

Notes to Financial Statements.....	28-45
------------------------------------	-------

SUPPLEMENTAL INFORMATION RELATED TO MAJOR FUNDS

Bond Building-31100

Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	47
--	----

Debt Service-41000

Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	48
--	----

SUPPLEMENTAL INFORMATION RELATED TO NON MAJOR FUNDS

Combining Non-Major Governmental Funds

Combining Balance Sheet - by Fund Type.....	50
Combining Statement of Revenues, Expenditures and Changes in Fund Balance and Changes in Fund Balance - by Fund Type.....	51

Non-major Special Revenue Funds

Combining Balance Sheet.....	55-62
Combining Statement of Revenues, Expenditures and Changes in Fund Balance.....	63-70

Food Service - 21000

Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Non-GAAP Budgetary Basis).....	71
--	----

Athletics - 22000

Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Non-GAAP Budgetary Basis).....	72
--	----

Title I Migrant-24103

Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Non-GAAP Budgetary Basis).....	73
--	----

IDEA B, Entitlement - 24106

Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Non-GAAP Budgetary Basis).....	74
--	----

IDEA B, Discretionary - 24107

Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Non-GAAP Budgetary Basis).....	75
--	----

IDEA Competitive-24108

Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	76
---	----

Preschool-24109

Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Non-GAAP Budgetary Basis).....	77
--	----

Enhancing Education Through Technology - 24133

Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Non-GAAP Budgetary Basis).....	78
--	----

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
 Table of Contents
 For the Year Ended June 30, 2008

	<u>Page</u>
Title V-24150	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Non-GAAP Budgetary Basis).....	79
Title II-24154	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	80
Safe & Drug Free Schools & Community-24157	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Non-GAAP Budgetary Basis).....	81
Reading First-24167	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Non-GAAP Budgetary Basis).....	82
Carl Perkins-24180	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Non-GAAP Budgetary Basis).....	83-84
Medicaid-25153	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Non-GAAP Budgetary Basis).....	85
Rural Education Achievement Program-25233	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Non-GAAP Budgetary Basis).....	86
Technology for Education-27117	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Non-GAAP Budgetary Basis).....	87
Incentive for School Improvement-27138	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Non-GAAP Budgetary Basis).....	88
Legislative Approved Laws of New Mexico-27144	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Non-GAAP Budgetary Basis).....	89
Library Go Bonds-27145	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Non-GAAP Budgetary Basis).....	90
Beginning Teacher Mentoring-27154	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Non-GAAP Budgetary Basis).....	91
Rural Education Bureau-27160	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Non-GAAP Budgetary Basis).....	92
Student Travel-27165	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Non-GAAP Budgetary Basis).....	93
Libraries GO Bonds-27170	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Non-GAAP Budgetary Basis).....	94

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
 Table of Contents
 For the Year Ended June 30, 2008

	<u>Page</u>
Non-Major Capital Projects Funds	
Combining Balance Sheet.....	96
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	97
PublicSchool Capital Outlay-31200	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Non-GAAP Budgetary Basis).....	98
Special Capital Outlay State-31400	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	99
Senate Bill Nine-31700	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Non-GAAP Budgetary Basis).....	100
OTHER SUPPLEMENTAL INFORMATION	
Agency Funds	
Statement of Fiduciary Net Assets and Liabilities-Agency Funds	103
Activity	
Statement of Fiduciary Net Assets and Liabilities-Agency Funds	104-105
Cash Reconciliations-All Funds.....	106-111
COMPLIANCE	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	112-113
Findings and Responses.....	114

BOARD OF EDUCATION

John Jackson	President
Edward Rubio, Jr.	Vice-President
Sue Gollob	Secretary
Irma Guillen	Member
Alan Lard	Member

SCHOOL OFFICIALS

Michael Grossman	Superintendent
Jennifer Fields	Business Manager

De'Aun Willoughby CPA, PC

Certified Public Accountant

P.O. Box 223 Melrose, NM 88124

(505) 253-4313

Independent Auditor's Report

Mr. Hector Balderas
State Auditor of the State of New Mexico
Board Members of the LAKE ARTHUR MUNICIPAL SCHOOLS

Mr. Balderas and Members of the Board

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of LAKE ARTHUR 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 the District's nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above, present fairly in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2008, and the respective changes in financial position and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the District as of June 30, 2008, and the respective changes in financial position and the respective budgetary comparisons for the major capital projects fund, debt service fund and all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 12, 2008, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The District has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements and the combining and individual financial statements and budgetary comparisons presented as supplemental information.

Our audit was conducted for the purpose of forming opinions on the basic financial statements and the combining and individual fund financial statements. The additional schedules listed as "other supplemental information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

De'Aun Willoughby CPA PC

November 12, 2008

FINANCIAL SECTION

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
Statement of Net Assets
June 30, 2008

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 136,460
Taxes Receivable	35,477
Due from Grantor	79,089
Inventory	1,538
Total Current Assets	<u>252,564</u>
Noncurrent Assets	
Capital Assets	8,232,311
Less: Accumulated Depreciation	<u>(3,512,449)</u>
Total Noncurrent Assets	<u>4,719,862</u>
Total Assets	<u>4,972,426</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	21,336
Accrued Interest	30,791
Deferred Revenue	5,644
Current Portion of Long-Term Debt	75,000
Total Current Liabilities	<u>132,771</u>
Noncurrent Liabilities	
Bonds and Notes, Net	1,046,071
Compensated Absences	16,481
Total Noncurrent Liabilities	<u>1,062,552</u>
Total Liabilities	<u>1,195,323</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	3,598,791
Restricted for	
Capital Improvements	4,178
Debt Service	71,756
Unrestricted	106,556
Total Net Assets	<u>\$ 3,777,103</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
Statement of Activities
For the Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Instruction	\$ 1,716,204	\$ 9,542	\$ 177,613	\$ 0	\$ (1,529,049)
Support Services	5,699	0	10,382	0	4,683
Support Services-Students	195,976	0	19	0	(195,957)
Support Services-Instruction	108,523	0	14,645	0	(93,878)
General Administration	153,726	0	4,029	0	(149,697)
School Administration	172,795	0	102,731	0	(70,064)
Central Services	103,140	0	6,866	0	(96,274)
Operation of Plant	386,205	0	0	0	(386,205)
Student Transportation	132,457	0	131,016	0	(1,441)
Food Services Operations	143,119	4,357	84,869	0	(53,893)
Interest on Long-Term Obligations	74,678	0	0	0	(74,678)
Depreciation (unallocated)	12,680	0	0	0	(12,680)
Total Governmental Activities	\$ 3,205,202	\$ 13,899	\$ 532,170	\$ 0	\$ (2,659,133)
General Revenues					
Taxes					
Property Taxes, Levied for General Purposes				\$	14,906
Property Taxes, Levied for Debt Service					196,823
Property Taxes, Levied for Capital Projects					60,566
Federal and State aid not restricted to specific purpose					
General					2,292,260
Capital					333,433
Interest and investment earnings					1,458
Miscellaneous					21,315
Subtotal, General Revenues					2,920,761
Change in Net Assets					261,628
Net Assets - beginning					3,515,475
Net Assets - ending				\$	3,777,103

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
 GOVERNMENTAL FUNDS
 Balance Sheet
 June 30, 2008

	General Fund		
	Operational 11000	Teachergage 12000	Transportation 13000
ASSETS			
Cash and Cash Equivalents	\$ 4,546	\$ 21,776	\$ 2
Receivables			
Taxes	1,947	0	0
Due from Grantor	0	0	0
Interfund Balance	0	0	0
Inventory	0	0	0
Total Assets	\$ 6,493	\$ 21,776	\$ 2
LIABILITIES AND FUND BALANCE			
Liabilities			
Payable	\$ 19,381	\$ 793	\$ 0
Interfund Balances	0	0	0
Current Portion Due			
Principal	0	0	0
Interest	0	0	0
Deferred Revenue	825	0	0
Total Liabilities	20,206	793	0
Fund Balances			
Reserved for:			
Inventory	0	0	0
Capital Improvements	0	0	0
Retirement of Long Term Debt	0	0	0
Unreserved, Undesignated, reported in			
General Fund	(13,713)	20,983	2
Special Revenue Funds		0	0
Total Fund Balances	(13,713)	20,983	2
Total Liabilities and Fund Balances	\$ 6,493	\$ 21,776	\$ 2

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
 GOVERNMENTAL FUNDS
 Balance Sheet
 June 30, 2008

	Instructional Materials 14000	Title I 24101	Bond Building 31100
ASSETS			
Cash and Cash Equivalents	\$ 4,727	\$ 0	\$ 0
Receivables			
Taxes	0	0	0
Due from Grantor	0	22,178	0
Interfund Balance	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 4,727</u>	<u>\$ 22,178</u>	<u>\$ 0</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Payable	\$ 0	\$ 0	\$ 0
Interfund Balances	0	22,178	0
Current Portion Due			
Principal	0	0	0
Interest	0	0	0
Deferred Revenue	0	0	0
Total Liabilities	<u>0</u>	<u>22,178</u>	<u>0</u>
Fund Balances			
Reserved for:			
Inventory	0	0	0
Capital Improvements	0	0	0
Retirement of Long Term Debt	0	0	0
Unreserved, Undesignated, reported in			
General Fund	4,727	0	0
Special Revenue Funds	0	0	0
Total Fund Balances	<u>4,727</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$ 4,727</u>	<u>\$ 22,178</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
 GOVERNMENTAL FUNDS
 Balance Sheet
 June 30, 2008

	Debt Service 41000	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and Cash Equivalents	\$ 64,787	\$ 40,622	\$ 136,460
Receivables			
Taxes	25,509	8,021	35,477
Due from Grantor	0	56,911	79,089
Interfund Balance	79,089	0	79,089
Inventory	0	1,538	1,538
Total Assets	<u>\$ 169,385</u>	<u>\$ 107,092</u>	<u>\$ 331,653</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Payable	\$ 0	\$ 1,162	\$ 21,336
Interfund Balances	0	56,911	79,089
Current Portion Due			
Principal	75,000	0	75,000
Interest	12,916	0	12,916
Deferred Revenue	9,713	9,165	19,703
Total Liabilities	<u>97,629</u>	<u>67,238</u>	<u>208,044</u>
Fund Balances			
Reserved for:			
Inventory	0	0	0
Capital Improvements	0	4,178	4,178
Retirement of Long Term Debt		0	0
Unreserved, Undesignated, reported in			
General Fund	71,756	0	83,755
Special Revenue Funds	0	35,676	35,676
Total Fund Balances	<u>71,756</u>	<u>39,854</u>	<u>123,609</u>
Total Liabilities and Fund Balances	<u>\$ 169,385</u>	<u>\$ 107,092</u>	<u>\$ 331,653</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
 Reconciliation of the Governmental Funds
 Balance Sheet to the Statement of Net Assets
 June 30, 2008

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

Total Fund Balance - Governmental Funds		\$	123,609
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.			
	The cost of capital assets	\$	8,232,311
	Accumulated depreciation is	<u>(3,512,449)</u>	4,719,862
Property taxes receivable will be collected after the period of availability, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.			
			14,059
Long-term and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-			
	Bond payable	(1,140,000)	
	Accrued interest on bonds	(17,875)	
	Bond Issue Costs	93,929	
	Compensated Absences	<u>(16,481)</u>	<u>(1,080,427)</u>
Total net assets - governmental activities		\$	<u><u>3,777,103</u></u>

The notes to the financial statements are an integral part of this statement..

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2008

	General Fund		
	Operational 11000	Teacherage 12000	Transportation 13000
Revenues			
Taxes	\$ 14,896	\$ 0	\$ 0
Investment Income	1,422	0	0
Fees	0	0	0
State Grants	2,292,206	0	131,016
Federal Grants	54	0	0
Special Capital Outlay	0	0	0
Miscellaneous	3,209	17,303	0
Total Revenues	<u>2,311,787</u>	<u>17,303</u>	<u>131,016</u>
Expenditures			
Current			
Instruction	1,327,630	0	0
Support Services-Students	195,957	0	0
Support Services-Instruction	84,649	0	0
Support Services-General Administration	146,442	0	0
Support Services-School Administration	69,969	0	0
Central Services	95,987	0	0
Operation & Maintenance of Plant	341,141	5,601	0
Student Transportation	0	0	132,457
Food Services Operations	34,358	0	0
Capital Outlay	13,650		0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	<u>2,309,783</u>	<u>5,601</u>	<u>132,457</u>
Excess (Deficiency) of Revenues Over Expenditures	2,004	11,702	(1,441)
Fund Balances at Beginning of Year	<u>(15,717)</u>	<u>9,281</u>	<u>1,443</u>
Fund Balance End of Year	<u>\$ (13,713)</u>	<u>\$ 20,983</u>	<u>\$ 2</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2008

	Instructional Materials 14000	Title I 24101	Bond Building 31100
Revenues			
Taxes	\$ 0	\$ 0	\$ 0
Investment Income	0	0	0
Fees	0	0	0
State Grants	16,661	0	0
Federal Grants	0	65,318	0
Special Capital Outlay	0	0	0
Miscellaneous	0	0	0
Total Revenues	<u>16,661</u>	<u>65,318</u>	<u>0</u>
Expenditures			
Current			
Instruction	12,385	36,490	0
Support Services-Students	0	0	0
Support Services-Instruction	0	0	0
Support Services-General Administration	0	0	0
Support Services-School Administration	0	28,828	0
Central Services	0	0	0
Operation & Maintenance of Plant	0	0	0
Student Transportation	0	0	0
Food Services Operations	0	0	0
Capital Outlay	0	0	546,769
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	<u>12,385</u>	<u>65,318</u>	<u>546,769</u>
Excess (Deficiency) of Revenues Over Expenditures	4,276	0	(546,769)
Fund Balances at Beginning of Year	<u>451</u>	<u>0</u>	<u>546,769</u>
Fund Balance End of Year	<u>\$ 4,727</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2008

	Debt Service 41000	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 196,540	\$ 60,497	\$ 271,933
Investment Income	0	36	1,458
Fees	0	13,899	13,899
State Grants	0	364,607	2,804,490
Federal Grants	0	288,001	353,373
Special Capital Outlay	0	0	0
Miscellaneous	0	803	21,315
Total Revenues	<u>196,540</u>	<u>727,843</u>	<u>3,466,468</u>
Expenditures			
Current			
Instruction	0	111,970	1,488,475
Support Services-Students	0	1,172	197,129
Support Services-Instruction	0	23,874	108,523
Support Services-General Administration	927	4,303	151,672
Support Services-School Administration	0	73,903	172,700
Central Services	0	6,866	102,853
Operation & Maintenance of Plant	0	31,311	378,053
Student Transportation	0	0	132,457
Food Services Operations	0	88,872	123,230
Capital Outlay	0	363,289	923,708
Debt Service			
Principal	75,000	0	75,000
Interest	51,282	0	51,282
Total Expenditures	<u>127,209</u>	<u>705,560</u>	<u>3,905,082</u>
Excess (Deficiency) of Revenues Over Expenditures	69,331	22,283	(438,614)
Fund Balances at Beginning of Year	<u>2,425</u>	<u>17,571</u>	<u>562,223</u>
Fund Balance End of Year	<u>\$ 71,756</u>	<u>\$ 39,854</u>	<u>\$ 123,609</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
 Reconciliation of the Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balance
 To the Statement of Activities
 June 30, 2008

Excess (Deficiency) of Revenues Over Expenditures \$ (438,614)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered "available" revenues in the governmental funds, and are instead reported as deferred revenues. They are however, recorded as revenues in the Statement of Activities. 362

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays in the period.

Depreciation expense	\$ (273,490)	
Capital Outlays	<u>923,708</u>	650,218

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Principal paid for bonds (Note H)	70,000	
Difference in current amount due in the Debt Service Fund	<u>5,000</u>	75,000

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (12,916)

Bond issue costs are amortized in the Statement of Activities but are expensed in the year of issue on the Statement of Revenues, Expenditures and Changes in Fund Balances. (10,480)

Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (1,942)

Change in Net Assets of Governmental Activities \$ 261,628

The notes to the financial statements are an integral part of this statement..

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
GENERAL FUND-11000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Sources				
Taxes	\$ 10,497	\$ 10,497	\$ 14,246	\$ 3,749
Investment Income	1,600	1,600	1,422	(178)
State Grants	2,265,419	2,310,645	2,292,207	(18,438)
Miscellaneous	0	0	3,209	3,209
Total State & Local Sources	2,277,516	2,322,742	2,311,084	(11,658)
Federal Sources				
Forest Reserve	53	53	54	1
Total Federal Sources	53	53	54	1
Total Revenues	2,277,569	2,322,795	2,311,138	(11,657)
Expenditures				
Instruction				
Personnel Services	948,011	921,072	921,072	0
Employee Benefits	295,499	296,337	296,337	0
Professional & Tech Services	8,600	7,927	7,926	1
Purchased Property Services	7,800	8,062	8,062	0
Purchased Services	34,360	26,955	26,953	2
Supplies	46,500	63,634	63,304	330
Property	0	4,810	4,808	2
Total Instruction	1,340,770	1,328,797	1,328,462	335
Support Services-Students				
Personnel Services	82,680	83,875	83,873	2
Employee Benefits	29,380	29,380	28,988	392
Professional & Tech Services	113,149	75,831	75,831	0
Purchased Property Services	0	0	0	0
Purchased Services	7,301	6,220	6,220	0
Supplies	500	4,515	4,512	3
Property	0	0	0	0
Total Support Service-Students	\$ 233,010	\$ 199,821	\$ 199,424	\$ 397

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
GENERAL FUND-11000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Support Services-Instruction				
Personnel Services	\$ 62,963	\$ 62,964	\$ 62,963	\$ 1
Employee Benefits	21,613	21,128	21,128	0
Purchased Services	265	346	346	0
Supplies	1,000	169	169	0
Total Support Services-Instruction	85,841	84,607	84,606	1
Support Services-General Administration				
Personnel Services	87,664	86,332	86,332	0
Employee Benefits	27,692	27,970	27,969	1
Professional & Tech Services	12,734	10,734	10,633	101
Purchased Property Services	5,902	6,102	6,094	8
Purchased Services	4,750	9,035	9,033	2
Supplies	1,700	5,370	5,370	0
Total Support Services-General Administration	140,442	145,543	145,431	112
Support Services-School Administration				
Personnel Services	39,680	43,144	43,144	0
Employee Benefits	11,495	16,322	16,322	0
Professional & Tech Services	2,150	2,608	2,608	0
Purchased Property Services	5,186	5,397	5,397	0
Purchased Services	500	675	675	0
Supplies	500	340	340	0
Property	0	0	0	0
Total Support Services-School Administration	59,511	68,486	68,486	0
Central Services				
Personnel Services	55,269	56,900	56,900	0
Employee Benefits	21,719	21,719	21,689	30
Professional & Tech Services	11,786	8,786	8,737	49
Purchased Property Services	5,186	5,397	5,397	0
Purchased Services	1,400	1,400	1,236	164
Supplies	1,000	2,127	2,127	0
Total Central Services	\$ 96,360	\$ 96,329	\$ 96,086	\$ 243

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
GENERAL FUND-11000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Operation & Maintenance of Plant				
Personnel Services	\$ 71,653	\$ 77,667	\$ 77,667	\$ 0
Employee Benefits	34,826	26,979	26,979	0
Professional & Tech Services	2,000	12,015	12,015	0
Purchased Property Services	99,498	109,569	109,569	0
Purchased Services	42,182	61,158	61,158	0
Supplies	36,886.00	38,982.60	38,983	0
Property	28,870.00	28,870.00	28,753	117
Total Operation & Maintenance of Plant	<u>315,915</u>	<u>355,241</u>	<u>355,123</u>	<u>117</u>
Food Service Operations				
Personnel Services	6,596	13,325	13,325	0
Employee Benefits	4,508	6,903	6,818	85
Purchased Services	0	538	537	1
Supplies	0	13,680	13,677	3
Total Food Services Operations	<u>11,104</u>	<u>34,446</u>	<u>34,358</u>	<u>88</u>
Total Expenditures	<u>2,282,953</u>	<u>2,313,270</u>	<u>2,311,976</u>	<u>1,294</u>
Excess (Deficiency) of Revenues Over Expenditures	(5,384)	9,525	(838)	(10,363)
Cash Balance Beginning of Year	<u>5,384</u>	<u>5,384</u>	<u>5,384</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 14,909</u>	<u>\$ 4,546</u>	<u>\$ (10,363)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (838)	
Net change in Taxes Receivable			660	
Net change in Accounts Payable			2,191	
Net change in Deferred Revenue			(9)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 2,004</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
GENERAL FUND-TEACHERAGE-12000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Sources				
Rents & Leases	\$ 15,300	\$ 15,300	\$ 17,303	\$ 2,003
Total State & Local Sources	<u>15,300</u>	<u>15,300</u>	<u>17,303</u>	<u>2,003</u>
Total Revenues	<u>15,300</u>	<u>15,300</u>	<u>17,303</u>	<u>2,003</u>
Expenditures				
Operation & Maintenance of Plant				
Purchased Property Services	7,923	7,923	2,989	4,934
Purchased Services	1,000	3,158	561	2,597
Supplies	1,000	1,000	139	861
Property	<u>0</u>	<u>1,119</u>	<u>1,119</u>	<u>0</u>
Total Operation & Maintenance of Plant	<u>9,923</u>	<u>13,200</u>	<u>4,808</u>	<u>8,392</u>
Total Expenditures	<u>9,923</u>	<u>13,200</u>	<u>4,808</u>	<u>8,392</u>
Excess (Deficiency) of Revenues Over Expenditures	5,377	2,100	12,495	10,395
Cash Balance Beginning of Year	<u>9,281</u>	<u>9,281</u>	<u>9,281</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 14,658</u>	<u>\$ 11,381</u>	<u>\$ 21,776</u>	<u>\$ 10,395</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 12,495	
Net change in Accounts Payable			<u>(793)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 11,702</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
GENERAL FUND-TRANSPORTATION-13000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Sources				
State Grants	\$ 115,650	\$ 131,016	\$ 131,016	\$ 0
Total State & Local Sources	<u>115,650</u>	<u>131,016</u>	<u>131,016</u>	<u>0</u>
Total Revenues	<u>115,650</u>	<u>131,016</u>	<u>131,016</u>	<u>0</u>
Expenditures				
Support Services				
Personnel Services	38,250	38,311	38,310	1
Employee Benefits	18,779	18,387	18,387	0
Purchased Services	<u>57,178</u>	<u>75,761</u>	<u>75,760</u>	<u>1</u>
Total Support Services	<u>114,207</u>	<u>132,459</u>	<u>132,457</u>	<u>2</u>
Total Expenditures	<u>114,207</u>	<u>132,459</u>	<u>132,457</u>	<u>2</u>
Excess (Deficiency) of Revenues Over Expenditures	1,443	(1,443)	(1,441)	2
Cash Balance Beginning of Year	<u>1,443</u>	<u>1,443</u>	<u>1,443</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 2,886</u>	<u>\$ 0</u>	<u>\$ 2</u>	<u>\$ 2</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ (1,441)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (1,441)</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
GENERAL FUND-INSTRUCTIONAL MATERIALS-14000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Sources				
Insurance Recoveries	\$ 0	\$ 0	\$ 39	\$ 39
Instructional Materials	14,731	14,731	16,622	1,891
Total State & Local Sources	<u>14,731</u>	<u>14,731</u>	<u>16,661</u>	<u>1,930</u>
Total Revenues	<u>14,731</u>	<u>14,731</u>	<u>16,661</u>	<u>1,930</u>
Expenditures				
Instruction				
Supplies	13,538	13,538	13,537	1
Total Instruction	<u>13,538</u>	<u>13,538</u>	<u>13,537</u>	<u>1</u>
Total Expenditures	<u>13,538</u>	<u>13,538</u>	<u>13,537</u>	<u>1</u>
Excess (Deficiency) of Revenues Over Expenditures	1,193	1,193	3,124	1,931
Cash Balance Beginning of Year	<u>1,603</u>	<u>1,603</u>	<u>1,603</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 2,796</u>	<u>\$ 2,796</u>	<u>\$ 4,727</u>	<u>\$ 1,931</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ 3,124</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 3,124</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
SPECIAL REVENUE-TITLE I-24101
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Sources				
Federal Grant	\$ 80,804	\$ 86,258	\$ 61,222	\$ (25,036)
Total Federal Sources	<u>80,804</u>	<u>86,258</u>	<u>61,222</u>	<u>(25,036)</u>
Total Revenues	<u>80,804</u>	<u>86,258</u>	<u>61,222</u>	<u>(25,036)</u>
Expenditures				
Instruction				
Personnel Services	22,064	26,774	26,774	0
Employee Benefits	6,198	6,942	6,942	0
Other Purchased Services	2,159	2,159	636	1,523
Supplies	2,159	2,159	2,138	21
Total Instruction	<u>32,580</u>	<u>38,034</u>	<u>36,490</u>	<u>21</u>
Support Services-School Administration				
Personnel Services	23,163	23,163	22,360	803
Employee Benefits	6,980	6,980	6,469	511
Total Support Services- School Administration	<u>30,143</u>	<u>30,143</u>	<u>28,829</u>	<u>1,314</u>
Total Expenditures	<u>62,723</u>	<u>68,177</u>	<u>65,319</u>	<u>1,335</u>
Excess (Deficiency) of Revenues Over Expenditures	18,081	18,081	(4,097)	(22,178)
Cash Balance Beginning of Year	<u>(18,081)</u>	<u>(18,081)</u>	<u>(18,081)</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(22,178)</u>	\$ <u>(22,178)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (4,097)	
Net change in Accounts Receivable			<u>4,097</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
Statement of Fiduciary Net Assets and Liabilities-Agency Funds
June 30, 2008

	<u>Agency Funds</u>
Assets	
Cash and Cash Equivalents	\$ 101,597
Total Assets	<u>\$ 101,597</u>
Liabilities	
Deposits Held for Others	\$ 101,597
Total Liabilities	<u>\$ 101,597</u>

The notes to the financial statements are an integral part of this statement.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the LAKE ARTHUR MUNICIPAL SCHOOLS (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued prior to November 30, 1989 that do not conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

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

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

These and other changes are reflected in the accompanying financial statements (including the notes to the financial statements) as of June 30, 2008.

In addition, in June 2001, the GASB issued Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus - an amendment of GASB Statement No. 21 and No. 34 and Statement No. 38, Certain Financial Note Disclosures*. These two statements clarify, modify, establish and rescind certain disclosure requirements under GASB No. 34. Both statements are being implemented in conjunction with GASB Statement No. 34. These statements do not have an impact on the results of operations or the financial position of the District.

Financial Reporting Entity

The District has been in existence since the early nineteen hundreds, and is currently operating under the provisions of the Public School District Code, Chapter 22, of the New Mexico Statutes Annotated, 1978 Compilation. The District operates with a local board of education - superintendent form of government and provides a supervised program of instruction designed to educate students at the elementary and secondary level.

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the District is considered a *primary government*, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the District may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges and issue bonded debt.

The District has no component units, defined by GASB Statement No. 14 as other legally separate organizations for which the elected District members are financially accountable. There are no other primary governments with which the School Board Members are financially accountable. There are no other primary governments with which the District has a significant relationship.

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The funds of the District are classified into two categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The fund classification and a description of each existing fund type follows below:

Governmental Funds

Governmental funds are used to account for the District's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of capital assets and the servicing of general long-term debt.

General Fund - The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds.

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

Debt Service Fund - The Debt Service Fund is used to account for the resources for, and the payment of, principal, interest and related costs.

Capital Projects Fund - The Capital Projects Fund is used to account for all resources for the acquisition of capital facilities by the District.

Fiduciary Fund Type

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the District.

The Student Activity Fund, an agency fund, accounts for assets held by the District as an agent for the District organizations. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Education. This accounting reflects the District's agency relationship with the student activity organizations.

Major Funds

The District reports the following major governmental funds:

General Fund (11000)(12000)(13000)(14000)

The General Fund consist of four sub funds. The first is the operational fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. The Teacherage Fund is to provide teachers affordable housing to entice them to teach there. The Transportation fund includes a state grant to provide transportation for students in the District. The Instructional Materials fund accounts for a state grant to provide text books for students in the District.

Title I (24101)

To account for revenues and expenditures for a collaborative consortium of education, health, culture enrichment and social support system in rural communities. The fund was created by grant provisions.

CAPITAL PROJECT FUND

Bond Building (31100)

The revenues are derived from a School Building Bond Issue. The expenditures are restricted to major capital improvements.

DEBT SERVICE FUND (41000)

To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The resources of this fund are generated by a tax levy based upon property values. Expenditures are restricted to debt reduction.

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary Funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

The Statement of Net Assets and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirement of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

Program Revenues

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues. Program revenues include: 1) charges for services to students or applicants who purchase, use or directly benefit from the goods or services provided by the given function 2) program-specific operating grants and contributions, and 3) program specific capital grants and contributions.

Fund Financial Statements (FFS)

Governmental Funds

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 30 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Any effect of interfund activity has been eliminated from the district-wide financial statements.

Revenues

Taxes. Ad valorem taxes are susceptible to full accrual on the government wide financial statements. Property Tax revenues recognize revenues net of estimated refunds and uncollectible accounts in the period for which the taxes are levied.

Grants. Government mandated nonexchange transaction and voluntary nonexchange transactions. Recipients should recognize revenues in the period when all applicable eligibility requirements have been met and the resources are available.

Revenue Recognition for Grants.

Eligibility requirements for government-mandated and voluntary nonexchange transaction comprise one or more of the following:

1. Required characteristics of recipients. The recipient has the characteristics specified by the provider (are required to be school districts).
2. Time requirements. Time requirements specified by enabling legislation or the provider have been met (period when the resources are required to be used).

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
Notes to the Financial Statements
June 30, 2008

3. Reimbursements. The provider offers resources on a reimbursement ("expenditure-driven") basis and the recipient has incurred allowable costs under the applicable program.
4. Contingencies. The providers offer of resources is contingent upon a specified action of the recipient and that action has occurred (the recipient has raised the matching funds).

Other receipts. Other receipts become measurable and available when cash is received by the District and are recognized as revenue at that time.

Expenditures

Salaries are recorded as paid. Salaries for nine-month employees are paid prior to the end of the fiscal year and therefore are not accrued. Salaries for the twelve month employees payroll are accrued.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, etc.) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Basis of Budgeting

Formal budgetary integration is employed as a management control device during the year.

Budgets for the General, Special Revenue, Debt Service and Capital Projects Funds are adopted on a basis inconsistent with generally accepted accounting principles (GAAP). These budgets are prepared using the cash basis of accounting. Budgetary comparisons for the various funds in this report are on the non-GAAP budgetary basis.

The District follows the following procedures in establishing data reflected in the financial statements:

1. Prior to April 15, (unless a later date is fixed by the Secretary of Education) the local school board submits to the School Budget and Finance Analysis Unit (SBFAU) of the New Mexico Public Education Department an estimated budget for the District for the ensuing fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the New Mexico Public Education Department (PED) by the district shall contain headings and details as prescribed by law.
2. Prior to June 20, of each year, the proposed "operating" budget will be reviewed and approved by the SBFAU and certified and approved by the local school board at the public hearing of which notice has been published by the local school board which fixed the estimated budget for the district for the ensuing fiscal year.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
Notes to the Financial Statements
June 30, 2008

3. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the SBFAU and the local school board. The budget shall be integrated formally in to the accounting system. Encumbrances shall be used as an element for control and shall be integrated into the budget system.
4. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the SBFAU.
5. No school board or officer or employee of the District shall make any expenditures or incur any obligation for the expenditures of public funds unless such expenditure or contractual obligation is made in accordance with an operating budget approved by the division. But this does not prohibit the transfer of funds between line items within a series of a budget.
6. Budget change requests are processed in accordance with Supplement I (Budget Preparation and Maintenance) of the *Manual of Procedures Public School Accounting and Budgeting*. Such changes are initiated by the District and approved by the SBFAU.
7. Legal budget control for expenditures is by function.
8. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of the District has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

The District is authorized under the provisions of Chapter 6, Article 10, paragraph 10, NMSA 1978, to deposit its money in banks, savings and loan associations and/or credit unions whose accounts are insured by an agency of the United States.

Investments

All money not immediately necessary for the public uses of the District may be invested in :

- (a) bonds or negotiable securities of the United States, the state or any county, municipality or school district which has a taxable valuation of real property for the last preceding year of at least one million dollars (1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
Notes to the Financial Statements
June 30, 2008

(b) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government.

(c) in contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The collateral required for investment in the contracts provided for in this subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with investment.

Receivables and Payables

Receivables include property taxes, interfund loans that are expected to be paid back and amount due from state government agencies related to various grant agreements. Payables represent routine monthly bills for services rendered and products purchased and accrued salaries and benefits.

Property Taxes

The County collects the District's share of property taxes assessed. Property taxes attach an enforceable lien on property as of January 1st. Tax notices are sent by the County treasurer to property owners by November 1st of each year to be paid in whole or in two installments by November 10th and April 10th of each year. The County collects such taxes and distributes them to the District on a monthly basis. The District accounts for its share of property taxes in the General, Debt Service and Capital Projects Funds. Only those collections received are recorded as revenues for the budget presentation.

Elimination and Reclassifications of Certain Receivables and Payables

In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
Notes to the Financial Statements
June 30, 2008

Inventories and Prepaid Items

Purchased inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the Cafeteria Fund consists of purchased food and non-food items and United States Department of Agriculture (USDA) commodities. Commodities are shown at the USDA procurement cost. Costs are recorded as expenditures at the time individual inventory items are used (consumption method). Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both District-wide and fund financial statements.

Capital Assets

Capital assets are recorded at historical costs and depreciated over their estimated useful lives (with no salvage value). Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

If there are any construction projects funded by the NM Public School Facilities Authority they are included in the appropriate capital projects fund and in the capital assets.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Buildings & Improvements	20-50 Years
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	3-15 Years

Capital Leases

Capital leases are recorded at the inception of the leases as expenditures and other financing sources in governmental fund financial statement at the present value of the future minimum lease payments, using the stated or implicit interest rate in the leases. Lease payments are recorded as expenditures on the due date. Capital leases are recorded as a liability in the government-wide financial statement at the time of inception and the corresponding asset is recorded in the capital asset section on the balance sheet. There are no outstanding Capital Leases.

Short -Term Debt

Short-term debt results from borrowings characterized by anticipation notes, use of lines of credit, and similar loans. The District does not have any activity in short-term debt.

Long-Term Liabilities

For district-wide reporting, the costs associated with the bonds are recognized over the life of the bond. As permitted by GASB Statement No. 34 the amortization of the costs of bonds will be amortized prospectively from the date of adoption of GASB Statement No. 34.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
Notes to the Financial Statements
June 30, 2008

Restricted Net Assets

For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net assets use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;

Imposed by law through constitutional provisions or enabling legislation.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available it will first be applied to restricted resources.

Fund Balances of Fund Financial Statements

Reserved fund balance indicates that portion of fund equity which has been segregated for specific purposes.

Unreserved fund balance indicates that portion of fund equity which is available for budgeting in future

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers.

Deferred Revenue

The District reports deferred revenues on its Statement of Net Assets and Fund Balance Sheet. Deferred revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized. Deferred revenues also occur in the fund financial statements when revenue is earned but is not available. The revenue becomes available if received within 30 days of the fiscal year end.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
 Notes to the Financial Statements
 June 30, 2008

Compensated Absences

All twelve-month employees are granted annual leave at the rate of one day per month. All District employees are entitled to accrue personal/sick leave according to the following schedule:

Twelve month contract	12 days per year
Eleven month contract	11 days per year
Nine month contract	10 days per year
At will employees	1 day per month

Employees accumulate a maximum of sixty days personal/sick leave. Unused personal/sick leave is not paid upon termination. All employees of the District are allowed two personal days leave per year. Personal leave cannot be accumulated. Unused personal leave can be transferred to sick leave the following year. In the past, the liability for compensated absences was reported in the General Long-Term Debt Account Group, The General fund was used to liquidate the liability.

Estimates

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

NOTE B: CASH AND INVESTMENTS

The District is required by New Mexico State Statute (Section 6-10-17) to be 50% collateralized. Following is a schedule calculating the requirement and disclosing the pledged securities.

Western Bank	Balance Per Bank 06-30-08	Reconciled Balance	Type
<u>Name of Account</u>			
Lake Arthur Municipal Schools	\$ 166,898	\$ 124,424	Checking
Payroll Clearing	77,448	0	Checking
Cafeteria	14,095	10,837	Checking
Athletics	1,201	1,199	Checking
Activities	108,085	101,597	Checking
TOTAL Deposited	<u>367,727</u>	<u>\$ 238,057</u>	
Less: FDIC Coverage	<u>(100,000)</u>		
Uninsured Amount	267,727		
50% collateral requirement	133,864		
Pledged securities	430,836		
Over (Under) requirement	<u>\$ 296,973</u>		

The difference between the bank balance and the reconciled balance is outstanding deposits, outstanding checks and pending bank adjustments.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
 Notes to the Financial Statements
 June 30, 2008

The following securities are pledged at **Western Bank**:

<u>Description</u>	<u>CUSIP #</u>	<u>Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
FHLMC Pool	780468	148,005	04/01/2033	* FHLB, Dallas
FHLMC Pool	257180	282,831	04/01/2038	* FHLB, Dallas
		<u>\$ 430,836</u>		

* Federal Home Loan Bank, Dallas, Texas

Custodial Credit Risk-Deposits

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 100,000
Collateralized:	
Collateral held by the pledging bank in	
District's name	267,727
Over insured and over collateralized	0
Total Deposits	<u>\$ 367,727</u>

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 District's bank balance of \$367,727 was exposed to custodial credit risk.

There is \$20 cash on hand in the Food Service Fund.

NOTE C: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Balances during the year ending June 30, 2008 were as follows:

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Funds</u>		
	<u>Title I Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
General Fund	\$ 22,178	\$ 56,911	\$ 79,089
Totals	<u>\$ 22,178</u>	<u>\$ 56,911</u>	<u>\$ 79,089</u>

The above interfund balances resulted from reimbursement grants. The shortfalls were covered by the General Fund. All transactions will be repaid within one year.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
Notes to the Financial Statements
June 30, 2008

NOTE D: TAXES RECEIVABLE

Following is a schedule of property taxes receivable as of June 30, 2008:

	Operational	Debt Service	Other Governmental	Total
Property Taxes Receivable:				
Available	\$ 1,122	\$ 15,796	\$ 4,500	\$ 21,418
Unavailable	825	9,713	3,521	14,059
TOTAL Property Taxes Receivable	\$ 1,947	\$ 25,509	\$ 8,021	\$ 35,477

NOTE E: DEFERRED REVENUES

Revenues are deferred in accordance with the modified accrual basis of accounting for the fund financial statements. The following deferred revenues are measurable but do not represent available expendable resources for the Fund Financial Statements for the fiscal year ended June 30, 2008:

	General	Debt Service	Other Governmental	Total
Property Taxes	\$ 825	\$ 9,713	\$ 3,521	\$ 14,059
State Revenues	0	0	3,871	3,871
Federal Revenues	0	0	1,773	1,773
TOTAL Deferred Revenues	\$ 825	\$ 9,713	\$ 9,165	\$ 19,703

NOTE F: CAPITAL ASSETS

Capital Assets Balances and Activity for the Year Ended June 30, 2008, is as follows:

	Balance 6/30/07	Additions	Deletions	Balance 6/30/08
Governmental Activities				
Capital Assets not being Depreciated				
Land	\$ 14,579	\$ 0	\$ 0	\$ 14,579
Total Capital Assets not being Depreciated	14,579	0	0	14,579
Capital Assets, being Depreciated				
Construction in Progress	116,221	0	116,221	0
Buildings & Improvements	6,423,741	1,006,899		7,430,640
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	754,062	33,030		787,092
Total Capital Assets, being Depreciated	7,294,024	1,039,929	0	8,217,732

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
Notes to the Financial Statements
June 30, 2008

Total Capital Assets	<u>7,308,603</u>	<u>1,039,929</u>	<u>0</u>	<u>8,232,311</u>
Less Accumulated Depreciation				
Buildings & Improvements	2,743,264	224,349	0	2,967,613
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	<u>495,695</u>	<u>49,141</u>	<u>0</u>	<u>544,836</u>
Total Accumulated Depreciation	<u>3,238,959</u>	<u>273,490</u>	<u>0</u>	<u>3,512,449</u>
Capital Assets, net	<u>\$ 4,069,644</u>	<u>\$ 766,439</u>	<u>\$ 0</u>	<u>\$ 4,719,862</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 227,730
Support Service	4,087
General Administration	1,212
School Administration	95
Operation of Plant	6,036
Food Service	19,889
Teacherage	1,760
Unallocated	<u>12,681</u>
Total depreciation expenses	<u>\$ 273,490</u>

NOTE G: LONG TERM DEBT

A summary of activity in the Long-Term Debt is as follows:

	<u>Balance 6/30/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/08</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds and Notes Payable					
General Obligation					
Bonds	\$ 1,285,000	\$ 0	\$ 70,000	\$ 1,215,000	\$ 75,000
Total Bonds	<u>1,285,000</u>	<u>0</u>	<u>70,000</u>	<u>1,215,000</u>	<u>75,000</u>
Other Liabilities					
Compensated Absences	<u>14,539</u>	<u>16,785</u>	<u>14,843</u>	<u>16,481</u>	<u>0</u>
Total Other Liabilities	<u>14,539</u>	<u>16,785</u>	<u>14,843</u>	<u>16,481</u>	<u>0</u>
Long-Term Liabilities	<u>\$ 1,299,539</u>	<u>\$ 16,785</u>	<u>\$ 84,843</u>	<u>\$ 1,231,481</u>	<u>\$ 75,000</u>

Payments on the general obligation bonds are made by the Debt Service Funds. The compensated absences liability will ultimately be liquidated by the General Fund.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
Notes to the Financial Statements
June 30, 2008

General Obligation Bonds.

The following bonds were issued for the purpose of erecting, furnishing, remodeling and making additions to District buildings and improving District grounds. A tax is annually assessed, levied and collected upon all taxable property within the District for the purpose of providing the necessary funds to meet the interest and principal payments as they become due.

<u>Series</u>	<u>Date of Issue</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Balance</u>
1997	04-01-97	600,000	4.75%-5.45%	\$ 75,000
1998	03-01-98	100,000	4.9%-4.9%	100,000
2005	06-15-05	400,000	4.1%-4.25%	400,000
2006	04-16-06	240,000	3.875%-4.0%	240,000
2007	39,173	400,000	4.00%	400,000
				<u>\$ 1,215,000</u>

The annual requirements to amortize the 1997 Series general obligation bonds as of June 30, 2008, including interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	75,000	2,044	77,044
	<u>\$ 75,000</u>	<u>\$ 2,044</u>	<u>\$ 77,044</u>

The annual requirements to amortize the 1998 Series general obligation bonds as of June 30, 2008, including interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	0	4,900	4,900
2010	100,000	2,450	102,450
	<u>\$ 100,000</u>	<u>\$ 7,350</u>	<u>\$ 107,350</u>

The annual requirements to amortize the 2005 Series general obligation bonds as of June 30, 2008, including interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	0	16,845	16,845
2010	0	16,845	16,845
2011	35,000	16,101	51,101
2012	35,000	14,614	49,614
2013	35,000	13,126	48,126
2014-2018	205,000	40,783	245,783
2019-2020	90,000	3,814	93,814
	<u>\$ 400,000</u>	<u>\$ 122,128</u>	<u>\$ 522,128</u>

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
Notes to the Financial Statements
June 30, 2008

The annual requirements to amortize the 2006 Series general obligation bonds as of June 30, 2008, including interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	0	9,450	9,450
2010	0	9,450	9,450
2011	40,000	8,650	48,650
2012	40,000	7,050	47,050
2013	40,000	5,450	45,450
2014-2016	120,000	6,975	126,975
	<u>\$ 240,000</u>	<u>\$ 47,025</u>	<u>\$ 287,025</u>

The annual requirements to amortize the 2007 Series general obligation bonds as of June 30, 2008, including interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	0	16,000	16,000
2010	10,000	16,000	26,000
2011	15,000	15,600	30,600
2012	15,000	15,000	30,000
2013	20,000	14,400	34,400
2013-2018	200,000	55,000	255,000
2019-2020	140,000	9,200	149,200
	<u>\$ 400,000</u>	<u>\$ 141,200</u>	<u>\$ 541,200</u>

Reconciliation of Long-Term Debt disclosed in Note H to the Long-Term Debt reported in the Statement of Net Assets.

Note G	\$ 1,215,000
Net Issue Costs/Premium/Discounts on Bond Issues	(126,398)
Accumulated Amortization	32,469
Statement of Net Assets	<u>\$ 1,121,071</u>
 Government Wide Statements	
Amount Reported as Current Amount Due	\$ 75,000
Amount Reported as Long-Term Due	1,046,071
Statement of Net Assets	<u>\$ 1,121,071</u>

NOTE H: COMMITMENTS

Lake Arthur Municipal Schools in coordination with the Village of Lake Arthur has embarked on an ambitious facility improvement plan that includes the village developing a waste water wetlands treatment system to provide a financial base for permitting village growth and thus promoting an increase number of students enrolling in Lake Arthur Schools. In conjunction with that facet of financial stability in Lake Arthur, the school district has pursued an ambitious program of facility improvements that has led to a completely updated kitchen/cafeteria facility and a projected new athletic field with lights. The district has also been pursuing in conjunction with the associated school districts of the Regional Educational Cooperatives #8 and #9 a joint distance education program that would expand the availability of offerings to all students of the member small rural school districts.

NOTE I: PENSION PLAN

Substantially all of the (name of employer)'s full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges and universities) and beneficiaries. ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to ERB, P.O. Box 26129, Santa Fe, NM 87502. The report is also available on ERB's website at www.nmerb.org.

Plan members are required to contribute 7.42% of their gross salary. The District is required to contribute 10.9% of the gross covered salary. Effective July 1, 2008, plan members are required to contribute 7.9% of their gross salary. The employer contribution will increase .75% each year until July 1, 2011 when the employer contribution will be 13.9%. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2008, 2007, and 2006, were \$291,140, \$252,366 and \$225,148, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE J: RETIREE HEALTH CARE ACT CONTRIBUTIONS

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

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
Notes to the Financial Statements
June 30, 2008

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary.

Employers joining the program after 1/1/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

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

The District's contributions to the RHCA for the years ended June 30, 2008, 2007 and 2006 were \$30,319, \$27,847 and \$26,063, respectively, which equal the required contributions for each year.

NOTE K: RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - all Governmental Fund Types is presented on the budgetary basis to provide a comparison of actual results with the budget. The major differences between the budget basis and GAAP (Generally Accepted Accounting Principles) basis are that:

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
Notes to the Financial Statements
June 30, 2008

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- B. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

The adjustments necessary to convert the results of operations for the year from GAAP basis to the budget basis for the governmental funds are presented on each individual Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).

Reconciliations are located at the bottom of each budget actual.

NOTE L: INSURANCE COVERAGE

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error and omissions; and injuries to employees; and natural disasters. The District, as a New Mexico Public School, is insured through the New Mexico Public Schools Insurance Authority (NMPSIA). Annual premiums are paid by the District to NMPSIA for coverage provided in the following areas:

- Workers Compensation
- Property and Automobile Liability and Physical Damage
- Liability and Civil Rights and Personal Injury
- Contract School Bus Coverage; and
- Crime

NOTE M. SURETY BOND

The officials and certain employees of the District are covered by a surety bond as required by Section 12-6-7, NMSA, 1978 Compilation.

NOTE N: JOINT POWERS AGREEMENTS

The District is a member of a joint powers agreement with the Pecos Valley Regional Education Center No. 8 (PVREC). The joint powers agreement includes Loving, Hagerman, Dexter, and Lake Arthur school districts. The purpose of the agreement is to form an organization to establish and maintain cooperative programs of various federal and state grants.

The REC passed-through \$74,337 to the District for salaries and fringe benefits. As required by SAO 2.2.2.12 C (3) (d), the REC funds were reported as revenues and expenditures in the following special revenue funds:

- 24106 IDEA, Part B, Entitlement
- 24107 IDEA, Part B, Discretionary

The financial statements were prepared by De'Aun Willoughby, CPA. The audit report is available at the PVREC located in Artesia, New Mexico.

The Lake Arthur Municipal Schools is a member of a joint powers agreement with ten other school districts in the Southeastern New Mexico Education Resources Center (SNMERC). Pecos Valley Regional Center Cooperative is the fiscal agent for this group.

**SUPPLEMENTAL INFORMATION RELATED TO
MAJOR FUNDS**

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
 CAPITAL PROJECTS FUND-BOND BUILDING-31100
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Sources				
Sale of Bonds	\$ 0	\$ 0	\$ 0	\$ 0
Total State & Local Sources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Capital Outlay				
Professional & Tech Services	0	419	419	0
Purchased Property Services	512,406	516,260	516,260	0
Property	0	30,090	30,090	0
Total Capital Outlay	<u>512,406</u>	<u>546,769</u>	<u>546,769</u>	<u>0</u>
Total Expenditures	<u>512,406</u>	<u>546,769</u>	<u>546,769</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(512,406)</u>	<u>(546,769)</u>	<u>(546,769)</u>	<u>0</u>
Cash Balance Beginning of Year	<u>546,769</u>	<u>546,769</u>	<u>546,769</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 34,363</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ (546,769)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (546,769)</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
DEBT SERVICE-41000

Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Sources				
Taxes	\$ 98,832	\$ 98,832	\$ 185,154	\$ 86,322
Total State & Local Sources	98,832	98,832	185,154	86,322
Total Revenues	98,832	98,832	185,154	86,322
Expenditures				
Support Services-General				
Administration				
Professional & Tech Services	928	1,028	927	101
Total Support Services- General Administration	928	1,028	927	101
Debt Service				
Debt Service				
Principal	70,000	70,000	70,000	0
Interest	53,155	53,155	53,155	0
Total Debt Service	123,155	123,155	123,155	0
Total Expenditures	124,083	124,183	124,082	101
Excess (Deficiency) of Revenues Over Expenditures	(25,251)	(25,351)	61,072	86,423
Cash Balance Beginning of Year	82,804	82,804	82,804	0
Cash Balance End of Year	\$ 57,553	\$ 57,453	\$ 143,876	\$ 86,423
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 61,072	
Net change in Taxes Receivable			11,670	
Net change in Principal			(5,000)	
Net change in Interest			1,872	
Net change in Deferred Revenue			(283)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ 69,331	

The notes to the financial statements are an integral part of this statement.

**SUPPLEMENTAL INFORMATION RELATED TO
NON MAJOR FUNDS**

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
NONMAJOR GOVERNMENT FUNDS
Combining Balance Sheet - By Fund Type
June 30, 2008

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 39,782	\$ 840	\$ 40,622
Receivables			
Taxes	0	8,021	8,021
Due from Grantor	56,911	0	56,911
Inventory	1,538	0	1,538
Total Assets	<u>\$ 98,231</u>	<u>\$ 8,861</u>	<u>\$ 107,092</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balance	\$ 56,911	\$ 0	\$ 56,911
Payables	0	1,162	1,162
Deferred Revenue	5,644	3,521	9,165
Total Liabilities	<u>62,555</u>	<u>4,683</u>	<u>67,238</u>
Fund Balance			
Reserved for:			
Inventory	\$ 0	\$ 0	\$ 0
Unreserved, Undesignated			
Special Revenue Funds	35,676	0	35,676
Capital Projects Funds	0	4,178	4,178
Total Fund Balance	<u>35,676</u>	<u>4,178</u>	<u>39,854</u>
Total Liabilities and Fund Balance	<u>\$ 98,231</u>	<u>\$ 8,861</u>	<u>\$ 107,092</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures and Changes in
Fund Balance - By Fund Type
For the Year Ended June 30, 2008

	Special Revenue	Capital Projects	Total
Revenues			
Taxes	\$ 0	\$ 60,497	\$ 60,497
Investment Income	36	0	36
Fees	13,899	0	13,899
State Grants	31,174	333,433	364,607
Federal Grants	288,001	0	288,001
Miscellaneous	0	803	803
Total Revenues	<u>333,110</u>	<u>394,733</u>	<u>727,843</u>
Expenditures			
Current			
Instruction	111,970	0	111,970
Support Services- Students	1,172	0	1,172
Support Services-Instruction	23,874	0	23,874
Support Services-General Administration	4,029	274	4,303
Support Services-School Administration	73,903	0	73,903
Central Services	6,866	0	6,866
Operation & Maintenance of Plant	0	31,311	31,311
Food Services Operations	88,872	0	88,872
Capital Outlay	0	363,289	363,289
Total Expenditures	<u>310,686</u>	<u>394,874</u>	<u>705,560</u>
Excess (Deficiency) of Revenues Over Expenditures	22,424	(141)	22,283
Fund Balances at Beginning of Year	<u>13,252</u>	<u>4,319</u>	<u>17,571</u>
Fund Balance End of Year	<u>\$ 35,676</u>	<u>\$ 4,178</u>	<u>\$ 39,854</u>

The notes to the financial statements are an integral part of this statement.

NONMAJOR SPECIAL REVENUE FUNDS

Food Services (21000)

To account for revenue and expenditures associated with the school breakfast and lunch program. Funding is provided from fees from patrons and USDA food reimbursements. Authority for creation of this fund is NMSA 22-13-13.

Athletics (22000)

To account for revenue and expenditures associated with the District's budgeted athletic activities. (NMAC 6.20.2).

Migrant (24103)

To account for a program funded by a federal grant whose purpose is to implement school wide bilingual education programs of special alternative instruction programs to improve, reform and upgrade relevant programs and operations within an entire local educational agency, that serve a significant number of children and youth of limited English proficiency in local educational agencies with significant concentrations of such children and youth. The fund was created by the authority of federal grant provisions. (Title VII, Section 7115 of the ESEA (20USC 7425)).

Entitlement (24106)

To account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by the Individuals with Disabilities Education Act, Part B, Sections 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U. S. C. 1411-1420. The fund was created by the authority of federal grant provisions.

Discretionary (24107)

To account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by the Individuals with Disabilities Education Act, Part B, Sections 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U. S. C. 1411-1420. The fund was created by the authority of federal grant provisions.

Competitive (24108)

To provide grants to States to assist them in providing a free appropriate public education to all children with disabilities. Individuals with Disabilities Education Act (IDEA), Part B, Section 611-617, and part D, Section 674 as amended, 20 U. S. C. 1411-1417 and 1420. The fund was created by the authority of federal grant provisions.

Preschool (24109)

To account for a program funded by a Federal grant to assist the District in providing a free appropriate public education to preschool disabled children aged three through five years. Funding authorized by the Individuals with Disabilities Education Act, Part B, Section 619, as amended, Public Laws 94-142, 99-457, 100-630, 101-497, 101-476, and 102-119. The fund was created by the authority of federal grant provisions.

Enhancing Education Through Education (24133)

To account for a Federal grant designed to strengthen teacher learning in the field of technology. The fund was created by the authority of federal grant provisions. (PL 103-382).

NONMAJOR SPECIAL REVENUE FUNDS

Title V-A (24150)

To account for monies received to improve elementary and secondary education for children attending both public and private schools. The fund was created by grant provisions. (PL 103-382).

Title II (24154)

To provide grants to State Education Agencies (SEAs) on a formula basis to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in student academic achievement. Elementary and Secondary Education Act of 1965, as amended, Title II, Part A (PL 107-110).

Safe & Drug Free Schools & Community (24157)

To offer a disciplined environment conducive to learning, by preventing violence in and around schools and strengthen programs that prevent the illegal use of alcohol, tobacco, and drugs, involve parents, and coordinated with related Federal, State, and community efforts and resources. Elementary and Secondary Education Act, Title IV, Part A, Subpart 1, as amended. 20 USC 7111-7118.

Reading First (24167).

The purpose of this grant is to ensure that all children can read at grade level or above by the end of third grade. The Reading First program is authorized by Title I, Part B, Subpart 1 of the Elementary and Secondary Education Act of 1965, as amended by the No Child Left Behind Act of 2001 (20 USC 6361 *et seq.*).

Carl Perkins (24180)

To account for funds distributed by the U. S. Department of Education through the State Department of Education to provide services which impact school district vocational programs, educators, and students. This fund was created by the authority of the Carl D. Perkins Vocational and Applied Technology Education Amendments of 1998, Title I, Part B and C and Sections 115 and 116, and Workforce Investment Act, Section 503.

Medicaid (25153)

To account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children. The fund was created by the authority of federal grant provisions. (Title XIX Social Security Act).

REAP (25233)

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

Technology for Education (27117)

To account for funds received from the Technology for Education Grant created by the 1994 State Legislation to establish funding of any costs associated with educational technology. Funding provided by the State of New Mexico. (NMSA 22-15A-1-10).

NONMAJOR SPECIAL REVENUE FUNDS
Incentives for School Improvements (27138)

To account for revenues and expenditures from a state grant as part of the Incentives for School Improvement Act: awarded based on the improvement in CTBS 5/Terra Nova or New Mexico High School Competency Examination scores. The fund was created by state grant provisions. (NMSA 22-13 A-1).

Legislative Approved Laws of NM (27144)

To account for revenues and expenditures from a state grant to provide professional development, library materials and educational technology. Funding provided by the State of New Mexico.

Library GO Bonds 2004 (27145)

To account for revenues and expenditures from a state grant to provide for public school and juvenile detention libraries. The funding made available to update and expand library collections in order to circulate and provide access of materials to students and teachers. Funding provided by the State of New Mexico.

Beginning Teacher Mentoring (27154)

To account for revenues and expenditures from a state grant provided for tutoring and student enhancement activities in reading, math, and study skills for grades six through eight. The fund was created by state grant provisions.

Rural Education Bureau (27160)

To account for revenues and expenditures from a state grant provided for equipment to facilitate for distant learning. The fund was created by state grant provisions.

Student Travel (27165)

To account for funds from the state to be used for curriculum based or service learning out door educational programming and projects, transportation of students to outdoor educational sites, or professional development for teachers and or staff.

Libraries Go Bonds (27170)

To account for revenues and expenditures from a state grant to provide for public school and juvenile detention libraries. The funding made available to update and expand library collections in order to circulate and provide access of materials to students and teachers. Funding provided by the State of New Mexico.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
NONMAJOR SPECIAL REVENUE FUNDS
 Combining Balance Sheet
 June 30, 2008

	Food Service 21000	Athletics 22000	Migrant 24103
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and Cash Equivalents	\$ 10,837	\$ 1,200	\$ 0
Receivables			
Due from Grantor	0	0	10,399
Inventory	1,538	0	0
Total Assets	\$ <u>12,375</u>	\$ <u>1,200</u>	\$ <u>10,399</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Payables	\$ 0	\$ 0	\$ 0
Interfund Balance	0	0	10,399
Deferred Revenue	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>10,399</u>
Fund Balance			
Reserved for Inventory	0	0	0
Unreserved, Undesignated	12,375	1,200	0
Total Fund Balance	<u>12,375</u>	<u>1,200</u>	<u>0</u>
Total Liabilities and Fund Balance	\$ <u>12,375</u>	\$ <u>1,200</u>	\$ <u>10,399</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
NONMAJOR SPECIAL REVENUE FUNDS
 Combining Balance Sheet
 June 30, 2008

	<u>Entitlement</u> 24106	<u>Discretionary</u> 24107	<u>Competitive</u> 24108
ASSETS			
Cash and Cash Equivalents	\$ 289	\$ 0	\$ 1,537
Receivables			
Due from Grantor	0	13,597	0
Inventory	0	0	0
Total Assets	<u>\$ 289</u>	<u>\$ 13,597</u>	<u>\$ 1,537</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Payables	\$ 0	\$ 0	\$ 0
Interfund Balance	0	13,597	0
Deferred Revenue	289	0	1,537
Total Liabilities	<u>289</u>	<u>13,597</u>	<u>1,537</u>
Fund Balance			
Reserved for Inventory	0	0	0
Unreserved, Undesignated	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 289</u>	<u>\$ 13,597</u>	<u>\$ 1,537</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2008

	Preschool 24109	Enhancing Education Through Education 24133	Title V-A 24150
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 2,045	\$ 0
Receivables			
Due from Grantor	610	0	1,153
Inventory	0	0	0
Total Assets	<u>\$ 610</u>	<u>\$ 2,045</u>	<u>\$ 1,153</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Payables	\$ 0	\$ 0	\$ 0
Interfund Balance	610	0	1,153
Deferred Revenue	0	2,045	0
Total Liabilities	<u>610</u>	<u>2,045</u>	<u>1,153</u>
Fund Balance			
Reserved for Inventory	0	0	0
Unreserved, Undesignated	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 610</u>	<u>\$ 2,045</u>	<u>\$ 1,153</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
NONMAJOR SPECIAL REVENUE FUNDS
 Combining Balance Sheet
 June 30, 2008

	Title II 24154	Safe & Drug Free Schools & Community 24157	Reading First 24167
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Due from Grantor	2,734	63	4,083
Inventory	0	0	0
Total Assets	\$ 2,734	\$ 63	\$ 4,083
LIABILITIES AND FUND BALANCE			
Liabilities			
Payables	\$ 0	\$ 0	\$ 0
Interfund Balance	2,734	63	4,083
Deferred Revenue	0	0	0
Total Liabilities	2,734	63	4,083
Fund Balance			
Reserved for Inventory	0	0	0
Unreserved, Undesignated	0	0	0
Total Fund Balance	0	0	0
Total Liabilities and Fund Balance	\$ 2,734	\$ 63	\$ 4,083

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
NONMAJOR SPECIAL REVENUE FUNDS
 Combining Balance Sheet
 June 30, 2008

	<u>Carl Perkins</u> 24180	<u>Medicaid</u> 25153	<u>REAP</u> 25233
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 3,337	\$ 1,773
Receivables			
Due from Grantor	9,933	0	0
Inventory	0	0	0
Total Assets	\$ 9,933	\$ 3,337	\$ 1,773
LIABILITIES AND FUND BALANCE			
Liabilities			
Payables	\$ 0	\$ 0	\$ 0
Interfund Balance	9,933	0	0
Deferred Revenue	0	0	1,773
Total Liabilities	9,933	0	1,773
Fund Balance			
Reserved for Inventory	0	0	0
Unreserved, Undesignated	0	3,337	0
Total Fund Balance	0	3,337	0
Total Liabilities and Fund Balance	\$ 9,933	\$ 3,337	\$ 1,773

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
NONMAJOR SPECIAL REVENUE FUNDS
 Combining Balance Sheet
 June 30, 2008

	<u>Technology for Education 27117</u>	<u>Incentives for School Improvement 27138</u>	<u>Legislative Approved Law of NM 27144</u>
ASSETS			
Cash and Cash Equivalents	\$ 12,070	\$ 3,847	\$ 0
Receivables			
Due from Grantor	0	0	0
Inventory	0	0	0
Total Assets	<u><u>\$ 12,070</u></u>	<u><u>\$ 3,847</u></u>	<u><u>\$ 0</u></u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Payables	\$ 0	\$ 0	\$ 0
Interfund Balance	0	0	0
Deferred Revenue	0	0	0
Total Liabilities	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>
Fund Balance			
Reserved for Inventory	0	0	0
Unreserved, Undesignated	12,070	3,847	0
Total Fund Balance	<u><u>12,070</u></u>	<u><u>3,847</u></u>	<u><u>0</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 12,070</u></u>	<u><u>\$ 3,847</u></u>	<u><u>\$ 0</u></u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2008

	Library GO Bonds 2004 27145	Beginning Teacher Mentoring 27154	Rural Education Bureau 27160
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 2,847	\$ 0
Receivables			
Due from Grantor	3,004	0	0
Inventory	0	0	0
Total Assets	\$ 3,004	\$ 2,847	\$ 0
LIABILITIES AND FUND BALANCE			
Liabilities			
Payables	\$ 0	\$ 0	\$ 0
Interfund Balance	3,004	0	0
Deferred Revenue	0	0	0
Total Liabilities	3,004	0	0
Fund Balance			
Reserved for Inventory	0	0	0
Unreserved, Undesignated	0	2,847	0
Total Fund Balance	0	2,847	0
Total Liabilities and Fund Balance	\$ 3,004	\$ 2,847	\$ 0

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2008

	Student Travel 27165	Libraries GO Bonds 27170	Total
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 39,782
Receivables			
Due from Grantor	2,106	9,229	56,911
Inventory	0	0	1,538
Total Assets	<u>\$ 2,106</u>	<u>\$ 9,229</u>	<u>\$ 98,231</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Payables	\$ 0	\$ 0	\$ 0
Interfund Balance	2,106	9,229	56,911
Deferred Revenue	0	0	5,644
Total Liabilities	<u>2,106</u>	<u>9,229</u>	<u>62,555</u>
Fund Balance			
Reserved for Inventory	0	0	0
Unreserved, Undesignated	0	0	35,676
Total Fund Balance	<u>0</u>	<u>0</u>	<u>35,676</u>
Total Liabilities and Fund Balance	<u>\$ 2,106</u>	<u>\$ 9,229</u>	<u>\$ 98,231</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2008

	Food Service 21000	Athletics 22000	Migrant 24103
Revenues			
Investment Income	30	6	0
Fees	\$ 4,357	\$ 9,542	\$ 0
State Grants	0	0	0
Federal Grants	84,869	0	16,000
Total Revenues	<u>89,256</u>	<u>9,548</u>	<u>16,000</u>
Expenditures			
Current			
Instruction	0	8,886	16,000
Support Services-Students	0	0	0
Support Services-Instruction	0	0	0
Support Services-General Administration	0	0	0
Support Services-School Administration	0	0	0
Central Services	0	0	0
Food Service Operations	88,872	0	0
Total Expenditures	<u>88,872</u>	<u>8,886</u>	<u>16,000</u>
Excess (Deficiency) of Revenues Over Expenditures	384	662	0
Fund Balances at Beginning of Year	<u>11,991</u>	<u>538</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 12,375</u>	<u>\$ 1,200</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2008

	Entitlement 24106	Discretionary 24107	Competitive 24108
Revenues			
Investment Income	0	0	0
Fees	\$ 0	\$ 0	\$ 0
State Grants	0	0	0
Federal Grants	32,667	36,011	0
Total Revenues	<u>32,667</u>	<u>36,011</u>	<u>0</u>
Expenditures			
Current			
Instruction	28,514	12,281	0
Support Services-Students	0	0	0
Support Services-Instruction	0	13,538	0
Support Services-General Administration	0	0	0
Support Services-School Administration	4,153	3,326	0
Central Services	0	6,866	0
Food Service Operations	0	0	0
Total Expenditures	<u>32,667</u>	<u>36,011</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
 NONMAJOR SPECIAL REVENUE FUNDS
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balance
 For the Year Ended June 30, 2008

	Preschool 24109	Enhancing Education Through Education 24133	Title V-A 24150
Revenues			
Investment Income	0	0	0
Fees	\$ 0	\$ 0	\$ 0
State Grants	0	0	0
Federal Grants	2,153	0	1,153
Total Revenues	<u>2,153</u>	<u>0</u>	<u>1,153</u>
Expenditures			
Current			
Instruction	2,153	0	0
Support Services-Students	0	0	1,153
Support Services-Instruction	0	0	0
Support Services-General Administration	0	0	0
Support Services-School Administration	0	0	0
Central Services	0	0	0
Food Service Operations	0	0	0
Total Expenditures	<u>2,153</u>	<u>0</u>	<u>1,153</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2008

	Title II 24154	Safe & Drug Free Schools & Community 24157	Reading First 24167
Revenues			
Investment Income	0	0	0
Fees	\$ 0	\$ 0	\$ 0
State Grants	0	0	0
Federal Grants	17,372	1,107	69,979
Total Revenues	<u>17,372</u>	<u>1,107</u>	<u>69,979</u>
Expenditures			
Current			
Instruction	17,049	1,107	7,129
Support Services-Students	19	0	0
Support Services-Instruction	57	0	0
Support Services-General Administration	210	0	963
Support Services-School Administration	37	0	61,887
Central Services	0	0	0
Food Service Operations	0	0	0
Total Expenditures	<u>17,372</u>	<u>1,107</u>	<u>69,979</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2008

	Carl Perkins 24180	Medicaid 25153	REAP 25233
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Investment Income	0	0	0
Fees	\$ 0	\$ 0	\$ 0
State Grants	0	0	0
Federal Grants	18,957	3,382	4,351
Total Revenues	<u>18,957</u>	<u>3,382</u>	<u>4,351</u>
Expenditures			
Current			
Instruction	10,551	45	4,351
Support Services-Students	0	0	0
Support Services-Instruction	1,050	0	0
Support Services-General Administration	2,856	0	0
Support Services-School Administration	4,500	0	0
Central Services	0	0	0
Food Service Operations	0	0	0
Total Expenditures	<u>18,957</u>	<u>45</u>	<u>4,351</u>
Excess (Deficiency) of Revenues Over Expenditures	0	3,337	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 3,337</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2008

	Technology for Education 27117	Incentives for School Improvement 27138	Legislative Approved Law of NM 27144
Revenues			
Investment Income	0	0	0
Fees	\$ 0	\$ 0	\$ 0
State Grants	12,061	3,133	0
Federal Grants	0	0	0
Total Revenues	<u>12,061</u>	<u>3,133</u>	<u>0</u>
Expenditures			
Current			
Instruction	0	0	0
Support Services-Students	0	0	0
Support Services-Instruction	0	0	0
Support Services-General Administration	0	0	0
Support Services-School Administration	0	0	0
Central Services	0	0	0
Food Service Operations	0	0	0
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	12,061	3,133	0
Fund Balances at Beginning of Year	<u>9</u>	<u>714</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 12,070</u>	<u>\$ 3,847</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2008

	Library Go Bonds 2004 27145	Beginning Teacher Mentoring 27154	Rural Education Bureau 27160
Revenues			
Investment Income	0	0	0
Fees	\$ 0	\$ 0	\$ 0
State Grants	0	4,645	0
Federal Grants	0	0	0
Total Revenues	<u>0</u>	<u>4,645</u>	<u>0</u>
Expenditures			
Current			
Instruction	0	1,798	0
Support Services-Students	0	0	0
Support Services-Instruction	0	0	0
Support Services-General Administration	0	0	0
Support Services-School Administration	0	0	0
Central Services	0	0	0
Food Service Operations	0	0	0
Total Expenditures	<u>0</u>	<u>1,798</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	2,847	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 2,847</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2008

	Student Travel 27165	Libraries GO Bonds 27170	Total
Revenues			
Investment Income	0	0	36
Fees	\$ 0	\$ 0	\$ 13,899
State Grants	2,106	9,229	31,174
Federal Grants	0	0	288,001
Total Revenues	2,106	9,229	333,110
Expenditures			
Current			
Instruction	2,106	0	111,970
Support Services-Students	0	0	1,172
Support Services-Instruction	0	9,229	23,874
Support Services-General Administration	0	0	4,029
Support Services-School Administration	0	0	73,903
Central Services	0	0	6,866
Food Service Operations	0	0	88,872
Total Expenditures	2,106	9,229	310,686
Excess (Deficiency) of Revenues Over Expenditures	0	0	22,424
Fund Balances at Beginning of Year	0	0	13,252
Fund Balance End of Year	\$ 0	\$ 0	\$ 35,676

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-FOOD SERVICE-21000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Sources				
Fees	\$ 3,950	\$ 3,950	\$ 4,357	\$ 407
Investment Income	20	20	30	10
Total State & Local Sources	<u>3,970</u>	<u>3,970</u>	<u>4,387</u>	<u>417</u>
Federal Sources				
Federal Grant	86,000	86,000	84,869	(1,131)
Total Federal Sources	<u>86,000</u>	<u>86,000</u>	<u>84,869</u>	<u>(1,131)</u>
Total Revenues	<u>89,970</u>	<u>89,970</u>	<u>89,256</u>	<u>(714)</u>
Expenditures				
Food Service Operations				
Personnel Services	26,685	25,735	22,890	2,845
Employee Benefits	13,648	13,648	7,669	5,979
Professional & Tech Services	0	915	912	3
Other Purchased Services	0	55	55	0
Supplies	51,375	60,442	57,718	2,724
Total Food Service Operations	<u>91,708</u>	<u>100,795</u>	<u>89,244</u>	<u>11,551</u>
Total Expenditures	<u>91,708</u>	<u>100,795</u>	<u>89,244</u>	<u>11,551</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,738)	(10,825)	12	10,837
Cash Balance Beginning of Year	<u>10,825</u>	<u>10,825</u>	<u>10,825</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 9,087</u>	<u>\$ 0</u>	<u>\$ 10,837</u>	<u>\$ 10,837</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 12	
Net change in Accounts Payable			372	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 384</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-ATHLETICS-22000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Sources				
Fees	\$ 4,500	\$ 8,957	\$ 9,542	\$ 585
Investment Income	16	16	6	(10)
Total State & Local Sources	<u>4,516</u>	<u>8,973</u>	<u>9,548</u>	<u>575</u>
Total Revenues	<u>4,516</u>	<u>8,973</u>	<u>9,548</u>	<u>575</u>
Expenditures				
Instruction				
Professional & Tech Services	0	403	403	0
Purchased Services	<u>5,028</u>	<u>9,092</u>	<u>8,483</u>	<u>609</u>
Total Instruction	<u>5,028</u>	<u>9,495</u>	<u>8,886</u>	<u>609</u>
Total Expenditures	<u>5,028</u>	<u>9,495</u>	<u>8,886</u>	<u>609</u>
Excess (Deficiency) of Revenues Over Expenditures	(512)	(522)	662	1,184
Cash Balance Beginning of Year	<u>538</u>	<u>538</u>	<u>538</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 26</u>	<u>\$ 16</u>	<u>\$ 1,200</u>	<u>\$ 1,184</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ 662</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 662</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-MIGRANT-24103
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Sources				
Federal Grant	\$ 14,175	\$ 16,000	\$ 5,601	\$ (10,399)
Total Federal Sources	<u>14,175</u>	<u>16,000</u>	<u>5,601</u>	<u>(10,399)</u>
Total Revenues	<u>14,175</u>	<u>16,000</u>	<u>5,601</u>	<u>(10,399)</u>
Expenditures				
Instruction				
Personnel Services	6,935	10,055	10,055	0
Employee Benefits	5,414	5,945	5,945	0
Other Purchased Services	<u>1,826</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Instruction	<u>14,175</u>	<u>16,000</u>	<u>16,000</u>	<u>0</u>
Total Expenditures	<u>14,175</u>	<u>16,000</u>	<u>16,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(10,399)	(10,399)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (10,399)</u>	<u>\$ (10,399)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (10,399)	
Net change in Accounts Receivable			<u>10,399</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-ENTITLEMENT-24106
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Sources				
Federal Grant	\$ 42,955	\$ 42,570	\$ 42,859	\$ 289
Total Federal Sources	<u>42,955</u>	<u>42,570</u>	<u>42,859</u>	<u>289</u>
Total Revenues	<u>42,955</u>	<u>42,570</u>	<u>42,859</u>	<u>289</u>
Expenditures				
Instruction				
Personnel Services	14,168	15,141	15,141	0
Employee Benefits	13,631	13,373	13,373	0
Total Instruction	<u>27,799</u>	<u>28,514</u>	<u>28,514</u>	<u>0</u>
Support Services-School Administration				
Personnel Services	5,253	3,268	3,268	0
Employee Benefits	0	885	885	0
Total Support Services-School	<u>5,253</u>	<u>4,153</u>	<u>4,153</u>	<u>0</u>
Total Expenditures	<u>33,052</u>	<u>32,667</u>	<u>32,667</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	9,903	9,903	10,192	289
Cash Balance Beginning of Year	<u>(9,903)</u>	<u>(9,903)</u>	<u>(9,903)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 289</u>	<u>\$ 289</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 10,192	
Net change in Accounts Receivable			(9,903)	
Net change in Deferred Revenue			(289)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 289</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-DISCRETIONARY-24107
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Sources				
Federal Grant	\$ 45,540	\$ 45,554	\$ 31,478	\$ (14,076)
Total Federal Sources	<u>45,540</u>	<u>45,554</u>	<u>31,478</u>	<u>(14,076)</u>
Total Revenues	<u>45,540</u>	<u>45,554</u>	<u>31,478</u>	<u>(14,076)</u>
Expenditures				
Instruction				
Personnel Services	6,935	6,935	6,935	0
Employee Benefits	<u>5,549</u>	<u>5,549</u>	<u>5,347</u>	<u>202</u>
Total Instruction	<u>12,484</u>	<u>12,484</u>	<u>12,282</u>	<u>202</u>
Support Services-Instruction				
Personnel Services	10,468	10,468	10,468	0
Employee Benefits	<u>3,199</u>	<u>3,199</u>	<u>3,069</u>	<u>130</u>
Total Support Services-	<u>13,667</u>	<u>13,667</u>	<u>13,537</u>	<u>130</u>
Support Services-School				
Personnel Services	2,566	2,580	2,580	0
Employee Benefits	<u>795</u>	<u>795</u>	<u>746</u>	<u>49</u>
Total Support Services-School	<u>3,361</u>	<u>3,375</u>	<u>3,326</u>	<u>49</u>
Central Services				
Personnel Services	4,912	4,912	4,912	0
Employee Benefits	<u>2,052</u>	<u>2,052</u>	<u>1,954</u>	<u>98</u>
Total Central Services	<u>6,964</u>	<u>6,964</u>	<u>6,866</u>	<u>98</u>
Total Expenditures	<u>36,476</u>	<u>36,490</u>	<u>36,011</u>	<u>479</u>
Excess (Deficiency) of Revenues Over Expenditures	9,064	9,064	(4,533)	(13,597)
Cash Balance Beginning of Year	<u>(9,064)</u>	<u>(9,064)</u>	<u>(9,064)</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(13,597)</u>	\$ <u>(13,597)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (4,533)	
Net change in Accounts Receivable			<u>4,533</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-COMPETITIVE-24108
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures				
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	1,537	1,537	1,537	0
Cash Balance End of Year	\$ 0	\$ 0	\$ 1,537	\$ 0
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ 0	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-PRESCHOOL-24109
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Sources				
Federal Grant	\$ 2,512	\$ 2,512	\$ 1,543	\$ (969)
Total Federal Sources	<u>2,512</u>	<u>2,512</u>	<u>1,543</u>	<u>(969)</u>
Total Revenues	<u>2,512</u>	<u>2,512</u>	<u>1,543</u>	<u>(969)</u>
Expenditures				
Instruction				
Supplies	<u>2,512</u>	<u>2,512</u>	<u>2,153</u>	<u>359</u>
Total Instruction	<u>2,512</u>	<u>2,512</u>	<u>2,153</u>	<u>359</u>
Total Expenditures	<u>2,512</u>	<u>2,512</u>	<u>2,153</u>	<u>359</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(610)	(610)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (610)</u>	<u>\$ (610)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (610)	
Net change in Accounts Receivable			<u>610</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-ENHANCING EDUCATION THROUGH EDUCATION-24133
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures				
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	2,045	2,045	2,045	0
Cash Balance End of Year	\$ 0	\$ 0	\$ 2,045	\$ 0
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ 0	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-TITLE V-A-24150
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Sources				
Federal Grant	\$ 2,087	\$ 2,120	\$ 967	\$ (1,153)
Total Federal Sources	<u>2,087</u>	<u>2,120</u>	<u>967</u>	<u>(1,153)</u>
Total Revenues	<u>2,087</u>	<u>2,120</u>	<u>967</u>	<u>(1,153)</u>
Expenditures				
Support Services				
Professional & Tech Services	1,120	1,153	1,153	0
Total Support Services	<u>1,120</u>	<u>1,153</u>	<u>1,153</u>	<u>0</u>
Total Expenditures	<u>1,120</u>	<u>1,153</u>	<u>1,153</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	967	967	(186)	(1,153)
Cash Balance Beginning of Year	<u>(967)</u>	<u>(967)</u>	<u>(967)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1,153)</u>	<u>\$ (1,153)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (186)	
Net change in Due from Grantor			186	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-TITLE II-24154
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Sources				
Federal Grant	\$ 33,633	\$ 32,454	\$ 29,720	\$ (2,734)
Total Federal Sources	<u>33,633</u>	<u>32,454</u>	<u>29,720</u>	<u>(2,734)</u>
Total Revenues	<u>(18,552)</u>	<u>32,454</u>	<u>29,720</u>	<u>(2,734)</u>
Expenditures				
Instruction				
Employee Benefits	0	250	250	0
Professional & Tech Services	0	1,750	1,750	0
Other Purchased Services	14,000	14,943	14,943	0
Supplies	4,552	107	107	0
Total Instruction	<u>18,552</u>	<u>17,050</u>	<u>17,050</u>	<u>0</u>
Support Services-Students				
Other Purchased Services	0	19	19	0
Support Services-Students	<u>0</u>	<u>19</u>	<u>19</u>	<u>0</u>
Support Services-Instruction				
Other Purchased Services	0	57	57	0
Total Support Services-	<u>0</u>	<u>57</u>	<u>57</u>	<u>0</u>
Support Services-General				
Other Purchased Services	0	210	210	0
Total Support Services-General	<u>0</u>	<u>210</u>	<u>210</u>	<u>0</u>
Support Services-School				
Other Purchased Services	0	37	37	0
Total Support Services-School	<u>0</u>	<u>37</u>	<u>37</u>	<u>0</u>
Total Expenditures	<u>18,552</u>	<u>17,373</u>	<u>17,373</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	(37,104)	15,081	12,347	(2,734)
Cash Balance Beginning of Year	<u>(15,081)</u>	<u>(15,081)</u>	<u>(15,081)</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(2,734)</u>	\$ <u>(2,734)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 12,347	
Net change in Accounts Receivable			<u>(12,347)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-SAFE & DRUG FREE SCHOOLS & COMMUNITY-24157
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Sources				
Federal Grant	\$ 1,826	\$ 1,809	\$ 1,743	\$ (66)
Total Federal Sources	<u>1,826</u>	<u>1,809</u>	<u>1,743</u>	<u>(66)</u>
Total Revenues	<u>1,826</u>	<u>1,809</u>	<u>1,743</u>	<u>(66)</u>
Expenditures				
Instruction				
Personnel Services	1,126	1,109	1,106	0
Total Instruction	<u>1,126</u>	<u>1,109</u>	<u>1,106</u>	<u>0</u>
Total Expenditures	<u>1,126</u>	<u>1,109</u>	<u>1,106</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	700	700	637	(63)
Cash Balance Beginning of Year	<u>(700)</u>	<u>(700)</u>	<u>(700)</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(63)</u>	\$ <u>(63)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 637	
Net change in Accounts Receivable			<u>(637)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-READING FIRST-24167
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Sources				
Federal Grant	\$ 45,815	\$ 100,222	\$ 84,363	\$ (15,859)
Total Federal Sources	<u>45,815</u>	<u>100,222</u>	<u>84,363</u>	<u>(15,859)</u>
Total Revenues	<u>45,815</u>	<u>100,222</u>	<u>84,363</u>	<u>(15,859)</u>
Expenditures				
Instruction				
Employee Benefits	15,725	3,555	274	3,281
Professional & Tech Services	11,623	11,623	4,420	7,203
Other Purchased Services	0	2,436	2,436	0
Supplies	0	0	0	0
Total Instruction	<u>27,348</u>	<u>17,614</u>	<u>7,130</u>	<u>10,484</u>
Support Services-General				
Other Purchased Services	0	963	963	0
Total Support Services-General	<u>0</u>	<u>963</u>	<u>963</u>	<u>0</u>
Support Services-School Administration				
Personnel Services	0	50,680	49,388	1,292
Employee Benefits	0	12,198	12,198	0
Other Purchased Services	0	300	300	0
Support Services School	<u>0</u>	<u>63,178</u>	<u>61,886</u>	<u>1,292</u>
Total Expenditures	<u>27,348</u>	<u>81,755</u>	<u>69,979</u>	<u>11,776</u>
Excess (Deficiency) of Revenues Over Expenditures	18,467	18,467	14,384	(4,083)
Cash Balance Beginning of Year	<u>(18,467)</u>	<u>(18,467)</u>	<u>(18,467)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (4,083)</u>	<u>\$ (4,083)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 14,384	
Net change in Accounts Receivable			<u>(14,384)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-CARL PERKINS-24180
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Sources				
Federal Grant	\$ 34,018	\$ 53,569	\$ 43,042	\$ (10,527)
Total Federal Sources	<u>34,018</u>	<u>53,569</u>	<u>43,042</u>	<u>(10,527)</u>
Total Revenues	<u>34,018</u>	<u>53,569</u>	<u>43,042</u>	<u>(10,527)</u>
Expenditures				
Instruction				
Personnel Services	0	850	850	0
Employee Benefits	0	65	65	0
Professional & Tech Services	0	200	200	0
Other Purchased Services	0	8,810	8,810	0
Supplies	0	626	626	0
Total Instruction	<u>0</u>	<u>10,551</u>	<u>10,551</u>	<u>0</u>
Support Services-Instruction				
Other Purchased Services	0	1,500	1,050	450
Total Support Services- Instruction	<u>0</u>	<u>1,500</u>	<u>1,050</u>	<u>450</u>
Support Services-General Administration				
Other Purchased Services	0	3,000	2,856	144
Support Services-General Administration	<u>0</u>	<u>3,000</u>	<u>2,856</u>	<u>144</u>
Support Services-School Administration				
Other Purchased Services	0	4,500	4,500	0
Support Services-School Administration	<u>0</u>	<u>4,500</u>	<u>4,500</u>	<u>0</u>
Total Expenditures	\$ <u>0</u>	\$ <u>19,551</u>	\$ <u>18,957</u>	\$ <u>594</u>

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-CARL PERKINS-24180
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

<hr/>				
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 34,018	\$ 34,018	\$ 24,085	\$ (9,933)
Cash Balance Beginning of Year	<u>(34,018)</u>	<u>(34,018)</u>	<u>(34,018)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (9,933)</u>	<u>\$ (9,933)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 24,085	
Net change in Due from Grantor			<u>(24,085)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-MEDICAID-25153
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Sources				
Federal Grant	\$ 1,213	\$ 3,768	\$ 4,595	\$ 827
Total Federal Sources	<u>1,213</u>	<u>3,768</u>	<u>4,595</u>	<u>827</u>
Total Revenues	<u>1,213</u>	<u>3,768</u>	<u>4,595</u>	<u>827</u>
Expenditures				
Instruction				
Supplies	0	50	45	5
Property	<u>0</u>	<u>2,505</u>	<u>0</u>	<u>2,505</u>
Total Instruction	<u>0</u>	<u>2,555</u>	<u>45</u>	<u>2,510</u>
Total Expenditures	<u>0</u>	<u>2,555</u>	<u>45</u>	<u>2,510</u>
Excess (Deficiency) of Revenues Over Expenditures	1,213	1,213	4,550	3,337
Cash Balance Beginning of Year	<u>(1,213)</u>	<u>(1,213)</u>	<u>(1,213)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,337</u>	<u>\$ 3,337</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 4,550	
Net change in Accounts Receivable			<u>(1,213)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 3,337</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-REAP-25233
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Sources				
Federal Grant	\$ 4,029	\$ 8,900	\$ 5,853	\$ (3,047)
Total Federal Sources	<u>4,029</u>	<u>8,900</u>	<u>5,853</u>	<u>(3,047)</u>
Total Revenues	<u>4,029</u>	<u>8,900</u>	<u>5,853</u>	<u>(3,047)</u>
Expenditures				
Instruction				
Personnel Services	3,585	3,585	1,500	2,085
Employee Benefits	715	1,253	321	932
Other Purchased Services	0	4,333	2,530	1,803
Total Instruction	<u>4,300</u>	<u>9,171</u>	<u>4,351</u>	<u>4,820</u>
Total Expenditures	<u>4,300</u>	<u>9,171</u>	<u>4,351</u>	<u>4,820</u>
Excess (Deficiency) of Revenues Over Expenditures	(271)	(271)	1,502	1,773
Cash Balance Beginning of Year	<u>271</u>	<u>271</u>	<u>271</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,773</u>	<u>\$ 1,773</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 1,502	
Net change in Deferred Revenue			<u>(1,502)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-TECHNOLOGY FOR EDUCATION-27117
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Sources				
Federal Grant	\$ 0	\$ 0	\$ 12,061	\$ 12,061
Total Federal Sources	<u>0</u>	<u>0</u>	<u>12,061</u>	<u>12,061</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>12,061</u>	<u>12,061</u>
Expenditures				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	12,061	12,061
Cash Balance Beginning of Year	<u>9</u>	<u>9</u>	<u>9</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 9</u>	<u>\$ 9</u>	<u>\$ 12,070</u>	<u>\$ 12,061</u>

Reconciliation of Budgetary Basis to GAAP Basis

Excess (Deficiency) of Revenues Over Expenditures-Cash Basis	\$ (12,061)
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis	<u>\$ (12,061)</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-INCENTIVES FOR SCHOOL IMPROVEMENTS-27138
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Sources				
State Grants	\$ 0	\$ 0	\$ 3,133	\$ 3,133
Total Federal Sources	<u>0</u>	<u>0</u>	<u>3,133</u>	<u>3,133</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>3,133</u>	<u>3,133</u>
Expenditures				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	3,133	3,133
Cash Balance Beginning of Year	<u>714</u>	<u>714</u>	<u>714</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 714</u>	<u>\$ 714</u>	<u>\$ 3,847</u>	<u>\$ 3,133</u>

Reconciliation of Budgetary Basis to GAAP Basis

Excess (Deficiency) of Revenues Over Expenditures-Cash Basis	\$ <u>3,133</u>
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis	\$ <u><u>3,133</u></u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
 SPECIAL REVENUE FUND-LEGISLATIVE APPROVED LAWS OF NEW MEXICO-27144
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures				
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	0	0	0	0
Cash Balance End of Year	\$ 0	\$ 0	\$ 0	\$ 0

Reconciliation of Budgetary Basis to GAAP Basis

Excess (Deficiency) of Revenues Over Expenditures-Cash Basis	\$ 0
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis	\$ 0

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-LIBRARY GO BONDS-27145
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Sources				
Federal Grant	\$ 3,004	\$ 3,004	\$ 0	\$ (3,004)
Total Federal Sources	<u>3,004</u>	<u>3,004</u>	<u>0</u>	<u>(3,004)</u>
Total Revenues	<u>3,004</u>	<u>3,004</u>	<u>0</u>	<u>(3,004)</u>
Expenditures				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	3,004	3,004	0	(3,004)
Cash Balance Beginning of Year	<u>(3,004)</u>	<u>(3,004)</u>	<u>(3,004)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (3,004)</u>	<u>\$ (3,004)</u>

Reconciliation of Budgetary Basis to GAAP Basis

Excess (Deficiency) of Revenues Over Expenditures-Cash Basis	\$ <u>0</u>
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis	\$ <u>0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-BEGINNING TEACHER MENTORING-27154
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Sources				
Federal Grant	\$ 1,831	\$ 3,629	\$ 6,476	\$ 2,847
Total Federal Sources	<u>1,831</u>	<u>3,629</u>	<u>6,476</u>	<u>2,847</u>
Total Revenues	<u>1,831</u>	<u>3,629</u>	<u>6,476</u>	<u>2,847</u>
Expenditures				
Instruction				
Personnel Services	0	1,500	1,500	0
Employee Benefits	0	298	298	0
Total Instruction	<u>0</u>	<u>1,798</u>	<u>1,798</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>1,798</u>	<u>1,798</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	1,831	1,831	4,678	2,847
Cash Balance Beginning of Year	<u>(1,831)</u>	<u>(1,831)</u>	<u>(1,831)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,847</u>	<u>\$ 2,847</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 4,678	
Net change in Accounts Receivable			<u>(1,831)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 2,847</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-RURAL EDUCATION BUREAU-27160
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Sources				
Federal Grant	\$ 10,000	\$ 10,000	\$ 10,000	\$ 0
Total Federal Sources	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>0</u>
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>0</u>
Expenditures				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	10,000	10,000	10,000	0
Cash Balance Beginning of Year	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Reconciliation of Budgetary Basis to GAAP Basis

Excess (Deficiency) of Revenues Over Expenditures-Cash Basis	\$ 10,000
Net change in Due from Grantor	<u>(10,000)</u>
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-STUDENT TRAVEL-27165
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Sources				
Federal Grant	\$ 0	\$ 2,106	\$ 0	\$ (2,106)
Total Federal Sources	<u>0</u>	<u>2,106</u>	<u>0</u>	<u>(2,106)</u>
Total Revenues	<u>0</u>	<u>2,106</u>	<u>0</u>	<u>(2,106)</u>
Expenditures				
Instruction				
Supplies	0	2,106	2,106	0
Total Instruction	<u>0</u>	<u>2,106</u>	<u>2,106</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>2,106</u>	<u>2,106</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(2,106)	(2,106)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (2,106)</u>	<u>\$ (2,106)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (2,106)	
Net change in Due from Grantor			<u>2,106</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-LIBRARIES GO BONDS-27170
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Sources				
Federal Grant	\$ 0	\$ 9,256	\$ 0	\$ (9,256)
Total Federal Sources	<u>0</u>	<u>9,256</u>	<u>0</u>	<u>(9,256)</u>
Total Revenues	<u>0</u>	<u>9,256</u>	<u>0</u>	<u>(9,256)</u>
Expenditures				
Support Services-Instruction				
Supplies	<u>0</u>	<u>9,256</u>	<u>9,229</u>	<u>27</u>
Total Instruction	<u>0</u>	<u>9,256</u>	<u>9,229</u>	<u>27</u>
Total Expenditures	<u>0</u>	<u>9,256</u>	<u>9,229</u>	<u>27</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(9,229)	(9,283)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (9,229)</u>	<u>\$ (9,283)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (9,229)	
Net change in Due from Grantor			<u>9,229</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

NONMAJOR CAPITAL PROJECTS FUNDS

Public School Capital Outlay (31200)

The revenues are derived from a state legislative grant. The expenditures are restricted to capital improvements.

Special Capital Outlay-State (31400)

To account for special appropriations monies received from the State of New Mexico under Chapter 4, Laws of 1996 for the purpose of upgrading buildings.

Senate Bill Nine-(31700)

The revenues are derived from a district tax levy and matched by the state. Expenditures are restricted to capital improvements.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
NONMAJOR CAPITAL PROJECTS FUNDS
Combining Balance Sheet
June 30, 2008

	Special Capital Outlay 31200	Special School Capital Outlay-State 31400	Senate Bill Nine 31700	Total
ASSETS				
Cash and Cash Equivalents	\$ 0	\$ 63	\$ 777	840
Receivables				
Taxes	0	0	8,021	8,021
Total Assets	<u>0</u>	<u>63</u>	<u>8,798</u>	<u>8,021</u>
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts Payables	0	0	1,162	1,162
Deferred Revenue	0	0	3,521	3,521
Total Liabilities	<u>0</u>	<u>0</u>	<u>4,683</u>	<u>4,683</u>
Fund Balance				
Reserved for Capital Improvements	0	63	4,115	4,178
Total Fund Balance	<u>0</u>	<u>63</u>	<u>4,115</u>	<u>4,178</u>
Total Liabilities and Fund Balance	\$ <u>0</u>	\$ <u>63</u>	\$ <u>8,798</u>	\$ <u>8,861</u>

The notes to the financial statements are an

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
CAPITAL PROJECTS FUND-PUBLIC SCHOOL CAPITAL OUTLAY-31200
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Sources				
Special Capital Outlay	\$ 96,139	\$ 96,139	\$ 96,139	\$ 0
Total State Sources	<u>96,139</u>	<u>96,139</u>	<u>96,139</u>	<u>0</u>
Total Revenues	<u>96,139</u>	<u>96,139</u>	<u>96,139</u>	<u>0</u>
Expenditures				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	96,139	96,139	96,139	0
Cash Balance Beginning of Year	<u>(96,139)</u>	<u>(96,139)</u>	<u>(96,139)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 96,139	
Net change in Due from Grantor			<u>(96,139)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
NONMAJOR CAPITAL PROJECTS FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2008

	Special Capital Outlay 31200	Special School Capital Outlay-State 31400	Senate Bill Nine 31700	Total
Revenues				
State & Local Sources				
Taxes	\$ 0	\$ 0	\$ 60,497	\$ 60,497
State Grants	0	321,861	11,572	333,433
Miscellaneous	0	0	803	803
Total State & Local Sources	<u>0</u>	<u>321,861</u>	<u>72,872</u>	<u>394,733</u>
Total Revenues	<u>0</u>	<u>321,861</u>	<u>72,872</u>	<u>394,733</u>
Expenditures				
Current				
Support Services-General Administration	0	0	274	274
Operation & Maintenance of Plant	0	0	31,311	31,311
Capital Outlay	0	321,961	41,328	363,289
Total Expenditures	<u>0</u>	<u>321,961</u>	<u>72,913</u>	<u>394,874</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(100)	(41)	(141)
Fund Balances at Beginning of Year	<u>0</u>	<u>163</u>	<u>4,156</u>	<u>4,319</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 63</u>	<u>\$ 4,115</u>	<u>\$ 4,178</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
 CAPITAL PROJECT FUND-SPECIAL CAPITAL OUTLAY-STATE-31400
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Sources				
State Grant	\$ 357,998	\$ 357,998	\$ 321,861	\$ (36,137)
Total State & Local Sources	<u>357,998</u>	<u>357,998</u>	<u>321,861</u>	<u>(36,137)</u>
Total Revenues	<u>357,998</u>	<u>357,998</u>	<u>321,861</u>	<u>(36,137)</u>
Expenditures				
Support Services				
Purchased Property	358,000	345,178	309,139	36,039
Property	0	12,822	12,822	0
Total Support Services	<u>358,000</u>	<u>358,000</u>	<u>321,961</u>	<u>36,039</u>
Total Expenditures	<u>358,000</u>	<u>358,000</u>	<u>321,961</u>	<u>36,039</u>
Excess (Deficiency) of Revenues Over Expenditures	(2)	(2)	(100)	(98)
Cash Balance Beginning of Year	<u>163</u>	<u>163</u>	<u>163</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 161</u>	<u>\$ 161</u>	<u>\$ 63</u>	<u>\$ (98)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (100)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (100)</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
 CAPITAL PROJECT FUND-SENATE BILL NINE-31700
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Sources				
Taxes	\$ 42,830	\$ 53,292	\$ 57,907	\$ 4,615
State Grant	17,196	16,290	11,572	(4,718)
Miscellaneous	0	0	803	803
Total State & Local Sources	<u>60,026</u>	<u>69,582</u>	<u>70,282</u>	<u>700</u>
Total Revenues	<u>60,026</u>	<u>69,582</u>	<u>70,282</u>	<u>700</u>
Expenditures				
Support Services-General Administration				
Professional & Tech Services	<u>100</u>	<u>350</u>	<u>274</u>	<u>76</u>
Total Support Services-General Administration	<u>100</u>	<u>350</u>	<u>274</u>	<u>76</u>
Operation & Maintenance of Plant				
Supplies	<u>15,000</u>	<u>6,035</u>	<u>6,035</u>	<u>0</u>
Total Operation & Maintenance of Plant	<u>15,000</u>	<u>6,035</u>	<u>6,035</u>	<u>0</u>
Capital Outlay				
Purchased Property Services	25,000	38,489	38,489	0
Property	<u>23,326</u>	<u>28,107</u>	<u>28,107</u>	<u>0</u>
Total Capital Outlay	<u>48,326</u>	<u>66,596</u>	<u>66,596</u>	<u>0</u>
Total Expenditures	<u>63,426</u>	<u>72,981</u>	<u>72,905</u>	<u>76</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,400)	(3,399)	(2,623)	776
Cash Balance Beginning of Year	<u>3,400</u>	<u>3,400</u>	<u>3,400</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 1</u>	<u>\$ 777</u>	<u>\$ 776</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (2,623)	
Net change in Taxes Receivable			2,659	
Net change in Accounts Payable			(8)	
Net change in Deferred Revenue			(69)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (41)</u>	

The notes to the financial statements are an integral part of this statement.

OTHER SUPPLEMENTAL INFORMATION

FIDUCIARY FUND

Activity Trust Fund

To account for funds of various student groups that are custodial in nature.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
 AGENCY FUNDS
 Statement of Fiduciary Net Assets and Liabilities-Agency Funds
 For the Year Ended June 30, 2008

	<u>Balance</u> 06/30/07	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> 06/30/08
ASSETS				
Cash in Bank	\$ 81,938	\$ 423,167	\$ 403,508	\$ 101,597
Total Assets	<u>\$ 81,938</u>	<u>\$ 423,167</u>	<u>\$ 403,508</u>	<u>\$ 101,597</u>
LIABILITIES				
Deposits Held for Others	\$ 81,938	\$ 423,167	\$ 403,508	\$ 101,597
Total Liabilities	<u>\$ 81,938</u>	<u>\$ 423,167</u>	<u>\$ 403,508</u>	<u>\$ 101,597</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
 AGENCY FUNDS - ACTIVITY
 Statement of Fiduciary Net Assets and Liabilities-Agency Funds
 For the Year Ended June 30, 2008

		Balance 06/30/07	Additions	Deletions	Balance 06/30/08
ASSETS					
23001	General	\$ 101	\$ 1,232	\$ 1,233	\$ 100
23002	In/Out	2,221	2,228	4,413	36
23003	Gift Fund	326	0	312	14
23004	Class of 2019	16	58	74	0
23005	Library	793	1,561	1,345	1,009
23006	Carnival	322	67	24	365
23007	Student Council	942	1,657	1,804	795
23008	Superintendent	78	0	70	8
23009	FHA	141	0	0	141
23010	Principals	77	26	35	68
23011	First Grade	117	2,778	2,076	819
23012	Honor Society	60	1,194	585	669
23013	Cheerleaders	261	496	685	72
23014	Industrial Arts	947	10	0	957
23015	Scholarship 2	526	23	400	149
23016	Kindergarten	65	198	172	91
23017	12th Grade	3	86	82	7
23018	11th Grade	126	0	0	126
23019	10th Grade	12	1,904	1,369	547
23020	8th Grade	476	2,008	1,960	524
23021	Resource Room	137	0	0	137
23022	2nd Grade	440	213	404	249
23023	Yearbook	111	2,241	280	2,072
23024	Arts & Crafts	252	0	0	252
23025	Scholarship	77	0	0	77
23026	3rd Grade	307	757	535	529
23027	4th Grade	123	108	49	182
23028	5th Grade	231	199	49	381
23029	6th Grade	990	97	147	940
23030	7th Grade	131	81	0	212
23031	8th Grade	240	59	38	261
23032	PTO	16	0	0	16
23033	School Museum	63	0	0	63
23034	Accelerated Reader	94	755	843	6
23035	Athletic Boosters	2,913	12,017	11,961	2,969
23036	TNT	4,117	20,000	14,895	9,222
23037	Panther Outpost	902	350	630	622
23038	Student Health	392	0	54	338
23039	Technology	626	0	0	626
23040	MENSA	1	0	0	1
23041	NMPSIA Insurance	55,336	341,796	337,412	59,720
23042	SADD	\$ 159	\$ 0	\$ 0	\$ 159

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
 AGENCY FUNDS - ACTIVITY
 Statement of Fiduciary Net Assets and Liabilities-Agency Funds
 For the Year Ended June 30, 2008

	Balance 06/30/07	Additions	Deletions	Balance 06/30/08
23043 Pre-school	\$ 39	\$ 0	\$ 35	\$ 4
23044 PNM Science Grant	60	47	61	46
23045 FFA/AG	170	0	0	170
23046 LA's Best	93	729	369	453
23047 PBS Award	750	0	0	750
23048 Elk Lodge Grant	1,800	0	0	1,800
23049 Summer School	1,171	470	0	1,641
23050 NM 6-Man Football	1,087	5,414	4,640	1,861
23051 Project Celebration	1,500	0	343	1,157
23052 District 8-A	0	9,030	3,798	5,232
23053 State Rings/Shirts	0	5,645	5,201	444
23054 Panther Invitational	0	4,793	2,615	2,178
23055 Legislative Trip	0	1,000	1,000	0
23056 Regional School Board	0	1,510	1,510	0
23057 Fees & Fines	0	330	0	330
Total Assets	\$ 81,938	\$ 423,167	\$ 403,508	\$ 101,597
LIABILITIES				
Deposits Held for Others	\$ 81,938	\$ 423,167	\$ 403,508	\$ 101,597
Total Liabilities	\$ 81,938	\$ 423,167	\$ 403,508	\$ 101,597

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
 Cash Reconciliations - All Funds
 For the Year Ended June 30, 2008

	<u>Operational 11000</u>	<u>Teacherage 12000</u>	<u>Transportation 13000</u>
Net Cash in Bank 6/30/07			
Cash in Bank	\$ 5,384	\$ 9,281	\$ 1,443
Add: 2007-08			
Revenues	2,311,137	17,303	131,016
Less: 2007-08			
Expenditures	<u>2,311,975</u>	<u>4,808</u>	<u>132,457</u>
TOTAL Cash 6/30/08	<u>\$ 4,546</u>	<u>\$ 21,776</u>	<u>\$ 2</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
 Cash Reconciliations - All Funds
 For the Year Ended June 30, 2008

	Instructional Materials 14000	Food Service 21000	Athletics 22000
Net Cash in Bank 6/30/07			
Cash in Bank	\$ 1,603	\$ 10,805	\$ 537
Add: 2007-08			
Revenues	16,661	89,255	9,549
Less: 2007-08			
Expenditures	<u>13,537</u>	<u>89,223</u>	<u>8,886</u>
TOTAL Cash 6/30/08	<u>\$ 4,727</u>	<u>\$ 10,837</u>	<u>\$ 1,200</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
 Cash Reconciliations - All Funds
 For the Year Ended June 30, 2008

	Activities 23000	Federal Projects 24000	Federal District 25000
	<u> </u>	<u> </u>	<u> </u>
Net Cash in Bank 6/30/07			
Cash in Bank	\$ 81,939	\$ (102,700)	\$ (942)
Add: 2007-08			
Revenues	423,166	302,538	10,448
Less: 2007-08			
Expenditures	<u>403,508</u>	<u>260,716</u>	<u>4,396</u>
TOTAL Cash 6/30/08	<u><u>101,597</u></u>	<u><u>(60,878)</u></u>	<u><u>5,110</u></u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
 Cash Reconciliations - All Funds
 For the Year Ended June 30, 2008

	Local/ State 27000	Bond Building 31100	PSCOC 31200
Net Cash in Bank 6/30/07			
Cash in Bank	\$ (14,112)	\$ 546,769	\$ (96,139)
Add: 2007-08			
Revenues	31,670	0	96,139
Less: 2007-08			
Expenditures	<u>13,133</u>	<u>546,769</u>	<u>0</u>
TOTAL Cash 6/30/08	<u><u>4,425</u></u>	<u><u>0</u></u>	<u><u>\$ 0</u></u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
 Cash Reconciliations - All Funds
 For the Year Ended June 30, 2008

	Special Capital Outlay-State 31400	Senate Bill Nine 31700	Debt Service 41000
Net Cash in Bank 6/30/07			
Cash in Bank	\$ 163	\$ 3,400	\$ 82,805
Add: 2007-08			
Revenues	321,861	70,282	185,154
Less: 2007-08			
Expenditures	<u>321,961</u>	<u>72,905</u>	<u>124,083</u>
TOTAL Cash 6/30/08	<u>\$ 63</u>	<u>\$ 777</u>	<u>\$ 143,876</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
Cash Reconciliations - All Funds
For the Year Ended June 30, 2008

	<u>Totals</u>
Net Cash in Bank 6/30/07	
Cash in Bank	\$ 530,236
Add: 2007-08	
Revenues	4,016,179
Less: 2007-08	
Expenditures	<u>4,308,357</u>
TOTAL Cash 6/30/08	<u>\$ 238,058</u>

The notes to the financial statements are an integral part of this statement.

De'Aun Willoughby CPA, PC

Certified Public Accountant

P.O. Box 223 Melrose, NM 88124

(505) 253-4313

Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
In Accordance with *Government Auditing Standards*

Mr. Hector Balderas
State Auditor of the State of New Mexico
Board Members of the LAKE ARTHUR MUNICIPAL SCHOOLS

Mr. Balderas and Members of the Board

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue fund, and the combining individual funds presented as supplemental information of the LAKE ARTHUR MUNICIPAL SCHOOLS, (District), as of and for the year ended June 30, 2008, and have issued our report thereon dated November 12, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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 District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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, a combination of control deficiencies, that adversely affects the 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 District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of 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 the audit, and that, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

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

 DeAnn Willoughby, CPA PC

November 12, 2008

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
Schedule of Findings and Responses
For the Year Ended June 30, 2008

Prior Year Audit Findings

There were no prior year audit findings.

Current Year Audit Findings

There are no current year audit findings.

Financial Statement Preparation

The financial statements were prepared by De'Aun Willoughby CPA. However, they are the responsibility of management.

Exit Conference

An exit conference was held on November 12, 2008. Those present were John Jackson, President, Michael Grossman, Superintendent, Jennifer Fields, Business Manager and De'Aun Willoughby, CPA.