

Lordsburg Municipal School District No. 1

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS'
REPORT THEREON**

For The Fiscal Year Ended June 30, 2010

Lordsburg Municipal School District #1
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Lordsburg Municipal Schools
DIRECTORY OF OFFICIALS
June 30, 2010

BOARD OF EDUCATION

Manuel D.V. Saucedo

President

Marianne Stewart

Vice-President

David Whipple

Secretary

John Mora

Member

Mark Thomas

Member

SCHOOL OFFICIALS

Jim Barentine

Superintendent

Irene Baisa

Business Manager

MIKE STONE, C.P.A.
LINDA STONE McGEE, C.P.A.
KAY STONE, C.P.A.
JARROD MASON, C.P.A.
KELLEY WYATT, C.P.A.

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INDEPENDENT AUDITOR'S REPORT

Hector H. Balderas, State Auditor
and
Board of Education
Lordsburg Municipal School District No. 1
Lordsburg, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund and the major special revenue funds of the Lordsburg Municipal School District No. 1 (District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the District's non-major governmental funds, and the budgetary comparisons for the components of the general fund, the non-major special revenue funds, the Debt Service Fund, and the capital projects funds presented as other supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, each major fund, and the aggregate remaining fund information of Lordsburg Municipal School District No. 1 as of June 30, 2010, and the respective changes in financial position, where applicable, thereof and the respective budgetary comparison for the General Fund and the Title I, Education Technology Stimulus and State Equalization Stimulus special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund of Lordsburg Municipal School District No. 1 as of June 30, 2010, and the respective changes in financial position, where applicable, thereof and the

respective budgetary comparisons for the components of the general fund, the non-major special revenue funds, the Debt Service Fund, and the capital projects funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2010, on our consideration of Lordsburg Municipal School District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Lordsburg Municipal School District No. 1 has not presented management's discussion and analysis that is required by accounting principles generally accepted in the United States of America to supplement, although not required to be a part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements and on the combining, individual fund and budgetary comparisons statements presented as other supplementary information. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements of the District. In addition, the accompanying financial information listed as other supplemental data in the table of contents is also presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards and the other supplemental data have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Stone, McGee & Co CPA's

October 15, 2010

Stone, McGee & Co.
Certified Public Accountants

Lordsburg Municipal School District #1
STATEMENT OF NET ASSETS
June 30, 2010

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 2,072,647
Property taxes receivable	48,552
Due from other governments	442,579
Inventory	25,302
Bond issue costs	121,467
Capital assets:	
Land	341,566
Buildings	24,384,787
Furniture and fixtures and equipment	3,984,806
Construction in progress	1,845,925
Less accumulated depreciation	(15,651,946)
Total capital assets, net of depreciation	\$ 14,905,138
Total assets	\$ 17,615,685
Liabilities	
Cash overdraft	\$ 82,289
Accounts payable	203,536
Bond premiums	4,297
Deferred revenue	
Long-term liabilities:	
Portion due or payable within one year:	
Bonds payable	650,000
Accrued interest payable	31,281
Portion due or payable after one year:	
Bonds payable	3,465,000
Compensated absences	61,153
Total liabilities	\$ 4,497,556
Net Assets	
Invested in capital assets, net of related debt	\$ 10,790,138
Restricted for:	
Debt service	770,113
Capital projects	417,688
Other purposes	342,263
Unrestricted	797,927
Total net assets	\$ 13,118,129

The accompanying notes are an integral part of these financial statements

Lordsburg Municipal School District #1
STATEMENT OF ACTIVITIES
 For the Fiscal Year Ended June 30, 2010

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
			<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenue and Changes in Net Assets</u>
<u>Functions/Programs</u>					<u>Total Governmental Activities</u>
Governmental activities:					
Instruction	\$ 4,815,947	\$ 268,474	\$ 1,562,050	\$ 27,358	\$ (2,958,065)
Support services - Students	808,814		182,458		(626,356)
Support services - Instruction	199,435		19,532		(179,903)
General administration	204,861		208		(204,653)
School administration	1,086,343		272,000		(814,343)
Central services	284,353				(284,353)
Operation of plant	1,367,988		35,502	44,443	(1,288,043)
Food services	363,400	33,230	259,378		(70,792)
Transportation	392,408		392,184		(224)
Interest on long-term debt	112,377				(112,377)
	<u>\$ 9,635,926</u>	<u>\$ 301,704</u>	<u>\$ 2,723,312</u>	<u>\$ 71,801</u>	<u>\$ (6,539,109)</u>

General revenues:	
Property taxes:	
Levied for general purposes	\$ 50,190
Levied for debt service	682,074
Levied for capital improvements	210,822
State aid - formula grants	5,730,890
Recoveries and refunds	4,043
Unrestricted investment earnings	<u>11,675</u>
 Total general revenues and special items	 <u>\$ 6,689,694</u>
 Change in net assets	 \$ 150,585
Net assets - beginning	<u>12,967,544</u>
Net assets - ending	<u><u>\$ 13,118,129</u></u>

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

Lordsburg Municipal School District #1
BALANCE SHEETS
GOVERNMENTAL FUNDS
June 30, 2010

	General Fund	Title I	Education Technology Stimulus
Assets			
Cash and investments	\$ 416,504	\$ -	\$ -
Taxes receivable	3,522		
Inventory	19,591		
Due from other governments		70,284	156,889
Interfund receivable	360,102		
Total assets	\$ 799,719	\$ 70,284	\$ 156,889
Liabilities and Fund Balance			
Cash overdraft	\$ -	\$ 70,096	\$ -
Accounts payable	38,218	188	
Interfund payable			156,889
Deferred revenue	2,585		
Total liabilities	\$ 40,803	\$ 70,284	\$ 156,889
Fund balance:			
Reserved for:			
Inventories	\$ 19,591	\$ -	\$ -
Debt service			
Capital projects			
Unreserved, reported in:			
General fund	739,325		
Special revenue funds			
Total fund balance	\$ 758,916	\$ -	\$ -
Total liabilities and fund balance	\$ 799,719	\$ 70,284	\$ 156,889

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

<u>State Equalization Stimulus</u>	<u>Bond Building</u>	<u>Debt Service</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 563,808	\$ 769,647 31,747	\$ 322,688 13,283 5,711 73,446	\$ 2,072,647 48,552 25,302 442,579 360,102
141,960				
<u>\$ 141,960</u>	<u>\$ 563,808</u>	<u>\$ 801,394</u>	<u>\$ 415,128</u>	<u>\$ 2,949,182</u>
\$ -	\$ - 146,120	\$ -	\$ 12,193 19,010 61,253 9,522	\$ 82,289 203,536 360,102 30,714
141,960		18,607		
<u>\$ 141,960</u>	<u>\$ 146,120</u>	<u>\$ 18,607</u>	<u>\$ 101,978</u>	<u>\$ 676,641</u>
\$ -	\$ - 417,688	\$ - 782,787	\$ 5,711 307,439	\$ 25,302 782,787 417,688 739,325 307,439
<u>\$ -</u>	<u>\$ 417,688</u>	<u>\$ 782,787</u>	<u>\$ 313,150</u>	<u>\$ 2,272,541</u>
<u>\$ 141,960</u>	<u>\$ 563,808</u>	<u>\$ 801,394</u>	<u>\$ 415,128</u>	<u>\$ 2,949,182</u>

Lordsburg Municipal School District #1
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
 TO NET ASSETS OF GOVERNMENTAL ACTIVITIES**
 June 30, 2010

Total governmental fund balances	\$	2,272,541
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		14,905,138
Bond issue costs are capitalized and amortized over the life of the bonds		121,467
Bond premiums are deferred and amortized over the life of the bonds		(4,297)
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds: Property taxes not collected within the 60 day availability period		30,714
Long-term liabilities, including bonds payable, compensated absences and accrued interest payable are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable		(4,115,000)
Accrued interest payable		(31,281)
Accrued compensated absences		(61,153)
		(4,207,434)
<i>Net Assets of Governmental Activities</i>	\$	13,118,129

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

Lordsburg Municipal School District #1
**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**
June 30, 2010

	General Fund	Title I	Education Technology Stimulus	State Equalization Stimulus
Revenues:				
Property taxes	\$ 51,599	\$ -	\$ -	\$ -
Fees and charges	233,178			
State aid	6,525,715			
Federal aid	46,217	335,764	232,343	558,958
Earnings on investments	4,918			
Miscellaneous	4,043			
	<u>\$ 6,865,670</u>	<u>\$ 335,764</u>	<u>\$ 232,343</u>	<u>\$ 558,958</u>
Total revenues				
Expenditures:				
Current:				
Instruction	\$ 3,402,384	\$ 279,716	\$ 228,343	\$ 349,461
Support services - Students	584,614	4,761		32,214
Support services - Instruction	170,033			
General administration	184,845			
School administration	758,283	51,287	4,000	126,497
Central services	269,679			
Operation of plant	1,084,033			35,502
Food service	24,612			15,284
Transportation	372,156			
Debt service:				
Principal				
Interest				
Bond issue costs				
Capital outlay	136,441			
	<u>\$ 6,987,080</u>	<u>\$ 335,764</u>	<u>\$ 232,343</u>	<u>\$ 558,958</u>
Total expenditures				
Revenues over (under) expenditures	\$ (121,410)	\$ -	\$ -	\$ -
Other financing sources:				
Bond proceeds				
Bond premiums				
Operating transfers in (out)				
	<u>\$ (121,410)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance				
Fund balance, July 1, 2009	\$ 880,326			
Fund balance, June 30, 2010	<u>\$ 758,916</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

<u>Bond Building</u>	<u>Debt Service</u>	<u>Other Funds</u>	<u>Governmental Funds Total</u>
\$ -	\$ 721,444	\$ 206,460	\$ 979,503
		68,526	301,704
		183,764	6,709,479
		643,242	1,816,524
3,360	2,131	1,266	11,675
			4,043
<u>\$ 3,360</u>	<u>\$ 723,575</u>	<u>\$ 1,103,258</u>	<u>\$ 9,822,928</u>
\$ -	\$ -	\$ 303,720	\$ 4,563,624
		145,487	767,076
		19,110	189,143
	7,181	2,263	194,289
		90,216	1,030,283
			269,679
		177,859	1,297,394
		304,751	344,647
			372,156
	770,000		770,000
	100,862		100,862
54,231			54,231
<u>1,907,400</u>		<u>129,032</u>	<u>2,172,873</u>
<u>\$ 1,961,631</u>	<u>\$ 878,043</u>	<u>\$ 1,172,438</u>	<u>\$ 12,126,257</u>
\$ (1,958,271)	\$ (154,468)	\$ (69,180)	\$ (2,303,329)
1,500,000			1,500,000
			-
			-
<u>\$ (458,271)</u>	<u>\$ (154,468)</u>	<u>\$ (69,180)</u>	<u>\$ (803,329)</u>
<u>\$ 875,959</u>	<u>\$ 937,255</u>	<u>\$ 382,330</u>	<u>\$ 3,075,870</u>
<u><u>\$ 417,688</u></u>	<u><u>\$ 782,787</u></u>	<u><u>\$ 313,150</u></u>	<u><u>\$ 2,272,541</u></u>

Lordsburg Municipal School District #1
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

June 30, 2010

Net change in fund balances-total governmental funds	\$	(803,329)
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlay		2,172,873
Depreciation expense		(491,253)

Bond proceeds are reported as financing sources in the funds. In the Statement of Activities, however, issuing debt increases long-term liabilities.		(1,500,000)
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Revenue in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the net change during the year:		
Property taxes not collected within the 60 day availability period		(36,417)

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets		770,000
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Bond issue costs are expenditures in the funds but are capitalized and amortized in the Statement of Activities.		
Bond issue costs		54,231
Amortization		(8,832)

Bond premiums are revenues in the funds but are deferred and amortized in the Statement of Activities.		
Bond premiums		-
Amortization		511

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. This is the net change during the year.		(3,194)
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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. This is the net change during the year.		(4,005)
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<i>Change in Net Assets of Governmental Activities</i>	\$	150,585
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The accompanying notes are an integral part of these financial statements.

Lordsburg Municipal School District #1
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 45,939	\$ 45,939	\$ 46,217	\$ 278
State sources	6,766,761	6,665,847	6,643,796	(22,051)
Local sources	78,063	78,063	112,517	34,454
Interest income	8,555	8,555	4,158	(4,397)
Total revenues	\$ 6,899,318	\$ 6,798,404	\$ 6,806,688	\$ 8,284
Expenditures:				
Current:				
Instruction	\$ 3,617,600	\$ 3,535,118	\$ 3,342,776	\$ 192,342
Support services - Students	594,064	629,976	587,713	42,263
Support services - Instruction	173,773	182,062	170,033	12,029
General administration	210,935	205,935	185,503	20,432
School administration	783,348	798,073	760,352	37,721
Central services	287,856	282,856	269,375	13,481
Operation of plant	1,184,345	1,162,345	1,084,386	77,959
Transportation	412,628	408,270	372,308	35,962
Food services	118,471	77,471	24,612	52,859
Capital outlay	150,000	150,000	136,441	13,559
Non-operating	86,430	86,430		86,430
Total expenditures	\$ 7,619,450	\$ 7,518,536	\$ 6,933,499	\$ 585,037
Net change in fund balance	\$ (720,132)	\$ (720,132)	\$ (126,811)	\$ 593,321
Fund balance, July 1, 2009	720,132	720,132	864,130	143,998
Fund balance, June 30, 20010	\$ -	\$ -	\$ 737,319	\$ 737,319

The accompanying notes are an integral part of these financial statements

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - TITLE I
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 378,538	\$ 357,006	\$ 265,661	\$ (91,345)
Expenditures:				
Current:				
Instruction	\$ 327,250	\$ 300,957	\$ 279,528	\$ 21,429
Support services - Students	-	4,761	4,761	-
School administration	51,288	51,288	51,287	1
Total expenditures	<u>\$ 378,538</u>	<u>\$ 357,006</u>	<u>\$ 335,576</u>	<u>\$ 21,430</u>
Net change in fund balance	\$ -	\$ -	\$ (69,915)	\$ (69,915)
Fund balance, July 1, 2009	<u>-</u>	<u>-</u>	<u>(181)</u>	<u>(181)</u>
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (70,096)</u>	<u>\$ (70,096)</u>

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - EDUCATION TECH STIMULUS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	\$ 275,000	\$ 75,454	\$ (199,546)
Expenditures:				
Current:				
Instruction	\$ -	\$ 268,867	\$ 228,343	\$ 40,524
School administration		6,133	4,000	2,133
Total expenditures	\$ -	\$ 275,000	\$ 232,343	\$ 42,657
Net change in fund balance	\$ -	\$ -	\$ (156,889)	\$ (156,889)
Fund balance, July 1, 2009	-	-	-	-
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (156,889)</u>	<u>\$ (156,889)</u>

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - STATE EQUALIZATION STIMULUS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 450,335	\$ 561,664	\$ 416,998	\$ (144,666)
Expenditures:				
Current:				
Instruction	\$ 211,068	\$ 349,715	\$ 349,461	\$ 254
Support services - Students	52,128	32,218	32,214	4
Support services - Instruction	2,500	-	-	-
General administration	10,000	-	-	-
School administration	127,006	126,635	126,497	138
Operation of plant	29,553	37,205	35,502	1,703
Food services	18,080	15,891	15,284	607
Total expenditures	<u>\$ 450,335</u>	<u>\$ 561,664</u>	<u>\$ 558,958</u>	<u>\$ 2,706</u>
Net change in fund balance	\$ -	\$ -	\$ (141,960)	\$ (141,960)
Fund balance, July 1, 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (141,960)</u></u>	<u><u>\$ (141,960)</u></u>

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

Lordsburg Municipal School District #1
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
June 30, 2010

	<u>Private Purpose Trust Funds</u>	<u>Agency</u>
Assets		
Cash and investments	\$ 54,854	\$ 114,580
Interest receivable	-	-
	<u> </u>	<u> </u>
Total assets	<u><u>\$ 54,854</u></u>	<u><u>\$ 114,580</u></u>
 Liabilities and Fund Equity		
Deposits held for others	<u>\$ -</u>	<u>\$ 114,580</u>
Total liabilities	<u>\$ -</u>	<u><u>\$ 114,580</u></u>
 Net Assets:		
Reserved for scholarship	\$ 1,854	
Reserved for endowment	<u>53,000</u>	
Total net assets	<u><u>\$ 54,854</u></u>	

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

Lordsburg Municipal School District #1
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
 June 30, 2010

	<u>Private Purpose Trust Funds</u>
 Additions	
Gifts and contributions	\$ -
Interest earned	309
	<hr/>
Total additions	\$ 309
 Deductions	
Scholarships awarded	1,500
	<hr/>
Change in net assets	\$ (1,191)
Net assets, July 1, 2009	56,045
	<hr/>
Net assets, June 30, 2010	<u>\$ 54,854</u>

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

Lordsburg Municipal Schools
NOTES TO FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2010

Note 1 Summary of Significant Accounting Policies

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

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

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

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

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

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

A. REPORTING ENTITY

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

B. BASIS OF PRESENTATION

Government-wide Financial Statements

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

Fund Financial Statements

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

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

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Special Revenue Funds

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

Capital Project Fund

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

Debt Service Fund

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

Fiduciary Funds

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

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

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

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

Major-Fund Descriptions

General – See above description

Title I – to account for the federal assistance provided to the District for the improvement of educational opportunities to deprived children, and is a Special Revenue Fund. (Authority, P.L. 103-382).

Education Technology Stimulus – to account for the federal assistance provided to the District to improve student academic achievement through the use of technology, and is a Special Revenue Fund.

State Equalization Stimulus – to support and restore funding for the District programs and services in states and local education agencies, and is a Special Revenue Fund.

Debt Service – See above description.

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

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

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

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

BASIS OF ACCOUNTING

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

1. Accrual

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

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Available” means collectible within the current

period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

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

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

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

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

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

The District does not allocate indirect costs.

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

D. BUDGETS

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

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

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

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

E. CASH AND INVESTMENTS

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

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

F. INVENTORIES

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

G. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$5,000.00 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value s of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repair and maintenance are expensed as

incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

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

The accounting treatment over property, plant and equipment depends on whether they are reported in the government-wide financial statements of fund financial statements. In the government-wide financial statements, capital assets are accounted for as capital assets. In the fund financial statements, capital assets are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

H. LONG-TERM DEBT

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

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

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

I. COMPENSATED ABSENCES

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

J. EQUITY CLASSIFICATION

Government-wide Statements

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

- a. Invested in capital assets, net of related debt – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, ore improvement of those assets.

- b. Restricted net assets – consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Statements

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

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

K. PROPERTY TAX

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

The District is permitted to levy taxes for general operating purposes up to \$.50 per \$1,000 of taxable value for both residential and nonresidential property, taxable value being defined as one third of the fully assessed value. In addition, the District is allowed to levy taxes for payments of bond principal and interest in amounts approved by voters of the District, as well as a Two Mill levy for District improvements. The District’s total tax rate to finance generally government services for the year ended June 30, 2010 was \$.50 per \$1,000 for non-residential property and \$.50 for residential property. The District’s tax rate for debt service was \$6.98 per \$1,000 for both residential and nonresidential property. The District’s tax rate for District improvements was \$2.00 per \$1,000 for residential and \$2.00 for nonresidential property.

L. INTER-FUND ACTIVITY

Inter-fund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as inter-fund receivables and payable as

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

M. USE OF ESTIMATES

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

Note 2 Custodial Credit Risk

Custodial credit risk is the risk in the event of a bank failure the government's deposits may not be returned to it. The government does not have a deposit policy for credit risk beyond that disclosed in Note 1. As of June 30, 2010 \$699,572 of the governments bank balance of \$3,015,776 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized		<u>\$ 699,572</u>
	<u>Bank Balance</u>	<u>Carrying Amount</u>
Deposits by custodial risk category:		
Insured	\$ 250,000	\$ 250,000
Collateral held by the pledging bank's agent in the District's name	2,066,204	1,909,792
Uninsured and uncollateralized	<u>699,572</u>	<u>-0-</u>
	<u>\$ 3,015,776</u>	<u>\$ 2,159,792</u>

Note 3 Capital Assets

Capital asset activity for the year ended June 30, 2010, was as follows:

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
Capital assets not being depreciated:				
Land	\$ 341,566	\$ -0-	\$ -0-	\$ 341,566
Construction in progress	<u>7,783,112</u>	<u>\$ 1,950,960</u>	<u>7,888,147</u>	<u>1,845,925</u>
Total assets not being depreciated	<u>\$ 8,124,678</u>	<u>\$ 1,950,960</u>	<u>\$ 7,888,147</u>	<u>\$ 2,187,491</u>
Other capital assets:				
Building and improvements	\$ 16,333,798	\$ 8,050,989	\$ -0-	\$ 24,384,787
Furniture and equipment	<u>3,925,735</u>	<u>59,071</u>	<u>-0-</u>	<u>3,984,806</u>
Total other capital assets at historical cost	<u>\$ 20,259,533</u>	<u>\$ 8,110,060</u>	<u>\$ -0-</u>	<u>\$ 28,369,593</u>
Less accumulated depreciation:				
Buildings and improvements	\$ 11,789,288	\$ 362,063	\$ -0-	\$ 12,151,351
Furniture and equipment	<u>3,371,405</u>	<u>129,190</u>	<u>-0-</u>	<u>3,500,595</u>
Total accumulated depreciation	<u>\$ 15,160,693</u>	<u>\$ 491,253</u>	<u>\$ -0-</u>	<u>\$ 15,651,946</u>
Other capital assets, net	<u>\$ 5,098,840</u>	<u>\$ 7,618,807</u>	<u>\$ -0-</u>	<u>\$ 12,717,647</u>
Total capital assets, net	<u>\$ 13,223,518</u>	<u>\$ 9,569,767</u>	<u>\$ 7,888,147</u>	<u>\$ 14,905,138</u>

Depreciation expense was charged to the governmental activities as follows:

Instruction	\$ 248,318
Support Services - Students	41,738
Support Services – Instruction	10,292
General Administration	10,572
School Administration	56,060
Central services	14,674
Operation of plant	70,594
Food Services	18,753
Transportation	<u>20,252</u>
	<u>\$ 491,253</u>

Note 4 Long-Term Debt

Changes in long-term debt were as follows during the year end June 30, 2010:

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Due In</u> <u>One Year</u>
Compensated absences payable	\$ 57,148	\$ 40,513	\$ 36,508	\$ 61,153	\$ -0-
G.O. Bonds, series 2005	1,275,000		200,000	1,075,000	150,000
G.O. Bonds, series 2007	860,000		160,000	700,000	100,000
G.O. Bonds, series 2008	1,250,000		410,000	840,000	100,000
G.O. Bonds, series 2010	<u>-0-</u>	<u>1,500,000</u>	<u>-0-</u>	<u>1,500,000</u>	<u>300,000</u>
	<u>\$ 3,442,148</u>	<u>\$ 1,540,513</u>	<u>\$ 806,508</u>	<u>\$ 4,176,153</u>	<u>\$ 650,000</u>

Annual debt service for bonds payable requirements are as follows:

Due in fiscal year ending June 30:

	<u>Principal</u>	<u>Interest</u>
2011	\$ 650,000	\$ 115,009
2012	560,000	98,577
2013	475,000	84,535
2014	405,000	72,436
2015	335,000	61,575
2016-2020	1,240,000	139,884
2021-2022	<u>450,000</u>	<u>31,113</u>
	<u>\$4,115,000</u>	<u>\$ 603,129</u>

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

The bonds and bond interest for all bond issues are paid from property taxes levied. The general obligation bonds are direct obligations and pledge the full faith and credit of the District, and are to be retired through property tax levies. Interest rates range from 1.63% to 4% for individual schedule retirements, and maturity dates range from 2009 through 2022. No restrictive covenants exist.

Note 5 Retirement Plan

Plan Description

Substantially all of the Lordsburg Municipal Schools full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act

(Chapter 22, Article 11 NMSA 1978). The Educational Retirement Board (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, New Mexico 87502. The report is also available on ERB's website at www.nmerb.org.

Funding Policy

Effective July 1, 2009, plan members were required by statute to contribute 7.9% of their gross salary if they earned \$20,000 or less annually, and plan members earnings more than \$20,000 annually were required to contribute 9.4% of their gross salary. The Lordsburg Municipal Schools was required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, and 10.9% of the gross covered salary of employees earning more than \$20,000 annually. The employer contribution is increasing by .75% each year until effective July 1, 2011, the employer contribution will be 13.9% of the gross covered salary. The contribution requirements of plan members and the Lordsburg Municipal Schools are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Lordsburg Municipal School's contributions to ERB for the fiscal years ending June 30, 2010, 2009 and 2008, were \$530,698, \$539,274, and \$504,459, respectively, which equal the amount of the required contributions for each fiscal year.

Note 6 Retiree Health Care Act Contributions

Plan Description

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

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

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare

plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy

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

(1) 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. During the fiscal year ended June 30, 2010, the statute required each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee was required to contribute .65% of their salary. In the fiscal years ending June 30, 2011 through June 30, 2013 the contribution rates for employees and employers will rise as follows:

For employees who are not members of an enhanced retirement plan the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY2011	1.666%	\$.833%
FY2012	1.834%	.917%
FY2013	2.000%	1.000%

Also, employers joining the program after 1/01/1998 are 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 Lordsburg Municipal School's contributions to the RHCA for the years ended June 30, 2010, 2009 and 2008 were \$60,989, \$61,651 and \$60,166, respectively, which equal the required contributions for each year.

Note 7 Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Because the District was unable to obtain general liability insurance at a cost it considered to be economically justifiable, it joined together with other school districts in the State and obtained insurance coverage with New Mexico Public Schools Insurance

Authority, a public entity risk pool currently operating as a common risk management and insurance program for member school districts. The District pays an annual premium to New Mexico Public Schools Insurance Authority for its general insurance coverage, and all risk of loss is transferred.

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

Note 8 Contingent Liabilities

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

Note 9 Budgetary Reconciliations

The Statements of Revenues, Expenditures and Changes in Changes in Net Assets Budget (NON-GAAP Budgetary Basis) and Actual, General and Major Special Revenue Funds present comparisons of legally adopted budgets with actual data on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of changes in net assets by General and Major Special Revenue Funds for the year ended June 30, 2010 is as follows:

	<u>General</u>	<u>Title I</u>	<u>Education Tech Stimulus</u>	<u>State Equalization Stimulus</u>
Changes in net assets				
GAAP basis	\$ (121,410)	\$ -0-	\$ -0-	\$ -0-
Increases (decreases):				
Revenue accruals (net)	(58,982)	(156,889)	(70,103)	(141,960)
Expenditure accruals (net)	53,581	-0-	188	-0-
Transfers (net)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Changes in net assets:				
Non-GAAP basis	<u>\$ (126,811)</u>	<u>\$ (156,889)</u>	<u>\$ (69,915)</u>	<u>\$ (141,960)</u>

Note 10 Inter-fund Activity

Inter-fund balances at June 30, 2010, consisted of the following:

	<u>Inter-Fund Payable</u>			
	Education Technology <u>Stimulus</u>	State Equalization <u>Stimulus</u>	<u>All Others</u>	<u>Total</u>
<u>Inter-fund Receivable</u>				
General	<u>\$ 156,889</u>	<u>\$ 141,960</u>	<u>\$ 61,253</u>	<u>\$ 360,102</u>

All amounts are expected to be repaid within one year. The purpose of the loan was to provide cash for operation purposes.

Note 11 Restricted Net Assets

At June 30, 2010, net assets restricted for other purposes included the following balances in special revenue funds:

Cafeteria	\$ 58,221
SB-9	232,661
Others	<u>51,381</u>
	<u>\$ 342,263</u>

The government-wide statement of net assets reports \$1,530,064 of restricted net assets, of which \$1,060,995 is restricted by enabling legislation.

Note 12 Endowment

The District received an endowment from the Rolfe Estate. This endowment is to be used for investment purposes only with the proceeds from such investments restricted to use for scholarships. The corpus of \$53,000 is to remain intact indefinitely. This is in accordance with State law.

Net appreciation of \$1,854 is available for expenditure by the governing board, and are reported in net assets as "reserved for scholarships."

Note 13 Jointly Governed Organization

The District participates in the Southwest Regional Education Center No. 10. This regional cooperative center was formed to consolidate the application for and the processing of supplementary federal and state funds. Representatives of the independent school districts, which are members, govern the Center.

The Center obtains grants and allocates them to the member districts. The District has no ongoing financial interest or responsibility in the Center.

Separately issued financial statements of the Center are available from the Center at P.O. Box 952, Truth or Consequences, New Mexico 87901.

GENERAL FUNDS

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

SPECIAL REVENUE FUNDS

Food Services – to account for revenues generated by the District as well as the federal assistance received and the related expenditures necessary to provide food services for the District. (Authority, NMSA 22-13-13).

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

Title I/Stimulus – to account for the federal assistance provided to the District for the improvement of educational opportunities to deprived children. (Authority, P.L. 103-382).

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

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

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

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

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

Title XIX Medicaid – to account for federal resources administered by the New Mexico Department of Health and Human Services for the improvement of primary health care and to increase health education. (P.L. 105-33).

Technology for Education – to account for revenues received from the State for the purpose of expanding and improving the technology program. (Authority, NMSA 22-15A-1).

Library Bonds/2008 Library Bonds – funds are to be used for the upgrade of library, books, and equipment. (Authority, NMPED, Laws of 2004).

Beginning Teacher Mentoring Program – to account for revenues received to enhance and improve skills for beginning teachers. (Authority, State Grant Provision and Hatch Valley Board of Education).

Breakfast in the Classroom – to account for funds received to provide breakfast for elementary students (Authority, PED).

SB-9 Capital Improvements – to account for the receipt of local proceeds from a mill levy on ad valorem/property taxes and state matching funds. These are to be expended for capital outlay projects and maintenance.

Value Options – to account for funds received to provide additional educational services to students of the District (Authority grant provision).

Family and Youth Resource – to account for funds received for transition assistance program funding through the State of New Mexico.

Teacher/Principal Training – to improve teacher and principal quality to ensure that all teachers are highly qualified. Created by P.L. 07-110.

School Based Health – to account for counselor for health and sexuality education and for high risk students who do not qualify for special education services and standardized school based health assessments.

CAPITAL PROJECTS FUNDS

Special Capital Outlay State – to account for the revenue and expenditures to be used for improvements and additions to school property.

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

Vocational Education Facility – to account for the acquisition and construction of a vocational education facility.

Lordsburg Municipal School District #1
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2010

	Special Revenue Funds				
	<u>Cafeteria</u>	<u>Athletics</u>	<u>Entitlement</u>	<u>Preschool</u>	<u>Education of Homeless</u>
Assets					
Cash and investments	\$ 53,776	\$ 23,648	\$ -	\$ -	\$ -
Taxes receivable					
Inventory	5,711				
Interfund receivable					
Due from other governments			23,226	1,383	1,132
Total assets	<u>\$ 59,487</u>	<u>\$ 23,648</u>	<u>\$ 23,226</u>	<u>\$ 1,383</u>	<u>\$ 1,132</u>
Liabilities and Fund Balances					
Cash overdraft	\$ -	\$ -	\$ 12,193	\$ -	\$ -
Accounts payable	1,266	104			
Interfund payable			11,033	1,383	1,132
Deferred revenue					
Total liabilities	<u>\$ 1,266</u>	<u>\$ 104</u>	<u>\$ 23,226</u>	<u>\$ 1,383</u>	<u>\$ 1,132</u>
Fund balances:					
Reserved for:					
Inventories	\$ 5,711	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	<u>52,510</u>	<u>23,544</u>			
Total fund balances	<u>\$ 58,221</u>	<u>\$ 23,544</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities and fund balances	<u>\$ 59,487</u>	<u>\$ 23,648</u>	<u>\$ 23,226</u>	<u>\$ 1,383</u>	<u>\$ 1,132</u>

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

Special Revenue Funds

<u>Teacher/Principle Training</u>	<u>Education Technology</u>	<u>Title I Stimulus</u>	<u>Homeless Stimulus</u>	<u>Rural Schools</u>
\$ -	\$ -	\$ -	\$ -	\$ -
<u>5,407</u>	<u>376</u>	<u>1,259</u>	<u>450</u>	<u>24,512</u>
<u>\$ 5,407</u>	<u>\$ 376</u>	<u>\$ 1,259</u>	<u>\$ 450</u>	<u>\$ 24,512</u>
\$ -	\$ -	\$ -	\$ -	\$ -
<u>5,407</u>	<u>376</u>	<u>1,259</u>	<u>450</u>	<u>24,512</u>
<u>\$ 5,407</u>	<u>\$ 376</u>	<u>\$ 1,259</u>	<u>\$ 450</u>	<u>\$ 24,512</u>
\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 5,407</u>	<u>\$ 376</u>	<u>\$ 1,259</u>	<u>\$ 450</u>	<u>\$ 24,512</u>

Lordsburg Municipal School District #1
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (concluded)
June 30, 2010

	Special Revenue Funds			
	<u>Technology For Education</u>	<u>Teacher Mentoring</u>	<u>Library</u>	<u>Value Options</u>
Assets				
Cash and investments	\$ 4,509	\$ 2,752	\$ -	\$ 563
Taxes receivable				
Inventory				
Interfund receivable				
Due from other governments			765	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 4,509</u>	<u>\$ 2,752</u>	<u>\$ 765</u>	<u>\$ 563</u>
Liabilities and Fund Balances				
Cash overdraft	\$ -	\$ -	\$ -	\$ -
Accounts payable				
Interfund payable			765	
Deferred revenue				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 765</u>	<u>\$ -</u>
Fund balances:				
Reserved for:				
Inventories	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	<u>4,509</u>	<u>2,752</u>	<u> </u>	<u>563</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>\$ 4,509</u>	<u>\$ 2,752</u>	<u>\$ -</u>	<u>\$ 563</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 4,509</u>	<u>\$ 2,752</u>	<u>\$ 765</u>	<u>\$ 563</u>

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

Special Revenue Funds

2008 Library Bond	GO Bond	SB - 9	Total
\$ 422	\$ -	\$ 237,018 13,283	\$ 322,688 13,283 5,711 -
	<u>14,936</u>		<u>73,446</u>
<u>\$ 422</u>	<u>\$ 14,936</u>	<u>\$ 250,301</u>	<u>\$ 415,128</u>
\$ -	\$ -	\$ - 17,640	\$ 12,193 19,010 61,253 9,522
	<u>14,936</u>	<u>9,522</u>	<u>9,522</u>
<u>\$ -</u>	<u>\$ 14,936</u>	<u>\$ 27,162</u>	<u>\$ 101,978</u>
\$ -	\$ -	\$ -	\$ 5,711
<u>422</u>		<u>223,139</u>	<u>307,439</u>
<u>\$ 422</u>	<u>\$ -</u>	<u>\$ 223,139</u>	<u>\$ 313,150</u>
<u>\$ 422</u>	<u>\$ 14,936</u>	<u>\$ 250,301</u>	<u>\$ 415,128</u>

Lordsburg Municipal School District #1
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For The Fiscal Year Ended June 30, 2010

	Special Revenue Funds			
	Cafeteria	Athletics	Entitlement	Preschool
Revenues:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Fees and charges	33,230	35,296		
State aid				
Federal aid	220,245		215,638	25,652
Earnings on investments	241	134		
	<u>\$ 253,716</u>	<u>\$ 35,430</u>	<u>\$ 215,638</u>	<u>\$ 25,652</u>
Total revenues				
Expenditures:				
Current:				
Instruction	\$ -	\$ 54,441	\$ 146,785	\$ 25,652
Support services - Students			46,227	
Support services - Instruction				
General administration				
School administration			22,626	
Operation of plant				
Food services	280,902			
Capital outlay				
	<u>\$ 280,902</u>	<u>\$ 54,441</u>	<u>\$ 215,638</u>	<u>\$ 25,652</u>
Total expenditures				
Revenues over (under) expenditures	\$ (27,186)	\$ (19,011)	\$ -	\$ -
Fund balance, July 1, 2009	<u>85,407</u>	<u>42,555</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2010	<u>\$ 58,221</u>	<u>\$ 23,544</u>	<u>\$ -</u>	<u>\$ -</u>

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

Special Revenue Funds

<u>Education of Homeless</u>	<u>Teacher/Principle Training</u>	<u>Education Technology</u>	<u>Title V Innovative</u>	<u>Title I Stimulus</u>	<u>Homeless Stimulus</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9,282	64,884	30,804	1,761	27,927	8,168
<u>\$ 9,282</u>	<u>\$ 64,884</u>	<u>\$ 30,804</u>	<u>\$ 1,761</u>	<u>\$ 27,927</u>	<u>\$ 8,168</u>
\$ - 9,282	\$ -	\$ 27,890	\$ -	\$ 27,927	\$ - 8,168
		208	1,761		
	64,884	2,706			
<u>\$ 9,282</u>	<u>\$ 64,884</u>	<u>\$ 30,804</u>	<u>\$ 1,761</u>	<u>\$ 27,927</u>	<u>\$ 8,168</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Lordsburg Municipal School District #1
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (continued)
For The Fiscal Year Ended June 30, 2010

	Special Revenue Funds			
	Rural Schools	Medicare	Technology For Education	Teacher Mentoring
Revenues:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Fees and charges				
State aid			4,509	4,271
Federal aid	17,075	21,806		
Earnings on investments				
Total revenues	<u>\$ 17,075</u>	<u>\$ 21,806</u>	<u>\$ 4,509</u>	<u>\$ 4,271</u>
Expenditures:				
Current:				
Instruction	\$ 17,075	\$ -	\$ -	\$ 2,950
Support services - Students		21,810		
Support services - Instruction				
General administration				
School administration				
Operation of plant				
Food services				
Capital outlay				
Total expenditures	<u>\$ 17,075</u>	<u>\$ 21,810</u>	<u>\$ -</u>	<u>\$ 2,950</u>
Revenues over (under) expenditures	\$ -	\$ (4)	\$ 4,509	\$ 1,321
Fund balance, July 1, 2009	<u>-</u>	<u>4</u>		<u>1,431</u>
Fund balance, June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,509</u></u>	<u><u>\$ 2,752</u></u>

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

Special Revenue funds					
<u>Elementary Breakfast</u>	<u>Library</u>	<u>School Based Health</u>	<u>Value Options</u>	<u>2008 Library Bond</u>	<u>Dual Credit Instruction</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23,849	765	60,000	563	2,070	1,000
<u>\$ 23,849</u>	<u>\$ 765</u>	<u>\$ 60,000</u>	<u>\$ 563</u>	<u>\$ 2,070</u>	<u>\$ 1,000</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000
23,849	765	60,000	-	1,648	-
<u>\$ 23,849</u>	<u>\$ 765</u>	<u>\$ 60,000</u>	<u>\$ -</u>	<u>\$ 1,648</u>	<u>\$ 1,000</u>
\$ -	\$ -	\$ -	\$ 563	\$ 422	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 563</u>	<u>\$ 422</u>	<u>\$ -</u>

Lordsburg Municipal School District #1
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (concluded)
For The Fiscal Year Ended June 30, 2010

	<u>Special Revenue Funds</u>		<u>Capital Projects Funds</u>	<u>Total</u>
	<u>GO Bond</u>	<u>SB-9</u>	<u>Special Capital Outlay State</u>	
Revenues:				
Property Taxes	\$ -	\$ 206,460	\$ -	\$ 206,460
Fees and charges				68,526
State aid	14,936	44,443	27,358	183,764
Federal aid				643,242
Earnings on investments		891		1,266
Total revenues	\$ 14,936	\$ 251,794	\$ 27,358	\$ 1,103,258
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ 303,720
Support services - Students				145,487
Support services - Instruction	14,936			19,110
General administration		2,055		2,263
School administration				90,216
Operation of plant		177,859		177,859
Food services				304,751
Capital outlay		101,674	27,358	129,032
Total expenditures	\$ 14,936	\$ 281,588	\$ 27,358	\$ 1,172,438
Revenues over (under) expenditures	\$ -	\$ (29,794)	\$ -	\$ (69,180)
Fund balance, July 1, 2009		252,933		382,330
Fund balance, June 30, 2010	\$ -	\$ 223,139	\$ -	\$ 313,150

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

Lordsburg Municipal School District #1
GENERAL FUND
COMBINING BALANCE SHEET
June 30, 2010

	Operational	Transportation	Instructional Materials
Assets			
Cash and investments	\$ 336,342	\$ 23,194	\$ 18,441
Taxes receivable	3,522		
Inventory	19,591		
Interfund receivable	360,102		
Total assets	\$ 719,557	\$ 23,194	\$ 18,441
 Liabilities and Fund Balances			
Accounts payable	\$ 38,218	\$ -	\$ -
Interfund payable			
Deferred revenue	2,585		
Total liabilities	\$ 40,803	\$ -	\$ -
Fund balance:			
Reserved for inventory	\$ 19,591	\$ -	\$ -
Unreserved, reported in:			
General fund	659,163	23,194	18,441
Total fund balances	\$ 678,754	\$ 23,194	\$ 18,441
Total liabilities and fund balances	\$ 719,557	\$ 23,194	\$ 18,441

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

<u>Activity Funds</u>	<u>Total</u>
\$ 38,527	\$ 416,504
	3,522
	19,591
	<u>360,102</u>
<u>\$ 38,527</u>	<u>\$ 799,719</u>
\$ -	\$ 38,218
	-
	<u>2,585</u>
<u>\$ -</u>	<u>\$ 40,803</u>
\$ -	\$ 19,591
<u>38,527</u>	<u>739,325</u>
<u>\$ 38,527</u>	<u>\$ 758,916</u>
<u>\$ 38,527</u>	<u>\$ 799,719</u>

Lordsburg Municipal School District #1
GENERAL FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For The Fiscal Year Ended June 30, 2010

	<u>Operational</u>	<u>Transportation</u>	<u>Instructional Materials</u>
Revenues:			
Property taxes	\$ 51,599	\$ -	\$ -
Fees and charges	175,189		
State aid	6,107,796	392,184	25,735
Federal aid	46,217		
Earnings on investments	4,918		
Miscellaneous	3,365		678
	<hr/>	<hr/>	<hr/>
Total revenues	\$ 6,389,084	\$ 392,184	\$ 26,413
Expenditures:			
Current:			
Instruction	\$ 3,312,081	\$ -	\$ 34,072
Support services - Students	584,614		
Support services - Instruction	169,334		699
General administration	184,845		
School administration	758,283		
Central services	269,679		
Operation of plant	1,084,033		
Transportation	3,166	368,990	
Food services	24,612		
Capital outlay	136,441		
	<hr/>	<hr/>	<hr/>
Total expenditures	\$ 6,527,088	\$ 368,990	\$ 34,771
Revenues over (under) expenditures	\$ (138,004)	\$ 23,194	\$ (8,358)
Other financing sources:			
Loan proceeds			
Operating transfers in (out)			
	<hr/>	<hr/>	<hr/>
Net change in fund balance	\$ (138,004)	\$ 23,194	\$ (8,358)
Fund balance, July 1, 2009	816,758	-	26,799
	<hr/>	<hr/>	<hr/>
Fund balance, June 30, 2010	\$ 678,754	\$ 23,194	\$ 18,441
	<hr/>	<hr/>	<hr/>

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

<u>Activity Funds</u>	<u>Total</u>
\$ -	\$ 51,599
57,989	233,178
	6,525,715
	46,217
	4,918
	4,043
<u>\$ 57,989</u>	<u>\$ 6,865,670</u>
\$ 56,231	\$ 3,402,384
	584,614
	170,033
	184,845
	758,283
	269,679
	1,084,033
	372,156
	24,612
	136,441
<u>\$ 56,231</u>	<u>\$ 6,987,080</u>
\$ 1,758	\$ (121,410)
	-
	-
<u>\$ 1,758</u>	<u>\$ (121,410)</u>
36,769	880,326
<u>\$ 38,527</u>	<u>\$ 758,916</u>

Lordsburg Municipal School District #1
GENERAL FUND/OPERATIONAL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 45,939	\$ 45,939	\$ 46,217	\$ 278
State sources	6,354,484	6,247,928	6,225,877	(22,051)
Local sources	78,063	78,063	111,839	33,776
Interest income	8,555	8,555	4,918	(3,637)
	<u>\$ 6,487,041</u>	<u>\$ 6,380,485</u>	<u>\$ 6,388,851</u>	<u>\$ 8,366</u>
Expenditures:				
Current:				
Instruction	\$ 3,569,642	\$ 3,487,160	\$ 3,308,704	\$ 178,456
Support services - Students	594,064	629,976	587,713	42,263
Support services - Instruction	169,639	177,928	169,334	8,594
General administration	210,935	205,935	185,503	20,432
School administration	783,348	798,073	760,352	37,721
Central services	287,856	282,856	269,375	13,481
Operation of plant	1,184,345	1,162,345	1,084,386	77,959
Transportation	26,086	16,086	3,318	12,768
Food services	118,471	77,471	24,612	52,859
Capital outlay	150,000	150,000	136,441	13,559
Non-operating	86,430	86,430		86,430
	<u>\$ 7,180,816</u>	<u>\$ 7,074,260</u>	<u>\$ 6,529,738</u>	<u>\$ 544,522</u>
Net change in fund balance	\$ (693,775)	\$ (693,775)	\$ (140,887)	\$ 552,888
Fund balance, July 1, 2009	<u>693,775</u>	<u>693,775</u>	<u>837,331</u>	<u>143,556</u>
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 696,444</u>	<u>\$ 696,444</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (138,004)	
Revenue accruals (net)			(233)	
Expenditure accruals (net)			<u>(2,650)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (140,887)</u>	

The accompanying notes are an integral part of these financial statements

Lordsburg Municipal School District #1
GENERAL FUND/TRANSPORTATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 386,542	\$ 392,184	\$ 392,184	\$ -
Expenditures:				
Current:				
Pupil transportation	\$ 386,542	\$ 392,184	\$ 368,990	\$ 23,194
Capital outlay				-
Total expenditures	\$ 386,542	\$ 392,184	\$ 368,990	\$ 23,194
Net change in fund balance	\$ -	\$ -	\$ 23,194	\$ 23,194
Fund balance, July 1, 2009	-	-	-	-
Fund balance, June 30, 2010	\$ -	\$ -	\$ 23,194	\$ 23,194
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 23,194	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 23,194	

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

Lordsburg Municipal School District #1
GENERAL FUND/INSTRUCTIONAL MATERIALS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	25,735	25,735	25,735	-
Local sources			678	678
	<u>25,735</u>	<u>25,735</u>	<u>26,413</u>	<u>678</u>
Total revenues	\$ 25,735	\$ 25,735	\$ 26,413	\$ 678
Expenditures:				
Current:				
Direct instruction	\$ 47,958	\$ 47,958	\$ 34,072	\$ 13,886
Support service - Instruction	4,134	4,134	699	3,435
	<u>52,092</u>	<u>52,092</u>	<u>34,771</u>	<u>17,321</u>
Total expenditures	\$ 52,092	\$ 52,092	\$ 34,771	\$ 17,321
Net change in fund balance	\$ (26,357)	\$ (26,357)	\$ (8,358)	\$ 17,999
Fund balance, July 1, 2009	<u>26,357</u>	<u>26,357</u>	<u>26,799</u>	<u>442</u>
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,441</u>	<u>\$ 18,441</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (8,358)	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (8,358)</u>	

The accompanying notes are an integral part of these financial statements

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - CAFETERIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 239,000	\$ 258,498	\$ 232,988	\$ (25,510)
Local sources	37,412	37,412	33,230	(4,182)
Earnings on investments	350	350	241	(109)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	\$ 276,762	\$ 296,260	\$ 266,459	\$ (29,801)
Expenditures:				
Current:				
Food services	326,911	346,409	282,330	64,079
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net change in fund balance	\$ (50,149)	\$ (50,149)	\$ (15,871)	\$ 34,278
Fund balance, July 1, 2009	50,149	50,149	69,647	19,498
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,776</u>	<u>\$ 53,776</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (27,186)	
Revenue accruals (net)			12,743	
Expenditure accruals (net)			<u>(1,428)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (15,871)</u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - ATHLETICS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local sources	\$ 29,000	\$ 28,262	\$ 35,296	\$ 7,034
Earnings on investments	400	400	134	(266)
Total revenues	\$ 29,400	\$ 28,662	\$ 35,430	\$ 6,768
Expenditures:				
Current:				
Instruction	73,345	72,607	54,988	17,619
Net change in fund balance	\$ (43,945)	\$ (43,945)	\$ (19,558)	\$ 24,387
Fund balance, July 1, 2009	43,945	43,945	43,206	(739)
Fund balance, June 30, 2010	\$ -	\$ -	\$ 23,648	\$ 23,648
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (19,011)	
Revenue accruals (net)			-	
Expenditure accruals (net)			(547)	
Net change in fund balance, NON-GAAP budgetary basis			\$ (19,558)	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - TITLE I STIMULUS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 111,847	\$ 222,529	\$ 26,668	\$ (195,861)
Expenditures:				
Current:				
Instruction	<u>111,847</u>	<u>222,529</u>	<u>27,927</u>	<u>194,602</u>
Net change in fund balance	\$ -	\$ -	\$ (1,259)	\$ (1,259)
Fund balance, July 1, 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,259)</u>	<u>\$ (1,259)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(1,259)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (1,259)</u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - ENTITLEMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 194,806	\$ 230,305	\$ 211,518	\$ (18,787)
Expenditures:				
Current:				
Instruction	\$ 122,545	\$ 158,044	\$ 146,785	\$ 11,259
Support services - Students	49,634	49,634	46,227	3,407
School administration	22,627	22,627	22,626	1
Total expenditures	<u>\$ 194,806</u>	<u>\$ 230,305</u>	<u>\$ 215,638</u>	<u>\$ 14,667</u>
Net change in fund balance	\$ -	\$ -	\$ (4,120)	\$ (4,120)
Fund balance, July 1, 2009	<u>-</u>	<u>-</u>	<u>(19,106)</u>	<u>(19,106)</u>
Fund balance, June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (23,226)</u></u>	<u><u>\$ (23,226)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(4,120)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (4,120)</u></u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - DISCRETIONARY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	\$ -	\$ 7,682	\$ 7,682
Expenditures:				
Current:				
Instruction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ -	\$ -	\$ 7,682	\$ 7,682
Fund balance, July 1, 2009	<u>-</u>	<u>-</u>	<u>(7,682)</u>	<u>(7,682)</u>
Fund balance, June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			7,682	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 7,682</u></u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - EDUCATION OF HOMELESS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 9,445	\$ 13,791	\$ 4,346
Expenditures:				
Current:				
Support services - Students	-	9,445	9,282	163
Net change in fund balance	\$ -	\$ -	\$ 4,509	\$ 4,509
Fund balance, July 1, 2009	-	-	(5,641)	(5,641)
Fund balance, June 30, 2010	\$ -	\$ -	\$ (1,132)	\$ (1,132)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			4,509	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 4,509	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - PRESCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 25,057	\$ 28,515	\$ 24,269	\$ (4,246)
Expenditures:				
Current:				
Instruction	25,057	28,515	25,652	2,863
Net change in fund balance	\$ -	\$ -	\$ (1,383)	\$ (1,383)
Fund balance, July 1, 2009	-	-	-	-
Fund balance, June 30, 2010	\$ -	\$ -	\$ (1,383)	\$ (1,383)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(1,383)	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (1,383)	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - SENATE BILL 9
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 43,388	\$ 44,443	\$ 1,055
Local sources	222,251	222,251	205,520	(16,731)
Earnings on investments	<u>1,472</u>	<u>1,472</u>	<u>891</u>	<u>(581)</u>
Total revenues	<u>\$ 223,723</u>	<u>\$ 267,111</u>	<u>\$ 250,854</u>	<u>\$ (16,257)</u>
Expenditures:				
Current:				
Administration	\$ 2,500	\$ 2,500	\$ 2,055	\$ 445
Operation of plant	280,000	202,800	164,565	38,235
Capital outlay	<u>176,053</u>	<u>296,641</u>	<u>101,674</u>	<u>194,967</u>
Total expenditures	<u>\$ 458,553</u>	<u>\$ 501,941</u>	<u>\$ 268,294</u>	<u>\$ 233,647</u>
Net change in fund balance	\$ (234,830)	\$ (234,830)	\$ (17,440)	\$ 217,390
Fund balance, July 1, 2009	<u>234,830</u>	<u>234,830</u>	<u>254,458</u>	<u>19,628</u>
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 237,018</u>	<u>\$ 237,018</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (29,794)	
Revenue accruals (net)			(940)	
Expenditure accruals (net)			<u>13,294</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (17,440)</u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - TECHNOLOGY FOR EDUCATION PED
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ 4,432	\$ 4,509	\$ 77
Expenditures:				
Current:				
School administration	<u>-</u>	<u>4,432</u>	<u>-</u>	<u>4,432</u>
Net change in fund balance	\$ -	\$ -	\$ 4,509	\$ 4,509
Fund balance, July 1, 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,509</u></u>	<u><u>\$ 4,509</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 4,509	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 4,509</u></u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - MEDICAID
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 41,941	\$ 41,941	\$ 21,806	\$ (20,135)
Expenditures:				
Current:				
Support services - Students	<u>41,941</u>	<u>41,941</u>	<u>21,810</u>	<u>20,131</u>
Net change in fund balance	\$ -	\$ -	\$ (4)	\$ (4)
Fund balance, July 1, 2009	<u>-</u>	<u>-</u>	<u>4</u>	<u>4</u>
Fund balance, June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (4)	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (4)</u></u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - VALUE OPTIONS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ -	\$ 23,426	\$ 23,426
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
Support services - Students	-	-	-	-
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance	\$ -	\$ -	\$ 23,426	\$ 23,426
Fund balance, July 1, 2009	<u>-</u>	<u>-</u>	<u>(22,863)</u>	<u>(22,863)</u>
Fund balance, June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 563</u></u>	<u><u>\$ 563</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 563	
Revenue accruals (net)			22,863	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 23,426</u></u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - TEACHER/PRINCIPLE TRAINING
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 65,382	\$ 70,848	\$ 70,368	\$ (480)
Expenditures:				
Current:				
School administration	65,382	70,848	64,884	5,964
Net change in fund balance	\$ -	\$ -	\$ 5,484	\$ 5,484
Fund balance, July 1, 2009	-	-	(10,891)	(10,891)
Fund balance, June 30, 2010	\$ -	\$ -	\$ (5,407)	\$ (5,407)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			5,484	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 5,484	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - BREAKFAST FOR ELEMENTARY STUDENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 23,849	\$ 23,849	\$ -
Expenditures:				
Current:				
Food services	-	23,849	23,849	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2009	-	-	-	-
Fund balance, June 30, 2010	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - FAMILY & YOUTH RESOURCE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ -	\$ 11,193	\$ 11,193
Expenditures:				
Current:				
Support services - Students	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ 11,193	\$ 11,193
Fund balance, July 1, 2009	-	-	(11,193)	(11,193)
Fund balance, June 30, 2010	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			11,193	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 11,193	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - SB 301 GO BONDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 765	\$ 765	\$ 2,677	\$ 1,912
Expenditures:				
Current:				
Support services - Instruction	<u>765</u>	<u>765</u>	<u>765</u>	<u>-</u>
Net change in fund balance	\$ -	\$ -	\$ 1,912	\$ 1,912
Fund balance, July 1, 2009	<u>-</u>	<u>-</u>	<u>(2,677)</u>	<u>(2,677)</u>
Fund balance, June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (765)</u></u>	<u><u>\$ (765)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			1,912	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 1,912</u></u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - SCHOOL BASED HEALTH CENTER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 60,000	\$ 60,000	\$ 60,000	\$ -
Expenditures:				
Current:				
Support services - Students	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>-</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ -</u></u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - DUAL CREDIT INSTRUCTIONAL MATERIALS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ 1,000	\$ 1,000	\$ -
Expenditures:				
Current:				
Instruction	\$ -	\$ 1,000	\$ 1,000	\$ -
School administration	-	-	-	-
Total expenditures	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ -</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ -</u></u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - RURAL SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	\$ 17,089	\$ 18,760	\$ 1,671
Expenditures:				
Current:				
Instruction	\$ -	\$ 17,089	\$ 17,075	\$ 14
School administration				-
Total expenditures	<u>\$ -</u>	<u>\$ 17,089</u>	<u>\$ 17,075</u>	<u>\$ 14</u>
Net change in fund balance	\$ -	\$ -	\$ 1,685	\$ 1,685
Fund balance, July 1, 2009	<u>-</u>	<u>-</u>	<u>(26,197)</u>	<u>(26,197)</u>
Fund balance, June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (24,512)</u></u>	<u><u>\$ (24,512)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			1,685	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 1,685</u></u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - TITLE V INNOVATIVE EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 5,210	\$ 1,761	\$ (3,449)
Expenditures:				
Current:				
Support services - Instruction	-	5,210	1,761	3,449
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2009	-	-	-	-
Fund balance, June 30, 2010	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - HOMELESS EDUCATION STIMULUS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	\$ 15,500	\$ 7,718	\$ (7,782)
Expenditures:				
Current:				
Support services - Students	-	15,500	8,168	7,332
Net change in fund balance	\$ -	\$ -	\$ (450)	\$ (450)
Fund balance, July 1, 2009	-	-	-	-
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (450)</u>	<u>\$ (450)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(450)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (450)</u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - TEACHER MENTORING
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ 5,703	\$ 4,271	\$ (1,432)
Expenditures:				
Current:				
Instruction	-	5,703	2,950	2,753
Net change in fund balance	\$ -	\$ -	\$ 1,321	\$ 1,321
Fund balance, July 1, 2009	-	-	1,431	1,431
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,752</u>	<u>\$ 2,752</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 1,321	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 1,321</u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - LIBRARY BOOK FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 2,070	\$ 2,070	\$ 2,070	\$ -
Expenditures:				
Current:				
Support services - Students	2,070	2,070	1,648	422
Net change in fund balance	\$ -	\$ -	\$ 422	\$ 422
Fund balance, July 1, 2009	-	-	-	-
Fund balance, June 30, 2010	\$ -	\$ -	\$ 422	\$ 422
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 422	
Revenue accruals (net)				
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 422	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - GO BOND STUDENT LIBRARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ 15,999	\$ -	\$ (15,999)
Expenditures:				
Current:				
Support services - Instruction	-	15,999	14,936	1,063
Net change in fund balance	\$ -	\$ -	\$ (14,936)	\$ (14,936)
Fund balance, July 1, 2009	-	-	-	-
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (14,936)</u>	<u>\$ (14,936)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(14,936)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (14,936)</u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - ENHANCING EDUCATION THRU TECHNOLOGY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 40,000	\$ 46,957	\$ 6,957
Expenditures:				
Current:				
Instruction	\$ -	\$ 36,796	\$ 27,890	\$ 8,906
General administration		208	208	-
School administration		2,996	2,706	290
Total expenditures	\$ -	\$ 40,000	\$ 30,804	\$ 9,196
Net change in fund balance	\$ -	\$ -	\$ 16,153	\$ 16,153
Fund balance, July 1, 2009	-	-	(16,529)	(16,529)
Fund balance, June 30, 2010	\$ -	\$ -	\$ (376)	\$ (376)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			16,153	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 16,153	

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

Lordsburg Municipal School District #1
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Local sources	\$ 870,862	\$ 870,862	\$ 718,143	\$ (152,719)
Earnings on investments	5,500	5,500	2,131	(3,369)
 Total revenues	 <u>\$ 876,362</u>	 <u>\$ 876,362</u>	 <u>\$ 720,274</u>	 <u>\$ (156,088)</u>
Expenditures:				
Current:				
Administration	\$ 8,709	\$ 8,709	\$ 7,181	\$ 1,528
Principal	770,000	770,000	770,000	-
Interest	100,862	100,862	100,862	-
Reserve	832,225	832,225		832,225
 Total expenditures	 <u>\$ 1,711,796</u>	 <u>\$ 1,711,796</u>	 <u>\$ 878,043</u>	 <u>\$ 833,753</u>
Net change in fund balance	\$ (835,434)	\$ (835,434)	\$ (157,769)	\$ 677,665
Fund balance, July 1, 2009	<u>835,434</u>	<u>835,434</u>	<u>932,522</u>	<u>97,088</u>
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 774,753</u>	<u>\$ 774,753</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (154,468)	
Revenue accruals (net)			(3,301)	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (157,769)</u>	

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

Lordsburg Municipal School District #1
CAPITAL PROJECTS FUND - BOND BUILDING
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Earnings on investments	\$ 2,500	\$ 131,889	\$ 3,360	\$ (128,529)
Expenditures:				
Capital outlay	<u>746,604</u>	<u>2,375,993</u>	<u>1,818,151</u>	<u>557,842</u>
Revenues over (under) expenditures	\$ (744,104)	\$ (2,244,104)	\$ (1,814,791)	\$ 429,313
Other financing sources (uses):				
Bond proceeds	<u> </u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>-</u>
Net change in fund balance after other financing sources (uses)	\$ (744,104)	\$ (744,104)	\$ (314,791)	\$ 429,313
Fund balance, July 1, 2009	<u>744,104</u>	<u>744,104</u>	<u>873,493</u>	<u>129,389</u>
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 558,702</u>	<u>\$ 558,702</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (458,271)	
Revenue accruals (net)				
Other financing uses (net)			143,480	
Expenditure accruals (net)			<u> </u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (314,791)</u>	

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

Lordsburg Municipal School District #1
CAPITAL PROJECTS FUND - SPECIAL STATE CAPITAL OUTLAY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 27,469	\$ 27,469	\$ 29,083	\$ 1,614
Expenditures:				
Capital outlay	<u>27,469</u>	<u>27,469</u>	<u>27,358</u>	<u>111</u>
Net change in fund balance	\$ -	\$ -	\$ 1,725	\$ 1,725
Fund balance, July 1, 2009	<u> </u>	<u> </u>	<u>(1,725)</u>	<u>(1,725)</u>
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			1,725	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 1,725</u>	

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

Lordsburg Municipal School District #1
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
June 30, 2010

	Balance July 1, 2009	Receipts	Disbursements	Balance 6/30/2010
Assets				
Cash and investments:				
Lordsburg High School	\$ 81,921	\$ 91,793	\$ 73,676	\$ 100,038
DTMS Middle School	4,140	4,347	4,093	4,394
Central Elementary School	2,026	675	613	2,088
Southside Elementary School	8,177	5,227	5,344	8,060
Total Assets	\$ 96,264	\$ 102,042	\$ 83,726	\$ 114,580
Liabilities				
Deposits held for others:				
Lordsburg High School	\$ 81,921	\$ 91,793	\$ 73,676	\$ 100,038
DTMS Middle School	4,140	4,347	4,093	4,394
Central Elementary School	2,026	675	613	2,088
Southside Elementary School	8,177	5,227	5,344	8,060
Total Liabilities	\$ 96,264	\$ 102,042	\$ 83,726	\$ 114,580

The accompanying notes are an integral part of these financial statements

Lordsburg Municipal School District #1
SCHEDULE OF DEPOSITORY COLLATERAL
June 30, 2010

	<u>Western Bank</u>	<u>Total</u>
Checking and CD's	<u>\$ 3,015,776</u>	<u>\$ 3,015,776</u>
Total on deposit	\$ 3,015,776	\$ 3,015,776
Less: FDIC insurance	<u>(250,000)</u>	<u>(250,000)</u>
Total uninsured public funds	<u>\$ 2,765,776</u>	<u>\$ 2,765,776</u>
50% collateralization requirement (Section 6-10-17 NMSA)	<u>\$ 1,382,888</u>	<u>\$ 1,382,888</u>
Pledged Securities:		
Bernalillo NM School 085279MBO 8-1-10	\$ 100,228	\$ 100,228
Silver City School District, 827513EX6, 8-15-2017	431,109	431,109
FHLMC 2424-OG 31339WGS9 3-15-17	505,765	505,765
FHLMC 2586-NS 31393MTT 9-15-15	26,522	26,522
Lordsburg NM GRT 544048AW1 12-1-25	245,123	245,123
FNMA 2005-46 LD 547473BA5 10-1-09	432,148	432,148
Torrence County NM 891398BA6 8-1-16	<u>325,309</u>	<u>325,309</u>
Total pledged securities	<u>\$ 2,066,204</u>	<u>\$ 2,066,204</u>
Pledged securities over (under) requirement	<u>\$ 683,316</u>	<u>\$ 683,316</u>

Pledged securities are held by the Federal Home Loan Bank of Dallas, TX.
Safekeeping receipts are held by the District.

Lordsburg Municipal School District #1
SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS AND INVESTMENTS
 June 30, 2010

	<u>Type of Account</u>	<u>Bank Balance</u>	<u>Reconciled Balance</u>
<u>Western Bank</u>			
Federal Projects	Checking	\$ 61,560	\$ (82,289)
Capital Projects	Checking	2,340	800,826
Terra Rolfe Estate	Checking	1,841	54,854
Activity	Checking	1,766	153,107
Athletics	Checking	746	23,648
Cafeteria	Checking	19,414	53,776
Operational	Checking	760,949	1,155,870
Investments	Checking	<u>2,167,160</u>	<u>-</u>
 Total cash and investments		 <u><u>\$ 3,015,776</u></u>	 <u><u>\$ 2,159,792</u></u>

Lordsburg Municipal School District #1
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION
For The Fiscal Year Ended June 30, 2010

	<u>Operational</u>	<u>Transportation</u>	<u>Instructional Materials</u>	<u>Food Services</u>	<u>Athletics</u>
Total cash and investments as of July 1, 2009	\$ 836,232	\$ -	\$ 26,799	\$ 69,647	\$ 43,206
Add: Current year receipts	6,389,949	392,184	26,413	266,458	35,430
Prior year warrants voided					
Less: Current year expenditures	(6,529,738)	(368,990)	(34,771)	(282,329)	(54,988)
Receivables/payables					
Transfers					
Total cash and investments as of June 30, 2010	<u>\$ 696,443</u>	<u>\$ 23,194</u>	<u>\$ 18,441</u>	<u>\$ 53,776</u>	<u>\$ 23,648</u>

Lordsburg Municipal School District #1
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS (continued)
ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION
For The Fiscal Year Ended June 30, 2010

	Non- Instructional Support	Federal Projects	Federal Direct	State Flowthrough	Local \ State Fund
Total cash and investments as of July 1, 2009	\$ 189,079	\$ (86,226)	\$ 4	\$ (12,440)	\$ (22,863)
Add: Current year receipts	160,340	770,607	438,804	49,569	83,426
Prior year warrants voided					
Less: Current year expenditures	(141,458)	(969,110)	(580,768)	(45,147)	(60,000)
Receivables/payables					
Transfers	-				
Total cash and investments as of June 30, 2010	<u>\$ 207,961</u>	<u>\$ (284,729)</u>	<u>\$ (141,960)</u>	<u>\$ (8,018)</u>	<u>\$ 563</u>

Lordsburg Municipal School District #1
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS (concluded)
ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION
For The Fiscal Year Ended June 30, 2010

	<u>Bond Building</u>	<u>Special Capital Outlay State</u>	<u>SB-9</u>	<u>Debt Service</u>	<u>Total</u>
Total cash and investments as of July 1, 2009	\$ 873,493	\$ (1,725)	\$ 254,458	\$ 932,522	\$ 3,102,186
Add: Current year receipts	1,503,360	29,083	250,855	720,274	11,116,752
Prior year warrants voided					-
Less: Current year expenditures	(1,818,151)	(27,358)	(268,295)	(878,043)	(12,059,146)
Receivables/payables	5,106			(5,106)	-
Transfers	-	-	-	-	-
Total cash and investments as of June 30, 2010	<u>\$ 563,808</u>	<u>\$ -</u>	<u>\$ 237,018</u>	<u>\$ 769,647</u>	<u>\$ 2,159,792</u>

Lordsburg Municipal School District No. 1
SCHEDULE OF JOINT POWERS AGREEMENTS
 June 30, 2010

Participants-	Lordsburg Municipal School District No. 1 and the Southwest Regional Education Center # 10
Responsible party for operations-	The District as well as the Southwest Regional Education Center # 10
Description-	Participants agree to work together to establish and maintain cooperative programs of educational services under various federal and state authorizing statutes
Beginning and ending dates-	To be renewed each fiscal year
Total estimated amount of project and amount applicable to agency-	Varies year to year and is based upon program awards
Amount agency contributed in current fiscal year-	Based upon programs awarded
Audit responsibility-	Southwest Regional Education Center # 10
Name of agency where revenues and expenditures are reported-	Southwest Regional Education Center # 10
Participants-	Lordsburg Municipal School District No. 1, the County of Hidalgo and the City of Lordsburg
Responsible party for operations-	The District, the City of Lordsburg and Hidalgo County
Beginning and ending dates-	Until project is complete
Total cost and amount attributable to the District	\$550,000.00 allocation from NM Higher Education Dept.
Amount District contributed in the current fiscal year	\$550,000.00
Audit responsibility	District, City and County
Agency that is to account for activity	Lordsburg Municipal Schools

Lordsburg Municipal School District #1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Fiscal Year Ended June 30, 2010

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed through N.M. Department of Education:			
Title I Grants to Lea's	84.010	24.101	\$ 335,764
Special Education - Grants to States	84.027	24.106	215,638
Special Education - Preschool Grants	84.173	24.109	25,652
Education of the Homeless	84.196	24.113	9,282
ARRA Title I Grants to LEA's	84.389	24.201	27,927
ARRA Education Technology State Grants	84.386	24.249	232,343
ARRA Education of the Homeless	84.387	24.213	8,168
ARRA State Fiscal Stabilization Fund	84.394	25.250	558,958
Rural Education	84.358	24.160	17,075
Title V Part A Innovative Education	84.215	24.150	1,761
Teacher Quality State Grants	84.367	24.154	64,884
Enhancing Education through Technology	84.318	24.149	<u>30,804</u>
Total U.S. Department of Education			<u>\$ 1,528,256</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Direct Programs:			
Schools and Roads-Grants to States	10.665	N/A	\$ 46,009
Passed through N.M. Department of Education:			
National School Lunch Program	10.555	N/A	154,819
School Breakfast Program	10.553	N/A	48,255
Passed through N.M. Department of Human Svc's:			
Emergency Food Assistance Program	10.569	N/A	<u>17,171</u>
Total U.S. Department of Agriculture			<u>\$ 266,254</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed through the N.M. Dept. of Human Services:			
Medical Assistance Program	93.778	24.253	<u>\$ 21,810</u>
Total expenditures of federal awards			<u><u>\$ 1,816,320</u></u>

Lordsburg Municipal School District #1
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2010

Note 1 Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Lordsburg Municipal School District No. 1 and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2 Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. The District received \$17,181 in food commodities during the 2009-2010 fiscal year.

Note 3 The District had the following insurance coverages during the year ended June 30, 2010:

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

Lordsburg Municipal School District #1
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2010

Current Year Status

Findings – Financial Statement Audit

09-1	Fixed assets not recorded	Resolved
09-2	Trust funds not deposited timely	Resolved
09-3	Expenditures made in excess of budgetary authority	Resolved

Findings and Questioned Costs – Major Federal Award Programs

None

MIKE STONE, C.P.A.
LINDA STONE McGEE, C.P.A.
KAY STONE, C.P.A.
JARROD MASON, C.P.A.
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENTAL AUDITING STANDARDS**

Hector H. Balderas, State Auditor
and
Board of Education
Lordsburg Municipal School District No. 1
Lordsburg, New Mexico

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue funds of Lordsburg Municipal School District No. 1 as of and for the year ended June 30, 2010, which collectively comprise Lordsburg Municipal School District No. 1's basic financial statements and have issued our report thereon dated October 15, 2010. We have also audited the financial statements of each of the District's non-major governmental funds and related budgetary comparisons presented as other supplementary information as of and for the year ended June 30, 2010 and have issued our report thereon dated October 15, 2010. 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 Lordsburg Municipal School District No. 1'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 Lordsburg Municipal School District No. 1's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Lordsburg Municipal School District No. 1's internal control over financial reporting.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 Lordsburg Municipal School District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Stone, McGee & Co CPAs

October 15, 2010

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Hector H. Balderas, State Auditor
and
Board of Education
Lordsburg Municipal School District No. 1
Lordsburg, New Mexico

Compliance

We have audited Lordsburg Municipal School District No. 1's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Lordsburg Municipal School District No. 1's major federal programs for the year ended June 30, 2010. Lordsburg Municipal School District No. 1's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Lordsburg Municipal School District No. 1's management. Our responsibility is to express an opinion on the Lordsburg Municipal School District No. 1's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lordsburg Municipal School District No. 1's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Lordsburg Municipal School District No. 1's compliance with those requirements.

In our opinion, Lordsburg Municipal School District No. 1 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of Lordsburg Municipal School District No. 1 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Lordsburg Municipal School District No. 1's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Lordsburg Municipal School District No. 1's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

Stone, McGee & Co CPAs

October 15, 2010

Lordsburg Municipal School District No. 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2010

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Lordsburg Municipal School District No. 1.
2. No significant deficiencies relating to the audit of the financial statements is reported in the *Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Bases on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Lordsburg Municipal School District No. 1, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies related to the audit of the major federal award programs are reported in the *Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133*.
5. The auditor's report on compliance for the major federal award programs for Lordsburg Municipal School District No. 1 expresses an unqualified opinion on all major programs.
6. No audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 were noted during the audit.
7. The programs tested as major programs included: The Title I Cluster, consisting of Title I Grants to Lea's, CFDA No. 84.010 and ARRA Title I Grants to LEA's, CFDA No. 84.389, and; the ARRA State Fiscal Stabilization Fund, CFDA No. 84.394.
8. The threshold for distinguishing types A and B programs was \$300,000.
9. Lordsburg Municipal School District No. 1 was determined to be a low-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

None

OTHER – FINANCIAL STATEMENT PREPARATION

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

EXIT CONFERENCE

The contents of this report were discussed September 1, 2010. Present at this exit conference were:

<u>Name</u>	<u>Title</u>	<u>Affiliation</u>
Marianne Stewart	Board Vice-President	Lordsburg Municipal Schools
Carmen Acosta	Audit Committee Member	Lordsburg Municipal Schools
Jim Barentine	Superintendent	Lordsburg Municipal Schools
Irene Baisa	Business Manager	Lordsburg Municipal Schools
Mike Stone	Shareholder	Stone, McGee & Co., CPA's