

**STATE OF NEW MEXICO
LORDSBURG MUNICIPAL SCHOOLS**

Audit Report

For the Year Ended June 30, 2008

RONNY FOUTS
CERTIFIED PUBLIC ACCOUNTANT
Melrose, New Mexico

STATE OF NEW MEXICO
Lordsburg Municipal Schools

Official Roster
For the year ended June 30, 2008

BOARD OF EDUCATION

Patty WorthanPresident
Manual Saucedo..... Vice-President
Marianne Stewart..... Secretary
Dason Allen Member
Mark Thomas Member

SCHOOL OFFICIALS

Jim Barentine Superintendent
Irene Baisa Business Manager

STATE OF NEW MEXICO
Lordsburg Municipal Schools

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June 30, 2008

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Hector Balderas, State Auditor
The Board of Education
Lordsburg Municipal Schools
Lordsburg, New Mexico

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2008, and the respective changes in financial position and the budgetary comparisons for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the District as of June 30, 2008 and the respective changes in financial position, and the respective budgetary comparisons for the nonmajor funds and the debt service and bond building 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 24, 2008, on our consideration of Lordsburg Municipal School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards, and should be considered in assessing the results of our audit.

For the year ended June 30, 2008, Lordsburg Municipal Schools has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basic financial statements.

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



Ronny Fouts, CPA
Melrose, New Mexico
October 24, 2008

Basic Financial Statements

STATE OF NEW MEXICO
LORDSBURG MUNICIPAL SCHOOL DISTRICT #1
STATEMENT OF NET ASSETS

June 30, 2008

ASSETS	<u>Governmental Activities</u>
Cash and Cash Equivalents	\$ 3,578,546
Taxes Receivable	110,779
Due from other Governments	454,230
Inventories	31,923
Bond Issue costs	50,527
Non-current Capital Assets - Net	<u>7,155,496</u>
TOTAL ASSETS	<u><u>\$ 11,381,501</u></u>
LIABILITIES	
Current:	
Accounts Payable	\$ 599,136
Deferred Revenue	4,180
Accrued Interest	21,215
Debt Due Within One Year	590,000
Total Current Liabilities	<u>1,214,531</u>
Non-current	
Compensated absences	41,314
Debt Due in More Than One Year	2,135,000
Total Non-current Liabilities	<u>2,176,314</u>
TOTAL LIABILITIES	<u>3,390,845</u>
NET ASSETS	
Invested in capital assets, net of related debt	4,430,496
Restricted for:	
Debt Service	871,915
Capital Projects	1,498,044
Unrestricted	<u>1,190,201</u>
TOTAL NET ASSETS	<u><u>\$ 7,990,656</u></u>

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

STATE OF NEW MEXICO
 LORDSBURG MUNICIPAL SCHOOL DISTRICT #1
 STATEMENT OF ACTIVITIES

Year ended June 30, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue & Changes in Net Assets
Primary Government:					
Governmental activities:					
Instruction	\$ 3,950,685	\$ -	\$ 670,446	\$ -	\$ (3,280,239)
Support Services					
Students	866,463	34,998	259,680	-	(571,785)
Instruction	152,872	-	457	-	(152,415)
General Administration	195,773	-	-	-	(195,773)
School Administration	886,462	-	103,006	-	(783,456)
Central Services	312,011	-	48,146	-	(263,865)
Operation & Maintenance of Plant	1,277,350	-	1,022	-	(1,276,328)
Student Transportation	440,428	-	-	-	(440,428)
Food service	334,693	38,134	250,832	-	(45,727)
Debt Interest Paid	87,462	-	-	-	(87,462)
Total Governmental Activities	\$ 8,504,199	\$ 73,132	\$ 1,333,589	\$ -	(7,097,478)

General Revenues

Property taxes:

Levied for general purposes	48,851
Levied for debt service	683,935
Levied for capital projects	208,421

State aid not restricted	6,911,299
Unrestricted investment earnings	132,587
Insurance recoveries	2,723
Other Local Revenues	90,423
Total general revenues	8,078,239

Change in net assets 980,761

Net assets beginning 7,009,895

Net Assets- ending \$ 7,990,656

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

Fund Financial Statements

STATE OF NEW MEXICO
LORDSBURG MUNICIPAL SCHOOL #1

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2008

	GENERAL FUND	DEBT SERVICE	BOND BUILDING	OTHER GOVERNMENTAL FUNDS
ASSETS				
Cash on Deposit	\$ 759,121	\$ 836,722	\$ 1,717,588	\$ 265,115
Taxes Receivable	3,453	94,165	-	13,161
Due from other Governments	-	-	-	454,230
Inventories	26,495	-	-	5,428
TOTAL ASSETS	\$ 789,069	\$ 930,887	\$ 1,717,588	\$ 737,934
LIABILITIES AND FUND BALANCE				
Accounts Payable	\$ 35,134	\$ -	\$ 109,772	\$ 454,230
Deferred Revenue	3,043	88,284	-	28,673
TOTAL LIABILITIES	38,177	88,284	109,772	482,903
FUND BALANCE				
Fund Balance				
Reserved:				
Reserved for inventory	26,495	-	-	5,428
Reserved for debt service	-	842,603	-	-
Reserved for capital projects	-	-	1,607,816	-
Unreserved:				
Undesignated, Reported in				
General Fund	724,397	-	-	-
Special Revenue Funds	-	-	-	66,045
Capital Projects Funds	-	-	-	183,558
TOTAL FUND BALANCE	750,892	842,603	1,607,816	255,031
TOTAL LIABILITIES AND FUND BALANCE	\$ 789,069	\$ 930,887	\$ 1,717,588	\$ 737,934

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

TOTAL
GOVERNMENTAL
FUNDS

\$ 3,578,546
110,779
454,230
31,923

\$ 4,175,478

\$ 599,136
120,000

719,136

31,923
842,603
1,607,816

724,397
66,045
183,558

3,456,342

\$ 4,175,478

STATE OF NEW MEXICO
LORDSBURG MUNICIPAL SCHOOL DISTRICT #1

RECONCILIATION OF THE BALANCE SHEET
ALL GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS

June 30, 2008

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

Fund Balance - total governmental funds	\$ 3,456,342
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	7,155,496
Bond issue costs are capitalized and amortized over the life of the bonds	50,527
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred revenue in the fund financial statements, but are considered revenue in the Statement of Activities	115,820
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds Payable	(2,725,000)
Accrued Interest Payable	(21,215)
Accrued Compensated Absences	<u>(41,314)</u>
Net assets of governmental activities	<u>\$ 7,990,656</u>

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

STATE OF NEW MEXICO
LORDSBURG MUNICIPAL SCHOOL DISTRICT #1

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

Year ended June 30, 2008

	GENERAL FUND	DEBT SERVICE	BOND BUILDING	OTHER GOVERNMENTAL FUNDS
REVENUE				
Federal Aid	\$ 5,113	\$ -	\$ -	\$ 1,081,630
State Aid	6,877,167	-	-	280,978
Property taxes	50,782	713,832	-	204,103
interest	47,437	17,720	59,914	7,516
Insurance recoveries	2,723	-	-	-
Other local sources	90,423	-	-	73,132
TOTAL REVENUES	7,073,645	731,552	59,914	1,647,359
EXPENDITURES				
Current				
Instruction	3,206,909	-	-	670,446
Support Services				
Students	606,783	-	-	259,680
Instruction	152,415	-	-	457
General Administration	183,416	7,103	-	-
School Administration	775,583	-	-	103,006
Central Services	312,011	-	-	-
Operation & Maintenance of Plant	1,074,982	-	-	-
Transportation of students	440,428	-	-	-
Food Service	23,776	-	-	310,917
Non-current				
Debt Service:				
Principal Retirement	-	475,000	-	-
Bond Interest	-	88,612	-	-
Capital Outlay:				
Facilities and construction	183,494	-	900,506	352,067
TOTAL EXPENDITURES	6,959,797	570,715	900,506	1,696,573
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	113,848	160,837	(840,592)	(49,214)
OTHER FINANCING SOURCES (USES)				
Sale of Bonds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	113,848	160,837	(840,592)	(49,214)
FUND BALANCE - JUNE 30, 2007	637,044	681,766	2,448,408	304,245
FUND BALANCE - JUNE 30, 2008	\$ 750,892	\$ 842,603	\$ 1,607,816	\$ 255,031

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

TOTAL
GOVERNMENTAL
FUNDS

\$ 1,086,743
7,158,145
968,717
132,587
2,723
163,555

9,512,470

3,877,355

866,463
152,872
190,519
878,589
312,011
1,074,982
440,428
334,693

475,000
88,612

1,436,067

10,127,591

(615,121)

-

-
(615,121)

4,071,463

\$ 3,456,342

STATE OF NEW MEXICO
LORDSBURG MUNICIPAL SCHOOLS

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE-
ALL GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2008

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

Net change in fund balance - total governmental funds \$ (615,121)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:

Change in deferred revenue related to property taxes receivable (27,510)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year. 1,160,369

Long Term debt provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources for governmental funds. Neither transaction, however, has any effect on net assets.

Bond proceeds -
Decrease in accrued interest payable 1,150
Principal payment on bonds 475,000

Bond Issue costs are expenditures in the funds but are capitalized in the statement of activities.
Bond Issue Costs -
Amortizations (5,254)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. (7,873)

Change in Net Assets \$ 980,761

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

Major Funds

STATE OF NEW MEXICO
LORDSBURG MUNICIPAL SCHOOL DISTRICT #1

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

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 5,046	\$ 5,046	\$ 5,113	\$ 67
State Revenue	6,762,748	6,886,053	6,877,167	(8,886)
Property Taxes	48,611	48,611	50,542	
Local Revenue	28,466	28,466	90,423	61,957
Insurance Recoveries	-	-	2,723	
Income from Investments	36,000	36,000	47,437	11,437
TOTAL REVENUE	6,880,871	7,004,176	\$ 7,073,405	\$ 64,575
BUDGETED CASH BALANCE	444,710	642,832		
TOTAL REVENUE & CASH	\$ 7,325,581	\$ 7,647,008		

EXPENDITURES

Current

Instruction	\$ 3,443,357	\$ 3,450,167	\$ 3,215,504	\$ 234,663
Support Services				
Students	667,432	667,432	606,783	60,649
Instruction	174,393	175,129	152,415	22,714
General Administration	229,077	229,077	183,416	45,661
School Administration	814,540	814,540	775,583	38,957
Central Services	324,050	324,050	312,011	12,039
Operation & Maintenance of Plant	1,009,730	1,118,304	1,074,982	43,322
Student Transportation	438,426	504,513	440,428	64,085
Other Support Services	85,116	85,116	-	85,116
Food Services	75,832	75,832	23,776	52,056
Facilities Acquisition & Construction	63,628	202,848	183,494	19,354
TOTAL EXPENDITURES	\$ 7,325,581	\$ 7,647,008	\$ 6,968,392	\$ 678,616

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 7,073,405
Differences budget to GAAP	
Prior Year receivable	(5,144)
Change in deferred taxes	1,931
Current Year receivable	3,453
Total Revenues (GAAP Basis)	\$ 7,073,645

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 6,968,392
Differences-budget to GAAP	
Prior year payable	(34,696)
Change in inventory	(9,033)
Current year payable	35,134
Total Expenditures (GAAP Basis)	\$ 6,959,797

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

STATE OF NEW MEXICO
 LORDSBURG MUNICIPAL SCHOOL DISTRICT #1

STATEMENT OF NET ASSETS - FIDUCIARY FUNDS
 June 30, 2008

<u>ASSETS</u>	Private Purpose Trust Funds	Agency
Pooled Cash and Investments	<u>\$ 56,037</u>	<u>\$ 135,192</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Deposits held for others	\$ -	\$ 135,192
Total Liabilities	<u>-</u>	<u>\$ 135,192</u>
Net Assets		
Reserved for scholarship	3,037	
Reserved for endowment	<u>53,000</u>	
Total net assets	<u>\$ 56,037</u>	

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

STATE OF NEW MEXICO
 LORDSBURG MUNICIPAL SCHOOL DISTRICT #1
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 Year Ended June 30, 2008

	<u>Private Purpose Trust Funds</u>
Additions	
Gifts and contributions	\$ -
Interest earned	<u>3,293</u>
Total Additions	3,293
Deductions	
Scholarships awarded	<u>1,500</u>
Change in net assets	1,793
Net assets, July 1, 2006	<u>54,244</u>
Net assets, June 30, 2007	<u><u>\$ 56,037</u></u>

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

**STATE OF NEW MEXICO
LORDSBURG MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

I. 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 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:
 - ** 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, 2003. As part of GASB's Statement No. 34, there is a new reporting requirement regarding the local government's infrastructure (roads, bridges, etc.). The District does not own any infrastructure assets and therefore is unaffected by this provision.

A. Reporting Entity

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

**STATE OF NEW MEXICO
LORDSBURG MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

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 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.
- b. District Management believes presentation of the fund as a major fund enhances the usefulness to the reader.

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. The General Fund includes the Operational, Transportation and Instructional Materials Funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for 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 equals liabilities, they do not involve the measurements of results of operations.

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

**STATE OF NEW MEXICO
LORDSBURG MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

Fiduciary Funds are as follows:

Rolfe Estate Endowment – to account for the endowment, in perpetuity, from the Rolfe Estate. Proceeds from investment income are restricted to use for scholarships. This is categorized in the financial statements as a private purpose trust fund.

Agency Funds – deposits of funds from various school organizations, such as “Class of 2004” or “Cheerleaders” which are disbursed upon the individual organization’s authorization and direction. These funds are purely custodial in nature.

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

Major Fund Descriptions

General – See above descriptions.

Debt Service – See above descriptions.

Bond Building – accounts for the bond proceeds restricted to erect, remodel, make additions to, and furnish school buildings.

C. 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 government 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 generally 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 are reported as advances by the provider and deferred revenue by the recipient.

Property tax receivables are recognized in the period for which the taxes are levied, even if they are not available.

Property taxes and grant revenues not collected within 60 days of year-end are recorded as receivables and deferred revenue. Such amounts are recorded net of estimated uncollectible amounts.

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

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LORDSBURG MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

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 to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Charges for services include revenues 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 purposes, 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.

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.

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

Actual expenditures may not exceed the budget on a 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 School Finance.

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 US 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%.

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F. Inventories

Except for USDA 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 of supplies. Inventories are accounted for by the consumption method.

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

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

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

H. Long-term Debt

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

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

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

I. Compensated Absences

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

J. Equity Classifications

Government-wide Statements

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

- a. Invested in capital assets, net of related debt – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets
- b. Restricted net assets – consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or

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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

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

K. Property Tax

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

The District is permitted to levy taxes for general operating purposes up to \$.50 per \$1,000 of taxable value for both residential and nonresidential property, taxable value being defined as one third of the fully assessed value. In addition, the District is allowed to levy taxes for payments of bond principal and interest in amounts approved by voters of the District, as well as a Two Mill Levy for District improvements. The District's total tax rate to finance general government services for the year ended June 30, 2005 was \$.50 per \$1,000 for non-residential property and \$.50 for residential property. The District's tax rate for debt service was \$6.99 per \$1,000 for both residential and nonresidential property. The District's tax rate for District improvements was \$2.00 per \$1,000 for both residential and nonresidential property.

L. Interfund Activity

Interfund Activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are eliminated in the statement of net assets. 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 interfund transactions are treated as transfers. Interfund 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.

II. 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, 2008, \$850,971 of the government's bank balance of \$4,168,287 was exposed to custodial credit risk as follows:

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Uninsured and uncollateralized	\$ 850,971
Uninsured and collateral held by pledging banks	
Trust Department not in District's name	-
	<u>\$ 850,971</u>

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Deposits by custodial risk category:		
Insured	\$ 200,000	\$ 200,000
Collateral held by the pledging bank's Agent in the District's name	3,117,316	3,117,316
Uninsured and uncollateralized	<u>850,971</u>	<u>452,459</u>
	<u>\$ 4,168,287</u>	<u>\$ 3,769,775</u>

The District does not have a risk policy beyond that required by State Statute.

III. Capital Assets

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

	<u>Balance per Prior Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at End of Year</u>
Capital assets not being depreciated:				
Land	\$ 341,566	\$ -	\$ -	\$ 341,566
Construction in Progress	367,278	1,300,263		1,667,541
Total assets not being depreciated	<u>708,844</u>	<u>1,300,263</u>	<u>-</u>	<u>2,009,107</u>
Capital Assets Being Depreciated:				
Buildings & Improvements	16,291,984	-	-	16,291,984
Equipment & Furniture	3,571,316	135,804	-	3,707,120
Total Assets being Depreciated	<u>19,863,300</u>	<u>135,804</u>	<u>-</u>	<u>19,999,104</u>
Less accumulated depreciation for:				
Buildings & Improvements	11,382,068	202,368		11,584,436
Equipment & Furniture	3,194,949	73,330		3,268,279
Total Accumulated depreciation	<u>14,577,017</u>	<u>275,698</u>	<u>-</u>	<u>14,852,715</u>
Total Assets being depreciated, net	<u>5,286,283</u>	<u>(139,894)</u>	<u>-</u>	<u>5,146,389</u>
Capital Assets, Net	<u>\$ 5,995,127</u>	<u>\$ 1,160,369</u>	<u>\$ -</u>	<u>\$ 7,155,496</u>

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IV. Long-Term Debt

Changes in long-term debt were as follows during the year-end June 30, 2008:

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008	Due in one year
GO Bonds, Series 2007	\$ 1,250,000			\$ 1,250,000	\$ 390,000
GO Bonds, Series 2005	1,500,000	-	25,000	1,475,000	200,000
GO Bonds, Series 1999	250,000	-	250,000	-	-
GO Bonds, Series 2000	200,000	-	200,000	-	-
Compensated Absences	33,441	41,314	33,441	41,314	-
	<u>\$ 3,233,441</u>	<u>\$ 41,314</u>	<u>\$ 508,441</u>	<u>\$ 2,766,314</u>	<u>\$ 590,000</u>

Annual debt service requirements for the bonds payable are as follows:

Due in fiscal year ending June 30:

	Principal	Interest
2009	\$ 590,000	\$ 77,551
2010	360,000	63,495
2011	250,000	54,050
2012	375,000	44,605
213	275,000	34,235
2014 to 2018	875,000	64,885
	<u>\$ 2,725,000</u>	<u>\$ 338,821</u>

Series 1999, 2005, and 2005

During the year ended June 30, 1999, the District was authorized by voters of the District to issue \$1,500,000 in general obligation bonds to erect, remodel, make additions to, and furnish school buildings.

The District issued \$1,000,000 of the \$1,500,000 issue on April 1, 1999. The remaining \$500,000 was issued October 1, 1999.

The District issued \$500,000 of the 2000 series on October 1, 2000.

During the year ended June 30, 2005, the District was authorized by voters of the District to issue \$4,000,000 in general obligation bonds to erect, remodel, made additions to, and furnish school buildings.

The District issued \$1,500,000 of the \$4,000,000 issue in July of 2005.

Bonds maturing on or after specified dates are subject to prior redemption, at the District's option, in multiples of \$5,000, and may be made at any time and in any order the District determines, for a price equal to the principal amount of the bond plus accrued interest to the date of redemption.

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The full faith and credit of the District are pledged for the punctual payment of the principal and interest on general obligation bonds, and retirements are to be made through property tax levies.

V. Employee Retirement Plan

Plan Description – Substantially all of High Plains Regional Education Cooperative's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978). The Educational Retirement Board (ERA) is the administrator of the plan, which is a cost sharing multiple employer defined benefit retirement plan. The plan provides for retirement, disability benefits and cost-of-living adjustments to plan members and beneficiaries. ERA issues a separate, publicly available financial report that includes the financial statements and required supplementary information. That report may be obtained by writing to ERA, P.O. Box 26129, Santa Fe, New Mexico 87502-6129.

Funding Policy - Plan members are required to contribute 7.825% of their gross salary. Lordsburg Municipal Schools is required to contribute 10.9% of the gross covered salary. Effective July 1, 2008, plan members are required to contribute 7.9% of their gross salary. The employer contribution will increase .75% each year until July 1, 2011 when the employer contribution will be 13.9%. The contribution requirements of plan members and the 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. Lordsburg Municipal School's contributions to ERB for the fiscal years ending June 30, 2008, 2007 and 2006, were \$504,459, \$435,518 and \$406,279, respectively, which equal the amount of the required contributions for each fiscal year.

VI. Retiree Health Care Act Contributions

Plan Description - Lordsburg Municipal School contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit post employment 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 Retiree Health Care Act on the person's behalf, unless that person retired on or before July 1, 1995, in which event the time period for contributions becomes the time between July 1, 1990, and the date of retirement; or (2) retirees defined by the Act who retired prior to July 1, 1990; and former legislators who served at least two years.

The RHA 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

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member. Former legislators and governing authority member are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

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

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

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

Lordsburg Municipal School's contributions to the RHCA for the years ended June 30, 2008, 2007, and 2006 were \$60,166, \$55,781 and \$52,044, respectively, which equal the required contributions for each year.

VII. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injury to employees; and natural disasters. 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 \$5,000,000 with a \$1,000,000 stop loss.

VIII. Contingent Liabilities

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

IX. Deficit Unreserved Fund Balance

The deficit fund balances are the result of the application of generally accepted accounting principles to cash basis budgeting, and the modified accrual basis limitation of 60 days on the accrual of revenue. As revenue is received, the deficit fund balance will be reduced. At June 30, 2008 there were no deficit fund balances.

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NOTES TO FINANCIAL STATEMENTS
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X. Endowments

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 \$3,037 is available for expenditure by the governing board, and are reported in net assets as "reserved for scholarships."

XI. Jointly Governed Organizations

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.

SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
 LORDSBURG MUNICIPAL SCHOOL DISTRICT #1

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - DEBT SERVICE FUND -41000

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Local Revenue				
Taxes	\$ 680,369	\$ 680,369	\$ 710,266	\$ 29,897
Investment Income	10,000	10,000	17,720	7,720
TOTAL REVENUE	690,369	690,369	\$ 727,986	\$ 37,617
BUDGETED CASH BALANCE	680,658	680,658		
TOTAL REVENUE & CASH	\$ 1,371,027	\$ 1,371,027		
EXPENDITURES				
Current				
General Administration	\$ 5,636	\$ 7,136	\$ 7,103	\$ 33
Debt Service				
Principal Retirement	475,000	475,000	475,000	-
Bond Interest	88,612	88,612	88,612	-
Non-operating Reserves	801,779	800,279	-	800,279
TOTAL EXPENDITURES	\$ 1,371,027	\$ 1,371,027	\$ 570,715	\$ 800,312

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

Sources/Inflows of Resources	
Actual amounts (budgetary basis)	\$ 727,986
Differences budget to GAAP	
Prior Year receivable	(16,917)
Change in deferred taxes	(1,890)
Current Year receivable	31,163
Total Revenues (GAAP Basis)	\$ 740,342
Uses/Outflows of Resources	
Actual amounts (budgetary basis)	\$ 570,715
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	\$ 570,715

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

STATE OF NEW MEXICO
 LORDSBURG MUNICIPAL SCHOOL DISTRICT #1

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - CAPITAL PROJECTS - BOND BUILDING FUND -31100

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Local Revenue				
Sale of Bonds	\$ -	\$ -	\$ -	\$ -
Investment Income	48,000	48,000	59,914	11,914
TOTAL REVENUE	<u>48,000</u>	<u>48,000</u>	<u>\$ 59,914</u>	<u>\$ 11,914</u>
BUDGETED CASH BALANCE	<u>2,384,658</u>	<u>2,384,658</u>		
TOTAL REVENUE & CASH	<u>\$ 2,432,658</u>	<u>\$ 2,432,658</u>		
EXPENDITURES				
Current				
Facilities and construction	\$ 2,432,658	\$ 2,432,658	\$ 790,734	\$ 1,641,924
TOTAL EXPENDITURES	<u>\$ 2,432,658</u>	<u>\$ 2,432,658</u>	<u>\$ 790,734</u>	<u>\$ 1,641,924</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 59,914
Differences budget to GAAP	
Current Year receivable	-
Total Revenues (GAAP Basis)	<u>\$ 59,914</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 790,734
Differences-budget to GAAP	
Current Year Accounts Payable	109,772
Total Expenditures (GAAP Basis)	<u>\$ 900,506</u>

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

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COMBINING BALANCE SHEET - GENERAL FUNDS

June 30, 2008

	OPERATIONAL 11000	TRANSPORTATION 13000	INSTRUCTIONAL MATERIALS 14000	TOTAL GENERAL FUND
ASSETS				
Cash on Deposit	\$ 730,687	\$ 22,050	\$ 6,384	\$ 759,121
Taxes Receivable	3,453	-	-	3,453
Internal balances	-	-	-	-
Due from other Governments	-	-	-	-
Inventories	26,495	-	-	26,495
TOTAL ASSETS	\$ 760,635	\$ 22,050	\$ 6,384	\$ 789,069
LIABILITIES AND FUND BALANCE				
Accounts Payable	\$ 35,134	\$ -	\$ -	\$ 35,134
Deferred Revenue	3,043	-	-	3,043
TOTAL LIABILITIES	38,177	-	-	38,177
FUND BALANCE				
Fund Balance				
Reserved:				
Reserved for inventory	26,495	-	-	26,495
Reserved for debt service	-	-	-	-
Unreserved:				
Designated, Reported in				
General Fund	695,963	22,050	6,384	724,397
Special Revenue Funds				
Capital Projects Funds	-	-	-	-
TOTAL FUND BALANCE	722,458	22,050	6,384	750,892
TOTAL LIABILITIES AND FUND BALANCE	\$ 760,635	\$ 22,050	\$ 6,384	\$ 789,069

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

STATE OF NEW MEXICO
LORDSBURG MUNICIPAL SCHOOL DISTRICT #1

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

Year ended June 30, 2008

	OPERATIONAL 11000	TRANSPORTATION 13000	INSTRUCTIONAL MATERIALS 14000	TOTAL GENERAL FUND
REVENUE				
Federal Aid	\$ 5,113	\$ -	\$ -	\$ 5,113
State Aid	6,365,336	438,270	73,561	6,877,167
Property taxes	50,782	-	-	50,782
Interest	47,437	-	-	47,437
Insurance recoveries	2,723	-	-	2,723
Other local sources	90,423	-	-	90,423
TOTAL REVENUES	6,561,814	438,270	73,561	7,073,645
EXPENDITURES				
Current				
Instruction	3,142,021	-	64,888	3,206,909
Support Services				
Students	606,783	-	-	606,783
Instruction	149,018	-	3,397	152,415
General Administration	183,416	-	-	183,416
School Administration	775,583	-	-	775,583
Central Services	312,011	-	-	312,011
Operation & Maintenance of Plant	1,074,982	-	-	1,074,982
Transportation of students	14,342	426,086	-	440,428
Food Service	23,776	-	-	23,776
Facilities and construction	183,494	-	-	183,494
TOTAL EXPENDITURES	6,465,426	426,086	68,285	6,959,797
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	96,388	12,184	5,276	113,848
OTHER FINANCING SOURCES (USES)				
Sale of Bonds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	96,388	12,184	5,276	113,848
FUND BALANCE - JUNE 30, 2006	626,070	9,866	1,108	637,044
FUND BALANCE - JUNE 30, 2007	\$ 722,458	\$ 22,050	\$ 6,384	\$ 750,892

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

STATE OF NEW MEXICO
LORDSBURG MUNICIPAL SCHOOL DISTRICT #1

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
AND ACTUAL - GENERAL FUND - OPERATIONAL - 11000

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 5,046	\$ 5,046	\$ 5,113	\$ 67
State Revenue	6,316,153	6,365,825	6,365,336	(489)
Property Taxes	48,611	48,611	50,542	1,931
Local Revenue	28,466	28,466	90,423	61,957
Insurance recoveries/refunds	-	-	2,723	2,723
Income from Investments	36,000	36,000	47,437	11,437
TOTAL REVENUE	6,434,276	6,483,948	\$ 6,561,574	\$ 77,626
BUDGETED CASH BALANCE	444,710	642,832		
TOTAL REVENUE & CASH	\$ 6,878,986	\$ 7,126,780		

EXPENDITURES

Current

Instruction	\$ 3,384,026	\$ 3,384,026	\$ 3,150,616	\$ 233,410
Support Services				
Students	667,432	667,432	606,783	60,649
Instruction	169,166	169,166	149,018	20,148
General Administration	229,077	229,077	183,416	45,661
School Administration	814,540	814,540	775,583	38,957
Central Services	324,050	324,050	312,011	12,039
Operation & Maintenance of Plant	1,009,730	1,118,304	1,074,982	43,322
Student Transportation	56,389	56,389	14,342	42,047
Other Support Services	85,116	85,116	-	85,116
Food Services	75,832	75,832	23,776	52,056
Facilities Acquisition & Construction	63,628	202,848	183,494	19,354
TOTAL EXPENDITURES	\$ 6,878,986	\$ 7,126,780	\$ 6,474,021	\$ 652,759

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 6,561,574
Differences budget to GAAP	
Prior Year receivable	(5,144)
Change in deferred taxes	1,931
Current Year receivable	3,453
Total Revenues (GAAP Basis)	\$ 6,561,814

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 6,474,021
Differences-budget to GAAP	
Prior year payable	(34,696)
Change in inventory	(9,033)
Current year payable	35,134
Total Expenditures (GAAP Basis)	\$ 6,465,426

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

STATE OF NEW MEXICO
LORDSBURG MUNICIPAL SCHOOL DISTRICT #1

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
AND ACTUAL - GENERAL FUND - TRANSPORTATION - 13000

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Aid	\$ 382,037	\$ 448,124	\$ 438,270	\$ (9,854)
TOTAL REVENUE	<u>382,037</u>	<u>448,124</u>	<u>\$ 438,270</u>	<u>\$ (9,854)</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ 382,037</u>	<u>\$ 448,124</u>		
EXPENDITURES				
Current				
Student Transportation	\$ 382,037	\$ 448,124	\$ 426,086	\$ 22,038
TOTAL EXPENDITURES	<u>\$ 382,037</u>	<u>\$ 448,124</u>	<u>\$ 426,086</u>	<u>\$ 22,038</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 438,270
Differences budget to GAAP	
Prior Year checks voided	-
Current Year receivable	-
Total Revenues (GAAP Basis)	<u>\$ 438,270</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 426,086
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 426,086</u>

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

STATE OF NEW MEXICO
 LORDSBURG MUNICIPAL SCHOOL DISTRICT #1

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - GENERAL FUND - INSTRUCTIONAL MATERIALS - 14000

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Aid	\$ 64,558	\$ 72,104	\$ 73,561	\$ 1,457
TOTAL REVENUE	64,558	72,104	73,561	1,457
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	\$ 64,558	\$ 72,104		
EXPENDITURES				
Current				
Instruction	\$ 59,331	\$ 66,141	\$ 64,888	\$ 1,253
Support Services				
Instruction	5,227	5,963	3,397	2,566
TOTAL EXPENDITURES	\$ 64,558	\$ 72,104	\$ 68,285	\$ 3,819

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

Sources/Inflows of Resources		
Actual amounts (budgetary basis)		\$ 73,561
Differences budget to GAAP		
Prior Year receivable		-
Current Year receivable		-
Total Revenues (GAAP Basis)		<u>\$ 73,561</u>
 Uses/Outflows of Resources		
Actual amounts (budgetary basis)		\$ 68,285
Differences-budget to GAAP		
Total Expenditures (GAAP Basis)		<u>\$ 68,285</u>

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

Non-Major Funds

NON MAJOR 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. (Authority, SBE Reg. 93-1)

TITLE I– to account for the federal assistance provided to the District for the improvement of educational opportunities to deprived children. (Authority, PL 103-382)

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

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

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

EDUCATION OF HOMELESS – to ensure that homeless children and youth have equal access to the same free, appropriate public education as other children; to provide activities for and services to ensure that these children enroll in, attend, and achieve success in school; to establish or designate an office in each State educational agency (SEA) for the coordination of education for homeless children and youth; to develop and implement programs for school personnel to heighten awareness of specific problems of homeless children and youth; and to provide grants to local educational agencies (LEAs). Authorized by McKinney-Vento Homeless Assistance Act, Title VII, Subtitle B.

TITLE II – to account for a federal grant restricted to the operation and maintenance of the Eisenhower Mathematics and Science Education state grant program to enhance math and science education in public schools. Authority for the creation of this fund is ESEA of 1965, Title II, Part A, Public Law 100-297, as amended; Public Law 101-589, reauthorized by Public Law 103-382.

RURAL & LOW INCOME SCHOOLS – to account for funds used for 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.)

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. (PL 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)

INCENTIVES FOR SCHOOL IMPROVEMENT – to account for funds received from the Incentives for School Improvement Act (Section 22-2C-9, NMSA 1978) that is to provide financial incentive to individual schools that exceed expected academic progress.

FAMILY & YOUTH RESOURCE – to account for funds received for the transition assistance program funding through the State of New Mexico.

BEGINNING TEACHER MENTORING PROGRAM - to account for revenues received to enhance and improve skills for beginning teachers. (Authority, State Grant Provision).

Breakfast for Elementary - to account for a grant received to provide breakfast for elementary students. (Authority State Grant Provision)

Library Bonds – This fund is used to account for the revenue and expenditures to acquire supplementary library books, equipment, and library resources for public school and juvenile detention libraries statewide.

SCHOOL BASED HEALTH CENTER - TO ACCOUNT FOR FUNDS RECEIVED TO PROVIDE HEALTH SERVICES FOR NEEDY CHILDREN. (AUTHORITY, STATE GRANT PROVISION)

VALUE OPTIONS – TO ACCOUNT FOR FUNDS RECEIVED TO PROVIDE ADDITIONAL EDUCATIONAL SERVICES TO THE STUDENTS OF LORDSBURG SCHOOLS (AUTHORITY GRANT PROVISION)

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.

SPECIAL CAPITAL OUTLAY STATE - to account for the revenue received from the state capital outlay to be used for improvements and additions to school owned property.

STATE OF NEW MEXICO
 LORDSBURG MUNICIPAL SCHOOL DISTRICT #1

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS

June 30, 2008

	SPECIAL REVENUE	CAPITAL PROJECTS	TOTAL
ASSETS			
Cash on Deposit	\$ 83,219	\$ 181,896	\$ 265,115
Taxes receivable	-	13,161	13,161
Due from other Governments	365,833	88,397	454,230
Inventories	5,428	-	5,428
TOTAL ASSETS	\$ 454,480	\$ 283,454	\$ 737,934
LIABILITIES			
Accounts Payable	\$ 365,833	\$ 88,397	\$ 454,230
Internal balances	-	-	-
Deferred Revenue	17,174	11,499	28,673
TOTAL LIABILITIES	383,007	99,896	482,903
FUND BALANCE			
Fund Balance			
Reserved:			
Reserved for inventory	5,428	-	5,428
Unreserved:			
Designated for subsequent year expenditures	66,045	183,558	249,603
TOTAL FUND BALANCE	71,473	183,558	255,031
TOTAL LIABILITIES & FUND BALANCE	\$ 454,480	\$ 283,454	\$ 737,934

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

STATE OF NEW MEXICO
 LORDSBURG MUNICIPAL SCHOOL DISTRICT #1

COMBINING STATEMENT OF REVENUES, EXPENDITURES
 CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2008

	SPECIAL REVENUE	CAPITAL PROJECTS	TOTAL
REVENUES			
Federal Aid	\$ 1,081,630	\$ -	\$ 1,081,630
State Aid	192,581	88,397	280,978
Property Taxes	-	204,103	204,103
Local revenues	73,132	-	73,132
Interest	1,934	5,582	7,516
TOTAL REVENUES	1,349,277	298,082	1,647,359
EXPENDITURES			
Current			
Instruction	670,446	-	670,446
Support Services			
Students	259,680	-	259,680
Instruction	457	-	457
General Administration	-	-	-
School Administration	103,006	-	103,006
Central Services	-	-	-
Operation & Maintenance of Plant	-	-	-
Student Transportation	-	-	-
Food Service	310,917	-	310,917
Facilities and construction	-	352,067	352,067
TOTAL EXPENDITURES	1,344,506	352,067	1,696,573
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,771	(53,985)	(49,214)
FUND BALANCE- JUNE 30, 2007	66,702	237,543	304,245
FUND BALANCE - JUNE 30, 2008	\$ 71,473	\$ 183,558	\$ 255,031

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

STATE OF NEW MEXICO
 LORDSBURG MUNICIPAL SCHOOL DISTRICT #1

COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS

June 30, 2008

	FOOD SERVICE 21000	ATHLETIC 22000	TITLE I 24101	IDEA-B ENTITLEMENT 24106	IDEA-B DISCRETIONARY 24107	IDEA-B PRESCHOOL 24109	EDUCATION OF HOMELESS 24113
ASSETS							
Cash on Deposit	\$ 15,127	\$ 50,918	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other Governments	-	-	226,159	18,277	20,533	-	10,632
Inventories	5,428	-	-	-	-	-	-
TOTAL ASSETS	\$ 20,555	\$ 50,918	\$ 226,159	\$ 18,277	\$ 20,533	\$ -	\$ 10,632
LIABILITIES							
Accounts Payable	\$ -	\$ -	\$ 226,159	\$ 18,277	\$ 20,533	\$ -	\$ 10,632
Internal balances	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	226,159	18,277	20,533	-	10,632
FUND BALANCE							
Fund Balance							
Reserved:							
Reserved for inventory	5,428	-	-	-	-	-	-
Unreserved:							
Designated for subsequent year expenditures	15,127	50,918	-	-	-	-	-
TOTAL FUND BALANCE	20,555	50,918	-	-	-	-	-
TOTAL LIABILITIES & FUND BALANCE	\$ 20,555	\$ 50,918	\$ 226,159	\$ 18,277	\$ 20,533	\$ -	\$ 10,632

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

TITLE II 24154	RURAL & LOW INCOME SCHOOLS 24160	TITLE XIX MEDICAID 3 1/2 25153	TECHNOLOGY FOR EDUCATION 27117	INCENTIVES FOR SCHOOL IMPROVEMENT 27138	FAMILY & YOUTH RESOURCE 27140	LIBRARY SB301 27170	SCHOOL BASED HEALTH 29130	VALUE OPTIONS 29131	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$ -	\$ -	\$ -	\$ 13,601	\$ -	\$ -	\$ -	\$ 3,573	\$ -	\$ 83,219
28,006	13,587	-	-	-	12,900	12,686	-	23,053	365,833
-	-	-	-	-	-	-	-	-	5,428
<u>\$ 28,006</u>	<u>\$ 13,587</u>	<u>\$ -</u>	<u>\$ 13,601</u>	<u>\$ -</u>	<u>\$ 12,900</u>	<u>\$ 12,686</u>	<u>\$ 3,573</u>	<u>\$ 23,053</u>	<u>\$ 454,480</u>
\$ 28,006	\$ 13,587	\$ -	\$ -	\$ -	\$ 12,900	\$ 12,686	\$ -	\$ 23,053	\$ 365,833
-	-	-	-	-	-	-	-	-	-
-	-	-	13,601	-	-	-	3,573	-	17,174
<u>28,006</u>	<u>13,587</u>	<u>-</u>	<u>13,601</u>	<u>-</u>	<u>12,900</u>	<u>12,686</u>	<u>3,573</u>	<u>23,053</u>	<u>383,007</u>
-	-	-	-	-	-	-	-	-	5,428
-	-	-	-	-	-	-	-	-	66,045
-	-	-	-	-	-	-	-	-	<u>71,473</u>
<u>\$ 28,006</u>	<u>\$ 13,587</u>	<u>\$ -</u>	<u>\$ 13,601</u>	<u>\$ -</u>	<u>\$ 12,900</u>	<u>\$ 12,686</u>	<u>\$ 3,573</u>	<u>\$ 23,053</u>	<u>\$ 454,480</u>

STATE OF NEW MEXICO
LORSBURG MUNICIPAL SCHOOL DISTRICT #1

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS

Year Ended June 30, 2008

	FOOD SERVICE 21000	ATHLETIC 22000	TITLE I 24101	IDEA-B ENTITLEMENT 24106
REVENUES				
Federal Aid	\$ 250,832	\$ -	\$ 450,438	\$ 188,109
State Aid	-	-	-	-
Local revenues	38,134	34,998	-	-
Interest	237	1,697	-	-
TOTAL REVENUES	289,203	36,695	450,438	188,109
EXPENDITURES				
Current				
Instruction	-	27,399	403,721	114,867
Support Services				
Students	-	-	-	43,613
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	46,717	29,629
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Food Service	293,599	-	-	-
Facilities Acquisition & Construction	-	-	-	-
TOTAL EXPENDITURES	293,599	27,399	450,438	188,109
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,396)	9,296	-	-
FUND BALANCE- JUNE 30, 2006	24,951	41,622	-	-
FUND BALANCE - JUNE 30, 2007	\$ 20,555	\$ 50,918	\$ -	\$ -

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

IDEA-B DISCRETIONARY 24107	IDEA -B PRESCHOOL 24109	EDUCATION OF HOMELESS 24113	TITLE II 24154	RURAL & LOW INCOME SCHOOLS 24160	TITLE XIX MEDICAID 3 1/2 25153	TECHNOLOGY FOR EDUCATION 27117
\$ 52,818	\$ 24,860	\$ 14,000	\$ 66,371	\$ 13,587	\$ 20,615	\$ -
-	-	-	-	-	-	8,070
-	-	-	-	-	-	-
-	-	-	-	-	-	-
52,818	24,860	14,000	66,371	13,587	20,615	8,070
-	24,860	-	66,371	13,587	-	-
35,178	-	14,000	-	-	20,744	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
17,640	-	-	-	-	-	8,070
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
52,818	24,860	14,000	66,371	13,587	20,744	8,070
-	-	-	-	-	(129)	-
-	-	-	-	-	129	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

STATE OF NEW MEXICO
LORDSBURG MUNICIPAL SCHOOL DISTRICT #1

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS

Year Ended June 30, 2008

	INCENTIVES FOR SCHOOL IMPROVEMENT 27138	FAMILY & YOUTH RESOURCE 27140	BEGINNING TEACHER MENTORING 27154	BREAKFAST FOR ELEMENTARY 27155
REVENUES				
Federal Aid	\$ -	\$ -	\$ -	\$ -
State Aid	2,788	34,338	5,574	17,318
Local revenues	-	-	-	-
Interest	-	-	-	-
TOTAL REVENUES	2,788	34,338	5,574	17,318
EXPENDITURES				
Current				
Instruction	1,381	-	5,574	-
Support Services				
Students	-	34,338	-	-
Instruction	457	-	-	-
General Administration	-	-	-	-
School Administration	950	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Food Service	-	-	-	17,318
Facilities Acquisition & Construction	-	-	-	-
TOTAL EXPENDITURES	2,788	34,338	5,574	17,318
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-
FUND BALANCE- JUNE 30, 2006	-	-	-	-
FUND BALANCE - JUNE 30, 2007	\$ -	\$ -	\$ -	\$ -

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

LIBRARY SB301 27170	SCHOOL BASED HEALTH 29130	VALUE OPTIONS 29131	COMBINED
\$ -	\$ -	\$ -	\$ 1,081,630
12,686	111,807	58,105	192,581
-	-	-	73,132
-	-	-	1,934
12,686	111,807	58,105	1,349,277
12,686	-	-	670,446
-	111,807	58,105	259,680
-	-	-	457
-	-	-	-
-	-	-	103,006
-	-	-	-
-	-	-	-
-	-	-	310,917
-	-	-	-
12,686	111,807	58,105	1,344,506
-	-	-	4,771
-	-	-	66,702
\$ -	\$ -	\$ -	\$ 71,473

STATE OF NEW MEXICO
 LORDSBURG MUNICIPAL SCHOOL DISTRICT #1

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - FOOD SERVICE - 21000

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Aid	\$ 231,602	\$ 249,226	\$ 250,832	\$ 1,606
State Aid	17,318	-	-	-
Local Revenue	45,805	45,805	38,134	(7,671)
Income from Investments	325	325	237	(88)
TOTAL REVENUE	295,050	295,356	\$ 289,203	\$ (6,153)
BUDGETED CASH BALANCE	23,609	23,609		
TOTAL REVENUE & CASH	\$ 318,659	\$ 318,965		
EXPENDITURES				
Current				
Food Service	318,659	318,965	295,216	23,749
TOTAL EXPENDITURES	\$ 318,659	\$ 318,965	\$ 295,216	\$ 23,749

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

Sources/Inflows of Resources		
Actual amounts (budgetary basis)		\$ 289,203
Differences budget to GAAP		-
Prior Year receivable		-
Current Year receivable		-
Total Revenues (GAAP Basis)		<u>\$ 289,203</u>
 Uses/Outflows of Resources		
Actual amounts (budgetary basis)		\$ 295,216
Differences-budget to GAAP		-
Change in Inventories		(1,617)
Total Expenditures (GAAP Basis)		<u>\$ 293,599</u>

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

STATE OF NEW MEXICO
 LORDSBURG MUNICIPAL SCHOOL DISTRICT #1

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - ATHLETICS - 22000

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Local Revenue				
Fees from activities	\$ 32,661	\$ 32,661	\$ 34,998	\$ 2,337
Investment income	600	600	1,697	1,097
TOTAL REVENUE	<u>33,261</u>	<u>33,261</u>	<u>\$ 36,695</u>	<u>\$ 3,434</u>
BUDGETED CASH BALANCE	<u>42,950</u>	<u>42,950</u>		
TOTAL REVENUE & CASH	<u>\$ 76,211</u>	<u>\$ 76,211</u>		
EXPENDITURES				
Current				
Instruction	\$ 76,211	\$ 76,211	\$ 27,399	\$ 48,812
TOTAL EXPENDITURES	<u>\$ 76,211</u>	<u>\$ 76,211</u>	<u>\$ 27,399</u>	<u>\$ 48,812</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 36,695
Differences budget to GAAP	
Prior Year deferral	-
Current Year deferral	-
Total Revenues (GAAP Basis)	<u>\$ 36,695</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 27,399
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 27,399</u>

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

STATE OF NEW MEXICO
 LORDSBURG MUNICIPAL SCHOOL DISTRICT #1

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - TITLE I - 24101

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 367,397	\$ 466,714	\$ 216,387	\$ (250,327)
TOTAL REVENUE	<u>367,397</u>	<u>466,714</u>	<u>\$ 216,387</u>	<u>\$ (250,327)</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ 367,397</u>	<u>\$ 466,714</u>		
EXPENDITURES				
Current				
Instruction	\$ 320,641	\$ 419,958	\$ 403,721	\$ 16,237
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	46,756	46,756	46,717	39
TOTAL EXPENDITURES	<u>\$ 367,397</u>	<u>\$ 466,714</u>	<u>\$ 450,438</u>	<u>\$ 16,276</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 216,387
Differences budget to GAAP	
Prior Year deferral	7,892
Current Year receivable	226,159
Total Revenues (GAAP Basis)	<u>\$ 450,438</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 450,438
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 450,438</u>

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

STATE OF NEW MEXICO
LORDSBURG MUNICIPAL SCHOOL DISTRICT #1

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
AND ACTUAL - SPECIAL REVENUE FUND - IDEA - ENTITLEMENT - 24106

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 190,328	\$ 190,328	\$ 168,373	\$ (21,955)
TOTAL REVENUE	190,328	190,328	\$ 168,373	\$ (21,955)
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	\$ 190,328	\$ 190,328		
EXPENDITURES				
Current				
Instruction	\$ 116,081	\$ 116,081	\$ 114,867	\$ 1,214
Support Services				
Students	43,700	43,700	43,613	87
Instruction	-	-	-	-
School Administration	30,546	30,546	29,629	917
Operation & Maintenance of Plant	1	1	-	1
TOTAL EXPENDITURES	\$ 190,328	\$ 190,328	\$ 188,109	\$ 2,219

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 168,373
Differences budget to GAAP	
Prior Year deferral	1,459
Current Year receivable	18,277
Total Revenues (GAAP Basis)	\$ 188,109

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 188,109
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	\$ 188,109

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

STATE OF NEW MEXICO
 LORDSBURG MUNICIPAL SCHOOL DISTRICT #1

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - IDEA - DISCRETIONARY - 24107

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 53,215	\$ 53,207	\$ 32,052	\$ (21,155)
TOTAL REVENUE	53,215	53,207	32,052	(21,155)
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	53,215	53,207		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services				
Students	35,254	35,254	35,178	76
School Administration	17,961	17,953	17,640	313
Operation & Maintenance of Plant	-	-	-	-
TOTAL EXPENDITURES	53,215	53,207	52,818	389

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

Sources/Inflows of Resources	
Actual amounts (budgetary basis)	\$ 32,052
Differences budget to GAAP	
Prior Year deferral	233
Current Year receivable	20,533
Total Revenues (GAAP Basis)	52,818
Uses/Outflows of Resources	
Actual amounts (budgetary basis)	\$ 52,818
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	52,818

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

STATE OF NEW MEXICO
 LORDSBURG MUNICIPAL SCHOOL DISTRICT #1

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - IDEA - PRESCHOOL - 24109

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 24,865	\$ 24,865	\$ 21,116	\$ (3,749)
TOTAL REVENUE	24,865	24,865	<u>21,116</u>	<u>(3,749)</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ 24,865</u>	<u>\$ 24,865</u>		
EXPENDITURES				
Current				
Instruction	\$ 24,865	\$ 24,865	\$ 24,860	\$ 5
TOTAL EXPENDITURES	<u>\$ 24,865</u>	<u>\$ 24,865</u>	<u>\$ 24,860</u>	<u>\$ 5</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 21,116
Differences budget to GAAP	
Prior Year deferral	3,744
Current Year deferral	-
Total Revenues (GAAP Basis)	<u>\$ 24,860</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 24,860
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 24,860</u>

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

STATE OF NEW MEXICO
 LORDSBURG MUNICIPAL SCHOOL DISTRICT # 1

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - EDUCATION OF HOMELESS - 24113

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ 14,000	\$ 5,519	\$ (8,481)
TOTAL REVENUE	-	14,000	5,519	(8,481)
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	\$ -	\$ 14,000		
EXPENDITURES				
Current				
Support Services				
Students	\$ -	\$ 14,000	\$ 14,000	\$ -
TOTAL EXPENDITURES	\$ -	\$ 14,000	\$ 14,000	\$ -

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

Sources/Inflows of Resources	
Actual amounts (budgetary basis)	\$ 5,519
Differences budget to GAAP	
Prior Year Receivable	(2,151)
Current Year Receivable	10,632
Total Revenues (GAAP Basis)	\$ 14,000
Uses/Outflows of Resources	
Actual amounts (budgetary basis)	\$ 14,000
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	\$ 14,000

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

STATE OF NEW MEXICO
 LORDSBURG MUNICIPAL SCHOOL DISTRICT #1

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - TITLE II -24154

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 58,634	\$ 68,125	\$ 38,003	\$ (30,122)
TOTAL REVENUE	58,634	68,125	\$ 38,003	\$ (30,122)
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	\$ 58,634	\$ 68,125		
EXPENDITURES				
Current				
Instruction	\$ 58,634	\$ 68,125	\$ 66,371	\$ 1,754
TOTAL EXPENDITURES	\$ 58,634	\$ 68,125	\$ 66,371	\$ 1,754

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

Sources/Inflows of Resources		
Actual amounts (budgetary basis)		\$ 38,003
Differences budget to GAAP		
Prior Year deferral		362
Current Year receivable		28,006
Total Revenues (GAAP Basis)		\$ 66,371
 Uses/Outflows of Resources		
Actual amounts (budgetary basis)		\$ 66,371
Differences-budget to GAAP		
 Total Expenditures (GAAP Basis)		 \$ 66,371

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

STATE OF NEW MEXICO
 LORDSBURG MUNICIPAL SCHOOL DISTRICT #1

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - RURAL & LOW INCOME SCHOOLS -24160

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 19,166	\$ 22,825	\$ -	\$ (22,825)
TOTAL REVENUE	<u>19,166</u>	<u>22,825</u>	<u>\$ -</u>	<u>\$ (22,825)</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ 19,166</u>	<u>\$ 22,825</u>		
EXPENDITURES				
Current				
Instruction	\$ 19,166	\$ 22,825	\$ 13,587	\$ 9,238
Support Services				
School Administration	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 19,166</u>	<u>\$ 22,825</u>	<u>\$ 13,587</u>	<u>\$ 9,238</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ -
Differences budget to GAAP	
Prior Year Receivable	-
Current Year Receivable	13,587
Total Revenues (GAAP Basis)	<u>\$ 13,587</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 13,587
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 13,587</u>

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

STATE OF NEW MEXICO
 LORDSBURG MUNICIPAL SCHOOL DISTRICT #1

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - TITLE XIX MEDICAID 3 1/2 -25153

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 20,954	\$ 20,954	\$ 20,615	\$ (339)
TOTAL REVENUE	20,954	20,954	\$ 20,615	\$ (339)
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	\$ 20,954	\$ 20,954		

EXPENDITURES

Current

Support Services

Students

TOTAL EXPENDITURES

\$ 20,954	\$ 20,954	\$ 20,744	\$ 210
\$ 20,954	\$ 20,954	\$ 20,744	\$ 210

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 20,615
Differences budget to GAAP	
Prior Year Receivable	-
Current Year Receivable	-
Total Revenues (GAAP Basis)	\$ 20,615

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 20,744
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	\$ 20,744

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

STATE OF NEW MEXICO
 LORDSBURG MUNICIPAL SCHOOL DISTRICT #1

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - TECHNOLOGY FOR EDUCATION - 27117

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Aid	\$ -	\$ 12,857	\$ 21,671	\$ 8,814
TOTAL REVENUE	<u>-</u>	<u>12,857</u>	<u>\$ 21,671</u>	<u>\$ 8,814</u>
 BUDGETED CASH BALANCE	 <u>-</u>	 <u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 12,857</u>		
 EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services				
School Administration	-	12,857	8,070	4,787
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 12,857</u>	<u>\$ 8,070</u>	<u>\$ 4,787</u>

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

Sources/Inflows of Resources		
Actual amounts (budgetary basis)		\$ 21,671
Differences budget to GAAP		
Prior Year Receivable		-
Current Year deferral		(13,601)
Total Revenues (GAAP Basis)		<u>\$ 8,070</u>
 Uses/Outflows of Resources		
Actual amounts (budgetary basis)		\$ 8,070
Differences-budget to GAAP		
Total Expenditures (GAAP Basis)		<u>\$ 8,070</u>

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

STATE OF NEW MEXICO
 LORDSBURG MUNICIPAL SCHOOL DISTRICT #1

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - INCENTIVES FOR SCHOOL IMPROVEMENT -27138

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Aid	\$ -	\$ 2,788	\$ -	\$ (2,788)
TOTAL REVENUE	\$ -	\$ 2,788	\$ -	\$ (2,788)
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	\$ -	\$ 2,788		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 1,381	\$ 1,381	\$ -
Supprt Services				
Instruction	-	457	457	-
School Administration	-	950	950	-
TOTAL EXPENDITURES	\$ -	\$ 2,788	\$ 2,788	\$ -

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ -
Differences budget to GAAP	
Prior Year deferral	2,788
Current Year Deferral	-
Total Revenues (GAAP Basis)	\$ 2,788

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 2,788
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	\$ 2,788

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

STATE OF NEW MEXICO
 LORDSBURG MUNICIPAL SCHOOL DISTRICT #1

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - FAMILY & YOUTH RESOURCE -27140

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Aid	\$ -	\$ 35,000	\$ 33,299	\$ (1,701)
TOTAL REVENUE	-	35,000	33,299	(1,701)
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	\$ -	\$ 35,000		
EXPENDITURES				
Current				
Support Services				
Students	\$ -	\$ 35,000	\$ 34,338	\$ 662
TOTAL EXPENDITURES	\$ -	\$ 35,000	\$ 34,338	\$ 662

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 33,299
Differences budget to GAAP	
Prior Year Receivable	(11,861)
Current Year Receivable	12,900
Total Revenues (GAAP Basis)	<u>\$ 34,338</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 34,338
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 34,338</u>

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

STATE OF NEW MEXICO
 LORDSBURG MUNICIPAL SCHOOL DISTRICT #1

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - BEGINNING TEACHER MENTORING PROGRAM -27154

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Aid	\$ -	\$ 5,574	\$ 8,063	\$ 2,489
TOTAL REVENUE	-	5,574	8,063	2,489
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	-	5,574		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 5,574	\$ 5,574	\$ -
TOTAL EXPENDITURES	-	5,574	5,574	-

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

Sources/Inflows of Resources	
Actual amounts (budgetary basis)	\$ 8,063
Differences budget to GAAP	
Prior Year receivable	(2,489)
Current Year receivable	-
Total Revenues (GAAP Basis)	\$ 5,574
Uses/Outflows of Resources	
Actual amounts (budgetary basis)	\$ 5,574
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	\$ 5,574

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

STATE OF NEW MEXICO
 LORDSBURG MUNICIPAL SCHOOL DISTRICT #1

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - BREAKFAST FOR ELEMENTARY -27155

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Aid	\$ 17,318	\$ 17,318	\$ 17,318	\$ -
TOTAL REVENUE	<u>17,318</u>	<u>17,318</u>	<u>\$ 17,318</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 17,318</u>	<u>\$ 17,318</u>		
EXPENDITURES				
Current				
Food Service	\$ 17,318	\$ 17,318	\$ 17,318	\$ -
TOTAL EXPENDITURES	<u>\$ 17,318</u>	<u>\$ 17,318</u>	<u>\$ 17,318</u>	<u>\$ -</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 17,318
Differences budget to GAAP	
Prior Year Receivable	-
Current Year Receivable	-
Total Revenues (GAAP Basis)	<u>\$ 17,318</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 17,318
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 17,318</u>

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

STATE OF NEW MEXICO
 LORDSBURG MUNICIPAL SCHOOL DISTRICT #1

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - LIBRARY SB301 -27170

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Aid	\$ -	\$ 16,128	\$ -	\$ (16,128)
TOTAL REVENUE	<u>-</u>	<u>16,128</u>	<u>\$ -</u>	<u>\$ (16,128)</u>
 BUDGETED CASH BALANCE	 <u>-</u>	 <u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 16,128</u>		
 EXPENDITURES				
Current				
Support Services				
Instruction	\$ -	\$ 16,128	\$ 12,686	\$ 3,442
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 16,128</u>	<u>\$ 12,686</u>	<u>\$ 3,442</u>

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

Sources/Inflows of Resources	
Actual amounts (budgetary basis)	\$ -
Differences budget to GAAP	
Prior Year Receivable	-
Current Year Receivable	12,686
Total Revenues (GAAP Basis)	<u>\$ 12,686</u>
 Uses/Outflows of Resources	
Actual amounts (budgetary basis)	\$ 12,686
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 12,686</u>

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

STATE OF NEW MEXICO
 LORDSBURG MUNICIPAL SCHOOL DISTRICT #1

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - SCHOOL BASED HEALTH CENTER -29130

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Aid	\$ -	\$ 112,000	\$ 93,694	\$ (18,306)
TOTAL REVENUE	-	112,000	<u>93,694</u>	<u>(18,306)</u>
 BUDGETED CASH BALANCE	 -	 -		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 112,000</u>		
 EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Supprt Services				
Students	-	112,000	111,807	193
Facilities Acquisition & Construction	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 112,000</u>	<u>\$ 111,807</u>	<u>\$ 193</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 93,694
Differences budget to GAAP	
Prior Year Deferral	21,686
Current Year Deferral	(3,573)
Total Revenues (GAAP Basis)	<u>\$ 111,807</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 111,807
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 111,807</u>

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

STATE OF NEW MEXICO
 LORDSBURG MUNICIPAL SCHOOL DISTRICT #1

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - VALUE OPTIONS - 29131

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Aid	\$ -	\$ 58,105	\$ 35,052	\$ (23,053)
TOTAL REVENUE	<u>\$ -</u>	<u>\$ 58,105</u>	<u>\$ 35,052</u>	<u>\$ (23,053)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 58,105</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Supprt Services				
Students	-	58,105	58,105	-
Facilities Acquisition & Construction	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 58,105</u>	<u>\$ 58,105</u>	<u>\$ -</u>

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

Sources/Inflows of Resources		
Actual amounts (budgetary basis)		\$ 35,052
Differences budget to GAAP		
Prior Year Deferral		-
Current Year Receivable		23,053
Total Revenues (GAAP Basis)		<u>\$ 58,105</u>
 Uses/Outflows of Resources		
Actual amounts (budgetary basis)		\$ 58,105
Differences-budget to GAAP		
Total Expenditures (GAAP Basis)		<u>\$ 58,105</u>

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

STATE OF NEW MEXICO
 LORDSBURG MUNICIPAL SCHOOL DISTRICT #1

COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS

June 30, 2008

	SPECIAL CAPITAL OUTLAY STATE 31400	SB-9 CAPITAL IMPROVEMENTS 31700	COMBINED
ASSETS			
Cash on Deposit	\$ -	\$ 181,896	\$ 181,896
Taxes receivable	-	13,161	13,161
Due from other Governments	88,397	-	88,397
Inventories	-	-	-
TOTAL ASSETS	\$ 88,397	\$ 195,057	\$ 283,454
LIABILITIES			
Accounts Payable	\$ 88,397	\$ -	\$ 88,397
Deferred Revenue	-	11,499	11,499
TOTAL LIABILITIES	88,397	11,499	99,896
FUND BALANCE			
Fund Balance			
Reserved:			
Reserved for inventory		-	-
Unreserved:			
Designated for subsequent year expenditures	-	183,558	183,558
TOTAL FUND BALANCE	-	183,558	183,558
TOTAL LIABILITIES & FUND BALANCE	\$ 88,397	\$ 195,057	\$ 283,454

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

STATE OF NEW MEXICO
LORDSBURG MUNICIPAL SCHOOL DISTRICT #1

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS

Year Ended June 30, 2008

	SPECIAL CAPITAL OUTLAY STATE 31400	SB-9 CAPITAL IMPROVEMENTS 31700	COMBINED
REVENUES			
Federal Aid	\$ -	\$ -	\$ -
State Aid	88,397	-	88,397
Property Taxes	-	204,103	204,103
Local revenues	-	-	-
Interest	-	5,582	5,582
TOTAL REVENUES	<u>88,397</u>	<u>209,685</u>	<u>298,082</u>
EXPENDITURES			
Current			
Instruction	-	-	-
Support Services			
Students	-	-	-
Instruction	-	-	-
General Administration	-	-	-
School Administration	-	-	-
Central Services	-	-	-
Operation & Maintenance of Plant	-	-	-
Food Service	-	-	-
Facilities and construction	101,391	250,676	352,067
TOTAL EXPENDITURES	<u>101,391</u>	<u>250,676</u>	<u>352,067</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(12,994)	(40,991)	(53,985)
FUND BALANCE- JUNE 30, 2007	<u>12,994</u>	<u>224,549</u>	<u>237,543</u>
FUND BALANCE - JUNE 30, 2008	\$ -	\$ 183,558	\$ 183,558

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

STATE OF NEW MEXICO
 LORDSBURG MUNICIPAL SCHOOL DISTRICT #1

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - CAPITAL PROJECTS - SPECIAL CAPITAL OUTLAY STATE - 31400

Year Ended June 30, 2007

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Revenue				
State Aid	\$ -	\$ 150,000	\$ -	\$ (150,000)
Investment Income	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>150,000</u>	<u>\$ -</u>	<u>\$ (150,000)</u>
BUDGETED CASH BALANCE	<u>12,994</u>	<u>12,994</u>		
TOTAL REVENUE & CASH	<u>\$ 12,994</u>	<u>\$ 162,994</u>		
EXPENDITURES				
Current				
Facilities and construction	\$ 12,994	\$ 162,994	\$ 101,391	\$ 61,603
TOTAL EXPENDITURES	<u>\$ 12,994</u>	<u>\$ 162,994</u>	<u>\$ 101,391</u>	<u>\$ 61,603</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ -
Differences budget to GAAP	
Prior Year receivable	-
Current Year receivable	88,397
Total Revenues (GAAP Basis)	<u>\$ 88,397</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 101,391
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 101,391</u>

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

OTHER SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
LORDSBURG MUNICIPAL SCHOOL DISTRICT #1

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
AND ACTUAL - CAPITAL PROJECTS - SB-9 CAPITAL IMPROVEMENTS FUND -31700

Year Ended June 30, 2008

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Local Revenue				
Taxes	\$ 194,446	\$ 194,446	\$ 203,122	\$ 8,676
Investment Income	3,000	3,000	5,582	2,582
TOTAL LOCAL REVENUE	197,446	197,446	208,704	\$ 11,258
State Revenue				
State flowthrough	-	33,629	-	\$ (33,629)
TOTAL FEDERAL REVENUE	-	33,629	-	\$ (33,629)
TOTAL REVENUE	197,446	231,075	\$ 208,704	\$ (22,371)
BUDGETED CASH BALANCE	185,845	185,845		
TOTAL REVENUE & CASH	\$ 383,291	\$ 416,920		
EXPENDITURES				
Current				
Facilities and construction	\$ 383,291	\$ 416,920	\$ 250,676	\$ 166,244
TOTAL EXPENDITURES	\$ 383,291	\$ 416,920	\$ 250,676	\$ 166,244

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 208,704
Differences budget to GAAP	
Prior Year receivable	(20,856)
Change in deferred taxes	8,676
Current Year receivable	13,161
Total Revenues (GAAP Basis)	\$ 209,685

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 250,676
Differences-budget to GAAP	
Prior year accounts payable	\$ -
Total Expenditures (GAAP Basis)	\$ 250,676

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

STATE OF NEW MEXICO
LORDSBURG MUNICIPAL SCHOOL DISTRICT #1
FIDUCIARY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS
For the year ended June 30, 2008

	<u>Balance June 30, 2007</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance June 30, 2008</u>
<u>ASSETS</u>				
Cash and investments				
Lordsburg High School	\$ 91,641	\$ 119,727	\$ 116,534	\$ 94,834
DTMS Middle School	18,993	10,126	10,404	18,715
Central Elementary School	2,866	2,556	3,299	2,123
RVT School	9,678	7,876	9,768	7,786
Southside Elementary School	13,730	8,435	10,431	11,734
	<u>136,908</u>	<u>148,720</u>	<u>150,436</u>	<u>135,192</u>
Pooled Cash and Investments	<u>\$ 136,908</u>	<u>\$ 148,720</u>	<u>\$ 150,436</u>	<u>\$ 135,192</u>
<u>LIABILITIES</u>				
Deposits held for others	<u>\$ 136,908</u>	<u>\$ 148,720</u>	<u>\$ 150,436</u>	<u>\$ 135,192</u>

STATE OF NEW MEXICO
LORDSBURG MUNICIPAL SCHOOL DISTRICT #1
SCHEDULE OF PLEDGED COLLATERAL
June 30, 2008

	<u>Western Bank</u>
Cash on Deposit at June 30, 2008	\$ 4,168,287
Less FIDC Coverage	<u>200,000</u>
Uninsured Funds	3,968,287
50% Collateral Requirement	<u>1,984,144</u>
Amount Requiring Pledged Collateral	1,984,144
Pledged Collateral	<u>3,117,316</u>
Excess of Pledged Collateral	<u>\$ 1,133,173</u>

Pledged collateral of financial institutions consists of the following at June 30, 2008

	<u>Maturity</u>	<u>CUSIP #</u>	<u>Amount</u>
Western Bank			
Bernalillo Sch Dist	8/1/2010	085279MB0	100,000
Bloomfield, NM Bonds	8/15/2009	094072BA2	50,000
FHLMC 2424-OG	3/15/2017	31339WGS9	860,135
FHLMC 2586-NS	9/15/2015	31393MTT8	452,764
Lordsburg NM GRT	12/1/2025	544048AW1	245,000
FHLMC 2005-46 LD	8/25/2018	31394DN30	734,417
Lovington N Mex Mun	10/1/2009	547473BA5	350,000
Torrance Cnty, NM	8/1/2016	89139BA6	<u>325,000</u>
Total Western Bank			<u>\$ 3,117,316</u>

Pledged Securities are held by the Federal Home Loan Bank of Dallas in Dallas, TX.
Safekeeping receipts are held by the authority.

STATE OF NEW MEXICO
LORDSBURG MUNICIPAL SCHOOL DISTRICT #1
CASH RECONCILIATION
June 30, 2008

	<u>Beginning Cash</u>	<u>Receipts</u>	<u>Distributions</u>
Lordsburg Municipal Schools			
Operational Account	\$ 643,134	\$ 6,561,574	\$ (6,474,021)
Transportation	9,866	448,124	(426,086)
Instructional Materials	1,108	73,561	(68,285)
Food Services	21,140	289,203	(295,216)
Athletics	41,622	36,695	(27,399)
FederalFlowthrough	8,474	484,516	(810,183)
Federal Direct	129	20,615	(20,744)
State Flowthrough	(9,124)	375,386	(378,247)
Local/State	21,686	128,746	(169,911)
Bond Building	2,448,407	59,915	(790,734)
Special Capital Outlay - State	12,994	-	(101,391)
Capital Improvement SB-9	223,868	208,704	(250,676)
Student Activities	191,151	152,014	(151,936)
Debt Service	679,451	727,986	(570,715)
	<u>\$ 4,293,906</u>	<u>\$ 9,567,039</u>	<u>\$ (10,535,544)</u>
Total Lordsburg Schools	<u>\$ 4,293,906</u>	<u>\$ 9,567,039</u>	<u>\$ (10,535,544)</u>

<u>Account Name</u>	<u>Account Type</u>	<u>Bank Name</u>	<u>Bank Amount</u>
Lordsburg Municipal Schools			
Operational	Checking	Western Bank	\$ 774,236
Food Services	Checking	Western Bank	22,927
Capital Projects	Checking	Western Bank	17,471
Student Activities	Checking	Western Bank	12,601
Athletics	Checking	Western Bank	6,016
Federal Programs	Checking	Western Bank	57,015
Investments	CD	Western Bank	3,278,021
Total Lordsburg Municipal Schools			<u>\$ 4,168,287</u>

Total Bank Balances \$ 4,168,287

Reconciling Items (398,512)
Report Balance \$ 3,769,775

Other	Net Cash end of Period	Adjustments to the report	Total Cash on Report
\$ -	\$ 730,687	\$ -	\$ 730,687
(9,854)	22,050	-	22,050
-	6,384	-	6,384
-	15,127	-	15,127
-	50,918	-	50,918
-	(317,193)	317,193	-
-	-	-	-
-	(11,985)	29,159	17,174
-	(19,479)	19,479	-
-	1,717,588	-	1,717,588
-	(88,397)	88,397	-
-	181,896	-	181,896
-	191,229	-	191,229
-	836,722	-	836,722
<u>\$ (9,854)</u>	<u>\$ 3,315,547</u>	<u>\$ 454,228</u>	<u>\$ 3,769,775</u>

STATE OF NEW MEXICO
 LORDSBURG MUNICIPAL SCHOOL District #1
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2008

<u>Federal Grantor/Pass - Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>Child Nutrition - Cluster:</u>			
<u>U.S. Department of Agriculture:</u>			
Pass-Through Program From:			
New Mexico Public Education Department USDA National School Lunch Program	10.555	21000	\$ 233,025
Pass-Through Program From:			
New Mexico Human Service Department: USDA Commodities Program	10.550	21000	17,807
Total U.S. Department of Agriculture			250,832
<u>U.S. Department of Education:</u>			
Pass-Through Programs From:			
New Mexico Public Education Department			
Title I	84.010	24101	450,438
IDEA-B Entitlement *	84.027	24106	188,109
IDEA-B Discretionary *	84.027	24107	52,818
IDEA-B Preschool *	84.173	24109	24,860
Education of Homeless	84.196	24113	14,000
Title II	84.367	24154	66,371
Rural and Low Income Schools	84.358	24160	13,587
Title XIX Medicaid 3 1/2 yr	93.778	25152	20,744
Total Pass Through Grants			830,927
Total Federal Awards Expenditures			\$ 1,081,759

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

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

* Part of a cluster

RONNY FOUTS
CERTIFIED PUBLIC ACCOUNTANT
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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 GOVERNMENT AUDITING STANDARDS**

Hector Balderas, State Auditor
Lordsburg Municipal School and
Board of Education
Lordsburg, New Mexico

We have audited the financial statements of the governmental activities, each major fund, the general fund budgetary comparison, and the aggregate remaining fund information, and the combining and individual funds and all the budgetary comparisons presented as supplemental information of the Lordsburg Municipal Schools (the District) as of and for the year ended June 30, 2008, and have issued our report thereon dated October 24, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Lordsburg Municipal School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

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

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

identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lordsburg Municipal School 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, others within the District, the audit committee, the State Auditor, the New Mexico Legislature, New Mexico Public Education Department, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Ronny Fouts, CPA". The signature is written in a cursive style with a large, stylized initial 'R'.

Ronny Fouts, CPA
Melrose, New Mexico
October 24, 2008

RONNY FOUTS
CERTIFIED PUBLIC ACCOUNTANT
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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Hector Balderas, State Auditor
Lordsburg Municipal School and
Board of Education
Lordsburg, New Mexico

Compliance

We have audited the compliance of Lordsburg Municipal School, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Lordsburg Municipal School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Lordsburg Municipal School's management. Our responsibility is to express an opinion on Lordsburg Municipal School's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lordsburg Municipal School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Lordsburg Municipal School's compliance with those requirements.

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

Internal Control Over Compliance

The management of Lordsburg Municipal School is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Lordsburg Municipal School's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinions on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control

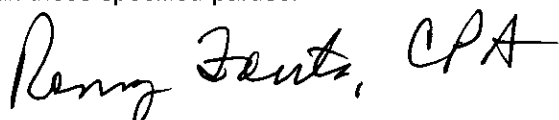
over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

A handwritten signature in black ink that reads "Ronny Fouts, CPA". The signature is written in a cursive style.

Ronny Fouts, CPA
Melrose, New Mexico
October 24, 2008

STATE OF NEW MEXICO
LORDSBURG MUNICIPAL SCHOOLS DISTRICT #1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2008

I. SUMMARY OF AUDITORS RESULTS:

Report on Financial Statements	Unqualified
Significant Deficiencies on GAGAS	None
Material Weakness involving Significant Deficiencies	None
Material Noncompliance	None
Questioned Cost	None
Type A & Type B dollar threshold	\$300,000
Entity Risk	Low Risk
Major Federal Program	National School Lunch CFDA#10.555 IDEA B CFDA# 884.027
Significant Deficiencies on Internal Control over Major Programs	None
Report on Compliance with Major Programs	Unqualified

II. FEDERAL PROGRAM FINDINGS:

None

III. FINANCIAL STATEMENT FINDINGS:

LORDSBURG MUNICIPAL SCHOOL

III. SUMMARY OF PRIOR AUDIT FINDINGS:

Duplicate Reimbursement 07-01 Resolved

IV. CURRENT FINDINGS:

None

FINANCIAL STATEMENT PREPARATION

The financial statements were prepared by Ronny Fouts, CPA with substantial assistance from District Personnel.

STATE OF NEW MEXICO
Lordsburg Municipal Schools

Exit Conference
For the Year Ended June 30, 2008

EXIT CONFERENCE

The contents of this report were discussed with Jim Barentine, Superintendent, Patty Wortham, Board President, Irene Baisa, Business Manager, and Ronny Fouts, CPA on October 10 , 2008.

A handwritten signature in black ink that reads "Ronny Fouts, CPA". The signature is written in a cursive style with a large, stylized 'R' and 'F'.

Ronny Fouts, CPA
Melrose, New Mexico
October 24, 2008